

CASE LAW UPDATE

March 8, 2006

CASE	IPXL Holdings LLC v. Amazon.com Inc. (Federal Circuit, Decided November 21, 2005)
ISSUE	One of the issues: Is a claim that recites both a system and a method of using that system valid?
EXECUTIVE SUMMARY	On appeal, the Federal Circuit agreed with the District Court's grant of a summary judgment in favor of Amazon and against IPXL. IPXL's U.S. Patent No. 6,149,055 ('055 patent), asserted against Amazon for patent infringement, was held to be invalid. One of the claims in the '055 patent was held to be indefinite under 35 U.S.C. Section 112, because the claim recites both apparatus and method of using that apparatus. The Federal Circuit held that the claim is not precise enough to provide competitors with accurate determination of the "metes and bounds" of the claim.
KEY TERM(S)	Indefiniteness, Apparatus and Method Claim, Section 112 Rejection
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PROCEDURAL POSTURE	IPXL alleged patent infringement against Amazon in view of IPXL's '055 patent in the U.S. District Court of Virginia. Amazon counterclaimed for declaratory judgment of non-infringement and invalidity of the '055 patent. The District Court granted summary judgment of invalidity and non-infringement in favor of Amazon. IPXL appealed from the summary judgment of invalidity and non-infringement. The Federal Circuit affirmed the summary judgment of invalidity against the '055 patent. Because the '055 patent was held to be invalid, the issue of infringement did not have to be addressed.
FACTS	The '055 patent is directed to a system for executing electronic financial transactions, including electronic fund transfers using automated teller machines (ATMs). IPXL sued Amazon, based on the '055 patent, alleging that Amazon's system (the one-click system) infringed various claims of the '055 patent, including claim 25. Dependent claim 25 recites the following: "The system of claim 2 wherein the predicted transaction information comprises both a transaction type and transaction parameters ... and <u>the user uses the input means</u> to either change the predicted transaction information or accept the displayed transaction ..." Amazon's accused system, the one-click system, enables customers to purchase goods online from Amazon. The system allows customers, who have previously stored information such as their credit card numbers and shipping addresses, to place an order without having to reenter the stored information.
HOLDING	The Federal Circuit affirmed the District Court's grant of summary judgment.
COURT'S REASONING	The Federal Circuit stated that claim 25 is a single claim that covers both an apparatus and a method of use of that apparatus. As a result, the claim is indefinite because it fails to point out and distinctly claim the subject matter of the invention. The Federal Circuit reasoned that it is unclear whether infringement of claim 25 occurs when one creates a system that allows the user to change the predicted transaction information, or whether infringement occurs when the user actually uses the input means to change transaction information. The Federal Circuit agreed with the Manual of Patent Examination (MPEP) that a single claim that claims both an apparatus and a method step of using that apparatus is indefinite under U.S. Section 112, second paragraph. It also agreed with Landis on the Mechanics of Patent Drafting that one should "never mix claim types to different classes of invention in a single claim."
PANEL	Clevenger, Rader and Schall, circuit judges.