

GENBAND US LLC v. METASWITCH NETWORKS CORP., Appeal No. 17-1148 (Fed. Cir. July 10, 2017). Before Lourie, Taranto, and Chen. Appealed from E.D. Tex. (Judge Gilstrap).

Background:

In a patent infringement suit filed by Genband against Metaswitch, a jury found that Metaswitch infringed various claims in several of Genband's patents. Following the jury verdict, Genband sought a permanent injunction, which was denied. The district court held that a permanent injunction was not an appropriate remedy because Genband failed to show irreparable harm. Specifically, Genband failed to show that a causal nexus exists between the alleged irreparable harm and the presence of the infringing features in Metaswitch's infringing products.

Genband appealed the district court's denial of the permanent injunction.

Issue/Holdings:

Did the district court correctly apply the appropriate legal standard in denying the permanent injunction? No, vacated and remanded.

Discussion:

The Federal Circuit reasoned that the sole basis for the district court's denial of the permanent injunction was that Genband allegedly failed to show a causal nexus between the harm and the infringing features.

The district court held that Genband failed to establish a causal nexus because Genband did not prove that "the patented features drive demand for the product," citing some of the Federal Circuit's recent caselaw, specifically various *Apple-Samsung* cases. The Federal Circuit recognized that the "drive demand" standard can be interpreted to mean that either the infringing features are "the driver" of a customer's decision to purchase a product or simply "a driver." The Federal Circuit further reasoned that in cases involving multiple consumers and multiple features (as in the current case), a less stringent governing standard is applied. Under the less stringent standard, the patented features need only be "a driver" of the decision to purchase a product. And if the infringing features are "a driver" of decision to purchase a product, a causal nexus may exist.

As such, the Federal Circuit held that while the district court invoked language describing the right legal standard, its analysis does not provide sufficient basis for inferring that the less stringent standard was applicable to the facts of this case. Thus, the Federal Circuit remanded the case to the district court on the issue of the existence of a causal nexus and vacated the denial of the motion for a permanent injunction.