

MENTOR GRAPHICS CORPORATION v. EVE-USA, INC., Appeal Nos. 2015-1470, -1554, -1556 (Fed. Cir. March 16, 2017). Before Lourie, Moore, and Chen. Appealed from D. Or. (Judge Mosman).

Background:

A damages issue arose out of litigation between Mentor and the defendants relating to a number of patents in simulation/emulation technology. Only one patent, a Mentor patent, was tried by the jury. The jury found that the defendants infringed this patent and awarded damages in the amount of \$36.4 million. Defendants appealed arguing that the damages award should be vacated because the district court failed to apportion the lost profits attributable to the inventive features.

Issue/Holding:

Did the district err in failing to apportion the lost profits? No, affirmed.

Discussion:

Applying the *Panduit* factors for ascertaining whether Mentor was entitled to lost profit damages, the Federal Circuit found that the facts of record were determinative of Mentor easily satisfying this test. Namely, for each infringing sale by the defendants, Mentor lost that exact sale. The defendants did not challenge the sufficiency of any of Mentor's evidence with respect to the *Panduit* factors.

The defendants advocated, instead, for a two-step process for calculating lost profits. They argued that Mentor must (1) calculate the amount of profits it lost as a result of the infringement using the *Panduit* factors, and (2) further apportion its lost profits to cover only its inventive contribution. The defendants asserted that the alleged infringing features were just two features of emulators that comprise thousands of hardware and software features, and that Mentor is not entitled to recover what it lost in total sales, but rather the value attributable to its patented features.

The Federal Circuit did not deny that apportionment is an important feature of damages law generally. However, the Federal Circuit found that, in this case, apportionment was properly incorporated into the lost profits analysis through the *Panduit* factors. In particular, *Panduit's* requirement that Mentor prove demand for the product as a whole and the absence of non-infringing alternatives ties lost profit damages to specific claim limitations and ensures that damages are commensurate with the value of the patented features. The Federal Circuit noted that the defendants did not appeal any of the jury's fact findings relating to damages and thus they were left with the jury fact finding that the defendant's emulation system would not have been purchased without the infringing features.

Thus, the Federal Circuit affirmed the district court's damages award.