FEDERAL CIRCUIT PATENT LAW CASE UPDATE

IPXL Holdings, L.L.C. v. Amazon.com, Inc., 05-1009 (Fed. Cir. Nov. 21, 2005) (Clevenger, J.)

The court agreed with the invalidity determination for IPXL's claims to an electronic fund transfer system when IPXL tried to assert them against Amazon's one-click" style electronic purchasing system. The court reversed, however, the district court's grant of attorney's fees to Amazon because it did not timely file its motion for such. Some claims were anticipated by a prior art patent in the ATM field. Claim 25 was invalid for indefiniteness because it tried to claim "both an apparatus and a method of use of that apparatus."

IPXL owns U.S. Pat. No. 6,149,055.

> The '055 patent, entitled "Electronic Fund Transfer or Transaction System," is directed to a system for executing electronic financial transactions, such as an electronic fund transfer system, including automated teller machines ("ATMs") or point of sale ("POS") terminals. The essence of the '055 patent is that the system stores information previously defined by the user and displays that information to the user in a single screen, from which the user may select a transaction.

The court affirmed the district court's determination that a patent to Coutts anticipated claims 1, 2, 9 and 15.

> IPXL argues that the Coutts patent does not disclose the "single screen" limitation of the '055 patent, namely, "display[ing] on a single screen stored transaction information; the input mechanism enabling a user to use the displayed transaction information to execute a financial transaction or to enter selections to specify one or more transaction parameters." '055 patent, col. 20, ll. 41-46. IPXL argues that in the Coutts patent, transaction parameters are selected over multiple screens, not in a single screen. Further, IPXL argues that the screen does not display "stored transaction information." Finally, IPXL argues that the input mechanism does not allow a user to use the displayed information "to specify one or more transaction parameters."

The court rejected all of IPXL's characterizations. In the setting of traditional ATM technology, Coutts disclosed a single screen that displayed stored transaction information. Thus, the "Coutts patent discloses the single screen limitation recited above, and IPXL does not contest that it discloses the other limitations of claims 1, 2, 9, and 15 of the ''055 patent."

The court also affirmed that claim 25 was indefinite. It was an apparatus claim but also included methods of use for that apparatus.

> Whether a single claim covering both an apparatus and a method of use of that apparatus is invalid is an issue of first impression in this court. The Board of Patent Appeals and Interferences ("Board") of the PTO, however, has made it clear that reciting both an apparatus and a method of using that apparatus renders a claim indefinite under section 112, paragraph 2. Ex parte Lyell, 17 USPQ2d 1548 (BPAI 1990). As the Board noted in Lyell, "the statutory class of invention is important in determining patentability and infringement."

Finally, the court reversed the award of attorney fees to Amazon.

> We think it is clear that on this record there is no basis for an award of attorney fees under Rule 11 or 28 U.S.C. § 1927. Assuming this is an exceptional case, an issue we do not reach, Amazon's claim to fees under section 285 is viable. However, we hold that any claim to attorney fees must be processed in compliance with Rule 54(d)(2)(B). No provision in section 285 exempts requests for attorney fees thereunder from compliance with Rule 54(d)(2)(B).
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> The district court's holding that section 285 itself can support an award of attorney fees without regard to when the relief is requested is legally incorrect. Further, in this case, the 14-day rule of Rule 54 was breached, and Amazon took no steps under Rule 6(b)(2) that could have afforded the district court a basis upon which to exercise discretion to enlarge the 14-day time period. Consequently, the district court abused its discretion in enlarging the applicable time and in denying IPXL's motion to strike.

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