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FEDERAL CIRCUIT CASES

Federal Circuit Remands Case For New Damages Trial in Design Patent Case

On Tuesday, September 29, 2015, the Federal Circuit remanded a case for a new damages trial in a design patent infringement case because the damages awarded by the jury did not account for all of the defendant's profits, as required by the design patent statute, 35 U.S.C. § 289.

The plaintiff, Nordock, Inc. sued Systems, Inc. in the United States district court for the Eastern district of Wisconsin alleging Systems' hydraulic dock levelers infringed U.S. Design Patent No. D579,754 (D'754 patent), which claims the ornamental design of a lip and hinge plate for a dock leveler. A jury found that Systems' hydraulic dock levelers infringe the D'754 patent, and that the patent is not invalid. The district court entered judgment awarding Nordock \$46,825 in damages as a reasonable royalty. Nordock filed a post-judgment motion to amend the judgment, and alternatively, for a new trial on damages. The district court denied the motion and Nordock appealed to the Federal Circuit. Systems filed a cross-appeal arguing the patent was invalid.

The Federal Circuit affirmed the verdict for infringement, but found that the damages award improperly failed to account for all of Systems' profits. The Federal Circuit explained that "the plain language of [35 U.S.C. § 289] permits design patentees to claim either \$250 or the infringer's 'total profit' on sales of 'any article of manufacture' to which the patented design was applied." Citing its recent decision in *Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983, 1001-02 (Fed. Cir. 2015), the Federal Circuit held that "apportioning profits in the context of design patent infringement is not appropriate, and that 'Section 289 explicitly authorizes the award of total profit from the article of manufacture bearing the patented design.'"

The court instructed that on remand Nordock is entitled to a proper determination of Systems' profits based on the appropriate gross revenue methodology, not the so-called "cost savings" approach that guided the jury's damages award.

The case is *Nordock, Inc. v. Systems, Inc.*, et al., Case Number 2014-1762, in the U.S. Court of Appeals for the Federal Circuit.

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PATENT TRIAL AND APPEAL BOARD

PTAB Allows Evidence of Secondary Considerations Over Petitioner's Hearsay Objection, But Finds Claims Unpatentable Under 35 U.S.C. § 103(a)

The Patent Trial and Appeal Board (PTAB) issued a final written decision finding certain challenged claims of U.S. Patent No. 6,432,586 unpatentable under 35 U.S.C. § 103(a). In doing so, the PTAB also ruled on several motions to exclude evidence.

With respect to the obviousness determination, the petitioner moved to exclude materials from third-party websites (e.g., LG Chem) that patent owner's expert relied on as evidence of commercial success. The petitioner argued that Rule 703 of the Federal Rules of Evidence is not intended to allow the admission of otherwise inadmissible hearsay evidence. Patent owner responded that it is proper for an expert to form an opinion based on otherwise inadmissible evidence. The PTAB denied petitioner's motion, stating that Rule 703 allows the disclosure of evidence relied upon in forming an expert opinion if the "probative value in helping the jury evaluate the opinion substantially outweighs [its] prejudicial value." And it held that the contested evidence have

substantial value in evaluating the opinion of patent owner's expert. Interestingly, the PTAB also indicated a lower threshold for admissibility compared to district court proceedings: "because the board is not a lay jury, and has significant experience in evaluating expert testimony, the danger of prejudice in this proceeding is considerably lower than in a conventional district court trial."

Although the PTAB allowed Patent Owner's evidence of commercial success, it was not persuasive. The PTAB ruled that the third-party websites identified numerous desirable features, in addition to the claimed features, of their lithium-ion batteries. As a result, the PTAB determined that the patent owner had not established a sufficient nexus between certain contested claims and the purported evidence of commercial success.

SK Innovation Co., Ltd. v. Celgard, LLC, IPR2015-00679, Paper No. 58 (PTAB Sept. 25, 2015).

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