Patent Damages

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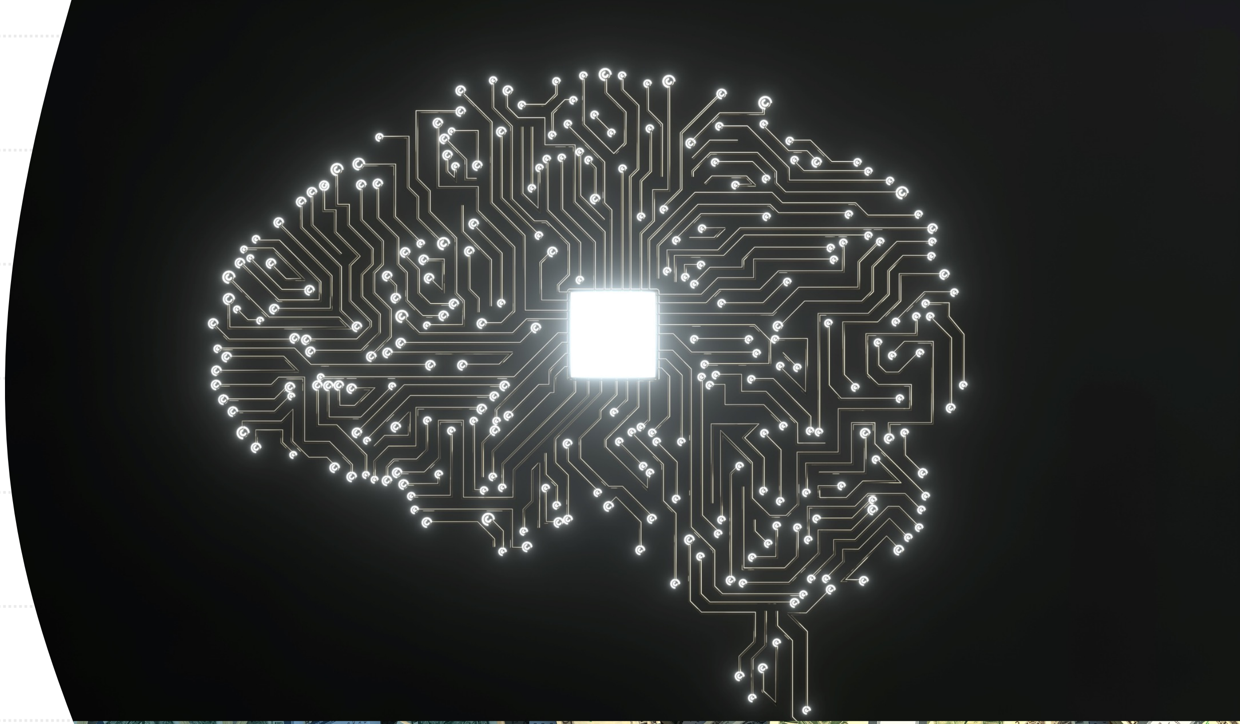


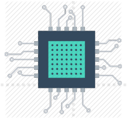
2022 WL 333669 Caltech v. Apple Broadcom

- *2020 WL 10054680 Caltech v. Broadcom*
  - California Institute of Technology (Caltech) sued Broadcom, a primary chip manufacturer of Apple, and Apple for infringement for chips supporting Wi-Fi.
  - Caltech succeeded in arguing that because both Broadcom and Apple would have entered hypothetical licensing negotiations, both owed damages.
  - Caltech proposed a two-tier damages theory

Caltech's Two-Tier Damages Theory

Chip-Level Negotiations with Broadcom

2) Chips that Broadcom imports into the US that are not sold to Apple

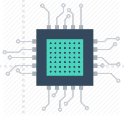


1) Chips sold to Apple in the US that go into devices that are not imported into the US

Caltech's Two-Tier Damages Theory

Device-Level Negotiations with Apple

Devices that Apple imports into the US that include the accused Broadcom chips



2022 WL 333669 Caltech v. Apple Broadcom

- Richard Linn, J: "The mere fact that Broadcom and Apple are separate infringers alone does not support treating the same chips differently at different stages in the supply chain and does not justify submitting such a two-tier damage theory to the jury.“ *Id.* at *12.
- The district court concluded that because Apple's products were at a different point in the supply chain, they possessed different values.
  - “But to reach that conclusion without more ignores established precedent to the effect that, in the absence of a compelling showing otherwise, a higher royalty is not available for the same device at a different point in the supply chain. *Id.* at *12.
- “A reasonable royalty is not to be separately calculated against each successive infringer. Once full recovery is obtained from one infringer with respect to a particular infringing device, at most nominal additional damages may be awarded against another with respect to the same device.” [*Stickle v. Heublein, Inc.*, 716 F.2d 1550, 1562 (Fed. Cir. 1983)]

Lubby Holdings LLC v. Chung, 11 F.4th 1355 (Fed. Cir. 2021)

- Lubby Holdings, LLC is the owner of the '284 patent, titled "Personal Vaporizer". Sued Mr. Chung for infringement.
- Chung moved for a renewed judgement as a matter of law under FRCP 50(a) arguing that Lubby didn't meet its burden to prove that it complied with 35 U.S.C. § 287's marking requirement.
- 35 U.S.C. §287: "Patentees . . . May give notice to the public that the same is patented, either by fixing thereon the word "patent" or the abbreviation "pat.", together with the number of the patent, or by fixing thereon the word "patent" or the abbreviation "pat." together with an address of a posting on the Internet, accessible to the public . . ."
- "In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice."

Lubby Holdings LLC v. Chung

- Chung pointed specifically to a product listed on Lubby's website which did not include a patent number.
- Chung met his burden of production under *Arctic Cat* “to articulate the products [he] believes are unmarked ‘patented articles’ subject to § 287.”

- Chung admitted in his answer that he had notice of the issuance of the ‘284 patent.
- Chung's admission that he had notice that the ’284 patent issued does not equate to actual notice under § 287.
  - *“Notice must be of ‘the infringement,’* not merely notice of the patent's existence or ownership.”
- Therefore, "damages can only be awarded for infringing units sold after the filing of the lawsuit.”

MLC Intellectual Property v. Micron Technology, Inc., 10 F.4th 1358 (Fed. Cir. 2021)

- MLC sued Micron for infringement of '571 patent titled "Electrically Alterable Non-Volatile Memory with N-bits Per Cell“
- MLC’s damages expert (Milani) advocated for a comparable license approach to determine a royalty base.
- Milani considered BTG’s license agreement with Hynix and Toshiba
  - “Most Favored Customer” Provision:
    - “In the event that BTG grants a license under the Licensed Patents after the Effective Date, other than a license granted in settlement of litigation, in which the royalty is less than **0.25%**, then as its sole remedy, Hynix's future payments (if any) shall be reduced so that Hynix, in total pays not more than 90% of the royalty rate paid by the new licensee.”

MLC Intellectual Property v. Micron Technology, Inc.

- Court reasoned that the testimony is not "based on sufficient fact or data and is not the product of reliable principles and methods.
  - Most favored customer provision didn't state that the royalty rate was applied to calculate the lump sum payment in either Hynix or Toshiba license and didn't show how to calculate.
  - Had the lump sum payments been calculated based on the actual term of the license (2007–2017), "the effective royalty rate would be less than 0.25%.
- The court looked to *Whitserve*, where it determined that "multiple errors in [the expert's] royalty rate calculation cause[d] his ultimate opinion regarding a reasonable royalty rate to be speculative." 694 F.3d at 29.

Omega Patents, LLC v. Calamp Corp., 13 F.4th 1361 (Fed. Cir. 2021)

- A district court jury found that 917,222 units of the LMUs (Location Messaging Unit) infringed the '278 patent & awarded $5-per-unity royalty for the infringement, totaling $4,586,110.
- "[W]hen the accused infringing products have both patented and unpatented features, measuring this value requires a determination of the value added by such features." *Ericsson, Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201, 1226 (Fed. Cir. 2014)
- The court reasoned two possibilities for an increased value of $5-per unit:
  1. Omega's patented improvement drove demand for the entire LMU product
  2. Omega's patented improvement added to the LMU product as apportioned from the value of any conventional features an incremental value of $5

Omega Patents, LLC v. Calamp Corp.

1. Omega's patented improvement did not drive demand for the entire LMU product
   - Not sufficient evidence to show that the feature "created the basis for customer demand or substantially created the value of the component parts." *VirnetX*, 767 F.3d at 1326
   - Omega only pointed out lesser testimony that the multivehicle compatibility would be "an important feature" or a "helpful feature".
2. Omega's patented improvement added to the LMU product as apportioned from the value of any conventional features an incremental value of $5
   - Omega's president testified that under Omega's licensing program the licensing fee was "five dollars [per unit] whether it's one patent or 50 patents."
   - Omega's theory would permit it to obtain a particular royalty rate merely by relying on its internal "policy" without regard to comparability. It doesn't speak to "built-in apportionment"
   - "To hold otherwise would improperly permit Omega to hide behind its generic licensing arrangement to avoid the task of apportionment."

Thank You

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