

GEORGETOWN RAIL EQUIPMENT COMPANY v. HOLLAND L.P., Appeal No. 2016-2297 (Fed. Cir. August 1, 2017). Before Reyna, Schall, and Wallach. Appealed from E.D. Tex. (Judge Schroeder III).

Background:

Georgetown owns a patent directed to a system for inspecting a railroad track by collecting image data of the track ties using a camera and analyzing the collected data using a processor. Holland marketed a similar system for railroad inspection that collected image data of the track ties and sent the collected data to a third party located in the U.K for data analysis. Georgetown sued Holland for infringement.

The district court held in a Markman hearing that the phrase in the preamble of the asserted claim, which recites "mounted on a vehicle for movement along the railroad track," is not a limitation of the claim. Based on this claim construction, the jury found Holland directly infringed under §271(a), and the district court subsequently denied Holland's motion for JMOL of noninfringement. Holland appealed to the Federal Circuit challenging, *inter alia*, the district court's claim construction and the denial of JMOL.

Issues/Holdings:

Did the district court err in finding that the preamble phrase is not limiting? No.

Did the district court err in denying Holland's motion for JMOL of noninfringement? No.

Discussion:

Holland argued that the preamble phrase is limiting and requires the whole system, including the processor, to be mounted on a vehicle because all embodiments in the specification disclose a vehicle-mounted system. This is in contrast to Holland's product, which did not have a processor mounted on a vehicle. The Federal Circuit disagreed and noted that the specification states the system "can be" mounted on a vehicle and lists other options such as mounting it on a chassis or a locomotive. Holland then argued that the preamble should be limiting because it is essential to understand the limitations in the body of the claim, which require the light generator and the optical receiver to be "positioned adjacent the railroad track." The Federal Circuit disagreed again and noted that the claimed system could have the light generator and the optical receiver positioned adjacent the track while the processor is remote and offsite. The Federal Circuit also noted that Applicant had not relied on the feature of the vehicle-mounted system to distinguish the prior art during prosecution history. Thus, the Federal Circuit upheld the district court's claim construction.

Holland also argued that no reasonable jury could have found Holland "used" the allegedly infringing data processing equipment, which was in control and possession of a different company in the U.K. The Federal Circuit disagreed. Citing the case of *Centillion*, it stated that Holland used the entire system, for purposes of infringement, because it collected and gathered data by its system platform on the front-end, which caused the data processing on the back-end by the U.K. company. In other words, the back-end steps resulted from Holland's front-end collection and request for processing, which demonstrated "Holland's ultimate control of, and derivation of benefit from, the system." Thus, the Federal Circuit upheld the district court's denial of JMOL.