

United States District Court,
C.D. California.

CROWD IN A BOX CO., INC,
v.
INFLATABLE CROWD CO., INC.

No. CV 06-8057-RGK (MANx)

Oct. 9, 2007.

Kristine Melo Ejercito, Michael A Shimokaji, Shimokaji and Associates, Irvine, CA, for Crowd in a Box Co., Inc.

Dennis G Martin, Willmore F Holbrow, III, Blakely Sokoloff Taylor & Zafman, Los Angeles, CA, for The Inflatable Crowd Co., Inc., et al.

Proceedings: (IN CHAMBERS) DEFENDANT'S MOTION FOR CLAIM CONSTRUCTION AND SUMMARY JUDGMENT OF PATENT INVALIDITY (DE74); PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT OF VALIDITY AND INFRINGEMENT OF U.S. PATENT 6,942,538 (DE83); PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION (DE97)

R. GARY KLAUSNER, **District Judge.**

Sharon L. Williams, Deputy Clerk

I. INTRODUCTION

Crowd in a Box, Inc. ("Plaintiff") filed this action on December 18, 2006 against The Inflatable Crowd Co., Inc., and Joe Biggins (collectively "Defendants"). This action arises from the alleged infringement of two patents belonging to Plaintiff: US Patent No. 6,672,933 ("the '3 Patent") and U.S. Patent No. 6,942,538 ("the '538 Patent") (collectively, the "patents-in-suit"). The patents-in-suit describe "inflatable humanoid forms" (inflatable dummies) used as "extras" in the background scenes of still photographs, motion pictures, and video productions.

Plaintiff prays for judgment as follows: (1) an order adjudging that Defendants have infringed the patents-in-suit; (2) a preliminary and permanent injunction enjoining Defendants from infringing the patents-in-suit; (3) an accounting of all gains derived by the infringement of the patents-in-suit; (4) an order adjudging that Defendants have willfully and deliberately infringed the patents-in-suit; (5) increased damages of treble the amount of actual damages for willful and deliberate infringement of the patents-in-suit; (6) interest; (7) an order adjudging this an exceptional case; (8) attorney's fees; and (9) other and further relief as the Court deems just and proper.

Presently before the Court is Defendants' Motion for Claim Construction and Summary Judgment of Patent Invalidity. For the reasons discussed below, this Court **GRANTS** Defendant's motion for summary judgment, and **DENIES** Plaintiff's motions for summary judgment and preliminary injunction.

II. FACTUAL BACKGROUND

This lawsuit concerns two patents obtained by Plaintiff: the '3 and '538 patents. Both patents describe a method of using inflatable dummies as background extras in still photographs, motion pictures, and video productions. The '3 Patent, issued on January 6, 2004, discloses a method for using a "plurality of life-sized humanoid figures for as simulating a background scene," which can be intermingled with live extras or actors. The dummies can include wardrobe, accouterments, and makeup to appear realistic; can be either unconnected or contiguously connected; and can appear standing or seated.

Similarly, the '538 Patent, issued on September 13, 2005, also claims a method for using dummies to simulate a background scene. FN1 The primary difference between the two patents is that the '933 Patent is broader and claims the use of inflatable dummies in background scenes in general. The '538 Patent, on the other hand, adds two limitations: (1) the inflatable dummies are seated in stadium or auditorium style seating; and (2) the inflatable dummies are recorded such that they are blurry in the background.

FN1. The '538 patent is a continuation of the application that became the '3 Patent.

In 2003, the horse racing movie, "Seabiscuit," was released. The movie utilized "inflatable mannequins" produced by Defendant to create the illusion of a large crowd in the stands watching the horse race. Subsequently, Defendant's inflatable mannequins were used as background extras in other movies such as *Million Dollar Baby*, *Cinderella Man*, and *Flags of our Fathers*.

On December 18, 2006, Plaintiff filed a Complaint alleging that Defendant's inflatable mannequins infringe upon the '3 and '538 Patents. Subsequently, Defendant filed this motion for summary judgment of patent invalidity with regards to both patents, asserting anticipation and obviousness as its primary defenses. Plaintiff has since filed its own motions for summary judgment and preliminary injunction.

III. JUDICIAL STANDARD

A. General Standard

Under the Federal Rules of Civil Procedure, summary judgment is proper only where "the pleadings, depositions, answers to interrogatories, and admissions on file, together with affidavits, if any, show that there is no genuine issue of material fact and that the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c). Upon such showing, the Court may grant summary judgment "upon all or any part thereof." Fed.R.Civ.P. 56(a), (b).

To prevail on a summary judgment motion, the moving party must show there are no triable issues of material fact as to a matter upon which it has the burden of proof at trial. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 325, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). On issues where the moving party does not have the burden of proof at trial, the moving party is required only to show that there is an absence of evidence to support the non-moving party's case. *See id.* at 326.

To defeat a summary judgment, the non-moving party may not merely rely upon its pleadings or on conclusory statements. Fed.R.Civ.P. 56(e). Nor may the non-moving party merely attack or discredit the moving party's evidence. *Nat'l Union Fire Ins. Co. v. Argonaut Ins. Co.*, 701 F.2d 95, 97 (9th Cir.1983). The non-moving party must affirmatively present specific admissible evidence sufficient to create a genuine issue of material fact for trial. *See Celotex Corp.*, 477 U.S. at 324.

B. Standard in Patent Cases

"Summary judgment is as appropriate in a patent case as in any other." *Barmaq Barmer Mashinenfabrik AG v. Murata Mach., Ltd.*, 731 F.2d 831, 835 (Fed.Cir.1984). The standard for summary judgment in a patent action is the same as in any other type of action. *See Union Carbide Corp. v. Am. Can Co.*, 724 F.2d 1567, 1571 (Fed.Cir.1984).

The burden to prove that a patent is invalid is on the attacker, here the Defendants, and that burden never shifts. *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359 (Fed.Cir.1984). The attacker must prove invalidity by clear and convincing evidence. *Id.* Under the patent statutes, "[a] patent shall be presumed valid." 35 U.S.C. s. 282. Moreover, "[e]ach claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim." *Id.*

The presumption of s. 282 and the clear and convincing standard of proof interrelate as follows. The burden never changes. Nor does the standard of proof. The only question is whether the attacker is successful in meeting the standard of proof. However, the presumption may affect whether the attacker has met that standard of proof. "When no prior art other than that which was considered by the PTO examiner is relied on by the attacker, he has the added burden of overcoming the deference that is due to a qualified government agency presumed to have properly done its job." *Am. Hoist & Derrick Co.*, 725 F.2d at 1359. Thus, the presumption acts as an *additional* hurdle to clear, since the attacker must overcome the deference accorded to the PTO examiner's determination. *Id.* However, "[w]hen an attacker ... produces prior art or other evidence *not* considered in the PTO, there is [] *no reason to defer* to the PTO so far as *its* effect on validity is concerned." *Id.* In these instances, it is easier to meet the same standard of proof..

With the above principles in mind, the Court must determine whether Defendants have presented specific admissible evidence sufficient to create a genuine issue of material fact for trial.

IV. DISCUSSION

The primary issues presented in the current motion are whether Plaintiff's '933 and '538 patents are invalid for anticipation and/or obviousness. Because the Court finds both patents invalid for obviousness, it does not rule on whether they are also invalid for anticipation.

A. Claim Construction

Prior to considering validity, the Court must interpret the claims as a matter of law. *Markman v. Westview Inst., Inc.*, 52 F.3d 967 (Fed.Cir.1995), *aff'd*, 517 U.S. 370, 116 S.Ct. 384 (1996). The '538 patent issued from a continuation of the same application as the '3 patent, so the construction of terminology common to them should be the same for both patents. *Abtox, Inc. v. Exitron Corp.*, 122 F.3d 1019 (Fed.Cir.1997).

When construing claims, the Court first considers the meaning of the words of the claims themselves, because the words are the measure of the patent's scope. *See Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582 (Fed.Cir.1996). Patent claim terms must be given their ordinary and customary meaning, as understood by one skilled in the art, unless the inventor defined or used the terms differently. There is a heavy presumption that claim terms "mean what they say and have the ordinary meaning that would be attributed to those words by persons skilled in the relevant art." *Texas Digital Systems Inc. v. Telegenix Inc.*, 308 F.3d 1193, 1202 (Fed.Cir.2002).

The Court also considers the written description and prosecution history, if in evidence, to determine whether the inventor has used any terms in a manner inconsistent with their ordinary meaning. *Vitronics Corp.*, 90 F.3d at 1582. However, the written description should not generally be consulted before an attempt is made by the court to determine the ordinary and customary meaning of the disputed term. *See Texas Digital Systems Inc. v. Telegenix Inc.*, 308 F.3d 1193 (Fed.Cir.2002).

Finally, extrinsic evidence, such as expert testimony, is generally only consulted where the intrinsic evidence will not resolve any ambiguity in a disputed claim term. *See Phillips v. AWH Corp.*, 415 F.3d 1303, 1317 (Fed.Cir.2005).

1. *The '538 Patent*

For the most part, Plaintiff and Defendant agree on the proper construction of the claims in the '538 patent. The crux of their disagreement relates to certain limitations in claim 1. The Court focuses on the one limitation that relates to patent invalidity for obviousness.

Specifically, claim 1 calls for "*situating* a plurality [of dummies] such that [it] simulates [a] stadium or auditorium crowd ... when *visually recorded* in a manner that does not capture a sharp image of the inflatable humanoid figures as compared to the foreground scene." The parties disagree over whether the camera must be the source of the lack of sharpness. Plaintiff argues that this language refers to "matters such as focus and film resolution such that the image of the inflatable extra is less focused than the foreground scene," Defendant contends that "other methods, having nothing to do with the camera" may also meet this limitation. Such methods include placing the dummies in the background such that they appear blurry relative to the foreground, or using shadow and/or backlighting.

The Court notes the apparent ambiguity in this limitation. The limitation appears to offer two alternative methods to achieve a non-sharp image of the dummies: (1) "*situating*" the dummies to achieve this effect; and (2) using camera technology to visually record them in a non-sharp manner, or some combination of the two. However, the claim must have a broader meaning than just using camera technology because claim 24 specifies "... the step of performing the visual recording by focusing so that [the humanoids] are out of focus." Claim 24 incorporates claim 20, which has the same "sharp image" language as claim 1. Defendant's Ex. 1, col.10, 11. 15-18 and col. 10, 11. 28-32. Under the doctrine of claim differentiation, changing the focus cannot be the only way to achieve the lack of clarity, because claim 24 would then be identical to claim 20. *U.S. v. Telectronics, Inc.*, 857 F.2d 778, 783-84 (Fed.Cir.1988) *cert. denied*, 490 U.S. 1046, 109 S.Ct. 1954, 104 L.Ed.2d 423 (1989). Thus, claim 1 must also allow for "*situating*" the dummies to achieve the desired "unfocused" effect (e.g., by placing the dummies farther away from the camera than the foreground). The Court need not look beyond the claim language to reach this conclusion.

2. *The '3 Patent*

The parties do not disagree on the proper construction of the claims in the ' 933 patent.

B. Invalidity for Obviousness

Defendants contend that, as a matter of law, the claims in the '538 and ' 933 patents should be held invalid for obviousness. For the reasons discussed below, the Court agrees.

A patent is "obvious," i.e., indistinguishable, "if the differences between it and the prior art 'are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art.'" Ruiz v. A.B Chance Co., 234 F.3d 654, 662 (Fed.Cir.2000) (citing 35 U.S .C. s. 103(a)). "In order to determine obviousness as a legal matter, four factual inquiries must be made concerning: 1) the scope and content of the prior art; 2) the level of ordinary skill in the art; 3) the differences between the claimed invention and the prior art; and 4) secondary considerations of nonobviousness, which in case law is often said to include commercial success, long-felt but unresolved need, failure of others, copying, and unexpected results." *Id.* (citing *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, 86 S.Ct. 684, 15 L.Ed.2d 545 (1966); *Miles Labs. Inc. v. Shandon, Inc.*, 997 F.2d 870, 877 (Fed.Cir.1993)).

1. Scope and Content of the Prior Art

The Court has considered the prior art cited by Defendant, and where offered, has viewed the relevant images and video clips. Plaintiff does not dispute any claims by Defendant concerning the scope and/or content of this cited prior art.

2. Person of Ordinary Skill in the Art

In analyzing the question of obviousness, the Court ordinarily must first determine who qualifies as a person "of ordinary skill in the art." The parties disagree on this issue. Defendant cites to testimony by Plaintiff's president, Mr. Woolpert, that a person of ordinary skill in the art would include "cinematographers, producers, directors, primarily cinematographers." Woolpert Dep. p .82. Plaintiff argues that a person of ordinary skill in the art is one having about two to five years of experience as a cinematographer in film/movies requiring large crowd scenes. Plaintiff Moving Stanier decl, para 33.

The Court finds it unnecessary to decide which of the two formulations is correct, as the patents are invalid for obviousness under either definition.

3. Differences Between the Claimed Invention and the Prior Art

A patent is invalid for obviousness if the differences between a claimed invention and the prior art "are such that the subject matter as a whole would have been obvious at the time the invention was made." Ruiz, 234 F.3d at 662. In making this determination, courts consider whether the prior art contains a "teaching, suggestion or motivation" ("TSM") that would have prompted a person of ordinary skill in the art to combine elements in prior art. *See, e.g., Al-Site Corp. v. VSI Int'l, Inc.* F.3d 1308, 1323-24 (C.A.Fed.1999). In the landmark ruling, *KSR Int'l. v. Teleflex, Inc.*, the U.S. Supreme Court recently struck down a rigid, formalistic application of the TSM test, holding that "[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." 550 U.S. 398, 127 S.Ct. 1727, 167 L.Ed.2d 705 (2007). In analyzing these claims, "neither the particular motivation nor the avowed purpose of the patentee controls. What matters is the objective reach of the patents.." *Id.* at

1741. Moreover, the issue "is not whether the combination was obvious to the patentee but whether [it] was obvious to a person with ordinary skill in the art." Id. at 1741-42. The Court went on to praise recent decisions from the Federal Circuit that required "consideration of common knowledge and common sense," Id. at 1743, citing *Systar Textilfarber GmbH & Co. v. C.H. Patrick Co.*, 464 F.3d 1356, 1367 (Fed.Cir.2006) and *Alza Corp. v. Mylan Labs., Inc.*, 464 F.3d 1286, 1291 (Fed.Cir.2006).

Defendant cites to several examples of prior art that would motivate one reasonably skilled in the art-under either party's definition-to use inflatable dummies to simulate a background crowd. Particularly compelling is the combination of "Around the World in Eighty Ways ("80 Ways") and, "the Natural." "80 Ways" uses inflatable dummies to simulate real people when viewed from the protagonist's perspective, "The Natural," meanwhile, uses cardboard cutouts to simulate a crowd at a baseball game. These cutouts are seated in "stadium-style seating" in the background and appear out of focus to conceal their true nature. Stanier Dep., pp. 45-46. Applying *KSR's* "common sense" approach, it strikes the Court as obvious to replace the cardboard cutouts in "The Natural" with dummies such as those in "80 Ways" to simulate a crowd-regardless of who is considered "one skilled in the art." The Court is similarly persuaded by other references cited by Defendant, which include: "Legends of the Fall," which uses inflatable dolls to simulate dead or wounded World War 1 soldiers; "Safe-T-Man," which uses an inflatable figure to simulate a car passenger; and "The Life and Death of Colonel Blimp," which shows a crowd of sitting soldiers, made of plaster, filmed so as to appear less sharp than the foreground figures. Biggins Decl, para. 18, Ex. 19-20; Defendant's Exhibits 21-23a, Declarations of Christian LesStrang and Scott Reeder.

Plaintiff's response is unconvincing. With respect to "80 Ways" and "The Natural," Plaintiff argues that because the films "seek to achieve opposite results"-the former revealing to the viewer that the dummies are in fact dummies, while the latter maintaining the illusion of real people-one would not be motivated to combine the references. However, this argument overlooks *KSR's* admonition that "neither the particular motivation nor the avowed purpose of the patentee controls." *KSR Int'l.*, 127 S.Ct. at 1741. The mere fact that "80 Ways" ultimately shows the dummies in focus does not diminish the predictability of employing similar dummies to simulate real people as seen by the viewer. Quite simply, it does not take a great leap of innovation to consider using dummies like those in "80 Ways" or the other cited films in place of cardboard cutouts to simulate a stadium crowd.

Plaintiff also invokes quotations from "blockbuster" movie directors and producers as evidence of nonobviousness. For example, Plaintiff quotes Gary Ross, director of the movie, "Seabiscuit," saying that dummies interspersed in the crowd "had never been done before," and that "none of the earlier movie solutions was perfectly suited to the task" of simulating a background crowd. Plaintiff Moving Exh 3, article "Oh Dollies" dated August 17, 2003; Plaintiff Moving Exh 63, article "Inflated Egos" dated August 20, 2003. Plaintiff further cites statements made by Defendant Biggins in which he touts the invention as "a new idea," and that he "can't believe no one thought of them before." Plaintiff Moving Exh 63, article "Inflated Egos" dated August 20, 2003. However, this argument is flawed for two reasons. First, it assumes that the quoted individuals were aware of the prior art at the time they made their statements. However, Plaintiff provides no evidence to support this assumption. Second, with respect to Mr. Biggins' comments, he is a direct competitor of Plaintiff who may have simply been trying to "pitch" his product as a new innovation. Such self-promotion does not amount to evidence of nonobviousness.

Plaintiff also raises evidentiary objections to Defendant's cited prior art. First, Plaintiff argues that the art "lacks authentication and is inadmissible hearsay," citing *A.K. Stamping Co. v. Instrument Specialties Co.*, 106 F.Supp. 627, 650 (D.N.J.2000). In *A.K. Stamping*, the defendant attempted to introduce evidence of

prior art in the form of a "lone, unattributed drawing of one such alleged [gasket] device." *Id.* Finding this evidence deficient, the court held that it was not presented in "a form, or with the proper authentication, ... need[ed] to evaluate this issue." *Id.* By contrast, Defendant here has presented film footage and photographs that allow this Court to assess its significance as prior art. Unlike the proffered evidence in *A.K. Stamping Co.*, the authenticity of the evidence here is not disputed. Furthermore, the Court does not see how the film and photograph evidence is hearsay in the first place, because there is no "statement ... offered in evidence to prove the truth of the matter asserted." Fed.R.Evid. 801.

Finally, Plaintiff urges the Court to limit Defendant's invalidity contentions to those prior art references it included in its interrogatory response. Specifically, Plaintiff notes that, with the exception of "The Natural" and "80 Ways," Defendant failed to include the above references in its response. The Court declines to exclude the evidence on this basis. The Court recognizes the potential unfairness that could result when a Defendant fails to cite this prior art in response to interrogatory questions, and then cites this art as evidence in a summary judgment motion. However, here Plaintiff was made aware of each form of prior art in Defendant's Rule 26 disclosure, responded to each in its Opposition, and offers no evidence of prejudice. Consequently, the Court declines to exercise its discretion to exclude this evidence from its obviousness inquiry.

4. Secondary Considerations

The Court finds that the secondary considerations also support a finding of invalidity for obviousness.

a. Commercial Success

Commercial success is considered the most important of the secondary factors considered in determining whether an invention is non-obvious. *Demarco Corp. v. F. Von Langsdorff Lic., Ltd.*, 851 F.2d 1387 (Fed.Cir.1988). Plaintiff and Defendant are currently the only two companies in the inflatable crowd business. There is no evidence in the record showing that Crowd in a Box has had any commercial success. Inflatable Crowd has been more successful, but only supports a "modest living" for two employees. Biggins Decl. para. 8-9. Plaintiff offers no evidence to the contrary.

b. Long-standing Need or Failure of Others

Long-standing need or failure of others to solve the same problem is probative of non-obviousness. *Intel Corp. v. United States ITC*, 946 F.2d 821 (Fed.Cir.1991). Plaintiff cites to no evidence of either. It is true that some of the past methods for simulating a crowd have had their drawbacks-e.g., cardboard cutouts are less effective at emulating three-dimensional characters. However, Plaintiff produces no evidence that these other methods were altogether inadequate. Plaintiff only offers the above quotations from movie directors and producers, which do not describe any "long-standing need" or prior failed attempts to adequately emulate a crowd.

c. Licenses

Success in licensing an invention can support non-obviousness. *In Re: Sernaker*, 702 F.2d 989 (Fed.Cir.1983). The evidence shows that there have been two short-lived licensing agreements in which Plaintiff agreed to rent its inflatable figures, neither of which was successful or materialized into long standing arrangements. Woolpert Dep. pp. 15-21.

d. *Independent Development/Copying*

Contemporaneous independent creation of the invention by others may be an indication of obviousness. *Stewart-Warner Corp. v. City of Pontiac*, 767 F.2d 1562 (Fed.Cir.1985). Here, the evidence indicates that Defendant independently began using inflatables for crowd simulation while working as a production assistant on the film; "Seabiscuit" in 2002, before Plaintiff was on the market. Biggins Decl para.para. 3-7. Plaintiff provides no evidence to the contrary.

V. *CONCLUSION*

In sum, the Court finds that Defendant has met its burden for demonstrating invalidity of both the '538 and '3 patents. For the reasons given above, the Court hereby grants summary judgment in favor of Defendant. Plaintiff's motions for summary judgment and preliminary injunction are hereby denied.

IT IS SO ORDERED.

C.D.Cal.,2007.

Crowd In A Box Co., Inc. v. Inflatable Crowd Co., Inc.

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