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New IP Damages Blog Launched

IPDamQuick (aka IPDQ), my immediate-response blog tackling key damages decisions, has been launched by Shook Hardy & Bacon LLP. The URL is **www.ipdamquick.com**

I also have built inside the blog a Resource Repository for my loyal IpQ readers and IP colleagues around the country. Subscribe to my blog – it's free! - and share your ideas.

Talk to you online, Peter

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BIG CHANGES SIGNALED FOR PATENT LITIGATION? FEDERAL CIRCUIT PLAYS *EN BANC* CARD

Substantial changes may be afoot in patent litigation practice, affecting both the length and cost of patent suits for years to come. The Federal Circuit has granted two cases *en banc* rehearings, leading to raised eyebrows and higher blood pressure for many intellectual property litigators.

In *Robert Bosch LLC v. Pylon Manufacturing Corp.,*[1] the Federal Circuit surprised practitioners by *sua sponte* granting a motion for a rehearing *en banc* on the issue of appellate jurisdiction under 28 U.S.C. § 1292(c)(2). Interestingly, a motion to dismiss under that statute had already been denied.

In *Lighting Ballast Control LLC v. Philips Electronics North America Corp.,*[2] the court granted a rehearing *en banc* to consider whether to overrule *Cybor Corp. v. FAS Technologies, Inc.*[3] and afford appellate deference to a district court's claim construction.

Procedural Background -- *Robert Bosch LLC*

In August 2008, Bosch filed suit against Pylon for patent infringement.[4] A year later, and over Bosch's objection, the district court granted Pylon's motion to bifurcate liability from damages and willfulness.[5] In her order, the district court judge stated, "I have determined that bifurcation is appropriate, if not necessary, in all but the exceptional patent case."[6]

After a jury trial verdict on liability issues in favor of Bosch, the district court entered judgment on issues related to liability. The parties then cross-appealed.

Bosch moved to dismiss the appeals, arguing that damages and willfulness issues had not been resolved and the judgment was not "final."[7] In August 2011, the Federal Circuit denied the motion, writing, "Under 28 U.S.C. § 1292(c)(2), this court has exclusive jurisdiction in appeals from judgments in patent infringement cases that are final except for an accounting."[8]

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1 480 Fed. Appx. 997 (Fed Cir. 2012).
2 No. 2012-1014, 2012-1015, 2013 WL 1035092 (Fed. Cir. March 15, 2013).
3 138 F.3d 1448, 1451 (Fed. Cir. 1998) ("[C]laim construction, as a purely legal issue, is subject to *de novo* review on appeal.").
4 *Robert Bosch LLC v. Pylon Mfg. Corp.,* 748 F. Supp. 2d 383, 388 (D. Del. 2010).
5 *Robert Bosch LLC v. Pylon Mfg. Corp.,* No. 08-542-SLR, 2009 WL 2742750 (D. Del. Aug. 26, 2009).
6 *Id.* at *1.
7 *See Robert Bosch LLC v. Pylon Mfg. Corp.,* 426 Fed. Appx. 912, 913 (Fed. Cir. 2011).
8 *Id.*

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In its order granting a hearing en banc, the Federal Circuit asked the parties to file new briefs limited to two questions:

- "Does 28 U.S.C. § 1292(c)(2) confer jurisdiction on this Court to entertain appeals from patent infringement liability determinations when a trial on damages has not yet occurred?"
- "Does 28 U.S.C. § 1292(c)(2) confer jurisdiction on this Court to entertain appeals from patent infringement liability determinations when willfulness issues are outstanding and remain undecided?"

The applicable statute, 28 U.S.C. §1292(c)(2), provides the Federal Circuit with exclusive jurisdiction "of an appeal from a judgment in a civil action for patent infringement which would otherwise be appealable . . . and is final except for an accounting."

Bosch moved for reconsideration, asking the Federal Circuit to distinguish between an "accounting" under 28 U.S.C. § 1292(c)(2) and a jury trial on the issues of damages and willfulness.[9] Stating that such a distinction was inconsistent with Federal Circuit precedent, Federal Circuit Judge Sharon Prost denied that motion as well.[10]

On July 9, 2012, the parties argued the substantive liability issues before a Federal Circuit panel composed of Chief Judge Randall Rader, Judge Kathleen O'Malley and Judge Jimmie Reyna, and the jurisdictional issue was raised.[11] Less than a month later, the Federal Circuit *sua sponte* entered an order granting a hearing *en banc* on the jurisdictional issues raised by Bosch.[12]

En Banc Issues – *Robert Bosch LLC*

In its order granting a hearing *en banc*, the Federal Circuit asked the parties to file new briefs limited to two questions:

- "Does 28 U.S.C. § 1292(c)(2) confer jurisdiction on this Court to entertain appeals from patent infringement liability determinations when a trial on damages has not yet occurred?"[13]
- "Does 28 U.S.C. § 1292(c)(2) confer jurisdiction on this Court to entertain appeals from patent infringement liability determinations when willfulness issues are outstanding and remain undecided?"[14]

The Federal Circuit also allowed *amici curiae* to file briefs without consent and leave of court.[15] The case was argued to the Federal Circuit *en banc* on February 8, 2013.[16]

Key *En Banc* Arguments – *Robert Bosch*

The applicable statute, 28 U.S.C. §1292(c)(2), provides the Federal Circuit with exclusive jurisdiction "of an appeal from a judgment in a civil action for patent infringement which would otherwise be appealable . . . and is final except for an accounting."

Key issues raised in the briefs filed by the parties and *amici* include:

- **Is a jury trial on either damages or willfulness "an accounting?"**[17] Bosch argued that a trial on either damages or willfulness is not "an accounting" and 28 U.S.C. §1292(c)(2) does not confer appellate jurisdiction.[18] Pylon and several *amici* argued that "an accounting" included a trial on damages.[19] Referencing case law, treatises and other legal texts, Pylon argued that patent cases have always referred to "an accounting" as including profits and damages.[20]

9 *Robert Bosch LLC v. Pylon Mfg. Corp.*, 437 Fed. Appx. 947, 948 (Fed. Cir. 2011).

10 *Id.*

11 *Robert Bosch LLC v. Pylon Mfg. Corp.*, 480 Fed. Appx. 997 (Fed. Cir. 22012). A recording of the July 9, 2012, argument is accessible at http://www.cafc.uscourts.gov/oral-argument-recordings/all/bosch.html. Note that in an earlier appeal under 28 U.S.C. § 1292(a)(1), a separate Federal Circuit panel reversed the district court's decision to deny a permanent injunction and remanded the case with instructions to enter an appropriate injunction. *Robert Bosch LLC v. Pylon Mfg. Corp.*, 659 F.3d 1142, 1145 (Fed. Cir. 2011).

12 *Robert Bosch LLC v. Pylon Mfg. Corp.*, 480 Fed. Appx. 997 (Fed Cir. 2012).

13 *Id.*

14 *Id.*

15 *Id.* at 998.

16 A recording of the argument is accessible at http://www.cafc.uscourts.gov/oral-argument-recordings/all/bosch.html.

17 *See* Plaintiff-Appellant Robert Bosch LLC's *En Banc* Brief on Appellate Jurisdiction, *Robert Bosch LLC v. Pylon Mfg. Corp.*, Nos. 2011-1363, 2011-1364, 2012 WL 4468625, at *19, *21 (Fed. Cir. Sept. 17, 2012) ("Bosch Brief") (internal citations are omitted in this and all subsequent references to the briefs).

18 *Id.*

19 *En Banc* Brief of Defendant Cross-Appellant Pylon Manufacturing Corp., *Robert Bosch LLC v. Pylon Mfg. Corp.*, Nos. 2011-1363, 2011-1364, 2012 WL 6043057, at *7 (Fed. Cir. Oct. 29, 2012) ("Pylon Brief").

20 *Id.*

- **Did "an accounting" include a jury trial on damages or willfulness when the statute was enacted?** Bosch argued that, at the time the predecessor to section 1292(c)(2) was enacted in 1927, a patentee could seek either (1) damages at *law* in a trial before a jury, or (2) the infringer's profits as well as damages in *equity*.[21] The infringer's profits in a case in *equity* were ascertained through "an accounting."[22] The procedures and remedies for determining damages in a suit at law were distinct from those in equity because accounting had no remedy.[23]

  Pylon asserted that Bosch ignored the "rich history" of the meaning of "an accounting" by adopting a "hypertechnical" interpretation of the term.[24] Pylon pointed to pre-1927 sources that included damages in "an accounting."[25] Pylon argued that Congress codified the prevailing practice, which included damages in "an accounting," in 1927 when it enacted the predecessor to section 1292(c)(2).[26]

- **Did Congress subsequently alter the meaning of "an accounting?"** Bosch argued that, eight years after law and equity were merged in 1938, Congress amended the remedy provisions of the Patent Act and eliminated the profits-accounting remedy, leaving only the damages-trial remedy.[27] "Most significantly for the *en banc* issues in this appeal, Congress did not revise the interlocutory appeal provision to add interlocutory appellate jurisdiction in cases final except for a damages trial."[28] The simplest explanation for this omission, Bosch argued, is that Congress concluded that allowing interlocutory appeals in cases where a damages trial was pending would be appropriate.[29]

  Pylon again argued that Bosch was incorrect and that Congress had never changed the meaning of "an accounting."[30] Referencing the 1948 amendments to the interlocutory appeal statute and the 1982 creation of the Federal Circuit, Pylon concluded that Congress's use of the term was consistent and included a trial on damages.[31]

- **How has Federal Circuit case law defined "an accounting?"** Bosch argued that the Federal Circuit has never held, other than *in dicta*, that the statute permits an interlocutory appeal when a jury trial on damages or willfulness remains pending.[32]

  Pylon argued that Bosch failed to cite a single case "from *any* jurisdiction at *any* time" that supported its "narrow" reading of the statute.[33] "[A]ll the authority from the last eighty years points in a single direction: 1292(c)(2) confers interlocutory appellate jurisdiction . . ."[34]

Procedural Background – *Lighting Ballast Control LLC*

Lighting Ballast Control (LBC) sued Universal Lighting Technologies (ULT) and others alleging patent infringement.[35] Following a jury trial, the district court entered a judgment of infringe-

21 Bosch Brief, 2012 WL 4468625, at *10.
22 *Id.* at *11.
23 *Id.*
24 Pylon Brief, 2012 WL 6043057, at *8.
25 *Id.* at *13-*17.
26 *Id.* at *18-*19.
27 Bosch Brief, 2012 WL 4468625, at *14.
28 *Id.* at *15.
29 *Id.*
30 Pylon Brief, 2011-1364, 2012 WL 6043057, at *28-*29.
31 *Id.*
32 Bosch Brief, 2012 WL 4468625, at *18.
33 Pylon Brief, 2012 WL 6043057, at *29.
34 *Id.* at *30.
35 *Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp.*, No. 2012-1014, 2013 WL 11874, at *1 (Fed. Cir. Jan. 2, 2013).

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ment and validity.[36] Reversing the judgment, a panel of the Federal Circuit composed of Chief Judge Rader, Judge O'Malley and Judge Reyna (the same as in *Bosch*) decided that the asserted claim (1) invoked means-plus-function claiming under 35 U.S.C. § 112, ¶ 6, (2) there was no corresponding structure in the specification, and (3) the asserted claim was therefore invalid for indefiniteness.[37]

LBC filed a petition for rehearing *en banc*.[38] In briefing on the petition, while LBC argued that the case "squarely presents" the question of whether *Cybor* was properly decided,[39] ULT argued that the case was not an appropriate vehicle for the court to reconsider whether *Cybor* should be overruled.[40]

On March 15, 2013, the Federal Circuit granted the petition.[41]

En Banc Issues – *Lighting Ballast Control LLC*

In its order granting a hearing *en banc*, the Federal Circuit asked the parties to file new briefs addressing three questions:

- "Should this court overrule *Cybor Corp. v. FAS Technologies, Inc.,* 138 F.3d 1448 (Fed. Cir. 1998)?"[42]
- "Should this court afford deference to any aspect of a district court's claim construction?"[43]
- "If so, which aspects should be afforded deference?"[44]

The Federal Circuit also allowed *amici curiae* to file briefs without consent and leave of court.[45] The date for the filing of the initial brief is in late April, and the date and time for oral argument are yet to be set.

Conclusions

First, the outcome of these cases could affect patent litigation in three areas currently receiving intense focus: abusive lawsuits, judicial economy and the rising cost of litigation. Observers are left to wonder whether these two cases indicate a Federal Circuit intent to address these issues directly in addition to "getting it right" on the law. If so, how will the court accomplish that goal?

Second, if sweeping changes are in store, there may be unintended consequences. For example, litigation costs may rise, at least in some cases. Changes may also lead to delays. Such unintended consequences must at least be considered as these cases go forward. The Intellectual Property Law Association of Chicago filed an *amicus* brief in the *Bosch* case discussing possible unanticipated outcomes.[46]

36 *Id.*
37 *Id.* at *7.
38 Petition for Rehearing *En Banc* [by Lighting Ballast Control LLC], *Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp.,* No. 2012-1014, 2013 WL 680891 (Fed. Cir. Feb. 1, 2013) ("LBC Brief").
39 LBC Brief, 2013 WL 680891, at *2.
40 Response to Petition for Rehearing *En Banc* [by ULT] at 11, *Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp.,* No. 2012-1014, (Feb. 19, 2013).
41 *Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp.,* No. 2012-1014, 2013 WL 1035092, at *1 (Fed. Cir. March 15, 2013).
42 *Id.*
43 *Id.*
44 *Id.*
45 *Id.*
46 Corrected Brief of *Amicus Curiae* the Intellectual Property Law Association of Chicago Supporting Neither Party, *Robert Bosch LLC v. Pylon Mfg. Corp.,* Nos. 2011-1363, 2011-1364, 2012 WL 6043060 (Fed. Cir. Sept. 24, 2012).