Nos. 2014-1537, -1566

United States Court of Appeals for the Federal Circuit

GLOBAL TRAFFIC TECHNOLOGIES, LLC,

Plaintiff-Appellee,

v.

RODNEY K. MORGAN, KM ENTERPRISES, INC.,

Defendants-Appellants.

and

STC, INC.,

Defendant-Appellant.

Appeals from the United States District Court for the District of Minnesota in Case No. 0:10-cv-04110-ADM-JJG, Judge Ann D. Montgomery

REPLY BRIEF OF APPELLANTS RODNEY KRIS MORGAN AND KM ENTERPRISES, INC.

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January 21, 2015

CERTIFICATE OF INTEREST

Counsel for Defendant-Appellants KM Enterprises, Inc. and Rodney K. Morgan certify the following:

1. The full name of every party or *amicus* represented by us is:

   KM Enterprises, Inc.

   Rodney K. Morgan

2. The names of the real party in interest represented by us is:

   Not applicable.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are: None.

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

   HELLMUTH &JOHNSON: Terrance C. Newby, Jonathan D. Jay (both formerly of Leffert Jay & Polglaze).

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Dated: July 28, 2014

/s/ Jana L. Yocom
JANA YOCOM, P.C.

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SUPPLEMENTAL STATEMENT OF RELATED CASES

Since the filing of the Appellant Brief, KME filed an antitrust suit against GTT, the outcome of which may be affected by the result of this appeal.

In addition, since the filing of the Appellant Brief, GTT has registered its judgment in Illinois. Under Illinois law, there is a lien on KME's accounts receivable currently frozen in the hands of STC, Inc. A motion for stay pending appeal, pursuant to Federal Rule of Civil Procedure 69(f), is pending in the United States District Court for the Southern District of Illinois.

ARGUMENT

Global Traffic Technologies, LLC ("GTT") essentially admits noninfringement of Claim 1 and in so doing, ensures a determination of noninfringement of Claim 16. The claim construction issue was central to the litigation below and should be decided in favor of Defendants. Individual liability of Rodney Kris Morgan ("Morgan") based on alleged inducement of inducement asserted as to KM Enterprises, Inc. ("KME", collectively, "KME") is not supported in precedent. Individual liability of Morgan based on alleged inducement of direct infringement of KME is not supported by the record. A check of the record citations provided by GTT demonstrates both prongs of the willfulness determination in favor of KME. The facts set forth in KME's Appellant Brief, based upon trial testimony, show the impossibility of GTT's infringement analysis in the face of the intersection-centric/vehicle-centric dichotomy that GTT admits was the focus of the entire litigation. *See* AE Br. p. 71.

A. GTT admits that the Emtrac Systems product does not infringe Claim 1 of the '398 patent in its continuing effort to side step KME's defense that the claims must be construed in light of intrinsic evidence to recognize that the patent protects an intersection-centric product.

Because the judge in her claim construction determination did not resolve any factual issues and would have properly involved evidence intrinsic to the patent, *de novo* review is appropriate. *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.,* No. 13-854, ___ S.Ct. ____, 2015 WL 232131. "GTT" essentially concedes

Defendants' claim construction position, stating that "location" does not mean "vehicle." AE Br. p. 62-64. KME framed the issue as follows:

> Did the lower court correctly construe the ambiguous term, "location, " objectively under the general test, in light of intrinsic evidence, including the prior art Morgan patent cited in the prosecution history and on the face of the patent claims, the patent terms and the specifications?

AP Br. p. 3. In the lower court KME sought a construction of the term in Claim 1, referring to "means, associated with the location, for receiving the vehicle data" and "mapping means, associated with the location, for storing a plurality of positions corresponding to the allowed approaches to the location…" A00001-A00016 at A5; A5141-5179; A5737-5754. The district court deemed the term "location" to be unambiguous in the face of argument by KME that the term should be construed as follows: "at the intersection where the traffic signal that is to be preempted is located, which also contains the intersection module that receives the vehicle data." A5. The issue at all stages of the lower court proceeding was whether the patent claims[1] covered KME's product, which involves a smart vehicle rather than a smart intersection. A7103-7110; A7234-7236;7362-7388 (documenting differential GPS with base stations on vehicle and at intersection); 8222-8248 (KME's expert witness report); 8286-8287 (Cross Memorandum);

[1] Claims 1 and 16 both include elements requiring construction of the term "vehicle data" and how (including where) it is processed.

8457-8458 (KME's responses to Request for Admissions); 7180-7191 (KME Complaint);8769-8770; 8778; 8799; 9019-9021; 9560-9563; 9576-9578; 9598-9601. GTT's Opticom product involves a smart intersection, which at the time of the invention required differential GPS. A7362-7388; 173; 186-88. If the patent claims do not cover the situation in which the information is processed in the vehicle, then there is no infringement. Following is a discussion of argument provided in the court below countering GTT's position.

At the summary judgment stage, KME explained that GTT improperly alleged that the Emtrac System includes the Claim 1 navigation means—a GPS receiver—that performs the function of "generating vehicle data at periodic intervals along the vehicle path, wherein the vehicle path includes vehicle position data." A1703. However, the Patent clearly defines "vehicle data" as the combination of all of the data generated by both GPS receiver and processor: "All of the data generated by GPS receiver 40 and by processor 60 (hereinafter referred to collectively as "vehicle data") is then transmitted … to the intersection module." A1703, A172-189, Col. 5:21-24. The Patent defines the structure corresponding to the function of generating "vehicle data" as the GPS receiver *and processor*. *Id.* Emtrac's GPS receiver therefore cannot alone generate "vehicle data." A1703. GTT was forced to make this contorted argument because it realized that it could not admit that the Emtrac VCU processor *generates* "vehicle data" while at the

same time arguing that the very same processor is the "means…for *receiving* vehicle data." A1703. The Emtrac GPS receiver does not generate "vehicle data" for the additional reason that, by GTT's admission, it only generates data regarding a vehicle's "position, heading and velocity", which the Patent identifies as "navigational data" clearly distinct from "vehicle data." A1703, A172-189 Col. 4:66-5:19.

GTT's expert explained that the structure corresponding to the "means for transmitting vehicle data" required by Claim 1 is transmitter 80 and the wireless vehicle transmitting antenna 101. A1705, A172-189, Col. 5:22-33. Accordingly, GTT's infringement position was that the Emtrac VCU GPS receiver and "the connective pathway" (i.e. a wire) between it and the Rabbit 2000 processor meaning that the Patent is violated if the term "location" includes operations within the vehicle. A1705.

At summary judgment, GTT argued that the equivalent Emtrac structural "means" for "receiving the vehicle data" is the "BL1800 SBC in the [Emtrac] VCU, including in particular the Rabbit 2000 processor." A1706. This, according to GTT, was equivalent to the means identified in the '398 Patent, i.e. "processor 250 for receiving vehicle data." A1706. The Patent's processor 250, however, is the processor located on the intersection module shown, for example in Figure 1. A175. Actually, the Emtrac VCU processor does receive "vehicle data" (it needs to

in order to process it) but the Patent clearly shows that the "means for receiving vehicle data" corresponds to structure identified as "a data receiving antenna 210 which receives the vehicle data from the vehicle transmitting antenna 101," which is located at the intersection. A7106, A172-189, Col. 5:24-26. The only way the Emtrac System can infringe the Patent is if the "means associated with the location for receiving vehicle data" is, by equivalents, the Emtrac VCU processor, which is located on the vehicle. This was the primary argument made during the lower court proceeding and is the reason KME concentrated its argument on the claim construction of the term, "associated with the location."

Complicating its circular argument, GTT further argued with regard to Limitation 3 of Claim 1, that "the BL1800 SBC, including, in particular its Rabbit 2000 processor, is also 'associated with the location' [because] it is the structure that contains the memory of locations," i.e., the EEPROM. Thus, although the BL1800 SBC is physically located within the Emtrac VCU ("vehicle computer unit") on board the vehicle, GTT argued that it was "associated with the intersection" by virtue of the fact that "it contains" the Rabbit 2000 processor, which is the structure that contains the Emtrac VCU EEPROM memory. A7106.

The Patent protects memory of locations which is physically located at the intersection. GTT contorts its protection to include the Emtrac VCU EEPROM memory, which is located within the vehicle, by its broad construction of the claim

term "associated with the location" to include the Emtrac vehicle. A7106. KME's Appellant Brief explains in more detail, with citations to the record, why the term, "location," cannot include "vehicle." Analysis of the claim language and intrinsic evidence makes clear that the district court construction of the term should be reversed. GTT admits "that the word "location," as used within Claim 1, does not mean "vehicle." AE Br. p. 62. By this admission, GTT concedes a decision in favor of KME as to Claim 1.

B. Because the system described in Claim 1 does not infringe, any performance of the steps listed in Claim 16 by municipalities cannot provide the direct infringement necessary to impose inducement or contributory liability on Morgan or KME; GTT's analysis otherwise ignores applicable precedent.

GTT argues that KME and Morgan are liable for indirect infringement based upon alleged direct infringement by customers who use the Emtrac System. AE Br. p. 30. GTT did not allege infringement by end users of the Emtrac System at any point in the district court proceedings. *See* A1500, A1755, A20982. Direct infringement by end users of the product was not proven as an element of any allegation of indirect infringement by KME or Morgan and is thus forfeited. Direct infringement by Emtrac Systems end users cannot be proven in any case because no direct infringement was committed. *See Limelight Networks, Inc. v. Akamai Technologies, Inc.,* 134 S.Ct. 2111, 2118-19 (2014).

The reason direct infringement cannot be proven is two-fold: First, Claim 1 is a system claim. A188 (9:26-43). GTT bases its position that end users perform all steps of Claim 16[2] on the company's expert testimony that the system performs all of the steps of Claim 16. GTT quoted its expert below and again on appeal as follows:

> "…GTT's expert, Dr. Neuhauser, testified that whenever a customer "turns on" the system, the system "performs all these steps over and over and over again until the system is turned off." (A1500) He further explained that in operation, the Emtrac System "always" performs all the steps of claim 16 and there is no way to operate the system without performing all the steps of claim 16 because of how the source code is written. (A1475-76, 1500, *see also* A27309…"

AE Br. p. 29-30. As set forth in KME's briefing and as admitted by GTT, the system set forth in Claim 1 does not violate the patent under a proper claim construction. It also does not infringe the patent because, according to GTT "the word 'location,' as used within claim 1, does not mean 'vehicle.'" AE Br. p. 62. Direct infringement cannot be proven, making alleged indirect infringement impossible.

The second reason direct infringement of Claim 16 cannot be proven is because end users of the Emtrac Systems product did not perform step (c) in a way that infringed the '398 patent. AP Br. p. 27-29. End users could not perform step

[2] GTT's apparent position that preservation of the Claim 16 defense requires KME to allege that it did not use its own product is nonsense. *See* AE Br. pp. 27, 28.

(c) in a way that infringed the '398 patent because the step is performed by the system, which does not infringe. *See* A7105-7106, A7180, A8060, A8170, A8222 ¶233, A8235 ¶268, A8236, A8368-8380, A8393, A8404, A8457-8458, A8558-8562, A8570-8571, A8739, A8769-8770, A8783-8784, A8793, A8979-8980, A8984, A9009, A9019-9021. Step (c) does not infringe because it performs the mechanism set forth in the Morgan patent, which was cited as prior art to which the '398 patent is subject.

One basis for noninfringement based on lawful transmission of vehicle data involves the nature of the vehicle data transmitted by the Emtrac System, as clarified by the limitations in technology available at the time the '398 patent was filed. *See Hill-Rom Services, Inc. v. Stryker Corp.,* 755 F.3d 1367 (Fed.Cir. 2014)(Court viewed prior art patent disclosed in the patent at issue to construe the term "datalink" in accord with the plain and ordinary meaning of the term at the time of the patent filing.) As explained in the Appellant Brief, the '398 patent transmitted position information to the intersection controller, where it was processed to make a preemption decision and generate a request. Position information generated by the GPS receiver in the Emtrac System is not transmitted to the intersection, but is processed on-board the vehicle. The GPS technology essentially replaces the functions performed by the users of the Emtrac System who pushed the buttons and the electronic compass that partially automated the

directional and priority function. A8059-8061. The transmission remained essentially the same as the one set forth in the Morgan patent, to which the '398 is subject. As a result, the transmission step cannot infringe. *See* A8286-8287; *see also* A8983-8985; A9560-9663.

GTT alleges as "overwhelming evidence of KME's direct infringement," testimony lead by GTT's lawyer that in 2007 KME had driven down the street and preempted traffic with its own system "many, many, many times." AE Br. p. 37, citing A1761, quoting Attorney Drown, to which Morgan responded, "Only legally." A1761. The quotation in GTT's brief stating the Morgan "get[s his] hands dirty everyday installing, testing, repairing and developing" the Emtrac System also memorializes words spoken by GTT's attorney asking a leading question. A1760. GTT deems relevant KME's attorney "down the hall," AE Br. p.34, ignoring testimony that "she was not there at the time." A1754. GTT's claim that Morgan admitted that the Emtrac System performs all the steps of Claim 16 similarly overreaches. AE Br. p. 10. Morgan explained there and throughout the litigation that the GPS Emtrac System, in terms of transmission of vehicle data and configuration at the intersection, has been essentially the same since the original invention in 1988. A1748-53. GTT exaggerates a flawed allegation that it failed to prove at trial.

GTT further uses incomplete quotes to indicate that KME knew of the patent and intended to cause its customers to use the product. The record actually demonstrates that in 2004, after the contract with Econolite ended, Morgan and Cross reunited to try to revive the Emtrac System. A1779-80. The testimony additionally explained that Morgan and Cross saw that the product being sold by 3M at that time was the intersection-centric product previously distributed by Priority One—incompatible with the vehicle-centric Emtrac System. A1779-86. The testimony cited by GTT disproves infringement.

Case law cited by GTT clearly demonstrates that it is not enough for a plaintiff to show a sale or offer of sale of an accused device to prove direct infringement, where the claims disclose methods rather than the actual device. *Ricoh Company, Ltd. v. Quanta Computer, Inc.,* 550 F.3d 1325, 1334 (Fed.Cir. 2009), *citing NTP, Inc. v. Research In Motion, Ltd.,* 418 F.3d 1282, 1321 (Fed.Cir. 2005). The law is unequivocal that the sale of equipment to perform a process is not a sale of the process within the meaning of section 271(a). *Ricoh,* 550 F.3d at 1334, *citing Joy Technologies, Inc. v. Flakt, Inc.,* 6 F.3d 770, 773 (Fed. Cir. 1993); *see Quanta Computer, Inc. v. LG Elecs, Inc.,* 553 U.S. 617, 128 S.Ct. 2109, 2117 (2008)("A patented method may not be sold in the same way as an article or device.")

Generally, a finding of inducement requires a threshold finding of direct infringement—either a finding of specific instances of direct infringement or a finding that the accused products necessarily infringe. *Ricoh,* 550 F.3d at 1341. GTT is confusing the inducement doctrine to garner an additional claim when the actual issue is whether the product infringes. As demonstrated by the citations to the record, that theory at trial was that the system performed all of the steps. The idea that the end users turn on the product which performs all of the steps until it is turned off does not add to the analysis and cannot form a basis of a jury verdict of infringement.

GTT appears to allege that Morgan is individually liable for inducing KME's customers to infringe the patent. Without waiving procedural issues, KME addresses GTT's theory. Again GTT is improperly stretching a legal theory. GTT is arguing that KME induced its customers to perform all of the steps and that Morgan induced KME. Morgan cannot be individually liable for inducing KME's alleged inducement[3]. Also the "willful blindness" theory by which KME is alleged to have "manufactured a claim of plausible deniability" was not argued below and the citations to Morgan's truthful statements developing his position that reading

[3] Defense of any inducement allegation is also sufficiently preserved as to KME and STC. *See, e.g.,* A2784.

the patent was not necessary in light of noninfringement information available to him does not support such a claim in any case.

GTT's citations to the record on the issue of Morgan's personal liability do not depart from its theory that personal liability is based on his participation as an officer or director after dissolution of Emtrac Systems, Inc., AE Br. p. 39-40, citing A5055, ¶31, A11046-47, A127, A130, except in three instances in which Morgan's alleged liability for inducing KME's direct infringement is mentioned by working to sell the product. AE Br. p. 39-40, citing A13,848-49, A17693, A19455-56. GTT waived any position it may have had regarding Morgan's alleged personal liability in its Letter to the judge, filed more than six months post-judgment, requesting that the judgment be amended to reflect the dismissal of Emtrac Systems, Inc. A36019-20. GTT is judicially estopped to do so as the judge granted its request. A52-54; 55-56. Personal liability on the part of Morgan is not supported by this record and was not properly included in the determination of this case. GTT's suggestion that it is entitled to a judgment under Federal Rule of Civil Procedure 54(c) is ineffectual as GTT is not entitled to any relief against Morgan personally on this record. The judgment should be reversed.

C. Substantial differences between the structure and/or function of the Emtrac Systems product compared to the Patent claims, as well as the subject matter protected by disclosed prior art properly limit the doctrine of equivalents in this case.

GTT apparently concedes that the Patent is not infringed under the doctrine of equivalents, stating that KME's arguments regarding the doctrine "are irrelevant to this appeal." AE Br. p. 64. In the interest of clarity, nevertheless, KME addresses GTT's allegations that the arguments are waived and that they are ineffectual. If KME's claim construction argument succeeds, the Emtrac System cannot literally infringe. If the term "location" is deemed to encompass the vehicle, however, each element[4] of Claim 1 may be involved. If so, limitations on the doctrine of equivalents apply to allow a non-infringement determination.

*1. KME's arguments under the doctrine of equivalents are not waived as the arguments are supported in the record under the unusual circumstances of this ca*se.

Although not specifically citing the theories by name, KME addressed the limitations on the doctrine of equivalents sufficiently to support jury consideration of Claim 21of the Morgan Patent as a limitation set forth in the Patent in suit. *See, e.g.,* A1212, A1545, A1766, A1722, A1748, A2489-2530, A2696-2697, A2771, A2800, A5148, A8314, A8059-8061, A8170, A8135, A15161-15216, A15926-

[4] KME alternatively argues that item (c) of claim 1 and step (c) of claim 16 cannot be infringed because the defendants were the author of the prior art patent disclosed in the '398 Patent, making its transmission of data to the intersection lawful.

15927, A17685, A19038, A19042, A18912-18920. The issue of equivalents was explicitly addressed in Defendants' Rule 50(b) motion. A20767-69. The Morgan patent was cited as prior art in the '398 Patent, which indicates that the Patent was granted subject to that prior art. Claim 21 of the Morgan patent teaches transmission of vehicle ID, priority and direction of call to the intersection. The '398 Patent teaches the additional transmission of position data that is processed at the intersection and thus may have justified the patent grant in light of the prior art. Nevertheless, KME is free to use the innovation it developed and applied the evidence adduced during the proceeding to allege non-infringement on that basis based upon two limitations on the doctrine of equivalents.

One interesting aspect of this case that is not found in precedent is that the authors of a prior art reference are the defendants in the infringement suit. The invalidity and non-infringement theories discussed below and on this appeal are generally applied to situations involving improvements to prior art which are made by defendants who are not the authors of the prior art and thus are not protected by the previously patented claims. There is resulting difficulty in fitting the facts of this case into a procedural category. The doctrine of equivalents was a theory provided to the jury and at all previous stages of the proceeding. *See, e.g.,* A2902-08, 1481, 1534, 1595, 1598. 2823. Consideration on appeal is appropriate.

2. The equivalents and ensnarement arguments are not waived as they fall within this Court's exceptions.

The legal doctrine of waiver applies in a number of situations. The Supreme Court has stated that "[i]t is the general rule, of course, that a federal appellate court does not consider an issue not passed upon below." *Singleton v. Wulff,* 428 U.S. 106, 120 (1976). This is because appellate courts are courts of review and "[n]o matter how independent an appellate court's review of an issue may be, it is still no more than that—a review." *Sage Prods., Inc. v. Devon Indus., Inc.,* 126 F.3d 1420, 1426 (Fed.Cir. 1997). Appellate courts are, however, given the discretion to decide when to deviate from this general rule of waiver. *Singleton,* 428 U.S. at 121 ("The matter of what questions may be taken up and resolved for the first time on appeal is one left primarily to the discretion of the courts of appeals to be exercised on the facts of individual cases. We announce no general rule. Certainly there are circumstances in which a federal appellate court is justified in resolving an issue not passed on below, as where the proper resolution is beyond any doubt, or where injustice might otherwise result.")

This Court has enumerated a variety of reasons that might justify such a deviation. *L.E.A. Dynatech, Inc. v. Allina,* 49 F.3d 1527, 1531 (Fed.Cir. 1995). Five reasons could justify an appellate court's consideration of an issue not presented below:

1) The issue involves a pure question of law and refusal to consider it would result in a miscarriage of justice;

2) The proper resolution is beyond any doubt;

3) The appellant had no opportunity to raise the objection at the district court level;

4) The issue presents significant questions of general impact or of great public concern; or

5) The interest of substantial justice is at stake.

Id.; Harris Corp. v. Ericsson Inc., 417 F.3d 1241, 1251 (Fed. Cir. 2005)(After analyzing the position taken at trial compared to that taken on appeal, the court determined that the differences were of form rather than of substance and that the appellant had presented the essence of its position to the district court); *Interactive Gift Exp., Inc. v. Compuserve, Inc.,* 256 F.3d 1323, 1345 (Fed. Cir. 2001); *see ePlus, Inc. v. Lawson Software, Inc.,* 700 F.3d 509, 517 (Fed. Cir. 2013)(issue of law raised during claim construction and also during summary judgment was preserved even though it was not raised at trial); *Medisim Ltd. v. BestMed, LLC,* 758 F.3d 1352, 1358 (Fed. Cir. 2014)(generic JMOL motion sufficiently preserved issues).

As set forth in the discussion below, this case clearly falls within the exceptions to the waiver doctrine. It involves a pure question of law in which a decision will prevent miscarriage of justice. Opportunity to raise the issues below was limited by the unusual nature of the allegation, being against the author of

prior art disclosed in the patent at issue; elements did not squarely fall within generally applicable defenses. No precedent was found in which such a suit was brought.

3. The scope of equivalents is limited by the ensnarement of the Morgan patent prior art.

Generally, the scope of equivalents may not extend so far as to ensnare prior art. *See Tate Access Floors, Inc. v. Interface Architectural Resources, Inc.,* 279 F.3d 1357, 1366-67 (Fed. Cir. 2002); *Whittaker Corp. v. UNR Indus., Inc.* 911 F.2d 709, 712 (Fed. Cir. 1990). In *Generation II Orthotics Inc. v. Medical Technology Inc.,* 263 F.3d 1356 (Fed. Cir. 2001), Med Tech argued that in order to avoid two prior art patents disclosed in the prosecution history of the patent at issue, Gen II's innovation must have controlled inclination throughout the range of motion of the knee brace and urged that a claim term be so limited. The court recognized that Med Tech was essentially asking the court to construe the claims to avoid ensnaring the prior art in order to preserve the claim terms' validity. *Id.* at 1365. The court decline to do so, determining that a limiting construction was not necessary in order to preserve validity. *Id.* at 1366.

Such is not the case here. Construction of the term "associated with the location" is necessarily limited to exclude location on board the vehicle in order to recognize the differences in the manner of transmission and the nature of the data transmitted between the '398 Patent and the Morgan prior art patent.

4. The Emtrac product does not infringe under the doctrine of equivalents.

The doctrine of equivalents was preserved for appeal and was not waived, as GTT suggests. *See, e.g.,* A1481, 1534, 1595,-98, 1647-48, 1805, 2459, 2823, 2902-08, 12327-28, 12333, 20824, 19659, 19848-54, 19736-61. Availability of the reverse doctrine of equivalents was set forth by the Supreme Court in *Graver Tank & Mfg. Co., Inc. v. Linde Air Prods. Co., Inc.,* 339 U.S. 605, 608-09 (1950):

> The wholesome realism of [the doctrine of equivalents] is not always applied in favor of a patentee but is sometimes used against him. Thus, where a device is so far changed in principle from a patented article that it performs the same or a similar function in a substantially different way, but nevertheless falls within the literal words of the claim, the doctrine of equivalents may be used [in reverse] to restrict the claim and defeat the patentee's action for infringement.

Id. The law acknowledges that one may appropriate another's patented contribution not only with a product precisely described in a patent claim (literal infringement) but also with a product that is not quite so described but is in *fact* "substantially the same thing, used in *substantially* the *same* way, to achieve substantially the same result" (doctrine of equivalents). *SRI Intern. v. Matsushita Elec. Corp. of America,* 775 F.2d 1107, 1123 (Fed. Cir.1985). The law also acknowledges that one may only appear to have appropriated the patented contribution, when a product precisely described in a patent claim is in *fact* "so *far* changed in principle" that it performs in a "*substantially different* way" and is not

therefore an appropriation (reverse doctrine of equivalents). *Id.; see Mas-Hamilton Group v. LaGard, Inc.,* 156 F.3d 1206, 1213 (Fed. Cir. 1998)(Court affirmed district court determination of no equivalent infringement, holding that the solenoid and the stepper motor provided power to the lever to operate the lock at issue in substantially different ways).

Defendants have not taken a claimed structure and used it differently in an effort to pirate the Opticom GPS technology. The Morgan patent could be described as the "granddaddy" of radio-based traffic preemption technology. It was cited in the '398 Patent as prior art and formed the basis of the '398 system, which departed from the fiber-optics previously used by the Opticom brand. As developed at trial and set forth in the Appellant Brief, simply placing a GPS device on the Morgan/Cross technology was not feasible in 1994, when the '398 Patent was filed, and in 1993, when the Cross Vectored Zone Preemption System memorandum was written. The reason was that the Morgan patent was vehicle-centric, with vehicle ID and direction processed in the vehicle and transmitted to the intersection. Microprocessor capacity available at that time could not support the amount of data necessary to store information about all intersections in a city, which would have been necessary in an automated vehicle-centric system. Consequently, Cross departed from the vehicle-centric idea in his 1993 Vectored Zone GPS innovation in favor of an intersection-centric model. In an intersection-

centric model the information for only four approaches is stored at each intersection, accommodating the limited microprocessor speed available at that time. That 1993 Vectored Zone GPS model formed the basis for the intersection-based structure produced by GTT; it is incompatible with the vehicle-based Emtrac System.

The reverse doctrine of equivalents is generally seen as a question of fact, determinable on an inquiry into whether a product has been so far changed in principle that it performs the same or similar function in a substantially different way. *SRI International,* 775 F.2d at 1107. In *SRI International,* however, there was a strong dissent based on the concern that the issue was one of law. *Id.* at 1132-33, 1137-41. In this case the facts regarding the functional and structural differences between the accused technology and the '398 claims are not in dispute.

There are similarities between *SRI International* and this case that are useful here. In *SRI International,* the district court considered the prosecution history and concluded that SRI, having argued a construction of the claims which emphasized the generation of frequency variation by angle differentiation, was precluded from arguing a construction which involved essentially no frequency variation for purposes of infringement. *Id.* at 1138 (dissenting opinion). In the dissent's view, which disagreed with the lead opinion's remand for new trial in favor of a decision that the accused product did not infringe as a matter of law, SRI was precluded

from seeking a broad scope for its patent claims in an attempt to cover the accused device after having made narrowing arguments to the PTO to obtain the patent. *Id.* at 1139.

In this case, prior art reference to the Morgan patent was included in an amended filing with the PTO after initial rejection. The '398 patent must be read in light of the Morgan patent and GTT cannot seek a broader scope of claims in an attempt to cover the technology disclosed in the prior art, especially since the defendants are the authors of the prior art. *Cf., Riverwood Intern. Corp. v. R.A. Jones & Co., Inc.,* 324 F.3d 1346, 1355 (Fed. Cir. 2003) (Court recognized accommodation in patent law of the situation in which the inventor continues to improve his own work). The decision as a matter of law on this issue is appropriate.

D. Willfulness is not demonstrated under the two-prong test; recklessness is not evidenced.

A finding of willful infringement allows an award of enhanced damages under 35 U.S.C. §284. Because Supreme Court precedent requires a showing of recklessness before civil punitive damages are allowed, a two-pronged test has been established for the requisite recklessness. *Bard Peripheral Vascular, Inc. v. W.L. Gore & Associates, Inc.,* 682 F.3d 1003 (Fed.Cir. 2012), *citing In re Seagate Technology, LLC,* 497 F.3d 1360 (Fed. Cir. 2007). To establish willfulness, a patentee must show by clear and convincing evidence that the infringer acted

despite an objectively high likelihood that its actions constituted infringement of a valid patent. *Id.*

KME's Complaint for declaration of non-infringement and invalidity was consolidated with the case brought by GTT. These issues were viable throughout the proceeding and fulfil the objective prong. Even the evidence cited by GTT supports KME's position on the objective prong, as it demonstrates his position on non-infringement.

Kris Morgan obviously has not lied in any testimony or positions taken in this litigation, which has spanned several grueling and costly years. Yet GTT has insulted him personally at every turn and recklessly impugned his integrity to the point of damage. The strategy is once more advanced in GTT's Appellee Brief here.

Specifically, GTT supported its allegation with assertions that Morgan "knew a patent existed," "knew that patent related to GPS," "knew that patent related to traffic preemption," and "knew that patent was owned by a competitor." A1732-64. A check of the record citation reveals that the quoted statements were part of a skewed presentation of leading questions asked by GTT's attorney and misapplication of the law imposed upon the witness. *Id.* Then, after ridiculing Morgan in its briefing, GTT challenged his credibility. AE Br. p. 73. If Morgan had been lying when he made the referenced testimony, the truth would have been

that he did not know that the patent existed, that he did not know that it related to GPS and traffic preemption and did not know that it was owned by a competitor. If that had been the testimony, no liability for willfulness could have been alleged. GTT's continuing assault on Morgan's character is beyond inappropriate; it is not demonstrated in the record. The reasonableness of Morgan's expressed belief that he was not infringing is substantiated by a recent grant by the US Patent Office of a Request for Reexamination of the '398 Patent. A36021-36048. The judgment of willfulness should be reversed.

CONCLUSION

Wherefore, KME and Morgan respectfully request that this Court reverse the decision of willful infringement against the defendants. Alternatively, KME and Morgan request a new trial.

Dated: January 21, 2015.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that I filed the foregoing document with the Clerk of the United States District Court for the Federal Circuit and served a copy on counsel of record via the CM/EFC system and electronic mail on January 21, 2015.

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