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UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION  
WASHINGTON, D.C.

In the Matter of

UNION OIL COMPANY OF CALIFORNIA,  
a corporation.

Docket No. 9305

**MOTION IN LIMINE TO EXCLUDE EVIDENCE OF GASOLINES THAT "MATCH"  
THE NUMERICAL PROPERTY LIMITATIONS OF UNOCAL'S RFG PATENTS**

**INTRODUCTION**

Unocal owns five patents related to reformulated gasoline. Each of the claims of each of these patents requires something more for proof of infringement than simply matching the claim's numerical property limitations. Many of the claims require substantially more – such as the use of all of the steps of a multi-step method or process. Unocal's "right to exclude" under the patents extends only to those compositions, methods and processes that are proved to actually infringe.

In this motion, Unocal moves *in limine* to preclude Complaint Counsel from offering two types of evidence at the hearing: first, evidence regarding the production or sale of gasolines that simply "match" or "overlap" the numerical property limitations of any of its patent claims as evidence of patent infringement; second, any inferences that "matching" or "overlap" is evidence of or akin to infringement.

The analysis is straightforward. The fact witnesses have testified and the expert witnesses have testified and reported that the "matching"/"overlap" rates Complaint Counsel will offer were determined with no regard for patent claim limitations other than their numerical property ranges.

As a matter of law, the fact that refiners produce gasoline that merely matches or overlaps *some* of the limitations of a patent claim says nothing about infringement. Except for licensees – who have contractually agreed for simplicity purposes to use the "matching" process as a basis for determining royalties as a matter of convenience to them – Unocal has no right, as a matter of law, to exclude refiners from making, using or selling gasoline that simply matches these numbers.

Because it is neither relevant, material nor probative – and because it is confusing, misleading and highly prejudicial to Unocal – this evidence should be excluded.

## **FACTS**

### **I. Unocal's Patents**

Unocal has been granted five patents related to reformulated gasolines: U.S. Patents Nos. 5,288,393 ("393 Patent"); 5,837,126 ("126 Patent"); 5,593,567 ("567 Patent"); 5,653,866 ("866 Patent") and 6,030,521 ("521 Patent"). The claims of these patents are directed to compositions of gasoline as well as various methods and processes relating to such compositions.

#### **A. Compositional Patent Claims**

All of the claims of the '393 patent and the first 40 claims of the '126 patent are "compositional" patent claims, which means they claim a specific gasoline composition. Each compositional claim begins with a preamble indicating that it calls for an unleaded motor gasoline fuel that meets certain chemical property limitations. Claim 117 (as dependent on Claim 116) is an example of a composition claim covering the following composition:

117. [An unleaded gasoline fuel suitable for combustion in an automotive engine, said fuel having a Reid Vapor pressure no greater than 7.0 psi, and a 50% D-86 distillation point no greater than 200° F., and a 90% D-86 distillation point no greater

than 300° F., and a paraffin content greater than 85 volume percent, and an olefin content less than 4 volume percent] wherein the maximum 10% distillation point is 158° F (70° C.).

*See Union Oil Co. of Cal. v. Atlantic Richfield Co.*, 208 F.3d 989, 992 (Fed.Cir. 2000).

The "numerical property limitations" of Claim 117 would be:

Reid Vapor pressure ("RVP") no greater than 7.0 psi;  
50% D-86 point (T-50) no greater than 200° F.;  
90% D-86 point (T-90) no greater than 300° F.;  
Paraffin content greater than 85 volume percent;  
olefin content less than 4 volume percent; and  
10% distillation point (T-10) 158° F (70° C.).

#### **B. Method and Process Claims**

Claims 41-66 of the '126 patent and all of the claims of the '567, '866 and '521 patents are method or process claims. A method or process claim in these patents is one that not only requires a certain composition of gasoline, but use of the claimed method or process in connection with it. Claim 1 of the '866 patent is an example of a method claim covering:

1. A method for operating an automotive vehicle having a spark-induced, internal combustion engine and a catalytic converter to yield a reduced amount of Nox, CO, or unburned hydrocarbons as compared to combusting fuel A/O ASE in said engine, the method comprising:
  - introducing into the engine an unleaded gasoline suitable for combustion in an automotive engine, having a Reid Vapor Pressure less than 7.5 psi, an

octane value of at least 87, a 10 percent D-86 distillation point no greater than 158° F, a 50% D86 distillation point no greater than 210° F and an olefin content less than 10 volume percent; and thereafter

- combusting the unleaded gasoline in said engine;
- introducing at least some of the resultant engine exhaust emissions into the catalytic converter; and
- discharging emissions from the catalytic converter to the atmosphere.

Here, the "numerical property limitations" would be the same type of numerical property limitations found in the '393 Patent. The other limitations, however, are obviously very different, requiring the use of the various steps of the described method.

## **II. Construction of the Patents by the Courts**

The United States District Court construed the claims of the '393 Patent – construing disputed terms both in the preamble and within the numerical property limitations – in *Union Oil Co. of Cal. v. Atlantic Richfield Co.*, 95-2379 (C.D.Cal.), *aff'd*, 208 F.3d 989 (Fed.Cir. 2000). No claims of any other Unocal patent related to reformulated gasoline has been construed by the courts.

## **III. Licensees**

Unocal has signed patent licenses with

. Exh. A, Relevant Pages from the Deposition of Charles Strathman, 6/6/03, at 103-08.

. *Id.*; *see also* Exh. B, Relevant Pages

from the Rough Transcript of Deposition of Complaint Counsel's Expert Blake Eskew, 10/9/03, at 8-9, 33-37, 63-64.<sup>1</sup>

#### **IV. The Evidence Expected to be Offered by Complaint Counsel**

##### **A. Fact Witness Testimony and Related Documents**

Complaint Counsel's Final Proposed Witness List identifies a number of witnesses from non-licensee refiners who it indicates will testify "generally about [the refiner's] ability or inability to avoid the numerical property limitations of the claims of Unocal's five patents related to RFG, including whether the gasoline made, used or sold by [the refiner] in California falls within the numerical property limitations of one or more claims of the Unocal patents...." At depositions in this matter, each of these witnesses testified regarding

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. *See, e.g.*, Exh. C-E (Relevant Pages from the Depositions of William Engibous, Robert Simonson and R. Steven Hancock).

##### **B. Expert Opinion and Related Documents**

As of the date of this motion, the experts retained by Complaint Counsel have filed their expert reports and two expert depositions have been completed. In his report, Dr. Carl Shapiro,

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<sup>1</sup> Citations to "rough" transcripts use the page number at the bottom of each page.

Complaint Counsel's economist,

Exh. F, Relevant

Pages from Expert Report of Dr. Carl Shapiro, at 25.

In his deposition on October 9, 2003, Mr. Eskew testified

. Exh. B at 34-39, 62-63. Mr. Eskew testified

. *Id.* at 33-35, 62-63.

Mr. Eskew admitted, however, that

. *Id.* at 34-37. Neither Mr. Eskew, nor apparently

any expert for Complaint Counsel, has

. *See, e.g.*, Exh. B at 4-6. In

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. Exh. B at 34-39.

This morning, another expert for Complaint Counsel, Michael Sarna, testified to

. Exh. H (Relevant Pages from the Rough Transcript of the Deposition of Michael Sarna) at 22-24.

### **ARGUMENT**

"Irrelevant, immaterial, and unreliable evidence shall be excluded" from an adjudicative hearing conducted under the Federal Trade Commission Rules of Practice. FTC Rules of Practice § 3.43(b), 16 C.F.R. § 3.43(b). Here, because evidence of a "matching rate" or "overlap rate"

between California refiners' gasolines and Unocal's patents says nothing about infringement, the evidence should be excluded.

A patentee's right to exclude is a closely-circumscribed one, defined by the claims of the patent, which must be read in light of the specification and the patent prosecution history. *See Burke, Inc. v. Bruno Ind. Living Aids, Inc.*, 183 F.3d 1334, 1340 (Fed.Cir. 1999) (explaining that the patent claim "provides the metes and bounds of the right which the patent confers on the patentee to exclude others from making, using or selling the protected invention").<sup>2</sup> Indeed, it is well-established that what is not claimed (in the claims) is "public property." *Johnson & Johnston Associates Inc. v. R.E. Service Co., Inc.*, 285 F.3d 1046, 1053 (Fed.Cir. 2002) (explaining that the claims provide the measure of the patentee's right to exclude and even what is disclosed in the patent, but is not claimed, is public property).

In order to show its right to exclude, a patentee must prove that an accused device, method or process infringes one or more claims of its patent. *See id.* at 1052-53. This is a two-step process: first, construing the asserted claim in light of the patent specification and prosecution history; second, comparing the claim, as construed, to the accused device (or process). *See Tate Access Floors, Inc. v. Interface Architectural Resources, Inc.*, 279 F.3d 1357, 1365 (Fed.Cir. 2002). For infringement to be had, **each and every limitation of the claim is present in the accused device, method or process.** *Id.* (emphasis added); *see also Southwall Technologies, Inc. v. Cardinal IG Co.*,

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<sup>2</sup> In fact, the literal language of a claim establishes the very outer limits of the claim's potential scope. The claim may be narrowed by a reading of the specification and the patent prosecution history. These sources may never be used to expand a claim, but only to limit it. *See, e.g., Johnson & Johnston*, 285 F.3d at 1052.

54 F.3d 1570 (Fed.Cir. 1995). Moreover, infringement must be determined on a claim-by-claim basis. *See Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1350 (Fed. Cir. 2001).

"Matching" by the licensees is a different story. Unocal's licensees

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Here, the burden to prove infringement rests on the shoulders of Complaint Counsel, instead of the patentee. Complaint Counsel cannot skirt its burden by plucking the numerical property limitations from the patent claims and arguing or inferring that this matching is akin to infringement. This is no more permissible than if Complaint Counsel decided to compare refiners' gasolines only against the "preamble" of the composition claims – which calls for an unleaded motor gasoline fuel – and argued that Unocal has the power to prevent others from making, using or selling all unleaded motor gasoline fuels.

Simply put, "matching the numerical property limitations" does not equal infringement or demonstrate a right to exclude. Unocal would not be permitted to argue otherwise in court in a suit for damages or injunction; Complaint Counsel should not be permitted to argue otherwise here.



Given that the evidence of matching says nothing about Unocal's power to exclude, the evidence is irrelevant and immaterial within the meaning of Rule 3.43(b). Thus, the evidence of "matching" (or "overlap") should be excluded and Complaint Counsel barred from arguing or inferring that it tends to show infringement.

**CONCLUSION**

For the reasons stated, Unocal's Motion in Limine to Exclude Evidence of Gasolines That "Match" the Numerical Property Limitations of Unocal's RFG Patents should be granted.

Dated: October 10, 2003.

Respectfully submitted,

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**ORDER GRANTING UNOCAL'S MOTION IN LIMINE TO EXCLUDE EVIDENCE OF  
GASOLINES THAT "MATCH" THE NUMERICAL PROPERTY LIMITATIONS OF  
UNOCAL'S RFG PATENTS**

Upon consideration of Unocal's Motion in Limine to Exclude Evidence of Gasolines That "Match" the Numerical Property Limitations of Unocal's RFG Patents and the record as a whole, it is hereby ORDERED that the Motion is GRANTED. Because matching does nothing to prove infringement and in accordance with Commission Rule 3.43 presentation of such evidence would be irrelevant and unreliable, Complaint Counsel may not proffer testimony or other evidence regarding "matching" (or "overlap") and are excluded from arguing or inferring that it tends to show infringement.

ORDERED.

Dated: October \_\_\_, 2003

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D. Michael Chappell  
Administrative Law Judge