

United States District Court,
S.D. California.

SINGLE CHIP SYSTEMS CORPORATION and Neology, S. de R.L. de C.V.,
Plaintiffs.

v.

INTERMEC IP CORP., Transcore, LP and Transcore Holdings, Inc,
Defendants.

Civil No. 04CV1517 JAH(BLM)

Aug. 7, 2006.

Daniel J. O'Connor, Baker and McKenzie, Chicago, IL, Dongkwan James Pak, Howard N. Wisnia, Cynthia A Freeland, James P. Conley, Baker & McKenzie, San Diego, CA, for Plaintiffs.

Grant Kinsel, Foley and Lardner, Stephen M. Lobbin, Manatt, Phelps & Phillips, LLP, Bruce R. Zisser, Quinn Emanuel Urquhart Oliver and Hedges, William J. Robinson, Foley and Lardner, Los Angeles, CA, Carson P. Veach, Jacob D. Koering, Freeborn and Peters, Chicago, IL, for Defendants.

**ORDER CLARIFYING THE COURT'S CLAIM CONSTRUCTION ORDER AND DENYING
PLAINTIFFS' MOTION FOR RECONSIDERATION**

JOHN A. HOUSTON, District Judge.

Now before this Court is Plaintiffs Single Chip Systems Corp. and Neology, S. de R.L. de C.V. (collectively "Plaintiffs") motion to modify the Court's claim construction order. Doc. No. 231. Plaintiffs argue the Court erred in its Claim Construction Order, dated April 14, 2006. *See* Doc. No. 211. Accordingly, this Court construes the motion as a motion for reconsideration. FN1

FN1. Under Fed.R.Civ.P. 54(b), this Court has the inherent authority to reconsider previous decisions, including decisions on interlocutory rulings, such as the instant claim construction Order. *See Moses H. Cone Mem'l Hosp. v. Mercury Constr. Corp.*, 460 U.S. 1, 12 (1983); *Freemen v. Gerber Prods. Co.*, 396 F.Supp.2d 1260, 1262 (D.Kan.2005).

The motion has been fully briefed by the parties. After a careful consideration of the pleadings submitted, and for the reasons set forth below, this Court hereby DENIES Plaintiffs' motion for reconsideration.

BACKGROUND

1. Procedural History

Plaintiffs filed the instant complaint on July 27, 2004, seeking declaratory relief from the courts regarding

three of Defendant Intermec IP Corporations' patents (U.S. Patent Nos. 5,030,807; 5,528,222; and 6,121,880). Defendant Intermec moved to dismiss claims two and three of the complaint, or U.S. Patent Nos. 5,528,222 and 6,121,880. Doc. No. 37. This Court granted Defendant Intermec's motion, over the objection of Defendants TransCore LP and TransCore Holdings, Inc. (collectively "TransCore"), leaving only U.S. Patent No. 5,030,807 (the "'807 patent") in this declaratory relief action. *See* Doc. Nos. 43 and 61.

In October 2005, TransCore inquired with this Court whether or not an early Markman hearing would be entertained. The Court indicated that it would. The parties met and conferred, and stipulated to a schedule controlling the submission of Markman hearing briefs and related expert depositions. *See* Doc. No. 103. On November 3, 2005, this Court issued an Order adopting the parties' stipulation with revisions. *Id.*

On December 1, 2005, the parties filed a joint claim construction chart and pre-hearing brief regarding the Markman proceedings. Doc. No. 129. Plaintiffs and TransCore filed their Opening Markman briefs on November 23, 2005 and December 5, 2005, respectively. *See* Doc. Nos. 121 and 132. Plaintiffs and TransCore filed their Opposition briefs on December 7, 2005. *See* Doc. Nos. 134 and 136. Plaintiffs and TransCore filed their Reply briefs on December 14, 2005. *See* Doc. Nos. 143 and 145. A tutorial hearing was held on December 19, 2005, and a Markman hearing on January 9, 2006. Doc. Nos. 148 and 154. TransCore subsequently filed a Citation of New Authority after the Markman hearing, which Plaintiffs opposed. Doc. Nos. 155 and 163. On March 22, 2006, this Court ordered supplemental briefing from the parties. *See* Doc. No. 197. Both parties filed supplemental briefs on March 30, 2006. This Court issued its Markman Order on April 14, 2006.

On February 22, 2006, Plaintiffs filed their motion for summary judgment under 35 U.S.C. s. 287(a). Doc. No. 178. TransCore filed an opposition on April 18, 2006. Doc. No. 212. Plaintiffs filed a reply under seal on April 20, 2006. Doc. No. 227. The matter was taken under submission by this Court pursuant to Civ.LR 7.1(d.1). *See* Doc. No. 221.

On May 2, 2006, Plaintiffs filed a motion to modify the Court's claim construction order. Doc. No. 231. TransCore filed an opposition on May 18, 2006. Doc. No. 246. On May 24, 2006, Plaintiffs filed a reply. Doc. No. 270. The matter was taken under submission by this Court pursuant to Civ.LR 7.1(d.1). *See* Doc. No. 273. On May 26, 2006, TransCore filed a request for leave to file a surreply in opposition to Plaintiffs' motion to modify the Court's claim construction order. This Court granted Plaintiff's request on June 8, 2006. Doc. No. 279. On June 8, 2006, TransCore filed its surreply *nunc pro tunc*. Doc. No. 280.

On July 17, 2006, Plaintiffs requested during oral argument of its motion for summary judgment of invalidity to submit supplemental briefing regarding new relevant Federal Circuit authority. TransCore agreed to Plaintiffs' request, provided that it would have an opportunity to respond to Plaintiffs' supplemental brief. The Court granted the parties' request. Plaintiffs' subsequently filed their supplemental brief on July 19, 2006. *See* Doc. No. 337. TransCore filed a response on July 24, 2006.

2. Factual Background

This case concerns U.S. Patent Number 5,030,807 ("the '807 Patent"), entitled "System for Reading and Writing Data from and into Remote Tags." The named inventors on the '807 Patent are Jeremy A. Landt and Alfred R. Koelle. The '807 Patent, which was filed with the U.S. Patent and Trademark Office on January 16, 1990, was issued on July 9, 1991. Defendant Intermec IP Corp is the assignee of the '807 Patent. Defendants TransCore, L.P. and TransCore Holdings, Inc., licensed the '327 Patent from Defendant

Intermec, Corp. *See* Cplt. at 4.

The '807 Patent discloses systems and devices for identifying, reading, relaying and writing information into moveable objects. Moveable objects employing these systems and devices include the tracking of retail items, electronic automated tollbooths, inventory control during shipment and container tracking. The system employs an interrogator which sends a radio frequency ("RF") signal to a moveable object. The moveable object is capable of relaying information stored in the object by backscatter modulating information stored in the moveable object onto the RF signal. The moveable object transmits this information back to the interrogator, which can store the information, as well as write information into the object. The interrogator is capable of writing information into a moveable object only if it recognizes the moveable object, and has information to write into the moveable object.

DISCUSSION

1. Legal Standard

Under Federal Rules of Civil Procedure 54(b), the district courts have the inherent authority to reconsider interlocutory rulings, such as a claim construction order, at their discretion until a final judgment is entered. *See Cone Mem'l Hosp.*, 460 U.S. at 12; *United States v. Martin*, 226 F.3d 1042, 1048-49 (9th Cir.2000). The federal rules, however, do not set forth any standard for reconsideration of interlocutory orders, but only provide that they are "subject to revision at any time before the entry of judgment." Fed.R.Civ.P. 54(b).

A number of judicial doctrines have evolved to guide this Court when reviewing issued interlocutory orders. The "law of the case" doctrine, as well as public policy, dictates that the efficient operation of the judicial system requires the avoidance of re-arguing questions that have already been decided. *See Pyramid Lake Paiute Tribe of Indians v. Hodel*, 822 F.2d 364, 369 fn. 5 (9th Cir.1989); *Official Comm. of Unsecured Creditors of Color Tile, Inc. v. Coopers & Lybrand, L.L.P.*, 332 F.3d 147, 167 (2d Cir.2003) ("[W]here litigants have once battled for the court's decision, they should neither be required, nor without good reason permitted, to battle for it again."); *Transonic Systems, Inc. v. Non-Invasive Medical Technologies, Corp.*, 75 Fed.Appx. 765 (Fed.Cir.2003). Most courts, thus, adhere to a fairly narrow standard by which to reconsider their interlocutory opinions and orders. This standard requires that the party show: 1) an intervening change in the law; 2) additional evidence that was not previously available; or 3) that the prior decision was based on clear error or would work manifest injustice. *Pauite Tribe*, 882 F.2d at 369 fn. 5. "The orderly administration of lengthy and complex litigation ... requires the finality of orders be reasonably certain." *Id.*

2. Analysis

Plaintiffs contend that the Court erred in the construction of the terms "system", "remote object", "interrogator" and "data intended to be received and stored by said remote object" based on relevant Federal Circuit case law. Doc. No. 232 at 1. Specifically, Plaintiffs believe that the claim construction of these terms "will lead to error because it does not recognize a fundamental distinction between the invention of the '807 patent and the prior art." *Id.*

A. "Remote Object" and "System"

Plaintiffs submit that the Court erred in its construction of the term "remote object" and "system", especially in light of three recent Federal Circuit decisions: *On Demand Machine Corp. v. Ingram Industries, Inc.*, 442 F.3d 1331 (Fed.Cir.2006); *Minebea Co., Ltd. v. Think Outside, Inc.*, 159 Fed.Appx. 197 (Fed.Cir.2006) and

Honeywell Intern., Inc. v. ITT Industries, Inc., 452 F.3d 1312, 2006 WL 1703376 (Fed.Cir. June 22, 2006). Plaintiffs argue that these cases require this Court to look to the specification to narrow the scope of a claim " 'when the scope of the invention is clearly stated in the specification, and is described as the advantage and distinction of the invention.' " Doc. No. 232 at 6, quoting *On Demand*, 442 F.3d at 1340.

In opposition, TransCore argues that Plaintiffs' use of *On Demand* and *Honeywell* cannot overcome its burden in a motion for reconsideration because *On Demand* has not changed the controlling law by the Federal Circuit in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed.Cir.2005). Doc. No. 246 at 4. TransCore also contends that even if the Court considers *On Demand*, the Order properly sets forth the correct claim construction in light of *Phillips. Id.* at 5.

Plaintiffs arguments regarding this Court's construction of the terms "remote object" and "system" center on this Court's finding that the specification did not explicitly narrow the scope of the claims to a system that "continuously scrolls." Plaintiffs argue that the Court failed to take into consideration that the '807 Patent disavowed remote objects that do not continuously scroll. *See* Doc. No. 232 at 2. Plaintiffs point to the Court's Order for support that the Court "impermissibly broadened" the term "remote object" by ignoring the specification's teachings that the "tag" of the invention is limited to continuously scrolling devices. *Id.*

Plaintiffs' arguments lack merit. First, Plaintiffs appear to be impermissibly reiterating what was previously argued and rejected in this Court's claim construction order. In their *Markman* briefs and rebuttals, Plaintiffs extensively presented arguments that the '807 Patent specification limits a remote object to a "continuously scrolling object". Specifically, Plaintiffs argued that the term "remote object" is explicitly disclaimed by the patentee because the patent specification "distinguish[ed] the prior art based on that feature." *See, e.g.*, Doc. No. 121 at 9; Doc. No. 134 at 3-9; Doc. No. 145 at 2. Plaintiffs' arguments, therefore, appear to be little more than a rehashing of the same positions advanced in connection with the *Markman* hearing, which the Court has already carefully considered and thoroughly analyzed. *See Faysound Ltd. v. United Coconut Chemicals, Inc.*, 878 F.2d 290, 296 (9th Cir.1989); *Angres Ltd. v. Tinny Beauty and Figure. Inc.*, 116 F.3d 1497 (Fed.Cir.1997); *Caisse Natinonale de Credit Agricole v. CBI Indus., Inc.*, 90 F.3d 1264, 1270 (7th Cir.1996) ("Reconsideration is not an appropriate forum for rehashing previously rejected arguments or arguing matters that could have been heard during the pendency of the previous motion."); *Virgin Atlantic Airways, Ltd. v. National Mediation Bd.*, 956 F.2d 1245, 1254 (2d Cir.1992). The Court finds, therefore, that Plaintiffs fail to provide a proper basis for reconsideration to this Court.

Even if this Court were to consider Plaintiffs' arguments, a review of this Court's claim construction Order reveals that the construction of the term "remote object" was not in error as Plaintiffs contend. In particular, this Court specifically addressed Plaintiffs' contentions and interpreted the disputed terms in view of the specification in its claim construction Order, defining the term "remote object" to ' "comport[] with the instrument as a whole.' " *See* Doc. No. 211 at 8, quoting *Phillips*, 415 F.3d at 1316. The Court explicitly found support in the specification, the claims, as well as the prosecution history to support its construction of the term "remote object" as not being limited to continuously scrolling objects. Plaintiffs' arguments are not persuasive.

Plaintiffs' argument that the Court erred in its application of the doctrine of claim differentiation because "the concept of continuous scrolling is broader than the specific limitation added in claim 2 of being 'continuously capable' " likewise is unpersuasive because it fails to take into account this Court's interpretation of the disputed phrase in its *Markman* Order. Doc. No. 232 at 9. The Court in its Order found specific support in the specification of the phrase "being continuously capable of backscatter modulation" in

claim 2 as an object that is "continuously scrolling." *See* Doc. No. 311 at 10. Plaintiffs also provide no support for their contention that the phrase "continuously capable of backscatter modulation" should not be read coextensively with a remote object that is "continuously scrolling."

Similarly, Plaintiffs argument that the Court misapplied the doctrine of claim differentiation in light of *Nystrom v. Trex Co., Inc.*, 424 F.3d 1136, 1145 (Fed.Cir.2005) and *Inpro II Licensing, SARL v. T-Mobile USA, Inc.*, 450 F.3d 1350 (Fed.Cir.2006) also lacks merit. Notwithstanding that both cases do not represent an intervening change in law and that the Court has previously considered the impact of *Nystrom* in its opinion, the cases are inapposite to the facts at hand. *Nystrom* looked at the doctrine of claim differentiation between two independent claims. This Court explicitly acknowledged that the doctrine of claim differentiation is strongest where the "independent claim is juxtaposed with a dependent claim possessing the disputed limitation ." Doc. No. 211 at 9. In *Inpro II* the court looked not only at claim differentiation, but also at the patentees explicit disclaimer of the subject matter during prosecution of the patent application. The '807 Patent presents no such explicit disclaimer in the prosecution history. Plaintiffs' arguments, therefore, are unpersuasive.

Plaintiffs' argument that the Court impermissibly broadened the scope of the claim by not recognizing that the doctrine of claim differentiation is trumped when a patentee disavows claim scope in the specification also lacks merit. Contrary to Plaintiffs' assertions, the Court explicitly recognized in its Order that the doctrine of claim differentiation only creates a presumption that "each claim in a patent has a different scope." *See* Doc. No. 211 at 9, quoting *Comark Communications, Inc. v. Harris Corp.*, 156 F.3d 1182, 1187 (Fed.Cir.1998). The Court, in coming to its conclusion that the term "remote object" should include noncontinuously scrolling objects, looked also to the plain language of the claims as well as support in the specification and prosecution history that the specification did not restrict the term "remote object" as Plaintiffs contended. *See* Doc. No. 211 at 8-12. The Court explicitly found support in the specification that the patentee did not contemplate restricting remote objects of claim 1 to "continuously scrolling objects." FN2

FN2. This Court notes that, in addition to the support found in the "Brief Description of the Invention," the abstract also supports the claimed system as possessing the capability to "selectively transmit[] to a tag and receive [] and store [] by that tag only after the tag has been identified as a correct one to receive that data." *See* '807 Patent at abstract.

Plaintiffs' use of *On Demand*, *Minebea* and *Honeywell* is equally unpersuasive. *On Demand*, *Minebea* and *Honeywell* are Federal Circuit panel decisions that do not present an intervening change in the law and do not supercede *Phillips*, which Plaintiffs do not deny is the controlling case on claim construction. Even if this Court were to consider *On Demand*, *Minebea* and *Honeywell*, the Court's construction of the term "remote object" in its claim construction order does not go against the findings of these cases. The Court, as discussed and contrary to Plaintiffs' contentions, looked at the '807 Patent in its entirety, and found that Plaintiffs' construction was not supported by the specification "as a whole." *See* Doc. No. 311 at 9. This Court's claim construction, therefore, was not contrary to the Federal Circuit's holdings in *On Demand*, *Minebea* or *Honeywell*.

Accordingly, for the reasons stated above, this Court did not commit clear error in its construction of the terms "remote object" and "system." Plaintiffs' reconsideration motion on this ground is therefore DENIED.

B. "Interrogator"

Plaintiffs also argue that the term "interrogator" should have been limited to an interrogator "that does not transmit an interrogating command signal or wake up command," as the "tag" of the '807 Patent should have been limited to a continuously scrolling object. For the reasons stated above, Plaintiffs fail to overcome their burden of showing clear error by this Court, nor have they identified an intervening change in the law. This Court explicitly found support in the "plain language of claim 1, as well as the specification" to construe the term as "a device for sending and receiving RF signals to a remote object." Doc. No. 311 at 13. Accordingly, Plaintiffs' reconsideration motion for the term "interrogator" is DENIED.

B. "Data Intended to be Received and Stored by Said Remote Object"

Plaintiffs request clarification regarding the Court's construction of the phrase "data intended to be received and stored by said remote object." Doc. No. 232 at 11. Plaintiffs contend that the Court erred, citing that the Court's construction is inconsistent with MPEP 2111.03, which requires that the term "including" may include additional, unrecited elements, but must include elements that are recited in the claim. *Id.* TransCore provides no response in its opposition to Plaintiffs' assertions.

After reviewing the Court's construction of the disputed phrase, as well as Plaintiffs' arguments, this Court agrees with Plaintiffs that the phrase "data intended to be received and stored by said remote object" should be interpreted as an RF signal sent by the interrogator that includes data or a modulated RF signal as well as an unmodulated RF signal. The disputed phrase, including the relevant antecedent phrase, reads:

an interrogator for sending an RF signal to said remote object, said signal including data intended to be received and stored by said remote object;

'807 Patent 9:42-44. The term "including" immediately before the disputed phrase "data intended to be received and stored by said remote object" requires that the object of this modifying phrase "said signal" may include unrecited elements, such as an unmodulated signal, and under most circumstances must include at least the element recited in the modifying phrase.

A disputed claim term, however, cannot be read in isolation but instead must be read as a whole and interpreted in light of the entire claim and specification. *See* *Apple Computer, Inc. v. Articulate systems, Inc.*, 234 F.3d 14, 25 (Fed.Cir.2000) ("[T]he claim must be viewed as a whole"). In the instant matter, claim 1 goes on to further describe functional aspects of the interrogator, stating:

said interrogator having the capability ... (2) *to transmit data to said remote object only if said interrogator has data to be transmitted* to that identified remote object, whereby data may be selectively transmitted to and received and stored by a remote object *only after such remote object has been identified as the correct remote object to receive such data.*

'807 Patent 9:51-60 (emphasis added). This phrase further describes conditions of when the Dated: data referred to in the disputed phrase above can be transmitted to a remote object. Claim 1, therefore, proscribes that the data is transmitted "only if said interrogator has data to be transmitted" and "only after such remote object has been identified as the correct remote object." *Id.*

Viewing the disputed phrase in light of the entire claim language, as this Court must do, the Court finds that the term "data" is further modified in the claim wherein the precedent conditions above, *i.e.* if the

interrogator has data to be transmitted and if the remote object is the correct remote object, need to occur before any "data" to be sent to the remote object is included in the RF signal. Accordingly, the inclusion of the term "may" in the Court's claim construction was not in error because data would only be included in the RF signal sent by the interrogator if these conditions are present, and not, as Plaintiffs contend, necessarily included as part of the output RF signal from the interrogator. This Court, therefore, DENIES Plaintiffs' motion for reconsideration of the phrase "data intended to be received and stored by said remote object".

CONCLUSION AND ORDER

Accordingly, for the reasons stated above, **IT IS HEREBY ORDERED** that Plaintiffs' motion for reconsideration of the Court's claim construction of the terms "remote object", "system", "interrogator" and "data intended to be received and stored by said remote object" is **DENIED**.

S.D.Cal.,2006.

Single Chip Systems Corp. v. Intermec IP Corp.

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