

H-W TECHNOLOGY, L.C. v. OVERSTOCK.COM, INC., Appeal No. 2014-1054, -1055 (Fed. Cir. July 11, 2014). Before Prost and O'Malley. Appealed from N.D. Tex. (Judge Fish).

Background:

H-W Technologies (H-W) sued Overstock.com (Overstock), alleging that one of Overstock's patent applications infringed a method claim and a corresponding apparatus claim of one of H-W's patents. The issued method claim was missing a paragraph, found in the apparatus claim, due to a PTO error. Overstock brought the error to the attention of H-W a few months after the proceedings commenced. The district court did not allow H-W to submit a Certificate of Correction with the correct claim language because the Correction issued long after the suit had commenced, and the district court refused to correct the claim language itself. The district court held that both claims were indefinite and thus invalid. H-W appealed.

Issues/Holdings:

Whether the district court erred in holding the (1) method and (2) apparatus claims indefinite and thus invalid? (1) Yes, (2) No, affirmed as modified.

Discussion:

Regarding the method claim, H-W first argued that the district court should have corrected the language of the method claim. The Federal Circuit disagreed, arguing that a district court can only correct a patent if the error is evident from the face of the patent. The claim language still made sense without the missing paragraph. Thus the district court could not correct the claim language. H-W then argued that the district court should have considered the Certificate of Correction. Again, the Federal Circuit disagreed, noting that a Certificate of Correction is only effective for causes of action arising after it was issued. A patentee cannot assert an issued claim that omits material limitations until the error has been corrected by the Patent Office. Thus, the Federal Circuit argued that this situation was more akin to unenforceability rather than invalidity. The method claim could not be enforced against Overstock because it had not been corrected at the time of the cause of action, but the claim also could not be held invalid by the district court because the entire claim with all limitations had not been litigated. The Federal Circuit therefore held that the judgment of the district court in favor of Overstock was correct, but that the district court could not invalidate the method claim. The Federal Circuit struck the portion of the district court's judgment that held the method claim invalid.

The apparatus claim recited many features that were found to be method limitations, such as "wherein said user completes a transaction" and "wherein said user selects one of said variety of offers." Thus the Federal Circuit found that the apparatus claim combined two statutory classes of invention, making it unclear when infringement would occur. The Federal Circuit affirmed the district court's finding that the apparatus claim was indefinite and thus invalid.