

ASETEK DANMARK A/S V. CMI USA INC., Appeal Nos. 2016-1026, 2016-1183 (Fed. Cir. April 3, 2017). Before Prost, Newman and Taranto. Appealed from N.D. Cal. (Judge Tigar).

Background:

Asetek sued CMI and Cooler Master for infringing its computer fan patents. A jury found in favor of Asetek and awarded damages, as well as an injunction against specific Cooler Master products. However, the injunction was awarded against CMI USA as well as "Cooler Master Co., Ltd.", which is a Taiwanese company who was not then a party to the lawsuit (it later intervened) and which was not adjudicated liable for infringement. Cooler Master appealed the injunction that imposed obligations against it.

The Federal Circuit issued an opinion that did not actually vacate the injunction, but kept it in-force until modified by the lower court. Following that opinion, CMI filed for rehearing.

Issue/Holding:

Did the District Court err in granting an injunction against Cooler Master? Yes, partially vacated.

Discussion:

Cooler Master and CMI challenged the injunction on two grounds: (1) that Cooler Master's September 2014 dismissal from the case with prejudice precluded the district court from subjecting Cooler Master to the injunction's obligations and (2) that the injunction is too broad in scope insofar as the injunction reaches Cooler Master's conduct (sale, importation, etc., involving the identified Cooler Master-branded products) other than conduct that abets a new violation by CMI, the only party adjudicated liable for infringement.

Cooler Master contended that, even if an injunction against it would be proper had no claim ever been filed against it in this case, it cannot be enjoined because it was initially a defendant and the claims against it were dismissed with prejudice. The Federal Circuit held that the difference in timing means that the two situations do not involve the same "claim" for claim-preclusion purposes, even if all the conduct is alleged to be unlawful for the same reason. In support of its position, Cooler Master cited cases that held that a stipulated dismissal "generally constitutes a final judgment on the merits" that "precludes a party from reasserting the same claims" or "same cause". But, the Federal Circuit held that the cases do not address future conduct like that covered by the injunction at issue here.

The Federal Circuit did not resolve the issue of the proper scope of the injunction. Instead, the Federal Circuit held that a fuller picture of the facts described by the district court must be presented, including facts about the relationship of Cooler Master and CMI, both in their businesses and in this litigation, and their legal significance more fully explored.

Thus, the Federal Circuit updated its original decision and in the new opinion partially vacated the injunction so that it no longer applies to the Cooler Master (except for aiding and abetting CMI). That is, the Federal Circuit determined that there is a need for further proceedings to determine the proper reach of the injunction in this case, which resulted in vacating the injunction, insofar as the injunction reaches conduct by Cooler Master that does not abet new violations by CMI.