



# Federal Circuit Patent Watch

A publication of Nixon Peabody LLP

SEPTEMBER 26, 2007

## Verizon Services Corp. v. Vonage Holdings Corp.

Nos. 07-1240, -1251, -1274, Federal Circuit (Michel, Gajarsa, Dyk)

***When a patent thus describes the features of the “present invention” as a whole, this description limits the scope of the invention.***

On September 26, 2007, the Federal Circuit, inter alia, vacated and remanded the district court’s award of \$58 million and 5.5% royalty rate on future infringing sales in a suit involving U.S. Patents No. 6,282,574, No. 6,104,711, and No. 6,359,880, which related to a server for enhanced name translation useful in implementing an internet telephone system. The Federal Circuit affirmed the judgment of infringement regarding the ‘574 and ‘711 patents, but vacated and remanded with regard to the ‘880 patent. The Federal Circuit stated:

Vonage proposed construing the term “localized wireless gateway system” to mean “a plurality of base station transceivers with a limited range of a few feet and a packet service gateway that compresses/decompresses and packetizes voice signals.” Vonage argues that the gateway is limited to a transmission range of only a few feet because of statements made by the patentee during prosecution of a related patent of the same family as the ‘880 patent that so limited the term. The district court instructed the jury to interpret the term “localized wireless gateway system” as: “a system which is fixed to a limited or local area and which provides wireless service coverage within that local area,” and did not include a “few feet” limitation.

[A] statement made by the patentee during prosecution history of a patent in the same family as the patent-in-suit can operate as a disclaimer. To operate as a disclaimer, the statement in the prosecution history must be clear and unambiguous, and constitute a clear disavowal of scope. Such a clear disavowal has occurred here. The claims of the ‘880 patent originated in U.S. patent application No. 08/814,291. During prosecution the examiner issued a restriction requirement on the ground that the ‘291 application covered two independent and distinct inventions. The applicants then filed divisional application No. 09/363,750, pursuing some of the claims of the original ‘291 application, which was allowed as the ‘880 patent. The remainder of the claims of the original ‘291 application in turn matured into U.S. Patent No. 6,542,497. The claims of both applications require a “localized wireless gateway system.” During prosecution of the ‘291 application the applicants’ claims were rejected based on prior

art wireless gateway systems. The applicants gained allowance of the claims of the '291 application after stating that the prior art systems "all appear to be directed to non-localized systems," and that the "present invention," by contrast, was "restricted to operate within a few feet from a base station (i.e. wireless handsets)." [The applicants] clearly disclaimed coverage of systems operating with a range greater than a "few feet," and that the district court erred in failing to construe the localized system as requiring a range of a few feet.

[B]ecause of the district court's claim construction Vonage was not able to introduce evidence that its telephones did not operate beyond a range of a "few feet." The record also clearly shows that it was prepared to offer such evidence. Under such circumstances we believe that Vonage has satisfied the requirement of prejudice. The district court's error in failing to limit the localized system to one with a range of a few feet therefore requires a new trial under the correct construction. Since a new trial is necessary on the issue of infringement with respect to the '880 patent, we believe it appropriate to interpret other claim terms that are disputed by the parties on appeal and are likely to be at issue in the new trial.

Vonage challenges the district court's construction of the term "localized wireless gateway system" of asserted claims 1 and 6-8 of the '880 patent (the same term pertinent to the "few feet" limitation) . . . . In the course of describing the "present invention," the specification then states that "[t]he gateway compresses and decompresses voice frequency communication signals and sends and receives the compressed signals in packet form via the network." When a patent thus describes the features of the "present invention" as a whole, this description limits the scope of the invention. Thus the term "localized wireless gateway system" must be limited to one performing compression and packetization functions at the gateway. Vonage also argues that the district court erred in failing to require that the "localized wireless gateway system" have multiple base station transceivers, because the specification states that "[t]he inventive system includes a plurality of base station transceivers." However, [a] limitation requiring a "plurality" may be satisfied by a single object. Therefore, Vonage has failed to show error in the district court's interpretation. Finally, Vonage challenges the district court's construction of the claim term "wireless telephone terminal" of asserted claims 1 and 6-8 of the '880 patent. . . . Although the specification on occasion makes reference to "roaming" telephones, Vonage fails to identify language that would require roaming in every case. Vonage argues that because the patent requires multiple base stations, telephones must then roam between base stations. But we have rejected the contention that there must be multiple base stations, and the claims do not require roaming.

For more information on these issues or other intellectual property law matters, please contact **Lawrence M. Sung, Ph.D.** at [lsung@nixonpeabody.com](mailto:lsung@nixonpeabody.com) or 202-585-8221.

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