

SSL SERVICES, LLC v. CITRIX SYSTEMS, INC., Appeal No. 2013-1419, -1420 (Fed. Cir. October 14, 2014). Before Lourie, Linn, and O'Malley. Appealed from E.D. Tex. (Judge Gilstrap).

Background:

SSL sued Citrix for infringement of U.S. Patent Nos. 6,061,796 and 6,158,011. A jury found that Citrix willfully infringed the '011 patent, but did not infringe the '796 patent. The district court denied SSL's post-trial motion for a new trial regarding non-infringement of the '796 patent and Citrix's post-trial motion for judgment as a matter of law regarding willful infringement of the '011 patent. The district court also denied SSL prevailing party status.

SSL appealed the denial of a new trial on non-infringement of the '796 patent and the denial of prevailing party status. Citrix cross-appealed the finding of willful infringement of the '011 patent.

Issues/Holdings:

Did the district err in denying SSL's motion for a new trial regarding non-infringement of the '796 patent and Citrix's motion for judgment as a matter of law regarding willful infringement of the '011 patent? No, affirmed. Did the district court err in denying SSL prevailing party status? Yes, vacated and remanded.

Discussion:

SSL alleged that the district court incorrectly construed (1) the claim terms "destination address" and "intercepting," and (2) a set step order requirement of the '796 patent. The Federal Circuit disagreed and confirmed the district court's construction of "destination address" and its finding that Citrix did not infringe the '796 patent based on that construction. Because the jury returned a general verdict of non-infringement after hearing several theories, SSL argued the Federal Circuit must assess the other alleged misconstructions since it was impossible to know which infringement theory led to the jury's determination. The Federal Circuit disagreed and concluded that the jury's result would not change even if the district court erred in other aspects of claim construction because Citrix did not infringe the '796 patent based on the confirmed construction of "destination address" in the claims.

Citrix argued that it did not willfully infringe the '011 patent because it believed that the '011 patent would be found invalid. The Federal Circuit confirmed the district court's finding that this argument was unconvincing because the U.S. Patent Office determined the claims to be valid after an *ex parte* reexamination.

SSL asserted that it should be granted prevailing party status and thus be eligible for an award of attorney fees. To be the prevailing party: (1) the party must receive "at least some relief on the merits," and (2) "that relief must materially alter the legal relationship between the parties by modifying one party's behavior in a way that 'directly benefits' the opposing party." The district court decided that neither party was the prevailing party because both achieved some success and sustained some failure. The Federal Circuit disagreed and found that SSL was the prevailing party and was therefore eligible for an award of attorney fees. The Federal Circuit reasoned that even though SSL did not succeed all of its claims of infringement, SSL did prevail on its claim of willful infringement of the '011 patent and was awarded a judgment for damages against Citrix that materially altered the legal relationship between the parties.