

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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		X	
YORAM FINKELSTEIN,		X	
		X	
	Plaintiff,	X	
		X	
	-against-	X	05 Civ. 00392 (RJH)
		X	
JOSEPH MARDKHA,		X	
COLORMASTERS, INC. and		X	
DIAMOND INNOVATIONS, LLC,		X	
		X	
	Defendants.	X	
-----		X	

**MEMORANDUM OF LAW IN SUPPORT OF
PLAINTIFF'S MOTION FOR RECONSIDERATION**

In the Memorandum Decision and Order dated July 10, 2007, defendants' motion for summary judgment on plaintiff Yoram Finkelstein's claim of patent inventorship is granted.

As the Decision acknowledges, there is sufficient corroborated evidence that Finkelstein contributed to the conception of the specifics of the patented diamond. (Decision at 17.) Nevertheless, the Decision assumes that, unless Finkelstein used more than ordinary skill in the art of diamond cutting, his contributions are insufficient to render him a co-inventor. (*Id.* at 17-18.) Furthermore, the Decision finds that there is no genuine issue of material fact that, in contributing these specifics, Finkelstein exercised only ordinary skill in the art. (*Id.*) Finally, the Decision maintains that, although the brilliant tier of the first pavilion step is an essential element of the diamond, there is no corroborating evidence from which a factfinder could reasonably conclude that Finkelstein contributed to its conception. (*Id.* at 19-20.)

The Decision overlooks the fact, however, that Finkelstein's extensive research and experimentation for two years on the specifics of the diamond itself contributed to its conception. Moreover, the Decision errs in finding as a matter of law,

despite expert and third-party testimony to the contrary, that Finkelstein exercised no more than ordinary skill in fashioning these specifics. And the Decision imposes an unreasonable evidentiary burden on Finkelstein to corroborate, in particular, his contribution to the brilliant tier.

As a result, pursuant to Local Civil Rule 6.3, the Decision's granting of summary judgment on the inventorship claim should be reconsidered.

Argument

I.

THE DECISION ERRONEOUSLY DISMISSES THE INVENTORSHIP CLAIM REGARDING THE SPECIFICS OF THE DIAMOND

A. The Decision Overlooks the Fact that Finkelstein's Extensive Research and Experimentation on The Specifics Contributed to the Conception

The Decision assumes that, if Finkelstein used no more than ordinary skill to reduce the invention to practice, then his "contribution to the specific angles, shapes, and alignments found in the dependent claims is insufficient to render him a co-inventor." (Decision at 18.)

However, as the Decision recognizes, "Conception is complete when 'only ordinary skill would be necessary to reduce the invention to practice, *without extensive research or experimentation.*'" (Decision at 10, quoting *Burroughs Wellcome Co. v. Barr Labs., Inc.*, 40 F.3d 1223, 1228 (Fed. Cir. 1994) (emphasis added).) *See also Hitzeman v. Rutter*, 243 F.3d 1345, 1357 (Fed. Cir. 2001) ("When a research plan requires extensive research before the inventor can have a reasonable expectation that the limitations of the [invention] will actually be met, complete conception has not occurred."); *Alpert v. Slatin*, 305 F.2d 891, 894 (C.C.P.A. 1962) ("If after the claimed conception date extensive research was found necessary before achieving minimum satisfactory performance,

obviously the mental embodiment of that date was a mere hope or expectation, a statement of a problem, but not an inventive conception.”).

Here, even after the basic outline of the idea was formed, Finkelstein indisputably spent nearly two years of concerted effort in fashioning the specifics of the stone. Both the principal cutter who worked with Finkelstein and the diamond manufacturer whose factory was used testified in their depositions to the lengthy, trial-and-error work performed on the stone by Finkelstein. (Meir Tr. 14:16-15:11, 41:24-42:6, 45:4-6, 59:9-25; Giladi Tr. 107:3-108:23.) Written documentation created over the same time period further corroborates it. (Exs. S, T, U & W.) Even the “invoice” that Joseph Mardkha directed his employee to create acknowledged that, as of May 2001, Finkelstein had already spent at least 100 hours on “Research.” (Ex. X; Mardkha Tr. 119-20, 121-22.)

In short, regardless of whether Finkelstein used only ordinary skill in formulating the specifics of the stone, the extensive research and experimentation that he indisputably did would itself permit a reasonable factfinder to conclude that he contributed in some material way to the conception of the diamond.

B. The Decision Errs in Finding as a Matter of Law that Finkelstein Exercised No More than Ordinary Skill in Formulating the Specifics

The Decision finds “no genuine issue of material fact as to th[e] question” whether Finkelstein exercised more than ordinary skill in the art of diamond cutting to reduce the initial idea to practice:

Multiple witnesses, including plaintiff and his expert, testified that it only requires ordinary skill in the art to choose facet angles and alignments once the arrangement of facets (brilliant crown, step-cut pavilion with first step being composed of brilliant facets) is dictated; that is, any skilled diamond cutter could have cut the stone at the direction of another, although the results would vary. (See Pl. Tr. 99:2-5; Haske Tr. 124:2-15; Meir Tr. 20:7-18; Hanson Tr. 93:8-23.) No witness or expert suggested otherwise. . . . Thus, the

Court holds that plaintiff's contribution to the specific angles, shapes, and alignments found in the dependent claims is insufficient to render him a co-inventor.

(Decision at 17-18.)

Although the witnesses certainly agreed in the cited testimony that, as a *theoretical* matter, "any skilled diamond cutter *could have* cut the stone at the direction of another" (emphasis added), these were simply candid acknowledgements that the possibility that someone else actually dictated the specifics of any stone could never completely be ruled out. That does not mean, however, that a person who actually fashions the stone necessarily does no more than routine cutting. In particular, contrary to the Decision, none of Finkelstein's witnesses ever testified, or even suggested, that "it only requires ordinary skill in the art to choose facet angles and alignments once the arrangement of facets . . . is dictated."

In actuality, nothing in the factual record supports this conclusion. Contrary to the Decision's belief, Finkelstein's witnesses and expert repeatedly "suggested otherwise."

Finkelstein's expert expressly *denied* at his deposition that "any cutter could have cut this." (Haske Tr. 122:21-123:3.) He explained that, while any competent cutter can make brilliant cuts, step cuts and brilliant tiering, "they are all going to get different results," pointing specifically to the facet angles. (*Id.* 123:4-21.) Moreover, his expert report explained that "the specific details of facet shapes, positions, alignments and angles are of paramount importance," "a minute change in detail . . . may visibly alter the aesthetic quality of the diamond," and "only an individual with substantial personal knowledge of, and experience in, the cutting of diamonds could likely invent a new design that satisfies the[] criteria" of novelty, nonobviousness and attractiveness.

(Ex. J, ¶¶ A & B.)

In addition, Finkelstein's principal cutter testified that the project took two years of effort precisely because "It's not like you're cutting a stone for a known cut."

(Meir Tr. 14:16-21.) He maintained that Finkelstein “wanted something that nobody else wanted [at] that time.” (*Id.* 18:7-8.) Even after the “general idea” was formed, there were “problems all over the way.” (*Id.* 32:20-22.) “[E]very little half-degree, quarter of degree, changes the look of the stone,” and Finkelstein’s work involved “combin[ing] a lot of specifics, real specifics. Very, very little specifics. . . . It’s [a] very complicated procedure.” (*Id.* 55:20-22, 28:18-29:4.) Despite his own prior professional experience of more than ten years in cutting diamonds, “We had a lot of fights over this stone.” (*Id.* 18:15-20, 33:16.)

Finally, the diamond manufacturer who witnessed their work on the stone attested that “Mr. Finkelstein is not doing anything that the other people [in his factory] are doing. He’s not.” (Giladi Tr. 12:16-22.) He makes “very very special things. . . . [N]othing standard.” (*Id.* 14:13-16.) The owner admitted that, despite nearly twenty years in diamond manufacturing, he himself could not fashion the same stones as Finkelstein, because he is “not experienced with this.” (*Id.* 6:9-16; 66:2-21.)

By contrast, defendants have presented no factual evidence whatsoever as to what constitutes ordinary skill in the art of diamond cutting. They have offered no admissible expert evidence of any kind, or any witness who has personally cut diamonds. Absent such evidence, it is unclear how any determination could be made as a matter of law on what comprises ordinary skill in the art of diamond cutting. At the very least, the testimony of Finkelstein’s witnesses and expert, and the lack of any contrary evidence from defendants, would permit a reasonable factfinder to conclude that, in fashioning the stone and supplying the specifics for the patent application, Finkelstein exercised something more than the ordinary skill expected of any cutter.

C. The Decision Wrongly Doubts the Legal Relevance of the Specifics of the Dependent Patent Claims

The Decision’s holding regarding the specifics of the dependent patent claims may possibly be based partly on skepticism as to whether they should even be

considered at all. According to the Decision, “the Court does not believe that an ordinary observer could tell if certain angles or facet shapes were altered slightly” (Decision at 13.) Moreover, in a footnote, it concludes that “[i]t is nonsensical to allow a contributor to be named a co-inventor, and thus co-owner of the entire patent, based on a contribution to a single, non-limiting, and perhaps even erroneous dependent claim.” (*Id.* at 17 n. 2.)

However, as the Decision notes, the “ordinary observer” test derives from cases of infringement (Decision at 12), which involve a determination as to whether two products appear identical or equivalent. Such a concept has no relevance to inventorship, which requires a consideration of the respective contributions to conception, regardless of how they might be viewed by an “ordinary observer.” In any event, as noted above, Finkelstein’s expert opined that “a minute change in detail -- for example, increasing or decreasing a facet angle by a single degree, or even a fraction of a degree -- may visibly alter the aesthetic quality of the diamond.” (Ex. J, ¶ A.)

Furthermore, Finkelstein has not asserted inventorship based on a single dependent claim, but rather on all 50 spelled out in the utility patent and illustrated in the design patent drawings. By definition, these specifics are not “non-limiting”: Specifics set forth in a patent claim expressly delimit the scope of the invention, at least as to that particular claim. And Finkelstein has not asserted inventorship of any specifics that he himself has identified as erroneous.

In any event, it is indeed the settled law of the Federal Circuit that “a joint inventor as to even one claim enjoys a presumption of ownership in the entire patent.” *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1465-66 (Fed. Cir.), *cert. denied*, 525 U.S. 923 (1998). *See also Eli Lilly & Co. v. Aradigm Corp.*, 376 F.3d 1352, 1360-62 (Fed. Cir. 2004) (inventorship may be established based on a single dependent claim out of at least 17 total claims); *Trovan, Ltd. v. Sokymat SA*, 299 F.3d 1292, 1310 (Fed. Cir. 2002) (two dependent claims out of at least nine total claims).

In contrast, the Decision believes that, where “the dependent claim only describes a preferred embodiment of the invention and is not an actual limitation, the Federal Circuit has suggested that contribution to its conception is inadequate to make a contributor a co-inventor.” (Decision at 16 n.2.) The sole case cited for this proposition, however, merely states that there is no basis for inventorship where the patent specification -- *i.e.*, the description of the invention, not the express patent claim -- makes clear that the contributed components and methods are “completely optional,” “self-evident from their function,” and barred by prior art. *See Sewall v. Walters*, 21 F.3d 411, 416 (Fed. Cir. 1994). Here, as noted above, the specifics formulated by Finkelstein actually appear in the patent claims, not just the description of the invention, and therefore expressly limit their scope. Moreover, it is far from clear that any of them, much less all, are “completely optional,” “self-evident,” or barred by prior art.

In fact, as the Decision overlooks, it is precisely the specifics formulated by Finkelstein that *save* the patents from being barred by prior art. Under the Decision’s construction, the design patent consists of “a diamond with a cushion-shape with a brilliant cut crown, a brilliant tier immediately below the girdle, and three levels of step cut pavilion facets below,” while the independent claims of the utility patent require “a modified step pavilion with a brilliant tier,” in this case, triangular-shaped facets. (Decision at 14, 15.) However, there are at least five preexisting drawings from standard reference guides that describe or make obvious this diamond. (Ex. Y.)

In short, the specifics spelled out in the patents are crucial to determining conception. By doubting this, the Decision effectively accepts defendants’ invitation to read them entirely out of the patents.

II.

**THE DECISION ERRONEOUSLY DISMISSES THE INVENTORSHIP CLAIM
REGARDING THE BRILLIANT TIER**

**A. The Decision Imposes an Unreasonable Evidentiary Burden on Finkelstein
To Corroborate His Contribution to the Brilliant Tier**

As the Decision correctly recognizes, “[t]he brilliant tier is an essential element of both the design patent and independent claims of the utility patent,” and therefore a “contribut[ion] to the conception of the brilliant tier . . . would support a claim of co-inventorship.” (Decision at 18.) The Decision concludes, however, that Finkelstein has failed to provide any corroborating evidence from which a reasonable factfinder could conclude that he contributed to the conception of the brilliant tier. (*Id.* at 19-20.)

As the Decision rightly observes, the drawings of the design patent and the independent claims of the utility patent make clear that the brilliant tier of the first step-cut of the pavilion below the girdle is composed of triangular-shaped facets. (Decision at 13-15.) As the Decision further recognizes, these are sometimes referred to as “skirts.” (*Id.* at 13.)

A contemporaneous handwritten log kept by Finkelstein identifies the first stone that he worked on that used triangular facets. (Ex. T at 1, far-right column.) Finkelstein’s own notes on the parcel-paper wrapper for that stone quantify the specific facet angles and orientation that he initially chose to employ. (*Id.* at 2.) Moreover, the principal cutter confirmed that it was Finkelstein who told him to employ the “skirts” on the first step-cut of the pavilion. (Meir Tr. 19:12-16, 20:25-21:13.)

A trier of fact could reasonably conclude that the person who contemporaneously recorded the initial use and particulars of the brilliant tier, and instructed the cutter how to implement and refine it, is indeed the one who actually

originated it. Nevertheless, the Decision concludes, “this evidence provides no corroboration”:

The documents in no way state or suggest, one way or another, *who* came up with the idea of using facets to bring together the disparate elements of the diamond. Plaintiff points the Court to no third-party testimony stating that *plaintiff* conceived of the idea of triangular facets. At most, the principal cutter states that while he was taking instructions from plaintiff, he was unable to say whether specific instructions originated from Mardkha. . . . Nothing in the record suggests that someone familiar with jewelry and gemstones, but not physically sitting at the cutting wheel, would be *unable* to conceive of a brilliant tier.

(Decision at 19-20; emphasis added.)

In essence, the Decision holds that Finkelstein cannot demonstrate that he contributed to the conception of the brilliant tier unless he conclusively proves that Mardkha *did not* conceive of it. Requiring a plaintiff to prove such a negative, however, is unjustified and unrealistic. Combined with the requirements that such proof be clear and convincing and independently corroborated, this results in an evidentiary burden that would be practically impossible for any putative inventor to meet. *See Cervecería Centroamericana, S.A. v. Cervecería India, Inc.*, 892 F.2d 1021, 1024 (Fed. Cir. 1989) (“[W]hen a party must prove a negative . . . without resort to proper inferences, the burdened party could be faced with an insurmountable task.”)

Other than an around-the-clock attendant, it is difficult to imagine any third party who could state definitively that the novel conception articulated by a plaintiff was never previously suggested to him by another. And other than months of 24-hour surveillance tapes, it is hard to conceive of any documentary proof that could do similarly.

As the Decision rightly notes, evidentiary corroboration of conception is evaluated under a “rule of reason.” (Decision at 10, quoting *Price v. Symsek*, 988 F.2d 1187, 1195 (Fed. Cir. 1993).) To hold that the entirely unsupported assertion of a named

inventor that he was the one who originated an essential element of the invention triggers a duty on the part of the putative inventor to conclusively *disprove* it -- clearly and convincingly, and by independent corroboration -- is to impose an evidentiary burden that is inherently unreasonable.

In the *Ethicon* case, the court expressly rejected the proposition that contemporaneous documents “cannot be considered as corroborating evidence because there is no independent evidence that the sketches reflect [the claimed inventor’s] conceptions rather than [the named inventor’s]”:

In a coinventorship case like this one, where it is undisputed that the person claiming to be a coinventor prepared sketches resembling figures of the patent and the named inventor says that the other simply drew what he was told to draw, the trier of fact should be able to assess the sketches in light of all the evidence to determine whose conceptions they reflect. If the trier is convinced that the sketches reflect an inventive contribution by the person who prepared them, and rejects as unworthy of belief the named inventor’s assertion that the other merely drew what he was told to draw, the trier should be able to consider the documents as corroborating evidence. Otherwise, the named inventor could prevail simply by asserting that the other drew what he was told to draw, regardless of how incredible that assertion might be.

Ethicon, Inc. v. U.S. Surgical Corp., 937 F. Supp. 1015, 1034-35 (D. Conn. 1996). The court there found that circumstantial evidence markedly similar to the evidence here corroborated clearly and convincingly that the putative inventor had contributed to the conception of two of the 55 patent claims, and therefore was a co-inventor of the patent. *Id.* at 1035 (relying on evidence that (1) the named inventor needed a person with expertise, (2) the claimed inventor had background in that expertise, (3) the named inventor proposed that they work together on the project, (4) they had an informal business relationship, (5) they worked together for eighteen months, (6) the claimed inventor was not paid for his work, (7) his sketches were similar to figures in the patent, and (8) he understood that he was involved as a member of the named inventor’s

business). In affirming the decision, the Federal Circuit held that, considering this evidence under a “rule of reason,” it was a permissible conclusion for the trier of fact to draw. *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1464 (Fed. Cir.), *cert. denied*, 525 U.S. 923 (1998).

Here, Finkelstein’s principal cutter was questioned on precisely this point in connection with the “skirts:”

Q: And do you know whether Mr. Mardkha had told Mr. Finkelstein that was the look that Mr. Mardkha was looking for?

A: How can he do that miles away? When we got to the look, it’s when *Yoram* told me he got the look. That’s it.

(Meir Tr. 62:3-8 (emphasis added).)

Based on all the pertinent evidence -- including Finkelstein’s contemporaneous writings, the cutter’s confirmatory testimony, the uncontested disparity in the parties’ knowledge of diamonds, the practical impossibility of dictating the matter verbally from across the globe, and the lack of any evidence whatsoever to support Mardkha’s account -- a reasonable juror would be permitted to come to the same factual conclusion as the professional diamond cutter -- that when Finkelstein told him of the idea to cut the brilliant tier, it was because it was his.

B. The Decision Places Undue Weight on Finkelstein’s Failure at Deposition to Volunteer that He Contributed the Brilliant Tier

According to the Decision, at his deposition, Finkelstein “was unable to articulate what his contribution was to the design of the diamond,” and “[s]ignificantly, [he] fail[ed] to mention the brilliant tier.” (Decision at 18-19; citing Finkelstein Tr. 92-93.) Although the Decision acknowledges that Finkelstein’s deposition testimony does not expressly contradict his claim to have contributed the brilliant tier, it finds it “difficult to understand why plaintiff would not have testified that he conceived of the brilliant tier

during his deposition in response to direct questions as to the contributions he made to the design.” (*Id.* at 19.)

In the cited testimony, Finkelstein was asked generally, “What about this design is new and unique?”, to which he replied, “[T]he mixing of two different faceting arrangements on that shape, *with that visual appearance.*” (Finkelstein Tr. 93:13-20; emphasis added.) Finkelstein was never specifically asked whether he contributed the brilliant tier or the triangular facets. Nevertheless, he later asserted in the deposition, without being specifically asked, that the stone does have “Triangle facets.” (*Id.* 109:23-110:7.)

The question of what is new and unique about an invention is often a complex one. Here, with the benefit of factual discovery, expert testimony and legal briefing, the Decision concludes that “[t]he brilliant tier is an essential element of both the design patent and independent claims of the utility patent” (Decision at 18), a conclusion that defendants have vigorously disputed. To expect a nonlawyer -- especially one whose principal language is not English -- to identify this same element, and volunteer, in response to a nonspecific deposition question, that it was his idea, is to demand a good deal from a putative inventor, particularly where, even if he had done so, he would be asymmetrically barred from using such testimony himself to carry his burden of proof. Not surprisingly, Mardkha did not raise the issue of the brilliant tier or the triangular facets at his deposition until he was specifically asked. (Mardkha Tr. 163:7-164:4.)

At Finkelstein’s two-day deposition, defendants’ counsel questioned him at length on such matters as his *father’s* citizenship, work experience and estate (Finkelstein Tr. 16-19, 313-14), and Finkelstein’s own military service (*id.* 319-20), personal bank accounts (*id.* 183-89), and income-tax filings (*id.* 13-14, 48-50). Nevertheless, counsel failed to ask Finkelstein anything about the brilliant tier or the triangular facets. This failure to do so should not be held against Finkelstein.

Moreover, it is not unusual for persons working together on a project for years to each genuinely come to the belief that he alone was responsible for its genesis. Although Mardkha's recollection on the formation of the initial idea may now be more corroborated, that does not mean that he was the one who originated the brilliant tier. On that point, Finkelstein's recollection is multiply corroborated, while Mardkha's is entirely uncorroborated.

In short, Finkelstein's failure to volunteer at his deposition that he contributed the brilliant tier should not fatally undermine his assertion that he did, but rather be considered in connection with the relative credibility of *both* parties on the issue, a question properly reserved for the factfinder at trial.

* * *

Finally, it is difficult to see how the dismissal of Finkelstein's inventorship claim at this stage will simplify the issues to be tried or speed the resolution of this case. The Decision permits a trial to proceed on Finkelstein's claim for unjust enrichment, which will require virtually the same witnesses and evidence as his inventorship claim. If the dismissal of the inventorship claim is ultimately not upheld on appeal, it will necessitate a second trial nearly identical to the first. Under these circumstances, a determination of defendants' summary judgment motion on the inventorship claim could, at the least, be appropriately held in abeyance until the trial of the unjust enrichment claim.

Conclusion

For the foregoing reasons, plaintiff Yoram Finkelstein respectfully requests that, to the extent that the Decision grants defendants' motion for summary judgment on the claim of inventorship, it be reconsidered.

Dated: New York, New York
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