

Fed. Circ. In December: A Patent Prosecution History Lesson

By **Sean Murray and Jeremiah Helm** (January 2, 2025)

This article is part of a monthly column that highlights an important patent appeal. In this installment, we examine the Federal Circuit's ruling in [DDR Holdings LLC v. Priceline.com LLC](#).

Patent law is a jurisprudential jungle, a complex legal ecosystem full of pitfalls and predators that can prove fatal to the unwary attorney. In such a perilous environment, it can be tempting to seek refuge in the black-letter rules the U.S. Court of Appeals for the Federal Circuit applies with comforting regularity.

But sometimes what appears to be a safe haven is no shelter at all. In the patent jungle, even the most axiomatic of hornbook rules have exceptions.

In [DDR Holdings LLC v. Priceline.com LLC](#), plaintiff DDR attempted to rely on two legal principles that had been firmly established for decades. Its position had also been adopted by the U.S. Patent and Trademark Office's Patent Trial and Appeal Board in an inter partes review proceeding brought by the defendant, Priceline.com.

Despite this, DDR saw its position rejected first by the U.S. District Court for the District of Delaware and then by the Federal Circuit on Dec. 9.

Case Background at PTAB and District Court

DDR's patent is directed to methods of generating a composite webpage that combines visual elements of a host website with content from a third-party "merchant." Priceline.com operates a website containing content from third parties offering travel-related services, but not goods.

DDR sued Priceline.com in district court, arguing that the third parties offering services through Priceline.com's website were merchants. Priceline.com responded by successfully petitioning for inter partes review of DDR's patent.

Patent owners in IPR proceedings typically advance narrow constructions of their patents' claims to minimize the risk the PTAB will find the claims unpatentable in light of the prior art. These same considerations mean petitioners typically advance broad constructions. But here the parties clearly had infringement on their minds.

Priceline.com argued for a narrow construction of "merchant" limited to sellers of goods, not services. And DDR argued for a broad construction of "merchant" that encompassed sellers of goods or services. DDR won the claim construction dispute. Even better for DDR, the board's broad construction of "merchant" did not lead it to find DDR's claims unpatentable.

When the parties returned to district court, the dispute centered on the meaning of "merchant." Fresh from its win before the board, DDR had every reason to be confident. Its argument relied on two principles of patent law so venerable they were practically carved in



Sean Murray



Jeremiah Helm

stone.

The first of these principles states that, where a patent specification contains an explicit definition of a claim term, the definition selected by the applicant controls.[1] DDR's provisional patent application contained just such an express definition. It stated: "[m]erchants, defined as producers, manufacturers, and select distributors of products or services."

For reasons unknown, DDR deleted this definition in its nonprovisional application. DDR argued, however, that the definition was nevertheless part of the patent because the patent incorporated the provisional application by reference. DDR's argument relied on another well-established principle: that all contents of an incorporated patent application become part of the incorporating patent.[2]

Despite relying on two rock-solid principles of patent law, and despite prevailing on the same issue in the inter partes review, DDR lost at the district court. The district court noted that, under Phillips, claim terms are given the meaning they would have to a person of ordinary skill in the field who has read the patent and its prosecution history.

In the court's opinion, such a person would have found it significant that DDR deleted its "goods and services" definition, and that the patent's remaining references to "merchant" referred solely to sellers of goods. The court therefore limited the term "merchant" to sellers of goods.

The Federal Circuit's Decision

In affirming the district court, the Federal Circuit relied on an exception to the incorporation-by-reference rule, an exception it articulated two years earlier in *Finjan LLC v. ESET LLC*. [3]

In *Finjan*, the court held that the "use of a restrictive term in an earlier application does not reinstate that term in a later patent that purposely deletes the term, even if the earlier patent is incorporated by reference." The Federal Circuit held that a skilled artisan would have concluded that, after DDR filed its provisional application, its intended meaning of "merchant" evolved to exclude sellers of services.

DDR also argued that, because Priceline.com had litigated and lost on the issue in the inter partes review, Priceline.com was collaterally estopped in the district court litigation.

The Federal Circuit deemed that argument forfeited because DDR did not timely raise the argument in the district court or in its opening appellate brief. On the merits, estoppel did not apply because the board had applied the "broadest reasonable interpretation" standard, not the Phillips standard that applies in district court proceedings. While the board's broad "goods and services" construction may have been reasonable in light of the provisional application's broad definition, it was not the meaning a skilled artisan would give the term after reading the prosecution history.

The Federal Circuit therefore affirmed the district court's construction. And because the parties stipulated that Priceline.com did not infringe under that narrower construction, the Federal Circuit affirmed the district court's summary judgment of noninfringement.

Takeaways

The DDR decision provides useful lessons.

Most importantly, patent applicants must be careful when filing a patent application that claims priority to a provisional application. Provisionals are often very rough documents thrown together as quickly as possible to obtain the earliest possible priority date. In DDR, the provisional application appeared to be a marketing document for a company called Nexchange.

When the patent applicant later files its nonprovisional patent application, it will typically differ significantly from the provisional. Before filing that application, the applicant should compare the two documents to determine whether any arguably definitional statements have been altered or removed.

As the DDR decision demonstrates, any arguable change in the scope of the invention from the provisional to the nonprovisional application could later be deemed an intentional evolution in the applicant's understanding of the invention.

Sean Murray is a partner at Knobbe Martens.

Jeremiah Helm, Ph.D., is a partner at the firm. He previously worked as an associate solicitor at the U.S. Patent and Trademark Office.

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[1] See, e.g., *Renishaw PLC v. Marposs Societa' Per Azioni*, 158 F.3d 1243, 1249 (Fed. Cir. 1998).

[2] See, e.g., *Ultradent Prods., Inc. v. Life-Like Cosmetics, Inc.*, 127 F.3d 1065, 1069 (Fed. Cir. 1997).

[3] *Finjan LLC v. ESET, LLC*, 51 F.4th 1377, 1382 (Fed. Cir. 2022).