

USPTO Ruled Patent In 337 Action Valid, Cognex Says

By Elaine Meyer

Law360, New York (July 16, 2010) -- Cognex Corp. has told the judge overseeing its Section 337 case that the U.S. Patent and Trademark Office had confirmed the patentability of a machine vision software patent that the respondents recently said was rendered invalid by *Bilski*.

In a letter to Judge Carl C. Charneski filed in the U.S. International Trade Commission on Thursday, Cognex's attorney, Jonathan Engler of Adduci Mastriani & Schaumberg LLP, said the claims of the patent had been validated upon re-examination by the USPTO.

In a letter submitted Friday, an attorney for MVTec Software GmbH, Omron Corp. and Daiichi Jitsugyo Viswill Co. Ltd., the respondents in the case, said it was too late for the ITC to consider this "new material."

"If the re-examination proceeding is considered, then it should be considered fully, including the fact that it would mandate a finding of no infringement," said the respondents' attorney, Aaron Moore of Foley & Lardner LLP.

The ITC is currently investigating whether software produced by the respondents infringes U.S. Patent Numbers 7,016,539 and 7,065,262, which cover a method of "finding and locating patterns representing real-world objects in images for the machine vision industry."

The respondents said in a memorandum to the ITC earlier this month that both patents should be invalidated in light of *Bilski* because the claims are "simply algorithms that perform calculations on digital images without effecting any real-world result."

"It is as though he had the Cognex patents in mind when Justice [Anthony] Kennedy rejected the machine-or-transformation test as the sole test for determining the patentability of inventions in the Information Age," the petitioners said at the time.

Both sides had been asked by Judge Charneski to submit their take on the effect of the U.S. Supreme Court's decision in *Bilski v. Kappos* on the case. The 5-4 *Bilski* decision held that business methods were not excluded from patent protection and that the machine-or-transformation test is not the sole test but rather a "useful and important clue" to determining patentability.

Cognex defended the validity of its patents in its own brief. "Cognex has not claimed mathematical ideas in the abstract, but instead has claimed particularized methods applied in the machine vision industry," the company said.

The respondents have also mounted inequitable conduct challenges to the patents-in-suit. They maintain that Cognex withheld relevant information from the USPTO during patent prosecution, but the petitioner has vehemently denied that assertion.

Cognex has already reached a settlement with Fuji Machine Manufacturing Co. Ltd. in the case, licensing nine patents in exchange for royalties.

It has also agreed to withdraw claims against Delta Design Inc., E. Zoller GmbH & Co. KG, Zoller Inc., IDS Imaging Development Systems GmbH and IDS Development Systems Inc., though did not provide details as to whether it reached settlements with those respondents.

The patents-in-suit are U.S. Patent Numbers 7,016,539 and 7,065,262.

Cognex is represented by Adduci Mastriani & Schaumberg LLP.

Foley & Lardner LLP represents the respondents.

The case is In the Matter of Certain Machine Vision Systems, Software and Products Containing Same, case number 337-TA-680, in the U.S. International Trade Commission.

--Additional reporting by Nick Brown and Melissa Lipman