



1313 North Market Street  
PO. Box 951  
Wilmington, DE 19899-0951  
302 984 6000

www.potteranderson.com

**Richard L. Horwitz**  
Partner  
Attorney at Law  
rhorwitz@potteranderson.com  
302 984-6027 Direct Phone  
302 658-1192 Fax

November 6, 2007

**VIA ELECTRONIC FILING**

The Honorable Sue L. Robinson  
United States District Court  
for the District of Delaware  
844 King Street  
Wilmington, DE 19801

**Re: Callaway Golf Company v. Acushnet Company**  
**C.A. No. 06-91-SLR**

Dear Judge Robinson:

Pursuant to L.R. 7.1.2(b), Defendant Acushnet Company (“Acushnet”) files this letter to bring to the Court’s attention subsequent authority in the form a decision yesterday by the U.S. PTO rejecting all the claims in one of the patents at issue, US 6,506,130, as anticipated and obvious. In a 178-page opinion, the PTO addressed and rejected many arguments Callaway makes in this case, including the application of *KSR v. Teleflex* to non-obviousness, incorporation of Molitor `637 by Nesbitt, the weight to be given Callaway’s secondary considerations evidence, and the Shore C to Shore D correlation in the Proudfit patent. (Copy Attached).

The PTO has now considered and rejected each of the arguments Callaway has made to the Court regarding validity. Notably, the PTO explicitly rejected Callaway’s arguments regarding alleged secondary considerations such as commercial success and unexpected results, and found each claim of the `130 patent invalid as obvious. In addition, after reviewing the Federal Circuit cases regarding incorporation by reference cited by Acushnet, the PTO found that the Nesbitt patent incorporates by reference the Molitor `637 patent, and that the claims of the `130 patent are thus anticipated by Nesbitt.

**A) Obviousness.**

The PTO once again reaffirmed all of its obviousness rejections, in the process rejecting all of Callaway’s arguments. With respect to the obviousness rejections, several portions of the Office Action are noteworthy. First, the Examiner relied on the Supreme Court’s decision in *KSR v. Teleflex* to find that the combinations of prior art that Acushnet urged were obvious, and no more than “common sense”:

Here, the problem of producing a golf ball with distance, durability, “click,” and feel was known.... Polyurethane was a known solution for providing “click” and feel.... The resulting golf ball with a polyurethane outer cover layer had the expected results.... **Thus, the golf balls disclosed by the Sullivan patent at issue is of ordinary skill and common sense.** (Office Action at 32; *see also id.* at 39, 47 (emphasis added).)

The Examiner applied *KSR* to find, for example, that there was a clear motivation to combine the polyurethane of the Molitor '751 patent with the three-piece construction ball of the Nesbitt patent, based on the express language of Molitor '751:

Examiner considers the language of the Molitor '751 patent that “the phrase ‘two-piece ball’ as used herein refers primarily to balls consisting of a molded core and a cover, but also includes balls having a separate solid layer beneath the cover as disclosed, for example, in U.S. Patent No. 4,431,193 to Nesbitt, and other balls, having non-wound cores” provides motivation to combine the two references. (*Id.* at 46.)

Similarly, the Examiner referred to the same statement in support of a finding that a skilled artisan would be motivated to combine the Proudfit and Molitor '751 patents. *Id.* at 78.

#### **B) Secondary Considerations.**

As the Court is aware, Callaway has relied on alleged evidence of secondary considerations, such as commercial success and unexpected results, to try to save the patents-in-suit from invalidity. The Examiner rejected those arguments, finding that such evidence did not overcome the strong showing of obviousness evident from the prior art. “Examiner generally agrees with the comments of [Acushnet] and finds the arguments of [Callaway] of unexpected results and commercial success to be unpersuasive.” *Id.* at 176. Specifically, the Examiner characterized the evidence of alleged secondary considerations as no more than “testimonial” or “endorsement” in nature:

To show unexpected results (*i.e.*, unique and excellent combination of distance and “feel”) [Callaway] uses testimonial-type evidence of statements, or endorsements, by well known golfers such as Arnold Palmer.... Examiner considers this to be opinion evidence because the statements are not accompanied by objective data. Due to this lack of objective data, the probative value of the presented opinion evidence is not sufficient to overcome the *prima facie* rejections, *supra*, maintained in this office action.

The evidence of commercial success proffered by [Callaway] is similarly testimonial in nature (*e.g.*, “Pro V1 is the “most successful golf ball in the history of the golf industry . . .”” citing an article in *Golf Gazette*). Again no objective data is presented as support. With no objective data, the probative value of the presented evidence is again not sufficient to overcome the *prima facie* rejections, *supra*, maintained in this office action.

As to the comments of [Acushnet] concerning, *inter alia*, the scope of the claims of the Sullivan `130 patent and its nexus with the Pro V1, the Examiner did not evaluate these comments since the secondary considerations presented by [Callaway] were not found sufficient for the reasons given immediately above. (*Id.* at 177.)

### C) Shore C to Shore D Correlation.

In rejecting the claims, the Examiner explicitly rejected many of the arguments Callaway has made in its summary judgment and claim construction briefs. For example, the Examiner rejected Callaway's attempt to distinguish Molitor `751 on the basis that it disclosed its cover hardness on the Shore C scale rather than the Shore D scale:

Examiner specifically agrees with [Acushnet's] comments that a correlation, or conversion, exists between the two hardness scales, Shore C and Shore D, because Sullivan `130 gives a conversion of the two scales at col. 3 lines 36-40.... Hence, one of ordinary skill would not be deterred from use of prior art regardless of the hardness scale used to define its various layers. (*Id.* at 46.)

### D) Claim Construction – On/Off the Ball.

The Examiner also rejected Callaway's argument that the language of the claims compels an "on the ball" claim construction:

The operative language of claim 1 is "an outer cover layer having a Shore hardness of 64 or less molded on said inner cover" at col. 22, lines 1-2. **The broadest reasonable interpretation of this language is that the over cover layer has a Shore hardness of 64 or less and is molded onto the inner cover. The two limitations, hardness and molded, are distinct and not linked.** This conclusion is strengthened by the fact that the specification of the `130 patent does not disclose measuring hardness on the ball. (*Id.* at 17 (emphasis added).)

Further, the Examiner explicitly rejected Callaway's attempts to discount the inherent properties of materials shown by product data sheets:

The Shore D hardness and flexural modulus are characteristics and properties of a material. Thus, it is appropriate to use these "product data sheets" to show such a universal fact as the inherent properties of a known material. (*Id.* at 10.)

The Examiner also agreed that the properties of the Wilson Ultra Tour Balata, which was tested contemporaneously with its introduction, are relevant to determine the properties of the Proudfit ball. *Id.* at 17. "[T]he Examiner considers the Wilson Ultra Tour Balata golf ball to be competent evidence for Proudfit's patent because the two have similar compositions and characteristics as discussed in [Acushnet's] comments." *Id.* at 18.

**E) Incorporation of Molitor `637 into Nesbitt**

Finally, with respect to anticipation, the Examiner agreed with Acushnet's position that the use of the language "Reference is made" in the Nesbitt patent incorporated by reference the disclosure of polyurethane in the Molitor `637 patent:

Since the language in Nesbitt for incorporation by reference is virtually identical to the language used in *In re Hughes* and *In re Voss*, the Examiner concludes that Nesbitt incorporates by reference Molitor `637. (*Id.* at 24.)

Moreover, the Examiner found, as Acushnet has argued to this Court, that even if Nesbitt did not incorporate by reference Molitor `637, the combination of Nesbitt and Molitor `637 would render the claims obvious:

Although Nesbitt's emphasis (in his patent and deposition) may be on all-ionomer resins, it is settled law that a patent teaches all that it discloses, including nonpreferred embodiments (MPEP 2123(I)). Since Nesbitt references the `637 patent, one of ordinary skill would logically look at its complete disclosure which includes the use of polyurethane as an outer cover material. (*Id.* at 32.)

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It is notable that `130 Patent Office Action was issued by a different Examiner than who issued the initial Office Action rejecting all of the claims of the `130 patent. Thus, two different examiners in the reexamination have now rejected each and every claim of the `130 patent over the prior art Acushnet asserts in this case.

In summary, the Office Action rejected the claims of the `130 patent as obvious over the following prior art combinations that Acushnet asserts in this case:

- Nesbitt in view of Molitor `637
- Nesbitt, mentioning Molitor `637, in view of Wu
- Nesbitt, mentioning Molitor `637, in view of Molitor `751
- Proudfit in view of Molitor `637
- Proudfit in view of Wu
- Proudfit in view of Molitor `751

*See id.* at 8-9.

Additionally, the Office Action rejected each claim of the `130 patent under 35 U.S.C. § 102(b) as anticipated by Nesbitt with incorporation by reference of Molitor `637. *See id.* at 7-8 (adopting grounds for rejection nos. 3, 9, 15, 23, 28, and 36, and finding each claim unpatentable as anticipated by Nesbitt). Finally, the Office Action rejected claims 1-3 of the `130 patent as anticipated by Proudfit. *See id.* at 8.

The Honorable Sue L. Robinson

November 6, 2007

Page 5

While the Patent Office has so far issued an Office Action only for the `130 patent, we expect Office Actions for the remaining three patents-in-suit to issue shortly, and we will submit those Office Actions when they are issued. We have every reason to believe that the other three Office Actions will be consistent with the `130 patent Office Action, as they were for the initial Office Actions issued in the reexaminations. Given that the Court is considering motions directed to virtually identical issues as those now decided by the Patent Office, Acushnet believes that the Court may find the attached Office Action informative.

Respectfully,

*/s/ Richard L. Horwitz*

Richard L. Horwitz

RLH:nmt/829872/30030

cc: Clerk of the Court (via hand delivery w/attachment)  
Counsel of Record (via electronic filing w/attachment)