

CARNEGIE MELLON UNIVERSITY v. MARVELL TECHNOLOGY GROUP, LTD.,
Appeal No. 2014-1492 (Fed. Cir. August 4, 2015). Before Wallach, Taranto, Chen. Appealed
from W.D. Pa. (Judge Fischer).

Background:

Carnegie Mellon owns two patents that were granted to Drs. Kavcic and Moura in 2001, directed to improving accuracy in the detection of recorded data. In 1997, Drs. Kavcic and Moura filed a provisional patent application and in May 1998, they published a paper on this technology. In 2001, Marvell became aware of work that Drs. Kavcic and Moura had done to improve the accurate detection of data recorded on hard disks. Based on their work, Marvell engineers built a simulator to use as a "gold standard" for testing their chip designs, and paid tribute to their source by calling the simulator "Kavcic Viterbi." Marvell engineers later designed a "sub-optimal" version of the "Kavcic Viterbi" to use in a new generation of Marvell chips and called the design the "KavcicPP." Marvell also created a detector that its engineers recognized to be the original structure Kavcic proposed in his paper. From 2003 to 2012, Marvell sold chips built around these designs.

Carnegie Mellon sued Marvell for infringing its patents. A jury found for Carnegie Mellon on infringement and validity and awarded roughly \$1.17 billion as a reasonable royalty for the infringing acts. The district court also awarded a 23% enhancement of the past-damages award based on a finding by the jury and the district court that Marvell had acted willfully. Marvell appealed.

Issue/Holding:

Did the district court err in finding that Marvell willfully infringed Carnegie Mellon's patents? Yes, reversed.

Discussion:

The court may increase damages up to three times the amount found or assessed only upon proof of willfulness, including: (1) clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent, and (2) this objectively-defined risk was either known or so obvious that it should have been known. The Federal Circuit previously held that the first requirement is not met when the infringer, whatever its state of mind at the time of infringement, presents in the litigation a defense that is objectively reasonable, though ultimately rejected. This requirement is subject to de novo review on appeal.

The facts showing that Marvell sought and obtained patents gave it no defense to patent infringement and also did not establish a good-faith basis for believing Marvell was not infringing Carnegie Mellon's patents. However, the Federal Circuit found that the enhancement of damages should be reversed because the invalidity defense Marvell brought was objectively reasonable. Although the Federal Circuit concluded that a jury could properly reject Marvell's invalidity defenses, there was enough uncertainty that the defenses cannot be deemed objectively unreasonable.

The district court stated that there needs to be some proof that the invalidity defense was known to the infringers or one of ordinary skill in the art, and Marvell offered no such evidence until 2009, when the litigation began. However, the Federal Circuit disagreed and opined that the state of mind of the accused infringer is not relevant.