

Using Claim Construction To Impact Damages Analyses



Law360, New York (June 6, 2011) -- Patent litigants' damages strategies should shape claim construction, not be shaped by it.

Patent litigants often consider only liability issues, including infringement and invalidity, when determining claim construction strategies. Plaintiffs attempt to capture the accused products while excluding threatening prior art. Defendants attempt the opposite. Both sides also should consider a third area in which to shape the case during claim construction: the potential for establishing or eliminating potential noninfringing alternatives that will impact the damages analysis.

Patent damages must be evaluated in the context of value added by the claimed invention over the next-best available noninfringing alternative. See *Grain Processing Corp. v. Am. Maize-Prods. Co.*, 185 F.3d 1341, 1351 (Fed. Cir. 1999) ("Moreover, only by comparing the patented invention to its next-best available alternative(s) ... can the court discern the market value of the patent owner's exclusive right."); *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970) (describing factor 9: "[t]he utility and advantages of the patent property over the old modes or devices, if any, that had been used for working out similar results").

Noninfringing alternatives (also known as "design-arounds") therefore can restrict and in some cases circumscribe the damages the plaintiff can collect. Generally, a noninfringing alternative in the context of patent damages must not satisfy, literally or by equivalents, any claim of the patent at issue (asserted or not) and must have been available or viable by the date of the hypothetical negotiation.

By focusing on the value added by the claimed invention over the next-best noninfringing alternative, a defendant can argue that if a noninfringing alternative commands the same value as the accused product, then the claimed invention commands no incremental economic value, and infringement does not justify more than a minimal damages award. The plaintiff may argue the converse: if noninfringing alternatives do not provide the same value as the claimed invention, then the invention does command economic value, and infringement justifies a damages award based on that value.

The existence of noninfringing alternatives depends on the scope of the claims. At the claim construction stage, both parties should consider how to shape the availability of noninfringing alternatives. The alleged infringer should determine whether it can narrow the claims in order to establish potential noninfringing alternatives while preserving its invalidity positions. The plaintiff should attempt to capture not only the accused product, but also as many potential noninfringing alternatives as possible, without also capturing the prior art.

For a simple example of the potential for evaluating noninfringing alternatives during claim construction, consider the following claim:

1) A chair, comprising: a plurality of legs; a seat; and a plurality of fasteners that secure said plurality of legs to said seat.

The plaintiff has asserted this claim against the defendant's three-legged chair with a seat held down by screws. The specification consistently and without deviation describes "the present invention" as a chair having four legs, but does not explicitly disclaim a chair with three legs. Both parties recognize that infringement liability turns on the construction of "a plurality of legs," and prepare to fight over that term.

One of several embodiments of the invention described in the specification teaches that screws may be used to hold the seat to the legs. The specification also disparages the use of nails to fasten the seat to the legs. The defendant may not focus on the "plurality of fasteners" limitation in planning its claim construction strategy, because the accused chair uses screws. The defendant likely expects to avoid infringement by persuading the court to limit the "plurality of legs" to exactly four legs, and focuses its efforts on that term. The plaintiff also may ignore the "plurality of fasteners" limitation, expecting it to be undisputed for liability.

In their focus on liability, both parties may miss that the specification disparages using nails for the "plurality of fasteners." Because the defendant does not use nails, it may not care for liability purposes that nails might be held to fall outside the scope of the claims. The plaintiff may not identify any incentive for placing the "plurality of fasteners" at issue when it would like to avoid a narrow ruling excluding nails that may be considered in a future case against a different defendant.

It may be that at the claim construction stage, neither party has yet thought about its damages case. Each party may view patent litigation as a process with several stages, the first being claim construction, which then impacts liability, which may or may not lead to damages. A party may have entirely separate teams of attorneys working on liability and damages. Litigants should avoid each of these situations by integrating the liability and damages analyses before claim construction.

In this example, each party should consider the disparity between the likely ordinary meaning of "plurality of fasteners" and the specification's disparagement of nails, and how resolution of that disparity could impact damages. If the defendant argues and persuades the court that the "plurality of fasteners" excludes nails, the defendant will have created a noninfringing alternative it can rely on to reduce its damages exposure even if it loses its limiting construction of "plurality of legs."

By considering noninfringing alternatives at the claim construction stage, the defendant has the opportunity to create positions that decrease the plaintiff's potential damages, which may create additional pressure for the plaintiff to settle even if the plaintiff prevails on the claim construction disputes that impact infringement or invalidity.

The plaintiff has the opposite incentive. By integrating its damages strategy in claim construction, it may decide to propose a construction of "plurality of fasteners" that does not exclude nails. If it wins, the plaintiff will have removed a potential noninfringing alternative argument the defendant could raise, which may put more pressure on the defendant as it evaluates its potential exposure.

This exercise can be done inexpensively by identifying all potential disclaimers of claim scope within the specification and file history, and determining how, if accepted by the court, those disclaimers impact potential noninfringing alternatives. Definitions provided in the specification or file history that either narrow or expand the ordinary meaning of claim terms also may impact potential noninfringing alternatives.

Disclaimers, however, have the most potential to create true noninfringing alternatives, because the disclaimed scope generally cannot be recaptured by a doctrine of equivalents analysis. By performing this analysis on potential limiting disclaimers, a party can achieve a large part of the benefit of incorporating noninfringing alternatives into its claim construction strategy with little additional cost.

Several other factors affect the impact potential noninfringing alternatives have on the plaintiff's damages. For example, the plaintiff in the example above may introduce evidence demonstrating that consumers prefer screws to nails because screws make the chair easier to maintain. In that case, the "nails" noninfringing alternative may have less of a downward impact on the plaintiff's damages. The existence of noninfringing alternatives is only one factor in the damages analysis, but a party evaluating the entire case should determine whether it can use claim construction to shift this factor to its advantage.

Defendants want to create noninfringing alternatives; plaintiffs want to remove them. Before and during the claim construction process, each party should look beyond liability issues and consider whether it can adjust the scope of the claims to improve its damages position.

--By Aaron R. Fahrenkrog, Jacob S. Zimmerman, Samuel L. Walling and William H. Manning, Robins Kaplan Miller & Ciresi LLP

Aaron Fahrenkrog, Jacob Zimmerman and Samuel Walling are intellectual property litigation associates in the firm's Minneapolis office. William Manning is a partner in the firm's Minneapolis office.

The opinions expressed are those of the authors and do not necessarily reflect the views of the firm, its clients, or Portfolio Media, publisher of Law360. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

All Content © 2003-2011, Portfolio Media, Inc.