

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 14-1645-GW(MRWx) Date May 7, 2015  
Title *Fontem Ventures, B.V., et al. v. NJOY, Inc., et al.*

Present: The Honorable GEORGE H. WU, UNITED STATES DISTRICT JUDGE

Javier Gonzalez

Katie Thibodeaux

Deputy Clerk

Court Reporter / Recorder

Tape No.

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**PROCEEDINGS: MARKMAN HEARING/CLAIM CONSTRUCTION**

Court hears oral argument. The Tentative circulated and attached hereto, is adopted as the Court's Final Ruling.

The Court sets a hearing on Defendants' renewed motion to stay for June 22, 2015 at 8:30 a.m. Parties may stipulate to the briefing schedule, except the reply, which will be filed by June 12, 2015.

Initials of Preparer JG : 20

***Fontem Ventures, B.V., et al. v. NJOY, Inc. et al.***; Case No. CV-14-1645-GW(MRWx)  
Tentative Rulings *Markman* Hearing/Claim Construction

## **I. Introduction**

The Court is presiding over three waves of patent infringement cases filed by Fontem Ventures, B.V. and Fontem Holdings 1, B.V. (“Plaintiffs”) against Ballantyne Brands, LLC, CB Distributors, Inc., DR Distributors, Inc., FIN Branding Group, LLC, Logic Technology Development, LLC, NJOY, Inc., Spark Industries, LLC, Vapor Corp., Victory Electronic Cigarettes Corporation, and VMR Products, LLC (“Defendants”). All three waves of cases are now consolidated under Case No. CV-14-1645. While filed against different defendants and asserting multiple patents, each case charges the same basic harm: that Defendants are infringing Plaintiffs’ electronic-cigarette patents.

The Court previously construed claims relating to five patents asserted in the “first wave” of cases. *See* Docket No. 65.<sup>1</sup> The current *Markman* proceedings relate to three additional patents – *i.e.* the ‘752, ‘726, and ‘239 patents<sup>2</sup> – as well as the ‘628, ‘742, and ‘805 patents examined previously. The parties initially identified seven claims for construction, three of which they later withdrew. Docket Nos. 93, 109, 116-17. Cross briefing followed, with the parties filing opening briefs in early April 2015, *see* Docket No. 95 – Defendants’ Opening Claim Construction Brief (“DOB”), Docket No. 96 – Plaintiffs’ Opening Claim Construction Brief (“POB”), and responsive briefs in late April 2015, *see* Docket No. 116 – Defendants’ Responsive Claim Construction Brief (“DRB”), and Docket No. 117 – Plaintiffs’ Responsive Claim Construction Brief (“PRB”).

## **II. Legal Standard**

### **A. Claim Construction**

Claim construction is an interpretive issue “exclusively within the province of the court.” *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996). It is “a question of law in the way that [courts] treat document construction as a question of law,” with subsidiary fact-finding reviewed for clear error pursuant to Fed. R. Civ. P. 52(a)(6). *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, \_\_\_ U.S. \_\_\_, 135 S.Ct. 831, 837 (2015). Claim construction begins with an analysis of the claim language itself. *Interactive Gift Express, Inc. v. Compuserve Inc.*, 256 F.3d 1323, 1331 (Fed. Cir. 2001). That is because the claims define the scope of the claimed invention. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005). But “the person of ordinary skill in the art is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears, but in the context of the entire patent.” *Id.* at 1313. Thus, claims “must

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<sup>1</sup> The patents at issue in the first claim construction proceeding were: U.S. Patent No. 8,393,331, entitled “Electronic Atomization Cigarette” (“‘331 patent”); U.S. Patent No. 8,490,628, entitled “Electronic Atomization Cigarette” (“‘628 patent”); U.S. Patent No. 8,365,742, entitled “Aerosol Electronic Cigarette” (“‘742 patent”); U.S. Patent No. 8,375,957, entitled “Electronic Cigarette” (“‘957 patent”); and U.S. Patent No. 8,689,805, entitled “Electronic Cigarette” (“‘805 patent”). The ‘331, ‘628, ‘742, ‘957, and ‘805 patents were originally issued to Lik Hon (“Hon”), and later assigned to or exclusively licensed by Plaintiffs.

<sup>2</sup> The new patents at issue are: U.S. Patent No. 8,863,752, entitled “Electronic Cigarette” (“‘752 patent”); U.S. Patent No. 8,893,726, entitled “Electronic Cigarette” (“‘726 patent”); and U.S. Patent No. 8,899,239, entitled “Electronic Cigarette” (“‘239 patent”).

be read in view of the specification,” which is “always highly relevant to the claim construction analysis.” *Phillips*, 415 F.3d at 1315 (internal quotations omitted). “Usually, it is dispositive; it is the single best guide to the meaning of a disputed term.” *Id.*

Although claims are read in light of the specification, limitations from the specification must not be imported into the claims. *Comark Commc’ns, Inc. v. Harris Corp.*, 156 F.3d 1182, 1186-87 (Fed. Cir. 1998). “[T]he line between construing terms and importing limitations can be discerned with reasonable certainty and predictability if the court’s focus remains on understanding how a person of ordinary skill in the art would understand the claim terms.” *Phillips*, 415 F.3d at 1323.

The prosecution history is also part of the intrinsic evidence consulted during claim construction. *See Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1324 (Fed. Cir. 2002). “Like the specification, the prosecution history provides evidence of how the PTO and the inventor understood the patent.” *Phillips*, 415 F.3d at 1317 (citations omitted). “Furthermore, like the specification, the prosecution history was created by the patentee in attempting to explain and obtain the patent.” *Id.* “Yet because the prosecution history represents an ongoing negotiation between the PTO and the applicant, rather than the final product of that negotiation, it often lacks the clarity of the specification and thus is less useful for claim construction purposes.” *Id.*

Claim construction usually involves resolving disputes about the “ordinary and customary meaning” that the words of the claim would have had “to a person of ordinary skill in the art in question at the time of the invention.” *Phillips*, 415 F.3d at 1312-13 (internal quotations and citations omitted). But in some cases, claim terms will not be given their ordinary meaning because the specification defines the term to mean something else. *Novartis Pharms. Corp. v. Abbott Labs.*, 375 F.3d 1328, 1334 (Fed. Cir. 2004); *Kumar v. Ovonic Battery Co.*, 351 F.3d 1364, 1368 (Fed. Cir. 2003). For the specification to provide a non-ordinary definition for a term, it must set out its definition in a manner sufficient to provide notice of the meaning to a person of ordinary skill in the art. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994).

Where the patent itself does not make clear the meaning of a claim term, courts may look to “those sources available to the public that show what a person of skill in the art would have understood disputed claim language to mean,” including the prosecution history and “extrinsic evidence concerning relevant scientific principles, the meaning of technical terms, and the state of the art.” *Phillips*, 415 F.3d at 1314 (internal quotations omitted). Sometimes, the use of “technical words or phrases not commonly understood” may give rise to a factual dispute, the determination of which will precede the ultimate legal question of the significance of the facts to the construction “in the context of the specific patent claim under review.” *Teva*, 135 S.Ct. at 841, 849 (2015). “In some cases, the ordinary meaning of claim language as understood by a person of skill in the art may be readily apparent even to lay judges, and claim construction in such cases involves little more than the application of the widely accepted meaning of commonly understood words.” *Phillips*, 415 F.3d at 1314. “In such circumstances, general purpose dictionaries may be helpful.” *Id.*

### **B. Definiteness**

The patent monopoly is a property right, and “like any [such] right, its boundaries should be clear.” *Nautilus, Inc. v. Biosig Instruments, Inc.*, \_\_\_ U.S. \_\_\_, 134 S.Ct. 2120, 2124 (2014) (quoting *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730 (2002)). 35 U.S.C. § 112 codifies this “definiteness” requirement, mandating that a patent’s specification

conclude “with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as the invention.” 35 U.S.C. § 112(b); *see also* 35 U.S.C. § 112 ¶ 2 (2006).

In decisions preceding *Nautilus*, courts held that claims were indefinite only when they were “not amenable to construction” or “insolubly ambiguous.” *See Datamize, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1347 (Fed. Cir. 2005). However, *Nautilus* revised that standard, holding instead that § 112(b)<sup>3</sup> requires that “a patent’s claims, viewed in light of the specification and prosecution history, inform those skilled in the art about the scope of the invention with reasonable certainty.” 134 S. Ct. at 2129. In arriving at this standard, *Nautilus* emphasized that patents must be precise enough to afford clear notice of what is claimed, thereby “appris[ing] the public of what is still open to them,” while recognizing that absolute precision is unobtainable given “the inherent limitations of language.” *Id.* at 2123, 2129 (quoting *Markman*, 517 U.S. at 373). In other words, the Court recognized that § 112 entails “a delicate balance,” *id.* at 2128 (quoting *Festo*, 535 U.S. at 731), and established the ultimate test as whether a skilled artisan can be reasonably certain about what a patent claim covers, *id.* at 2129.

General claim construction principles apply to indefiniteness challenges, but the burdens are slightly different. *See Enzo Biochem, Inc. v. Applera Corp.*, 599 F.3d 1325, 1332 (Fed. Cir. 2010) (“In the face of an allegation of indefiniteness, general principles of claim construction apply”) (citations and quotations omitted). While courts construing claim language sit in relative equipoise, a patent is “presumed valid under 35 U.S.C. § 282.” *Biosig Instruments, Inc. v. Nautilus, Inc.* (“*Nautilus III*”), \_\_\_ F.3d \_\_\_, No. 12-1289, Slip Op. at 5 (Fed. Cir. Apr. 27, 2015). “Consistent with that principle, a fact finder is instructed to evaluate whether a defendant establishes indefiniteness ‘by clear and convincing evidence.’” *Id.* (quoting *Microsoft Corp. v. i4i Ltd. P’ship*, \_\_\_ U.S. \_\_\_, 131 S.Ct. 2238, 2241 (2011)) (emphasis added, brackets removed, punctuation altered); *Young v. Lumenis, Inc.*, 492 F.3d 1336, 1345 (Fed. Cir. 2007) (“Because a patent is presumed to be valid, the evidentiary burden . . . is one of clear and convincing evidence”). If a defendant fails to carry that burden, an indefiniteness attack should be denied.

### III. Analysis

#### A. Analysis of Disputed Claim Terms

1. “gradual change in luminance . . . to simulate a conventional cigarette” (‘239 patent, claim 1); “gradually change a luminance of an LED . . . to simulate a conventional burning cigarette tip” (‘239 patent, claim 17)

Plaintiffs’ Proposed Construction	Defendants’ Proposed Construction
No construction necessary	These phrases are indefinite

As relevant, claim 1 of the ‘239 patent recites:

1. An electronic cigarette, comprising:

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a light source at a first end of the housing;

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and with the light source configured to provide a **gradual change in luminance . . . to simulate a conventional cigarette.**

<sup>3</sup> *Nautilus* addressed pre-America Invents Act (“AIA”) § 112. Because § 112 has remained substantively consistent post-AIA, the Court refers to current § 112(b).

Similarly, claim 17 recites, in part: **“gradually change a luminance of an LED . . . to simulate a conventional burning cigarette tip.”**

Defendants contend these phrases are indefinite because “gradual[ly] change” is a “word of degree,” and the ‘239 patent offers “no meaningful guidance as to how to determine whether a change is gradual (as opposed to, for example, rapid or fast) or not.” DOB at 2:25-3:2. Further, Defendants argue, “the requirement that the gradual change simulate a conventional cigarette adds [another] layer of subjectivity to the claims,” rendering “the claim scope even less certain.” *Id.* at 3:3-5. The Court should disagree.

Defendants’ argument implies that “gradual change” requires a specific rate of change in luminance; but neither the claim language nor specification so limit the phrase. The claim relates the phrase “gradual[ly] change in[a] luminance” to a light source configured to “to simulate a conventional burning cigarette.” Defendants offer no evidence that a POSITA (or, frankly, even a non-POSITA) could not differentiate with reasonable certainty between the gradually escalating and de-escalating brightness of a conventional cigarette, and non-gradual changes in brightness that fail to simulate a conventional cigarette. That the ‘239 patent does not codify the rate of change with mathematical precision does not render the subject terms indefinite, particularly when one recalls that absolute precision is not required, *Nautilus*, 134 S.Ct. at 2129.

Indeed, this is particularly true as the specification contains an example, providing: a “red LED 3 blinks for each smoking action, and a sawtooth wave signal that lasts for 1.2 seconds is given by the control circuit for blinking signals, which provides a gradual change of luminance to imitate the ignition and combustion process of a conventional cigarette.” ‘239 patent, at 4:23-27. While, in some scenarios, examples may not be enough to render definite terms that depend on unchecked, subjective opinion, *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1260 (Fed. Cir. 2014) (citing *Interval Licensing*, 766 F.3d at 1371-73; *Datamize*, 417 F.3d at 1350), for “terms of degree,” a general guideline coupled with “specific and unequivocal examples” is often sufficient to give “a [POSITA] clear notice of what is claimed,” *DDR Holdings*, 773 F.3d at 1260 (citing *Enzo Biochem*, 599 F.3d at 1334-35).

Defendants offer no evidence that a POSITA would not appreciate a difference between gradual changes in luminance, like those tracing a sawtooth wave pattern, and non-gradual changes in luminance, like those tracing a rectangular (on/off) wave pattern, *see* PRB at 4:3-5:2, particularly when advised that the change in luminance should simulate a conventional cigarette. Even if Defendants are right that “gradual[ly] change . . . to simulate a conventional cigarette” is somewhat subjective, the general guideline – that the “gradual change” simulate a conventional cigarette – coupled with the specific and concrete sawtooth-wave-pattern example allow a POSITA to be reasonably certain as to what the disputed phrases cover.

Defendants cite *Interval Licensing*,<sup>4</sup> arguing that, as with the term “unobtrusive manner” in that case, “gradual change” is a subjective “term of degree” without meaningful limitations.

<sup>4</sup> The *Interval Licensing* patents included method claims directed to on-screen displays appearing “in an unobtrusive manner that does not distract the user[.]” *Id.* at 1368. The Federal Circuit found that “unobtrusive manner” was “highly subjective,” as the claim language offered “no objective indication of the manner in which content images are to be displayed,” but rested instead on the “preferences of [a] particular user and the circumstances under which [she] interacts with the display.” *Id.* at 1371. In concluding that the phrase was indefinite, the court cautioned that “a term of degree fails to provide sufficient notice of its scope if it depends on the unpredictable vagaries of any one person’s opinion,” and lacks reasonably clear guidance from either the claim language or specification. *Id.* at 1371-73.

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