

## How They Won It:

### Akin Gump's Local Focus Helped Land Bull Semen IP Win

By **Daniel Siegal**

*Law360 (October 11, 2019, 8:28 PM EDT)* -- To convince a jury in the heart of dairy country to enforce patents on technology used to breed milk cows, Akin Gump attorneys used custom 3D graphics, testimony from inventors and an appeal to the sensibilities of their Midwestern jury to secure a verdict of \$8.5 million plus ongoing royalties.

Representing Inguran LLC, a Texas-based seller of bull semen that has been analyzed and sorted to guarantee the sex of the calf, Akin Gump Strauss Hauer & Feld LLP attorneys headed to Madison, Wisconsin, last month to duke it out with locally based bull stud company ABS Global Inc. over three patents related to the semen sorting technology.

Wisconsin is the dairy capital of the U.S., and convincing a panel of jurors with a multitude of connections to the industry to award patent damages to Inguran meant convincing them that it wouldn't end up hurting the bottom lines of dairy farmers, San Antonio-based Akin Gump partner and Inguran's lead trial attorney Kirt S. O'Neill said.

"What we have to show at the trial is in fact, even with the patent royalties assessed against infringers, the product itself has resulted in a significant overall lowering of costs to the dairy producers," he said. "We're very sensitive to that issue in these trials that have occurred up in Madison."

The sexing technology used by Inguran, which does business as Sexing Technologies, has almost revolutionized the dairy business by saving dairy farmers the expense and hassle of dealing with unwanted male calves, according to O'Neill.

With a jury so attuned to dairy issues, arguments over bull semen, which have drawn laughs and jokes during trials in other jurisdictions, were played straight in Madison, according to Akin Gump partner Dan Moffett, who second-chaired the trial.

"In our experience here in Madison, it didn't fly that same way. It's not news to them; that's a big part of the industry in the region," he said. "So they simply approached it as a patent case, they seemed to take it seriously."

Inguran's attorneys then took on the challenge of convincing the jury to award it damages for ABS' use of its patented microfluidics and "laser kill" technology to destroy male sperm cells. That was, in some

respects, a challenge, because Inguran hasn't yet used these methods in its sexed sperm business.

"We didn't run from the fact that we weren't using this particular technology," Moffett said. "We had a great approach that we think works, but we own the patents to a different approach that we will or may use in the future."

O'Neill said a key part of the trial hinged on the so-called enablement issue — whether ABS had found a way to enable the use of Inguran's patented technology when Inguran couldn't. The use of the high-powered laser for this technology posed safety hazards for laboratory workers, and Inguran had put it aside out of an abundance of caution, O'Neill said.

ABS' case "was a case about spending a lot of money and a lot of effort to actually make something work, the assertion being my client had previously tried and failed," O'Neill said. "I think that assertion was not correct; the record showed we tried and decided not to proceed, largely because of those safety issues."

Getting this point across to the jury rested on testimony from Inguran's CEO and co-founder, Juan Moreno, as well as from Manish Desphande, the inventor of the patents himself. O'Neill said that Moreno carried the ball when it came to getting the jury to understand why a company would acquire patents but not immediately use them.

"He did a great job of explaining ... that when you're a smaller company and you may not have hundreds or thousands of scientists and engineers to do all the inventing in-house, that sometimes you have to go outside and that there are risks in doing so," O'Neill said. "So that when you hit on a good patent, you need to be rewarded."

To explain complex technology to the jury, Inguran's attorneys turned to some technology of their own, hiring an outside vendor to create 3D graphics and animations that showed exactly how the two sexing technologies work, O'Neill said.

Hiring the outside vendor for the graphics was worthwhile "just because of their level of expertise and their exposure to so many different types of technology cases, they always bring good ideas to bear," O'Neill said.

Moffett added that their technical expert Giacomo Vacca was able to take advantage of the technology present in the courtroom, including touch-screen displays, to teach the jury about this complex tech.

The case itself has a complex history as well, starting in 2014 when ABS accused Inguran of anti-competitive behavior, alleging it had squashed competition in the sexed semen sector by scooping up a host of patents and signing deals with customers meant to keep competitors from entering the market. Inguran countersued, alleging ABS was infringing two of its patents.

In 2016, the case went to a trial before a Madison jury, which found that Inguran had engaged in anti-competitive behavior but that ABS wasn't harmed, and awarded no damages on that claim. The jury also found that ABS infringed Inguran's U.S. Patent No. 8,206,987, which covers the "laser kill" technology, but that one of its claims was invalid, and that ABS infringed a second patent, U.S. Patent No. 8,198,092, and awarded \$2 million in damages for that infringement.

On appeal, though, the Seventh Circuit held the jury's verdict as to the '987 patent was inconsistent, and

the case headed to a second trial specifically about whether the '987 patent was valid. On remand, the case was consolidated with Sexing Technologies' separate pending suit alleging ABS had infringed two other Inguran patents, U.S. Patent Nos. 7,611,309 and 7,311,476, covering the use of microfluidics — microscopic channels used to control liquids — in sperm sorting.

The second trial was split into liability and damages phases. O'Neill said that although most plaintiffs would usually prefer to have a single trial, in this case it allowed Inguran's attorneys to keep the jury completely focused on the technology and the facts, without worrying about the finances.

"In a case against a hometown defendant with patents on technology that relate to what I would call a hometown industry, where there are fears among the jurors about who's going to ultimately bear the cost, I actually think it worked out in our favor in this case to have a bifurcated trial," he said.

On Sept. 9, the jury found in Inguran's favor on liability, finding ABS had infringed the '309 and '476 patents and that the '987 patent's claims were valid. A day later, the jury awarded \$8.5 million in royalty damages. Inguran is also asking the court to award ongoing royalties for ABS' use of the patented technology. O'Neill said that some amount of additional royalties is assured because of the initial verdict finding infringement of the '987 patent, but wouldn't say how much the company is asking for, and Inguran's briefs on the issue have been filed under seal.

O'Neill, however, did say that the "substantial future royalty" Inguran will be getting for ABS' use of the '987 patent means funding for more research and development by the company in the future. He added that the verdict overall was an important sign in the bovine technology industry.

"We simply benefited by confirming that even in Madison, Wisconsin, sort of the center of the world dairy markets, that a jury is willing to uphold promising patented technology and to award significant damages," he said.

Attorneys for ABS did not respond to requests for comment.

The patents-in-suit are U.S. Patent Nos. 8,206,987, 7,611,309 and 7,311,476.

Inguran is represented by Kirt S. O'Neill, C. Fairley Spillman, Clayton N. Matheson, Daniel L. Moffett, George A. Rosbrook and Rehan Safiullah of Akin Gump Strauss Hauer & Feld LLP and Sarah A. Zylstra of Boardman & Clark LLP.

ABS is represented by David T. Pritikin, Kevin M. Fee Jr., Lisa A. Schneider, Matthew S. Jorgenson, Paul E. Veith, Russell E. Cass and Steven J. Horowitz of Sidley Austin LLP and Michael J. Modl and Andrew J. Clarkowski of Axley Brynson LLP.

The case is ABS Global Inc. v. Inguran LLC, case number 3:14-cv-00503, in the U.S. District Court for the Western District of Wisconsin.

--Editing by Brian Baresch and Alanna Weissman.