

Patent Infringement Damages

*Patrick J. Coyne, Finnegan, LLP
(June 16-20, 2019)*

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Show Me the Money:
Patent Infringement Damages –
How To Secure Them and
How To Defend Against Them

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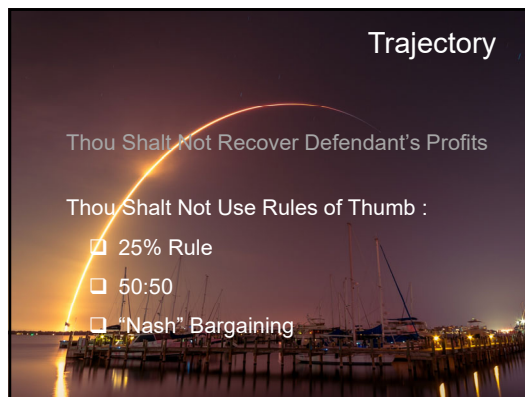
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AIPLA What?

“Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court. When the damages are not found by a jury, the court shall assess them. . . .”

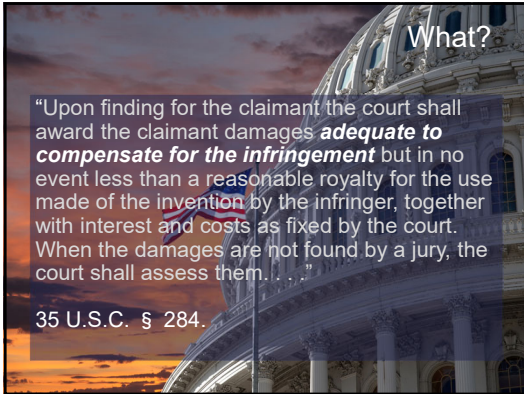
35 U.S.C. § 284.

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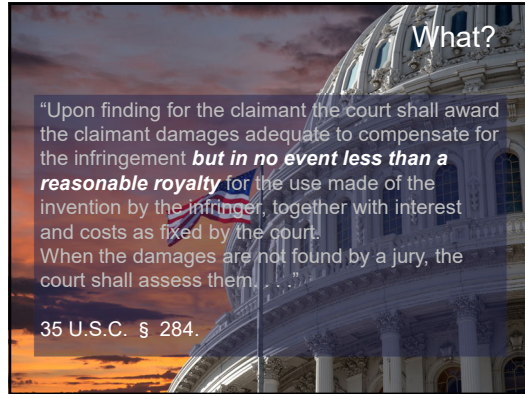


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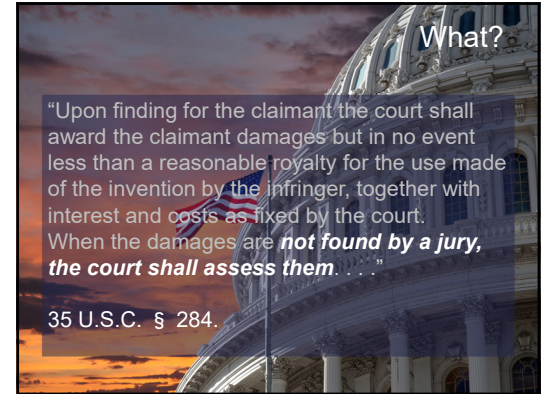


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“Upon finding for the claimant the court shall award the claimant damages but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court. When the damages are **not found by a jury, the court shall assess them.** . . .”

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AIPLA What?

- Compensatory
- Economic harm
- Caused by the infringement

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How?

"In either event the court may increase the damages up to three times the amount found or assessed. . . ."

35 U.S.C. § 284



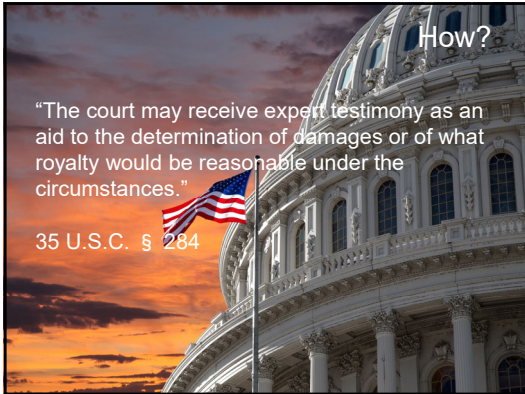
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AIPLA How?

Further case-law requirements to enhance:

- Willfulness
- Bad Faith
- Bad Behavior

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Damages Theories

Lost Profits

- 1. Patentee's Profits
- 2. Price Erosion
- 3. Convoyed Sales
- 4. Increased Costs
- 5. Loss of Asset Value
- 6. Early Competitive Entry

Royalty

- 1. Established Royalty
- 2. Reasonable Royalty

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AIPLA 1. Lost Profits

But for the Infringement:

- a. Demand for Patented Product
- b. No Non-infringing, Acceptable Substitutes – or Market Share Approach
- c. Capacity to Meet Demand
- d. Profit – Incremental

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AIPLA 1. Lost Profits

Panduit v. Stahl Bros., 575 F.2d 1152 (6th Cir. 1978);

State Indus., Inc. v. Mor-Flo Indus., Inc., 883 F.2d 1573, 1577 (Fed. Cir. 1989) (adopting 6th Circuit test).

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1. Lost Profits

a. Demand for Patented Product

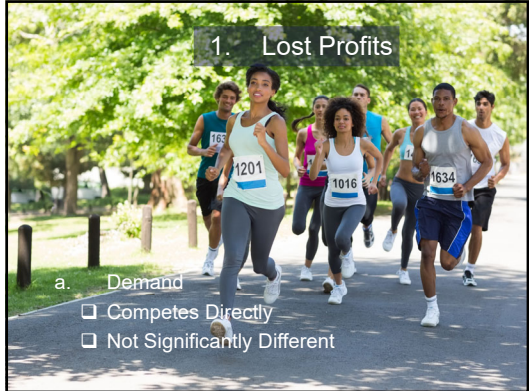


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1. Lost Profits

a. Demand

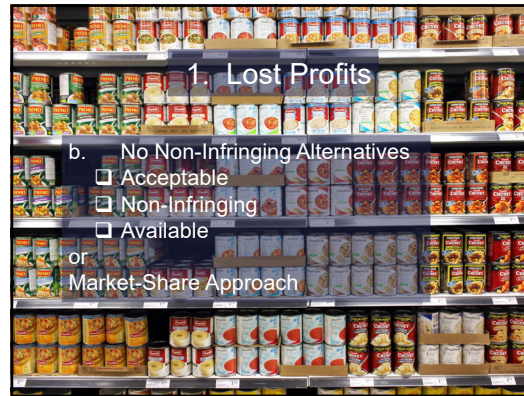
- Competes Directly
- Not Significantly Different



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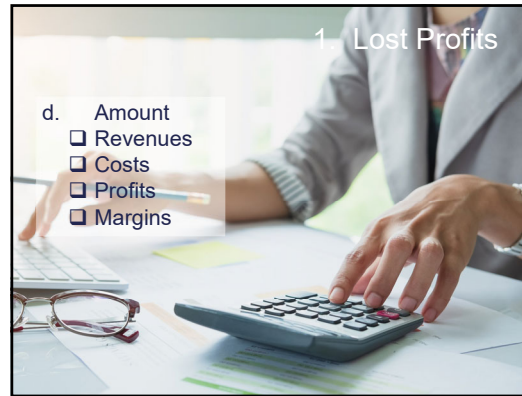
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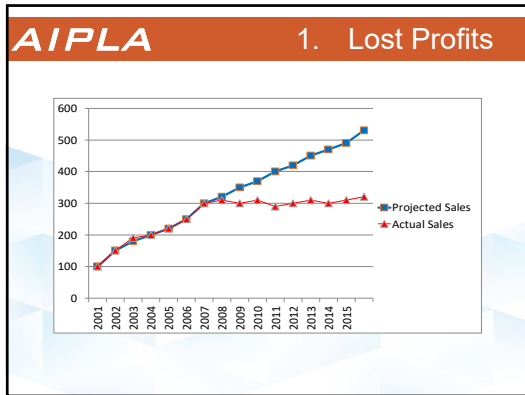
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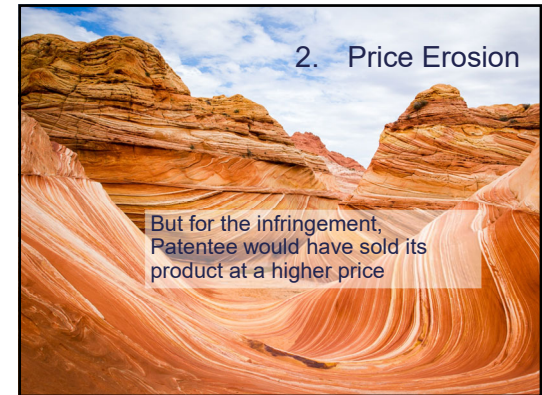
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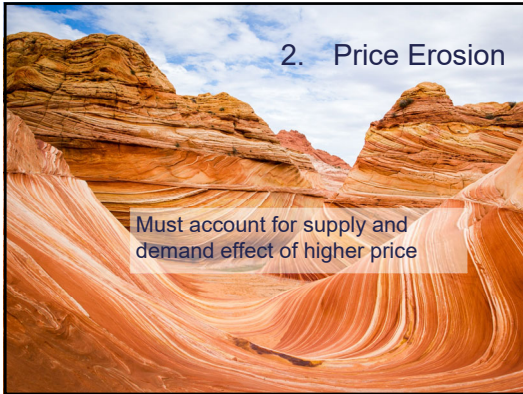
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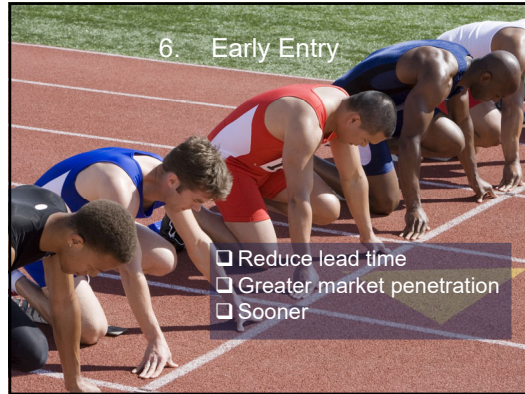
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AIPLA Profits

But for the Infringement

- a. Demand for Patented Product
- b. No Non-infringing, Acceptable Substitutes – or Market Share
- c. Capacity to Meet Demand
- d. Profit – Incremental Income

This slide has an orange header with 'AIPLA' and 'Profits'. The main content is a list of four items under the heading 'But for the Infringement'. The background has a light blue geometric pattern.

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

POWER INTEGRATIONS, INC.,
Plaintiff,
v.
Fairchild Semiconductor International, Inc. and Fairchild Semiconductor Corporation,
Defendants.
Civil Action No. 08-1371-LPB

MEMORANDUM ORDER

Power Integrations, Inc. ("Power") sued Defendant Fairchild Semiconductor International, Inc. and Fairchild Semiconductor Corporation ("Fairchild") in 2008 for infringement of four Power patents. At trial in October 2008, the jury was instructed on direct and indirect infringement and returned a general verdict finding infringement. The jury also found Fairchild's infringement was willful and awarded Power approximately \$14 million in worldwide damages. Post-trial, the Court granted Fairchild's motion for remittitur and reduced the jury's award by approximately 87%, to around \$6 million, the amount of damages Power incurred just in the United States.

On appeal, the Court of Appeals for the Federal Circuit held that this Court had correctly decided on indirect damages because the jury's damages award was contrary to law by being based on worldwide sales. See *Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, 711 F.3d 1348 (Fed. Cir. 2013) ("Power Integrations"). The Federal Circuit also found insufficient evidence to support a finding of indirect infringement and concluded, therefore, that

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Offshore Damages




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Offshore Damages



Power Integrations v. Fairchild Semiconductor
(D. Del.) (14-CV-1347)

Western GeCo implicitly overruled denial of offshore lost profits in Power Integrations




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Offshore Damages



Power Integration v. Fairchild Semiconductor
(D. Del.) (14-CV-1347)

Patentee may recover offshore profits lost due to infringement under 35 U.S.C. § 271(a)



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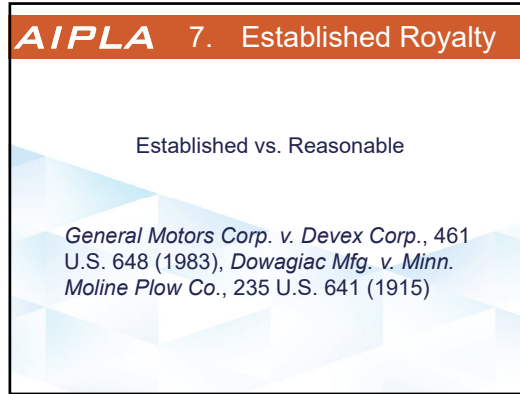
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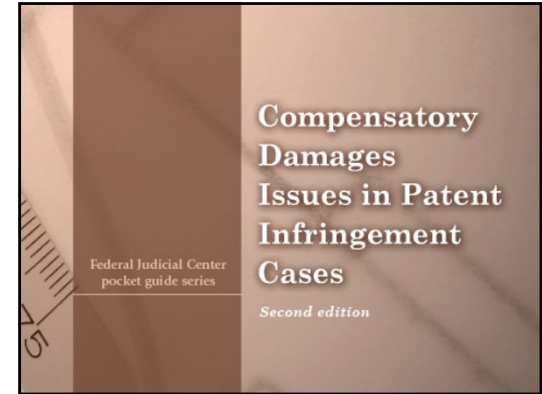
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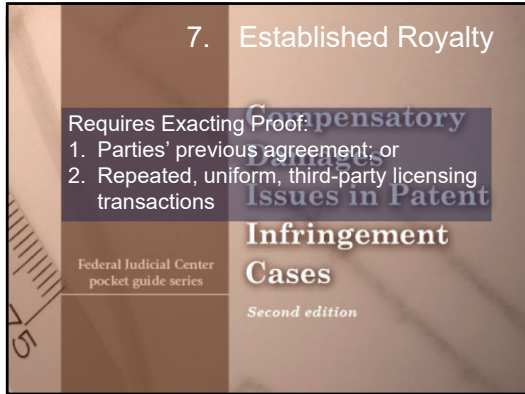
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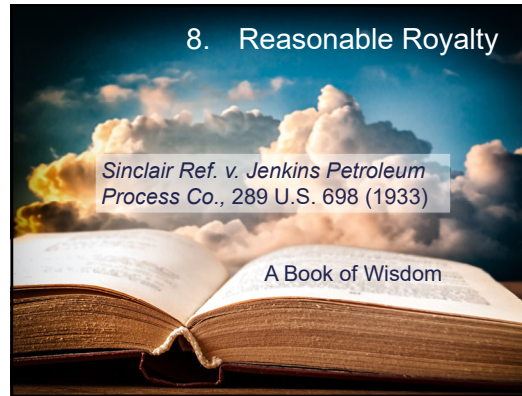
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AIPLA 8. Reasonable Royalty

Amount

Georgia-Pacific Corp. v. United States Plywood Corp., 318 F.Supp. 1116, (S.D.N.Y. 1970)

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Georgia-Pacific

1. Established royalty rate



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Georgia-Pacific

2. Rates paid by licensee for comparable patents



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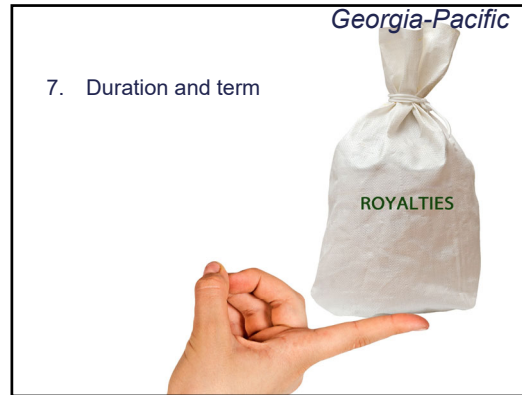
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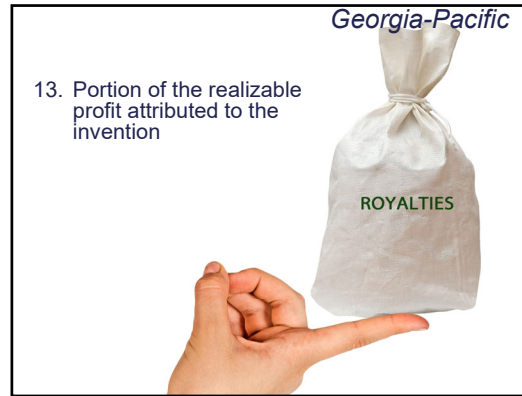
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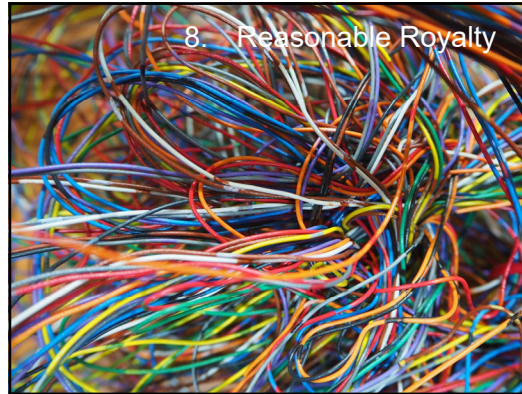
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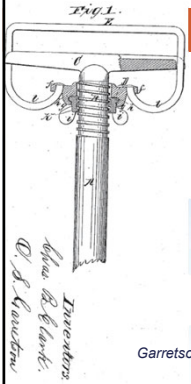
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Apportionment

“The patentee must...give evidence, tending to...apportion...damages, between the patented feature and the unpatented features...or he must show...that the entire value of the whole machine...is properly and legally attributable to the patented feature.”

Garretson v. Clark, 111 U.S. 120 (1884)

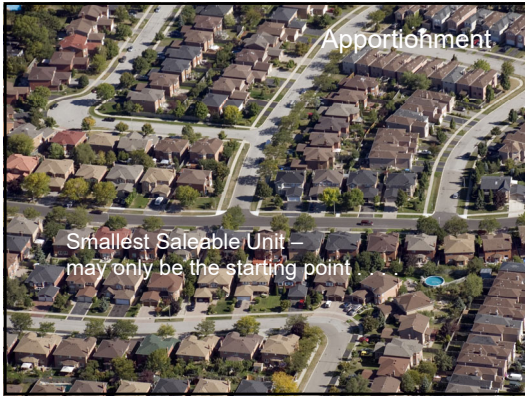
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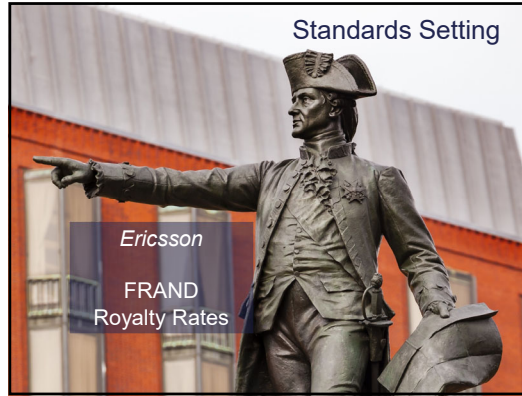
Apportionment

*Lucent v. Gateway
i4i v. Microsoft*

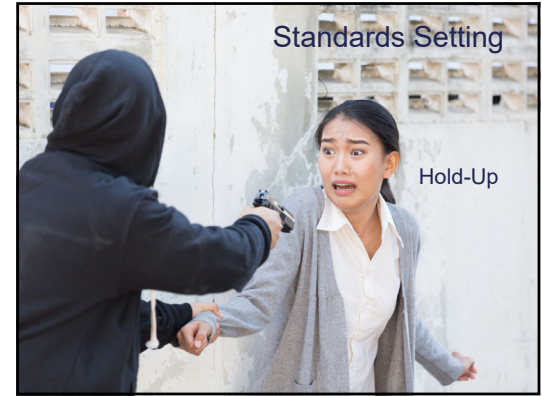
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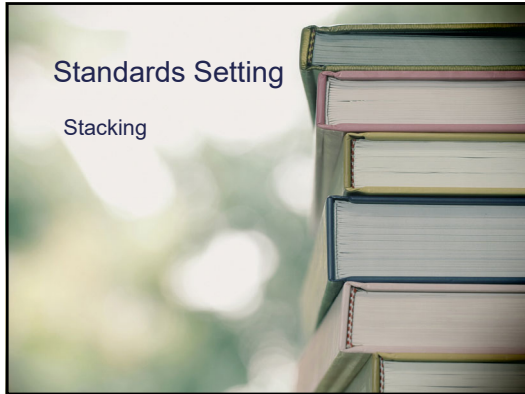
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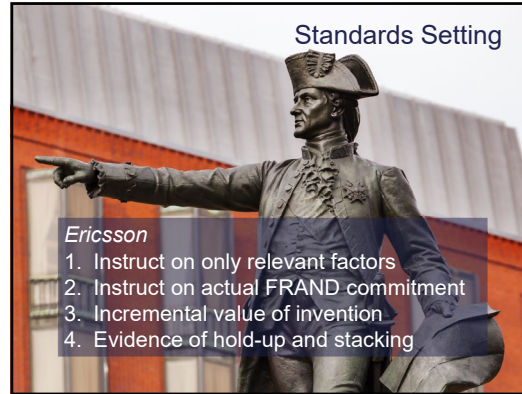
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Standards Setting

Stacking

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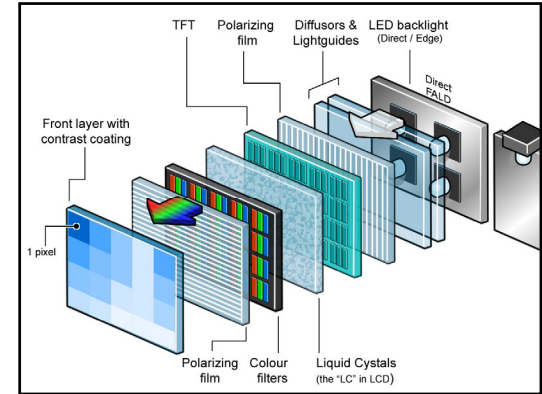


Standards Setting

Ericsson

1. Instruct on only relevant factors
2. Instruct on actual FRAND commitment
3. Incremental value of invention
4. Evidence of hold-up and stacking

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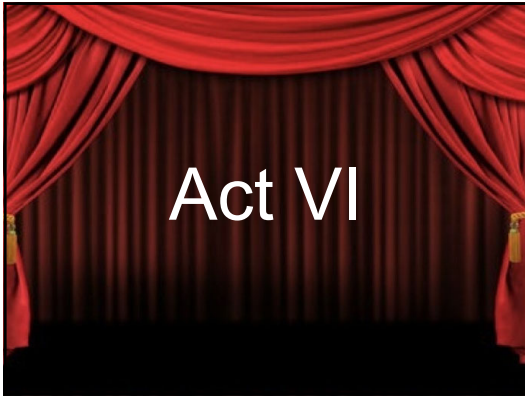
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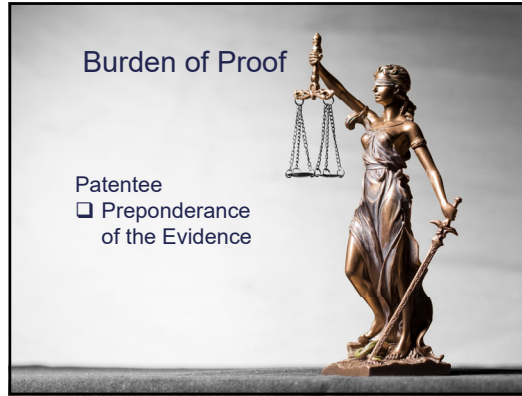
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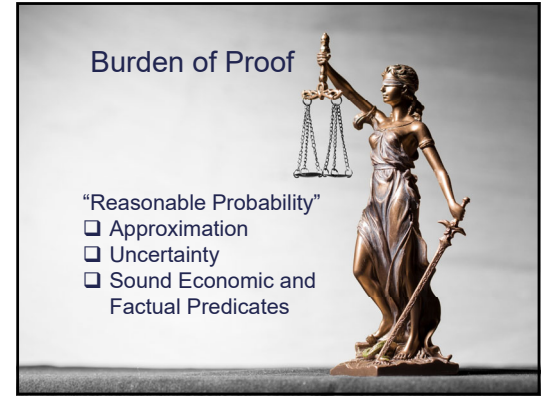
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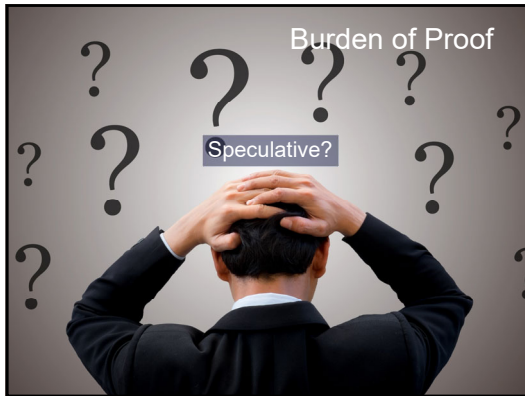
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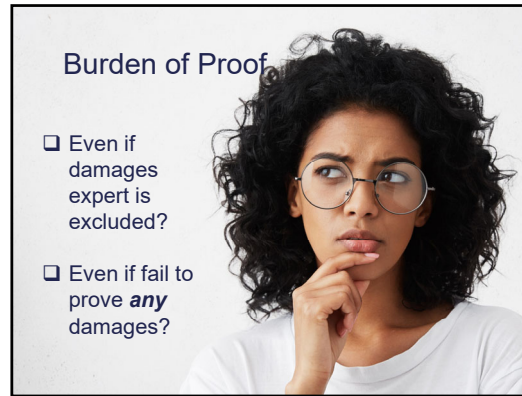
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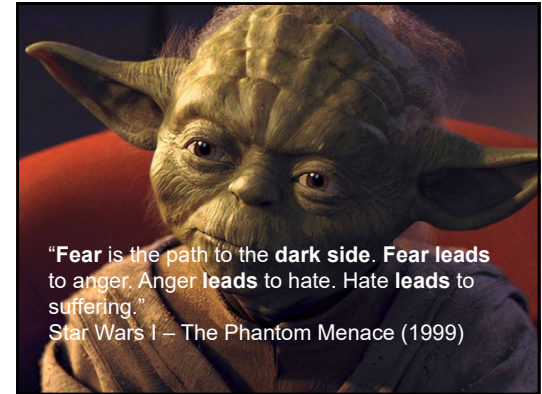
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Case Management

- Pleadings
- Initial Disclosures
- Early Disclosure
- Phased Discovery
- Accelerated Discovery
- Contentions
- Early Evaluation

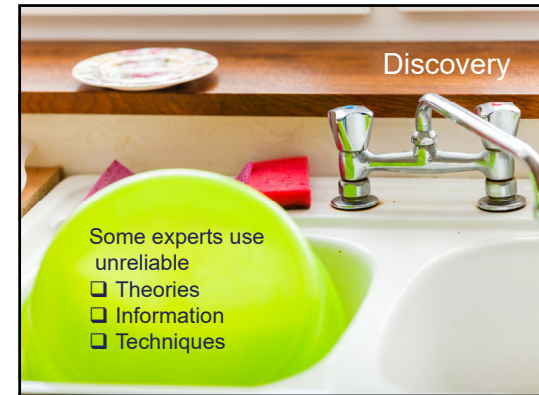
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Discovery

- Marketing
- Demand
- Sales
- Costs
- Profits
- Attribution
- Apportionment
- Substitutes
- Acceptability

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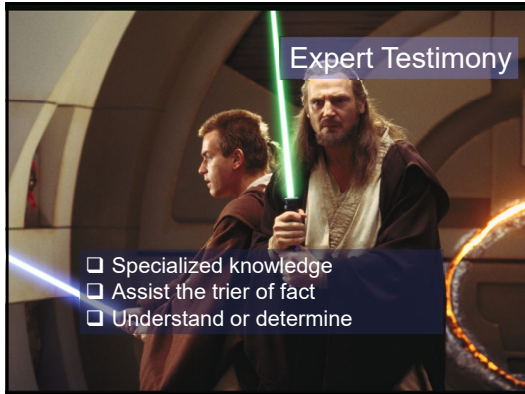


Discovery

Some experts use unreliable

- Theories
- Information
- Techniques

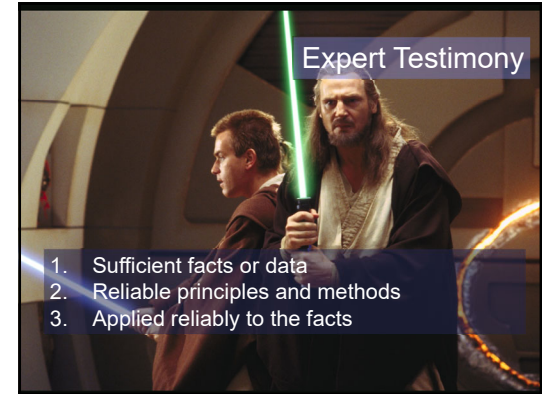
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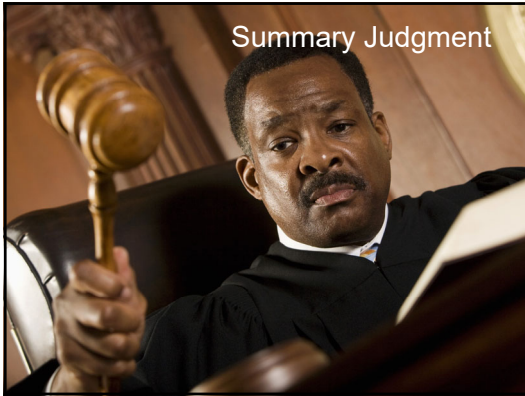
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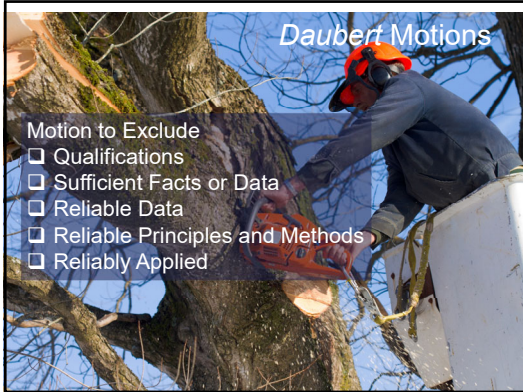
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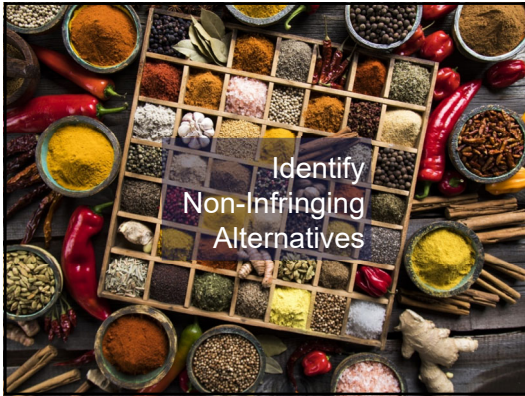
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