

Damages Update 2015 UT Advanced Patent Law CLE Nov. 5, 2015



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These slides and this talk are intended to provoke
professional and academic discussion and are neither legal
analysis applicable to any case or legal advice



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Damages Developments

- ◆ Apportionment
 - VirnetX v. Cisco
 - Ericsson v. D-Link
 - Summit 6 LLC v. Samsung
- ◆ Extraterritoriality
 - WesternGeco LLC v. ION Geophysical Inc.
 - Carnegie Mellon Univ. v. Marvell Tech.
- ◆ Licensing
 - Kimble v. Marvel Ent.
- ◆ Lost Profits
 - Warsaw v. Nuvasive

Apportionment: VirnetX

- ◆ District Court instruction permitted royalty based on “the smallest saleable unit containing the patented feature”. 767 F.3d 1327.
- ◆ Federal Circuit acknowledged, “[t]o be sure, we have previously permitted patentees to base royalties on the “smallest salable patent-practicing unit.” *LaserDynamics*, 694 F.3d at 67.” *Id.*
- ◆ **BUT HELD:** “Where the smallest salable unit is, in fact, a multi-component product containing several non-infringing features with no relation to the patented feature (as VirnetX claims it was here), the patentee must do more to estimate what portion of the value of that product is attributable to the patented technology.” *Id.*

Apportionment: VirnetX

- “[A] patentee must be reasonable (though may be approximate) when seeking to identify a patent-practicing unit, tangible or intangible, with a close relation to the patented feature.” 767 F.3d at 1329.
- “In the end, VirnetX should have identified a patent-practicing feature with a sufficiently close relation to the claimed functionality. The law requires patentees to apportion the royalty down to a reasonable estimate of the value of its claimed technology, or else establish that its patented technology drove demand for the entire product. VirnetX did neither.” *Id.*

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Apportionment: VirnetX

- Court rejected VirnetX’s argument that defendant’s combination of features into a multi-function device and that the patented feature was embodied in software not sold separately left it with no other option than to use the device itself.
- Court postulated VirnetX could have looked at other indicators of the value of the feature that practiced its patent, including price of the software at a time when it was first introduced and was sold separately.
- Court also upheld the use of six licenses as measures of value where differences in technology, patents and terms were explained to the jury.

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