

STERNS & WEINROTH
A Professional Corporation
One State Street Square Office Building
50 West State Street, Suite 1400
Trenton, New Jersey 08607-1298
Tel: (609) 392-2100
Attorneys for Restaurant Technologies, Inc.

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

RESTAURANT TECHNOLOGIES,
INC.,

Plaintiff,

Civil File No. 05-5356 (MLC)

v.

JERSEY SHORE CHICKEN,

Defendant.

RESTAURANT TECHNOLOGIES,
INC.,

Plaintiff,

Civil File No. 05-5356 (MLC)

v.

KLEE'S BAR & GRILL,

Defendant.

OILMATIC SYSTEMS, LLC,
Plaintiff,

Civil File No. 06-363 (MLC)

v.

RESTAURANT TECHNOLOGIES,
INC.,

Defendant.

MEMORANDUM IN SUPPORT OF
RESTAURANT TECHNOLOGIES, INC.'S MOTION FOR
SUMMARY JUDGMENT OF NON-ANTICIPATION
BY AFS HARD-PLUMBED SYSTEM

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INTRODUCTION

Oilmatic seeks to invalidate RTI's '511 patent on the basis of a system – the “AFS hard-plumbed system” – allegedly manufactured and installed by Advantage Food Systems (AFS) during the mid-1980s. Oilmatic has produced absolutely no evidence to corroborate the testimony of its single witness claiming to have seen a system embodying the invention installed in a single location more than twenty years ago. Not only has Oilmatic failed to corroborate the testimony of its sole witness, his testimony is squarely contradicted by other witnesses and evidence.

The Supreme Court and Federal Circuit have both long recognized that it takes more than uncorroborated testimony to invalidate a duly issued patent. Because Oilmatic cannot meet its burden to prove invalidity by clear and convincing evidence, it should not be permitted to delay or confuse these proceedings by continuing to litigate this specious claim.

BACKGROUND

Inventors Eldridge J. Shumate and Enoch E. Olsen filed the application that led to U.S. Patent Number 5,249,511 on February 9, 1993. Among the prior art references cited in the '511 patent is a patent issued to Sherratt in 1987 (Sherratt patent). Brown Decl., Ex. C. It is undisputed that preferred embodiments disclosed in the Sherratt patent lack at least two limitations of the '511 patent: a filter and a “means for metering” (trigger valve with a nozzle for metering oil in predetermined amounts into the fryer). Undisputed Facts ¶ 3.

Oilmatic contends that the asserted claims of the '511 patent are invalid because a system allegedly meeting all of the limitations of those claims was in public use more than one year prior to the filing date. 35 U.S.C. § 102(b). Specifically, Oilmatic contends that AFS manufactured and installed a modified version of a preferred embodiment disclosed in the

Sherratt patent (“AFS hard-plumbed system”)¹ in a single Wendy’s restaurant in La Habra, California in the mid-1980s. Undisputed Facts ¶¶ 2, 3. Although preferred embodiments disclosed by Sherratt indisputably lack a filter and “means for metering,” Oilmatic nonetheless claims – on the basis of a single witness’s uncorroborated testimony – that the system as allegedly installed in La Habra was modified to include both.

The single witness relied upon by Oilmatic is Mr. John Hadfield, a witness with ties to several interested parties. Mr. Hadfield is currently employed by Lowell Sherratt, a former co-owner of AFS, the cousin of inventor Sherratt, and apparently the owner of the Sherratt patent. Mr. Hadfield has known inventor Sherratt for over thirty years.

ARGUMENT

Oilmatic’s attempt to invalidate the ‘511 patent based on alleged prior public use of the AFS hard-plumbed system fails as a matter of law. Although anticipation is a question of fact, it may be decided on summary judgment where, as here, the evidence offered by the accused party is inadequate as a matter of law to meet its burden of proving invalidity. *See, e.g., Lacks Ind., Inc. v. McKechnie Vehicle Comp. USA*, 322 F.3d 1335 (Fed. Cir. 2003) (upholding summary judgment rejecting anticipation); *Juicy Whip, Inc. v. Orange Bang Inc.*, 292 F.3d 728 (Fed. Cir. 2002) (reversing jury verdict of invalidity and granting judgment as a matter of law).

I. OILMATIC MUST PROVE INVALIDITY BY CLEAR AND CONVINCING EVIDENCE

An issued patent is presumed valid, 35 U.S.C. § 282, and a party challenging the validity of a patent based on prior public use must establish such use, more than a year before the filing

¹ The AFS system on which Oilmatic is relying to invalidate the ‘511 patent claims allegedly consisted of the hard-plumbed, preferred embodiment of Fig. 1 of the Sherratt patent modified to incorporate a fryer with a built-in filter and a trigger valve. Undisputed Facts ¶¶ 2, 3. According to uncorroborated deposition testimony, AFS also had a portable system for handling cooking oil. Oilmatic has not asserted the portable system as a basis for invalidating the ‘511 patent.

date, by clear and convincing evidence. *Juicy Whip*, 292 F.3d at 740-43. To invalidate an issued patent, the prior public use must have been a complete embodiment of the claimed invention. The party challenging validity bears the burden of proving the prior use met every limitation of a claim by clear and convincing evidence. *Id.* at 737. As a result of this heightened burden, oral testimony offered to prove anticipation requires corroboration. *Id.* at 740-43.

II. UNCORROBORATED TESTIMONY IS INSUFFICIENT AS A MATTER OF LAW TO INVALIDATE AN ISSUED PATENT

As a matter of law, a party challenging the validity of an issued patent cannot meet its burden by relying on uncorroborated testimony. *Lacks Ind.*, 322 F.3d at 1349-51; *Texas Digital Syst. Inc. v. Telegenix*, 308 F.3d 1193, 1217 (Fed. Cir. 2002); *Juicy Whip*, 292 F.3d at 740-43; *Finnigan Corp. v. Int'l Trade Comm'n*, 180 F.3d 1354, 1366-70 (Fed. Cir. 1999). This rule of law reflects both the presumption of validity earned by an issued patent and long recognized skepticism regarding often-interested oral testimony.

For more than a century, courts have disfavored finding anticipation based on uncorroborated testimony. In *The Barbed Wire Patent*, 143 U.S. 275 (1892), the seminal case, twenty-four witnesses testified that they had seen an anticipating fence on display at a county fair in Iowa more than two years before the patent was filed. *Id.* at 286-87. Finding that it was unlikely all twenty-four witnesses were lying, the district court declared the patent invalid. *Washburn & Moen Mfg Co. v. Beat-Em-All Barb-Wire Co.*, 33 F. 261, 272 (C.C.N.D. Iowa 1888). The Supreme Court reversed, noting the inherent unreliability of oral testimony and its consequent inability to meet the heightened evidentiary standard required to invalidate an issued patent. As the Court explained:

In view of the unsatisfactory character of such [uncorroborated oral] testimony, arising from the forgetfulness of witnesses, their liability to mistakes, their proneness to recollect things as the party calling them would have them recollect them, aside from the

temptation to actual perjury, courts have not only imposed upon [accused infringer] defendants the burden of proving such [alleged anticipating] devices, but have required that the proof shall be clear, satisfactory and beyond a reasonable doubt. Witnesses whose memories are prodded by the eagerness of interested parties to elicit testimony favorable to themselves are not usually to be depended upon for accurate information.

Id. at 284.

More recently, the Federal Circuit has expressly reaffirmed that testimony offered to prove anticipation requires corroboration. *E.g.*, *Texas Digital*, 308 F.3d at 1217; *Juicy Whip*, 292 F.3d at 740-43; *Finnigan*, 180 F.3d at 1369. The need for corroboration is particularly clear where the witness has an interest in the outcome of the case. *E.g.*, *Lacks*, 322 F.3d at 1349-51 (discounting testimony of three employees of the accused infringer); *Union Carbide Chem. & Plastics Tech. Corp. v. Shell Oil Co.*, 308 F.3d 1167, 1189 (Fed. Cir. 2002) (discounting testimony by two employees of the accused infringer); *Woodland Trust v. Flowertree*, 148 F.3d 1368 (Fed. Cir. 1998) (discounting testimony of four witnesses: a relative, a business acquaintance, and a friend of the accused infringer as well as an employee of the friend).

Corroboration is required even where the witness lacks an interest in the case. *Texas Digital* at 1217; *Finnigan* at 1369 (“[C]orroboration is required of any witness whose testimony alone is asserted to invalidate a patent, regardless of his or her level of interest.”). For example, witnesses who testified on behalf of the accused infringer in *The Barbed Wire Patent* had no apparent interest in the case. *See Finnigan* at 1367-68. They were simply fair goers who, for one reason or another, recalled having seen a barbed wire fence. *Id.* (noting the witnesses included a deputy marshal who recalled his horse getting bloodied by the fence, and a boy who recalled being cut when he was thrown into the fence). As noted in *Finnigan*, the corroboration requirement is ultimately driven by the heightened evidentiary standard applicable to proving invalidity, not the witness’ interest:

[T]he Supreme Court has defined the necessity of corroboration not with reference to the level of interest of the testifying witness, but rather because of doubt that testimonial evidence alone in the special context of proving patent invalidity can meet the clear and convincing evidentiary standard to invalidate a patent.

Id. at 1368 (discussing *The Barbed Wire Patent*); *see also Texas Digital*, 308 F.3d at 1217 (reaffirming *Finnigan*). Although under some circumstances the Federal Circuit has applied an eight-factor totality of the circumstances test in assessing the sufficiency of invalidation evidence, *see Texas Digital*, 308 F.3d at 1217 where, as here, testimony stands alone without corroboration, the multi-factor test does not come into play. Uncorroborated testimony is simply insufficient as a matter of law to support a finding of invalidity, regardless of other circumstances. *Finnigan* at 1368-69 (noting “distinct inquiry”).

The required corroboration cannot relate generally to the testimony at issue. To be useful, it must relate specifically to the limitation(s) in dispute. *Finnigan* at 1369. For example, the accused infringer in *Finnigan* offered testimony of an unrelated third party academic researcher’s prior use of the claimed apparatus (an “ion trap”). The researcher indisputably published an article prior to the critical date disclosing a design satisfying all but one limitation of two claims (the use of “nonresonance ejection”). *Id.* at 1361. Nevertheless, the Court found the article failed to corroborate his testimony regarding the limitation in dispute. *Id.* at 1369 (rejecting proposition that “not” every aspect of [the witnesses] testimony needs to be corroborated”). Similarly, in *Lacks*, the court held the testimony of three witnesses was not sufficiently corroborated by contemporaneous documents that were “incomplete or contradictory.” *Lacks*, 322 F.3d at 1351 (upholding special master’s judgment).

III. NO REASONABLE JURY COULD FIND THAT OILMATIC HAS MET ITS BURDEN TO PROVE PRIOR PUBLIC USE OF THE ALLEGED AFS HARD-PLUMBED SYSTEM BY CLEAR AND CONVINCING EVIDENCE

A. Oilmatic's Argument Hinges Entirely on Uncorroborated Testimony of a Single Interested Witness

The only evidence Oilmatic has of the existence and configuration of the alleged AFS hard-plumbed system is the deposition testimony of John Hadfield. Undisputed Facts ¶ 15. Mr. Hadfield, who occasionally engaged in marketing for AFS but was employed by another company, testified that he recalls seeing a single AFS hard-plumbed system – a modified version of a Sherratt patent preferred embodiment² – installed in a single Wendy's restaurant in La Habra, California in the mid-1980s. *Id.* ¶¶ 16, 17. This is the only evidence Oilmatic has produced that such a system ever existed. No other testimony or documents corroborate Mr. Hadfield's claim. The uncorroborated testimony therefore fails as a matter of law to invalidate the '511 patent. *Finnigan* at 1369.

The three other AFS witnesses deposed by Oilmatic, all of whom were more closely associated with AFS than Hadfield, disclaimed any knowledge of the alleged AFS hard-plumbed system installed in La Habra. Undisputed Facts ¶ 17. Mr. Gallardo, who was employed by AFS during the company's entire existence, testified that AFS did not install any AFS hard-plumbed systems at Wendy's restaurants and, for that matter, that he is not aware of *any* hard-plumbed systems made or installed by AFS. *Id.* Mr. O'Connor, who worked at AFS from 1988 to 1990, testified that no one was marketing systems by AFS while he worked at the company and that he never saw any of the preferred embodiments of the Sherratt patent installed. *Id.* ¶ 19. Mr. Perez, who worked for AFS from 1990 to 1994, likewise never saw an AFS hard-plumbed system. *Id.* ¶ 18. Oilmatic spoke with James Sherratt but, curiously, chose not to depose him. *Id.* ¶ 4. Thus,

² See *supra* n. 1.

Mr. Hadfield's testimony stands alone. As in *Finnigan*, this single witness testimony cannot support a finding of invalidity without corroboration. *Finnigan* at 1369.

As in *Finnigan* and *Woodland Trust*, documentary or physical evidence corroborating Mr. Hadfield's testimony is conspicuously absent. Neither AFS witnesses nor Oilmatic has produced any contemporaneous drawings or literature regarding the alleged AFS hard-plumbed system. *Id.* ¶¶ 5, 8. Neither has produced any photographs of the system. *Id.* ¶ 6. And neither has produced any contracts or business records for AFS. *Id.* ¶¶ 7, 9. In response to a subpoena, Wendy's restaurants responded that it lacked any record of the alleged restaurant in La Habra. *Id.* ¶ 11. As noted in *Woodland Trust*, such a complete absence of any contemporaneous written record is notable given "the ubiquitous paper trail of virtually all commercial activity" in modern times. *Woodland Trust* at 1373.

Based on the evidence provided, a jury would have no way of knowing whether the system existed as Hadfield claims. As in *Finnigan*, a jury would be required to rest a verdict on the uncorroborated testimony of a single witness. As in *Finnigan*, such testimony is insufficient as a matter of law to support invalidating an issued patent. *Finnigan* at 1369.

This case is even easier than *Finnigan*. Like the defendant in *Finnigan*, Oilmatic improperly asks the Court to invalidate an issued patent on the basis of uncorroborated testimony of a single witness. But unlike the witness in *Finnigan*, the witness offered by Oilmatic has clearly expressed an interest in the outcome of the case. *See* Undisputed Facts ¶¶ 30-33. Mr. Hadfield's admitted interests are both professional and personal. He is currently employed by Lowell Sherratt, whom he believes to be the owner of the Sherratt patent, and he has known James Sherratt, the named inventor, for over thirty years. As the Federal Circuit has repeatedly observed, such interests are all the more reason why his uncorroborated testimony is insufficient

as a matter of law to support invalidating an issued patent. *See, e.g., Lacks*, 322 F.3d at 1349-51 (discounting testimony of three employees of the accused infringer); *Woodland Trust*, 148 F.3d at 1369-70 (discounting testimony of a relative, a business acquaintance, a friend of the accused infringer, and an employee of the friend)

Beyond mere potential for bias, Mr. Hadfield has shown favoritism toward Oilmatic during the course of the proceedings in this case. For example, while agreeing to meet with Oilmatic's CEO and attorney more than five weeks before his deposition, Mr. Hadfield failed to even return repeated phone calls from RTI. *Id.* ¶ 32. Thus, by his actions, his employment, and his own admission, Mr. Hadfield is not indifferent to the outcome of this case. His testimony must be discounted accordingly and, under clear Federal Circuit precedent, cannot support invalidating RTI's duly issued patent.

B. Other Evidence Squarely Contradicts Hadfield's Testimony

Beyond merely failing to provide corroborating evidence for Mr. Hadfield's testimony, other evidence squarely contradicts his testimony. A few examples: First, while Mr. Hadfield claims to recall the system being installed in a Wendy's in La Habra, Wendy's has no documentation that the restaurant whose records were subpoenaed ever existed. *Id.* ¶ 26. Second, while Hadfield testified that the fryer in the La Habra Wendy's was, or looked like, a Frymaster fryer with a built-in filter, Frymaster has never supplied fryers to Wendy's. *Id.* ¶ 27. Third, while Hadfield claims that every restaurant he visited during the relevant time period used a fryer with a built-in filter, fewer than two in ten fryers sold during the mid-1980s contained a built-in filter; and the hard-plumbed system disclosed in the Sherratt patent would require modification to accommodate such a fryer. *Id.* ¶¶ 27, 28. Finally, while Hadfield testified the alleged AFS hard-plumbed system incorporated a pump depicted in photographs produced by

Oilmatic, the pump in the photographs is a vacuum pump for pumping air, not oil, and a system configured with such a pump would be inoperative. *Id.* ¶ 29.³

C. **Even Accepting Hadfield’s Testimony, He Failed to Provide Any Evidence That The Alleged AFS Hard-Plumbed System Met Every Limitation of Any ‘511 Patent Claim**

Hadfield, a salesman, was admittedly unfamiliar with the internal workings of the AFS hard-plumbed system he allegedly observed in the La Habra Wendy’s. Undisputed Facts ¶¶ 20-24. He failed to testify that the system included a waste valve, a supply valve, or several other express limitations of the ‘511 patent. When testifying to what he saw of the alleged AFS hard-plumbed system, he omitted any reference to observing Wendy’s filter used oil. *Id.* ¶ 21. Nor did he suggest or imply that the alleged AFS hard-plumbed system, as opposed to the portable system allegedly offered by AFS, contained a valve with a nozzle used to meter oil to the fryer. *Id.* ¶ 24. He did not recall whether there were one or two pumps. *Id.* ¶ 22. He also was uncertain how the pump depicted in Oilmatic’s photographs was connected to the system. *Id.*

The only purported documentary evidence offered by Oilmatic are recently taken photographs of a pump allegedly used in an AFS system. *Id.* ¶ 13. Oilmatic does not and cannot suggest that this evidence corroborates even a fraction of the limitations at issue in the alleged system. *Id.* Even if the pump depicted in the photographs were used in some oil distribution system – a doubtful proposition, *see supra* § III.B.2 – the photographs fail to corroborate other

³ Contradiction of Hadfield’s testimony by other witnesses and evidence undermines Oilmatic’s claim to prior use. Contradictory testimony is one of the more important factors in assessing the totality of the circumstances. However, the totality of the circumstances test is inapposite in this case, where corroboration is totally lacking. Even if the test were apposite, none of the other circumstances support a prior use. First, as noted above, Mr. Hadfield has a clear and conscious interest in the outcome of this case. *See supra* § III.B.1. Second, his ability to recall a single system at a single location more than 20 years ago is suspect given the significant lapse of time. Third, Mr. Hadfield was a salesman and was admittedly unfamiliar with the details of the system he claims to have observed over 20 years ago. Undisputed Facts ¶¶ 20-24. Finally, it was improbable that there was a prior use given the state of the art. The use of filtering was infrequent, with the use of fryers with built-in filters even more infrequent. Duke Decl. ¶ 8.

limitations of the claimed invention, such as the supply tank, the waste tank, supply or waste valves, filter, “means for metering” (trigger valve), and “piping network interconnecting.” As in *Finnigan*, this failure of evidence regarding specific limitations at issue renders the corroboration useless. *See Finnigan* at 1369.

In sum: Even accepting all of Mr. Hadfield’s uncorroborated testimony – a presumption to which Oilmatic is *not* entitled, *see supra* § III.B.1 – it fails as a matter of law to come close to establishing that the system he allegedly observed anticipated the ‘511 patent. In *Finnigan* and *Juicy Whip* the parties seeking invalidation offered substantially stronger testimony but were still unsuccessful as a matter of law. Even apart from the absence of corroboration, Hadfield’s failure even to attempt any comparison of the elements of the system he says he observed to critical limitations of the claims establishes the insufficiency of his testimony as a matter of law.

CONCLUSION

For the foregoing reasons, RTI respectfully requests summary judgment denying Oilmatic’s allegation that the ‘511 patent was anticipated by prior public use of the alleged AFS hard-plumbed system.

STERNS & WEINROTH

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By: _____
Karen A. Confoy

Of Counsel:

DORSEY & WHITNEY LLP
Ronald J. Brown MN # 12129
Peter M. Lancaster MN #159840
Suite 1500, 50 South Sixth Street
Minneapolis, MN 55402-1498
Tel: 612.340.2600
Fax: 612.340.2868

*Attorneys for Plaintiff
Restaurant Technologies, Inc.*