

WESTERNGECO L.L.C. v. ION GEOPHYSICAL CORPORATION, Appeal Nos. 2013-1527, 2014-1121, -1526, & -1528 (Fed. Cir. January 11, 2019). Before Dyk, Wallach, and Hughes. Appealed from S.D. Tex. (Judge Ellison).

Background:

WesternGeco sued ION for infringement of six claims of various patents directed to devices for marine seismic surveys. WesternGeco builds devices and uses them to perform surveys for customers. ION builds devices in the United States and sells them to customers outside the United States. The jury found WesternGeco's patents not invalid and infringed by ION under 35 U.S.C. §271(f). The jury awarded a reasonable royalty and lost profits, but did not award enhanced damages for willful infringement. On appeal, the Federal Circuit reversed the lost profits award and remanded with regard to enhanced damages.

On remand, enhanced damages were awarded. WesternGeco and ION filed a stipulated Final Judgment in which they agreed to a reasonable royalty amount, enhanced damages, and, except for lost profits, not to appeal. As to lost profits, the Supreme Court reversed the Federal Circuit, holding that an award was permissible under 271(f).

During the various trials and appeals and before the stipulated Final Judgment was filed by WesternGeco and ION, all but two of the six claims found to be infringed by ION were held by the PTAB to be anticipated or obvious in an IPR, which was affirmed by the Federal Circuit.

Issues/Holdings:

1) Does the invalidation of four of the six claims found to be infringed affect the reasonable royalty award? No.

2) Does the intervening invalidation of four of the six claims found to be infringed require a new trial on the lost profits award? Possibly, remanded for further proceedings.

Discussion:

1) *Fresenius*, which was cited by ION in support of reopening the reasonable royalty award, does not allow reopening of a satisfied and unappealable final judgment. In this case, the reasonable royalty award constitutes a fully satisfied and unappealable final judgment, such that separate invalidation of asserted claims does not support reopening. In particular, the Federal Circuit noted that the parties entered a compromise agreement resolving the issue, and ION manifested assent to the finality of the judgment by fully paying the reasonable royalty damages and not appealing the judgment. Additionally, the invalidation occurred eighteen months before the stipulated Final Judgment was entered.

2) Because the jury did not identify which claim or claims were the basis for the award of lost profits, the jury might have rested its award on a now-invalidated claim. Generally, a new trial would be needed. However, the award can be sustained if there is undisputed evidence that the technology covered by the remaining claims was necessary for the actions giving rise to the lost profits award. Due to incomplete briefing on the issue, the Federal Circuit remanded the case to the district court for determination of whether the award can be sustained in this case or if a new trial is needed.