

STRYKER CORP. v. ZIMMER, INC., Appeal No. 2013-1668 (Fed. Cir. September 12, 2016).
Before Prost, Newman, and Hughes. On remand from the U.S. Supreme Court.

Background:

Stryker successfully sued Zimmer for patent infringement. Stryker obtained partial summary judgment of infringement for various claims and a jury verdict of infringement for another claim, and a jury finding that the claims were valid. The jury awarded lost profits damages, further finding that Zimmer's infringement was willful. In a post-trial order, the district judge awarded treble damages, found the case exceptional and awarded Stryker its attorneys' fees.

Zimmer appealed to the Federal Circuit, which affirmed as to infringement, validity and damages. However, invoking the then-controlling test for willful infringement and enhanced damages under *In re Seagate Technology, LLC*, 497 F.3d 1360 (2007) (en banc), the court reversed as to willful infringement and the enhancement of damages, and also vacated the award of attorneys' fees. (The so-called *Seagate* test is a two-part test by which enhanced damages can be awarded only when there is willful infringement, and only if the patent holder shows there was a high likelihood the infringer's actions constituted infringement and that the infringer knew of that risk.)

Stryker then successfully petitioned for a writ of certiorari in the Supreme Court to determine whether the *Seagate* test was consistent with the Patent Act. The case was consolidated with another case and decided as *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S. Ct. 1923 (2016), which held that the *Seagate* test is not consistent with 35 U.S.C. §284, finding that it is "unduly rigid, and . . . impermissibly encumbers the statutory grant of discretion to district courts."

The Supreme Court vacated and remanded to the Federal Circuit.

Issue/Holding:

Did the district court err in finding validity and infringement, and willful infringement, and in granting treble damages and attorneys' fees? No on validity, infringement, and willful infringement; vacated and remanded on granting treble damages and attorneys' fees.

Discussion:

Only the last three pages of the Federal Circuit's twenty page slip opinion deals with the issue of enhanced damages and attorneys' fees that was the subject of the appeal to the Supreme Court. The bulk of the opinion in essence repeats the Federal Circuit's prior findings on the issues in its decision prior to Supreme Court review, which it now reaffirmed.

The court's rationale for vacating and remanding the grant of treble damages is that the "best course" is for the district court to "exercise its discretion." This is despite the fact that the jury already originally found willful infringement, the district court judge denied JMOL of no willful infringement, and the district court judge already exercised his discretion on treble damages.

The court's rationale regarding attorneys' fees is that a finding of willful infringement does not mean that the case is exceptional, which the district court incorrectly assumed.