

# The Aftermath of *eBay v. MercExchange*, 126 S. Ct. 1837 (2006): A Review of Subsequent Judicial Decisions

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## Article Abstract

In *Continental Paper Bag Co. v. Eastern Paper Bag Co.*, 210 U.S. 405 (1908), the Supreme Court recognized that patents are property and as a general rule a patent owner was entitled to permanent injunctive relief as a remedy for infringement. This was the rule followed by the federal circuit until it was overruled by the Supreme Court in 2006 in *eBay v. MercExchange*, 26 S. Ct. 1837 (2006). *eBay* held that permanent injunctive relief is an equitable remedy subject to the discretion of the trial court. Additionally, the grant or denial of a permanent injunction should be based on evaluation of the traditional four factor test generally used to determine whether

permanent injunctive relief should be awarded in any context. Under this test a patent owner can only obtain a permanent injunction as a remedy for infringement if he or she can demonstrate: (1) that the patent owner suffered an irreparable injury due to the infringement; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that irreparable injury; (3) that, considering the balance of hardships between the patent owner and the infringer, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.

This article reviews the federal district court decisions subsequent to *eBay* with

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regard to whether permanent injunctions were granted for patent infringement. An analysis of the post-*eBay* decisions supports the following conclusions: (1) The district courts continue to grant permanent injunctions in most cases; (2) Typically, permanent injunctions continue to issue when the patent owner and the infringer are direct marketplace competitors; (3) Typically, permanent injunctions are denied if the patent owner is a non-practicing entity; and, (4) Other factors such as willful infringement, venue, the existence of a complex invention incorporating a patented feature, the willingness of the patent owner to license the invention and the likelihood of future infringement are not overly predictive with regard to whether patent infringement will result in issuance or denial of a permanent injunction.

## Introduction

Patents are property rights<sup>1</sup> which have traditionally been protected from in-

fringement by the equitable remedy of a permanent injunction.<sup>2</sup> This was expressly recognized by the Supreme Court almost a century ago in *Continental Paper Bag Co. v. Eastern Paper Bag Co.*<sup>3</sup> The Court made it clear that the general rule was that a patent owner was entitled to permanent injunctive relief as a remedy for patent infringement.<sup>4</sup> Additionally, the Court, in dicta, noted that considerations of public interest might be sufficient to deny issuance of a permanent injunction.<sup>5</sup> Consistent with a lower courts' obligation to follow Supreme Court precedent the federal circuit and federal district courts dutifully applied this general rule in patent infringement cases.<sup>6</sup>

However, in 2006 in *eBay v. MercExchange*,<sup>7</sup> the Supreme Court overruled its longstanding precedent. Although a patent owner, pursuant to statutory patent law is entitled to monetary damages for patent infringement,<sup>8</sup> he or she is not entitled to permanent injunctive relief.<sup>9</sup> Injunctive relief is an equitable

1 See, e.g., *Festo Corp. v. Shoketus*, 535 U.S. 722, 730 (2002); *Florida Prepaid v. College Savings Bank*, 527 U.S. 627, 642 (1999). See also Fed. Trade Comm'n, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy* 2 (2003), <http://www.ftc.gov/os/2003/10/innovationrpt.pdf> (last visited July 25, 2007)(recognizing that patent rights are property).

2 Terrence P. Ross, *Intellectual Property Law – Damages and Remedies* § 11.04[5] at 11-49 (2007) (prior to 2006 Supreme Court decision in *eBay* permanent injunctions was typically granted for patent infringement). See also *Cammeyer v. Newton*, 94 U.S. 225, 226 (1877)(a patent is property that is entitled to protection like other types of property).

3 210 U.S. 405 (1908). In *Continental Paper Bag Co.*, the patentee obtained a patent on an improved machine for making paper bags. The patent owner neither used the patented improvement nor allowed others to use it. Nevertheless, the Court rejected the infringer's argument that only monetary damages rather than a permanent injunction should be awarded to the patent owner. *Id.*

4 *Id.* at 430.

5 *Id.* Subsequent judicial decisions have recognized that in rare instances important matters of public policy, such as public health concerns, can justify refusal to grant a permanent injunction for patent infringement. *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1547-48 (Fed. Cir. 1995).

6 See, e.g., *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1247 (Fed. Cir. 1989)(“It is the general rule that an injunction will issue when infringement has been adjudged, absent a sound reason for denying it.”); *Jeneric/Pentron, Inc. v. Dillon Co.*, 259 F. Supp. 2d 192, 194 (D. Conn. 2003)(permanent injunction general remedy for patent infringement).

7 126 S. Ct. 1837 (2006).

8 35 U.S.C. § 154 (a)(1)(2007) (patentee has right to exclude others from making, using, selling, or offering for sale the invention in the U.S. or importing the patented invention into the U.S.).

9 126 S. Ct. 1837, at 1841.

remedy subject to the discretion of the trial court.<sup>10</sup> Its grant or denial should be based on evaluation of the traditional four factor test generally used to determine whether permanent injunctive relief should be awarded in any context.<sup>11</sup>

This article will examine the federal district court decisions subsequent to *eBay* with regard to whether permanent injunctions were granted for patent infringement. The first section examines the cases granting permanent injunctions. The second section discusses cases denying permanent injunctions. The third section analyzes the cases to determine if any trends exist for predicting the likelihood of obtaining permanent injunction relief in a post-*eBay* world. Overall, the district courts continue to grant permanent injunctions in most cases. Whether the patent owner is a direct marketplace competitor rather than a non-practicing enti-

ty<sup>12</sup> is the most determinative factor with regard to obtaining injunctive relief. Other factors, such as the existence of willful infringement, the willingness to license the patented technology, the likelihood of future infringement, the judicial circuit where the case was tried and the complex invention problem<sup>13</sup> are not significant predictors of whether an injunction will be issued or denied. Furthermore, the language used by some district courts suggests the *eBay* decision may not significantly effect whether those courts grant or deny permanent injunctive relief. Many of the district courts granting permanent injunctions, in contrast to the courts denying permanent injunctive relief, made statements indicating that the public interest strongly favored granting permanent injunctive relief against patent infringement.<sup>14</sup>

<sup>10</sup> *Id.* at 1839.

<sup>11</sup> "A plaintiff [seeking a permanent injunction] must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction." *Id.*

<sup>12</sup> Companies that seek licensing fees from a patent but don't actually make the patented product are often referred to by the neutral term non-practicing entities. Amicus Brief of Time Warner Inc., Amazon.Com, Inc., Chevron Corp., Cisco Systems, Inc., Google Inc., IAC/Interactive Corp., Infineon Technologies AG, Shell Oil Co. & Visa U.S.A., at 5, *infra* note 13. They are also sometimes referred to by the derogatory term patent trolls. Steve Seidenberg, *Troll Control: The Supreme Court's eBay Decision Sets Back Pesky 'Patent Trolls' or American Innovation, Depending Upon Which Side You're On*, 92 A.B.A.J. 50 (2006) ("patent troll," [is] the nefarious term for businesses that produce no products or services and have the sole purpose of obtaining money by licensing patents they own and winning infringement lawsuits against others"). Justice Kennedy in his concurring opinion in *eBay* expressed concern about such non-practicing entities. 126 S. Ct. 1837, at 1842 ("[a]n industry has developed in which firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees.").

<sup>13</sup> I am using the phrase "complex invention problem" to refer to the situation where a patent only covers a small component of a larger product or device. This concern has been raised by large corporations such as high technology enterprises. See, e.g., Amicus Brief of Time Warner Inc., Amazon.Com, Inc., Chevron Corp., Cisco Systems, Inc., Google Inc., IAC/Interactive Corp., Infineon Technologies AG, Shell Oil Co. & Visa U.S.A., Inc., *eBay, Inc. v. MercExchange, L.L.C.*, 126 S. Ct. 1837 (2006) (No. 05-130) at 4. It was also identified as a concern - although this phrase was not used - by Justice Kennedy in his concurring opinion in *eBay*. See *infra* note 286.

<sup>14</sup> See, e.g., *Smith & Nephew, Inc. v. Synthes*, 2006 U.S. Dist. LEXIS 91851, \*14 (E.D. Tenn.) ("As a general matter, the public maintains an interest in protecting the rights of patent holders, and injunctions serve that interest."). Additionally, at least one court's statements sound like it is following the pre-*eBay* approach to granting permanent injunctions for patent infringement. *MPT, Inc. v. Marathon Labels, Inc.*, 2007 U.S. Dist. LEXIS 3992, \*50 (N.D. Ohio) ("[T]he public interest supports an injunction [for patent infringement]. There is a general public interest in favor of strong patent protection, except in cases where an obvious public interest such as public health or safety exists."); See also *CSIRO v. Buffalo Technology Inc.*, 2007 U.S. Dist. LEXIS 43832, \*20 (E.D. Tex.) ("In order to enforce a patentee's fundamental property right, courts have consistently allowed injunctive relief to patent owners whose patents have been infringed.").

### *I. Judicial Decisions Granting Permanent Injunctive Relief*

*CSIRO v. Buffalo Technology Inc.*<sup>15</sup> involves infringement of a patent on technology for a wireless data network which was adopted as an industry standard.<sup>16</sup> The patentee is a non-profit government research institute operated by the Austrian government.<sup>17</sup> Its goal is to conduct research for the benefit of the general public.<sup>18</sup> The patentee does not make or sell products using its patented technology. It relies on licensing its technology to generate revenue to support additional research activities.<sup>19</sup> The court awarded a permanent injunction against the patent infringer who sold infringing wireless networking equipment. The court rejected the argument that permanent injunctive relief should be denied because the patent owner did not compete in the marketplace by actually making or selling the patented invention. The court focused on the fact that the patent owner was a non-profit institute competing with similar organizations such as university research centers.<sup>20</sup> It noted that lawsuits challenging the validity of its patents negatively effect its reputation in the research community and diverts money from research activities to litigation.<sup>21</sup> This can make it harder to hire

top scientists and it can result in lost research opportunities.<sup>22</sup> Such injuries may not be compensable via monetary damages.<sup>23</sup> Additionally, the court rejected a compulsory license remedy despite the fact that the patentee earned revenue from the patent at issue solely from licensing the patent. According to the court, a compulsory license would be an inadequate remedy for future infringement of the patent because it would not include all of the negotiated non-monetary business terms desired by the patent owner;<sup>24</sup> nor would it fully compensate the patentee for the current value of its technology since the royalty rate under a compulsory license would be based on past sales by the infringer rather than reflecting the current and future value of the invention to the infringer.<sup>25</sup> The court indicated the hardship to the infringer from a permanent injunction would be significantly less than the hardship to the patentee if a permanent injunction was denied. Denial of the injunction would damage the patentee's reputation, as noted above, which may be difficult to compensate for with monetary damages. In contrast, the effect of a permanent injunction on the infringer is only monetary.<sup>26</sup> Additionally, it only affects about 11% of the infringer's busi-

<sup>15</sup> 2007 U.S. Dist. LEXIS 43832 (E.D.Tex.).

<sup>16</sup> *Id.* at \*4-5.

<sup>17</sup> *Id.* at \*1.

<sup>18</sup> *Id.* at \*2.

<sup>19</sup> *Id.* at \*2 & 4.

<sup>20</sup> *Id.* at \*11.

<sup>21</sup> *Id.* at \*12.

<sup>22</sup> *Id.* at \*11-12.

<sup>23</sup> *Id.* at \*12.

<sup>24</sup> *Id.* at \*16.

<sup>25</sup> *Id.*

<sup>26</sup> *Id.* at \*18-19.

ness;<sup>27</sup> and, to date, the products sold using the patented technology have not been a commercial success for the infringer.<sup>28</sup> Finally, in evaluating the public interest the court noted that generally the public interest is best served by strong enforcement of patent rights via permanent injunctions.<sup>29</sup> Additionally, the patented technology would still be widely available even if the infringer was enjoined from selling it.<sup>30</sup> Furthermore, public interest is benefited by research institutes such as the patentee who operate at the leading edge of technology and are often responsible for significant scientific advances.<sup>31</sup>

*Brooktrout, Inc. v. EICON Networks Corp.*<sup>32</sup> involved infringement of patents related to fax server boards for computers.<sup>33</sup> The parties involved were market competitors.<sup>34</sup> The jury awarded monetary damages<sup>35</sup> and the court issued a permanent injunction against future infringement.<sup>36</sup> The decision predated the Supreme Court's *eBay* decision. However, after *eBay* the court reassessed and upheld its award of a permanent injunc-

tion in light of *eBay*.<sup>37</sup> The court determined that the patent owner would suffer irreparable injury without a permanent injunction because it would lose market share from the infringer's products being available to consumers.<sup>38</sup> Additionally, it noted that future damages would be difficult to ascertain since infringement was based on inducement. Hence, a permanent injunction was a necessary remedy against future infringement.<sup>39</sup> The balance of hardships favored issuance of a permanent injunction. The infringer had an alternative non-infringing product it could sell.<sup>40</sup> But if a permanent injunction was not issued the patentee "will lose goodwill, potential revenue, and the very right to exclude that is the essence of the intellectual property at issue."<sup>41</sup> Finally, the court held that public interest supports a permanent injunction to protect patent rights when no persuasive showing is been made that issuance of an injunction would be contrary to the public interest.<sup>42</sup>

*MGM Well Services, Inc. v. Mega Lift Systems, LLC*<sup>43</sup> involves a patented

27 *Id.* at \*17-18.

28 *Id.* at \*17.

29 *Id.* at \*19-20.

30 *Id.* at \*21.

31 *Id.* at \*21-22.

32 2007 U.S. Dist. LEXIS 43107 (E.D.Tex.).

33 *Id.* at \*3.

34 *Id.*

35 *Id.* at \*4.

36 *Id.* at \*1-2.

37 *Id.* at \*2.

38 *Id.* at \*4.

39 *Id.* at \*4-5.

40 *Id.* at \*5.

41 *Id.*

42 *Id.* at \*5-6.

43 2007 U.S. Dist. LEXIS 30536 (S.D.Tex.).

improvement to a system for removing accumulated liquid from a gas well. Such liquid removal increases the flow of gas from the well.<sup>44</sup> The patent owner brought a patent infringement action against Mega Lift Systems who was a direct competitor.<sup>45</sup> The court preliminarily enjoined Mega Lift from selling its competing equipment.<sup>46</sup> At the conclusion of the trial the patentee was awarded over \$800,000 in lost profits<sup>47</sup> and Mega Lift was permanently enjoined from infringing the patent.<sup>48</sup> In explaining its decision to grant a permanent injunction the court noted that all of the factors under *eBay* supported issuance of a permanent injunction.<sup>49</sup> The patent owner had suffered irreparable harm in the past and would continue to suffer such harm in the future absent a permanent injunction because the court believed Mega Lift would continue selling infringing equipment.<sup>50</sup> Additionally, under the patentee's business model it did not license its patented technology to anyone.<sup>51</sup> Therefore, denial of a perma-

nent injunction would deprive the patentee of its right to exclude others from using the invention. Moreover, damages would be inadequate for likely future infringement because it is not possible to ascertain future damages in advance.<sup>52</sup> The only harm to Mega Lift from a permanent injunction would be its inability to sell infringing equipment to the detriment of the patentee.<sup>53</sup> It could still sell its competing non-infringing equipment which comprised about half of its current sales.<sup>54</sup> Finally, the court found that enforcement of patent rights via a permanent injunction served the public interest in this dispute.<sup>55</sup>

*800 Adept, Inc. v. Murex Securities, Ltd.*<sup>56</sup> involved infringement of two patents relating to telephone call routing systems.<sup>57</sup> The patents were held valid and infringed.<sup>58</sup> One group of defendants, who were direct competitors of the patent owner,<sup>59</sup> was found to be willful infringers.<sup>60</sup> Based on the defendants conduct the jury award of \$18 million<sup>61</sup> was increased to \$24 million.<sup>62</sup> Additionally,

44 *Id.* at \*2-3.

45 *Id.* at \*46.

46 *Id.* at \*4.

47 2007 U.S. Dist. LEXIS 49787, \*2 (S.D.Tex.).

48 2007 U.S. Dist. LEXIS 30536, \*51 (S.D.Tex.).

49 *Id.* at \*49.

50 *Id.* at \*46.

51 *Id.*

52 *Id.* at \*47-48.

53 *Id.* at \*48.

54 *Id.*

55 *Id.* at \*48-49.

56 2007 U.S. Dist. LEXIS 27051 (M.D.Fla.).

57 *Id.* at \*14-15.

58 *Id.* at \*4-5.

59 *Id.* at \*15.

60 *Id.* at \*4.

61 *Id.* at \*5.

62 *Id.* at \*34.

the court awarded attorney fees for the infringement.<sup>63</sup> The jury found that a second defendant, West Corporation, did not willfully infringe the patents.<sup>64</sup> West was only found liable for \$48,000.<sup>65</sup> The patent owner did not seek a permanent injunction against West barring future infringement.<sup>66</sup> However, the patent owner did seek and was granted a permanent injunction against future infringement by the willfully infringing defendants.<sup>67</sup> In granting the permanent injunction the court suggested that the inadequacy of a legal remedy was usually the basis for permanent injunctive relief; and, a showing of irreparable injury is one method of showing that monetary damages are inadequate.<sup>68</sup> The infringing defendants are direct competitors of the patentee, they have more customers than the patentee, some of those customers were obtained from the patentee by tortious conduct and there is no evidence indicating defendants won't engage in future infringing conduct.<sup>69</sup> These facts establish, under *eBay*, that the irreparable harm and the inadequacy of money damages favor granting a permanent injunction. However, the court indicates that the balance of hardships favors

defendants. The patentee primarily offers call routing services but it has a small market share relative to the defendants.<sup>70</sup> In contrast, despite defendants large market share in the call routing business this is only a small part of its overall business.<sup>71</sup> Hence, a carefully drafted permanent injunction could enable both parties to continue their competing business activities.<sup>72</sup> Finally, a permanent injunction would support the public interest in having a strong patent system especially in the absence of any evidence that defendant's "infringing services are related to any issue of public health or some other critical public interest."<sup>73</sup> Based on these *eBay* factors the court issued a permanent injunction.<sup>74</sup>

*O2 Micro International Ltd. v. Beyond Innovation Technology Co., Ltd.*<sup>75</sup> involved three patents covering an electronic circuit. A jury found defendant liable for willfully inducing infringement and/or for willfully being a contributory infringer of all three patents.<sup>76</sup> In issuing a permanent injunction as a remedy for infringement, the court held that the existence of direct competition between the patentee and the infringer was significant.<sup>77</sup> The sale of infringing products typically caus-

63 *Id.*

64 *Id.* at \*5.

65 *Id.*

66 *Id.* at \*6.

67 *Id.* at \*28.

68 *Id.* at \*22.

69 *Id.* at \*26-27.

70 *Id.* at \*27.

71 *Id.*

72 *Id.* at \*28.

73 *Id.*

74 *Id.*

75 2007 U.S. Dist. LEXIS 25948 (E.D.Tex.).

76 *Id.* at \*3-4.

77 *Id.* at \*7.

es the patent owner to loose market share. Consequently, this supported a finding that the patentee would suffer irreparable injury if a permanent injunction was not issued.<sup>78</sup> The court also found monetary damages inadequate in light of the continued threat of infringement coupled with the likelihood that the patentee would be unable to actually collect any damages from the infringers who were all foreign entities.<sup>79</sup> The balance of hardships favored a permanent injunction. The court noted that infringer's sales had adversely affected the patent owner's market share and its ability to sell its products.<sup>80</sup> Additionally, the court determined that absent an injunction the patentee would continue to suffer business injury including lost business opportunities and damage to its reputation.<sup>81</sup> In contrast, the infringer stated that a permanent injunction would have an insignificant impact on its overall business.<sup>82</sup> Finally, the court found that the public interest would be served by protecting patent rights with a permanent injunction in light of the lack of any persuasive evidence it would be a disservice to the public.<sup>83</sup>

*Ortho-McNeil Pharmaceutical, Inc. v. Mylan Laboratories Inc.*<sup>84</sup> involved a dispute

over the patented epilepsy drug topiramate<sup>85</sup> which is sold by the patent owner under the trademark Topamax.<sup>86</sup> Mylan, a competitor of the patentee, sought to manufacture and sell a generic version of Topamax prior to expiration of the patent by filing an Abbreviated New Drug Application with the federal Food and Drug Administration.<sup>87</sup> The patentee objected to Mylan's actions and successfully sought a preliminary injunction against Mylan's manufacture and sale of a generic version of topiramate.<sup>88</sup> Ultimately, after finding the patent valid and infringed<sup>89</sup> the court issued a permanent injunction against further infringement by Mylan.<sup>90</sup> Relying partially on its prior analysis supporting a grant of a preliminary injunction, the court, in applying *eBay*, presumed irreparable injury due to infringement in light of Mylan's failure to provide "evidence sufficient to establish the absence of irreparable harm."<sup>91</sup> The court then stated without explanation that money damages "are inadequate to compensate for the irreparable injury."<sup>92</sup> The court found the balance of hardships favored the patentee because in the absence of a permanent injunction Mylan's actions would deprive the patent

78 *Id.* at \*8.

79 *Id.* at \*8-9.

80 *Id.* at \*9.

81 *Id.*

82 *Id.*

83 *Id.* at \*9-10.

84 2007 U.S. Dist. LEXIS 19494 (D.N.J.).

85 2005 U.S. Dist. LEXIS 34380, \*3 (D.N.J.).

86 2006 U.S. Dist. LEXIS 77062, \*3 (D.N.J.).

87 *Id.*

88 *Id.* at \*2.

89 See *supra* note 84 at \*3.

90 *Id.* at \*3.

91 2006 U.S. Dist. LEXIS 77062, \*29 (D.N.J.).

92 2007 U.S. Dist. LEXIS 19494, \*2 (D.N.J.).



owner of the value of its patent. In contrast, issuance of a permanent injunction would merely delay the infringer's entry into the generic topiramate market.<sup>93</sup> Finally, the court held that the public interest favored enforcing a valid patent and it rejected the infringer's argument that a permanent injunction should be denied because that would increase marketplace competition.<sup>94</sup>

*Novozymes v. Genencor International, Inc.*<sup>95</sup> involved a dispute over a patent covering enzymes that breakdown starch molecules.<sup>96</sup> A typical commercial application of the invention is in the production of ethanol fuel from corn, barley or wheat.<sup>97</sup> The patent owner, a Danish corporation, non-exclusively licensed<sup>98</sup> the patent to a wholly owned U.S. subsidiary.<sup>99</sup> The court found the patent valid<sup>100</sup> and that defendant, a direct competitor of the patentee,<sup>101</sup> willfully infringed the patent.<sup>102</sup> The court doubled damages<sup>103</sup> and awarded the patent owner attorney fees<sup>104</sup> in light of the defendant's conduct. The court awarded damages,

based on a reasonable royalty, were over \$4 million.<sup>105</sup> In issuing a permanent injunction the court concluded that the patent owner suffered irreparable harm because defendant violated the patentee's right to exclusively market the patented invention.<sup>106</sup> Such exclusive marketing of the patented technology by the patent owner's wholly owned U.S. subsidiary would ultimately increase the overall value of this subsidiary.<sup>107</sup> The court also concluded that monetary damages were inadequate for two reasons. First, pursuant to the patent the patentee has a right to refuse to assist defendant, a direct competitor, by allowing them to use the patented invention.<sup>108</sup> Second, because the patent owner, a foreign entity, sells the patented technology via a U.S. licensee it is not entitled to collect damages based on lost profits.<sup>109</sup> The court also found the balance of hardships favored the patent owner. Future infringement would result in irreparable harm to the patent owner.<sup>110</sup> In contrast, the infringer had already removed its infringing product from the

93 2006 U.S. Dist. LEXIS 77062, \*29-30.

94 *Id.*

95 474 F. Supp. 2d 592 (D.Del. 2007).

96 *Id.* at 597.

97 *Id.*

98 *Id.* at 603.

99 *Id.* at 596.

100 *Id.* at 595.

101 *Id.* at 613.

102 *Id.* at 610.

103 *Id.* at 595.

104 *Id.*

105 *Id.* at 609.

106 *Id.* at 612.

107 *Id.*

108 *Id.* at 613.

109 *Id.*

110 *Id.*

marketplace and it will therefore not be injured by a permanent injunction.<sup>111</sup> Finally, the court found no harm to the public would flow from a permanent injunction in light of the availability of competing products.<sup>112</sup>

*Sanofi-Synthelabo v. Apotex, Inc.*<sup>113</sup> involved a dispute over the patented drug Plavix which is used for the reduction heart attacks and strokes.<sup>114</sup> Apotex, a competitor of the patentee, sought to manufacture and sell a generic version of Plavix prior to expiration of the patent by filing an Abbreviated New Drug Application with the federal Food and Drug Administration.<sup>115</sup> The patentee objected to Apotex's actions. The resulting dispute ended with a judicial determination that the patent was valid<sup>116</sup> and infringed<sup>117</sup> by Apotex. The patentee sought and was granted a permanent injunction pursuant to the traditional four factor test in *eBay*.<sup>118</sup> The court found the first two factors supported a permanent injunction because the patent owner "has shown that it is likely to suffer irreparable price erosion, loss of goodwill, and a negative impact on the amount of research devoted to developing other medical uses

for Plavix."<sup>119</sup> The third factor, balance of hardships between the patentee and the infringer, favored granting a permanent injunction.<sup>120</sup> The court, relying on its prior analysis of this factor when it granted a preliminary injunction at an earlier stage of this dispute,<sup>121</sup> noted that Apotex would suffer economic harm and potentially loss of market share from a permanent injunction.<sup>122</sup> However, it viewed these injuries as a consequence of Apotex's knowingly taking the risk of being held to be a patent infringer.<sup>123</sup> Therefore, the economic injury or hardship suffered by the patentee if a permanent injunction was not issued outweighed any hardship to Apotex arising from issuing an injunction. Finally, the public interest factor required balancing the importance of having inexpensive generic drugs available to public against the need to encourage the large research and development expenditures necessary to develop new drugs.<sup>124</sup> The court concluded the public interest factor in this dispute was either neutral or slightly favored the patentee.<sup>125</sup>

*Verizon Services Corp. v. Vonage Holdings Corp.*<sup>126</sup> involves two telephone companies that offer competing VoIP phone service

<sup>111</sup> *Id.*

<sup>112</sup> *Id.*

<sup>113</sup> 2007 U.S. Dist. LEXIS 44033 (S.D.N.Y.).

<sup>114</sup> *Id.* at \*3.

<sup>115</sup> *Id.* at \*4-5.

<sup>116</sup> *Id.* at \*2.

<sup>117</sup> The litigants stipulated the patent was infringed. *Id.* at \*79.

<sup>118</sup> The court noted the patentee was also entitled to damages which would be determined at a subsequent hearing. *Id.* at \*129.

<sup>119</sup> *Id.* at \*127-28.

<sup>120</sup> *Id.* at \*128.

<sup>121</sup> 2006 U.S. LEXIS 65127, at \*75-78.

<sup>122</sup> *Id.*

<sup>123</sup> *Id.*

<sup>124</sup> 2007 U.S. Dist. LEXIS 44033, at \*128-29.

<sup>125</sup> *Id.*

<sup>126</sup> 2007 WL 528749 (E.D.Va.).

which enables the use of a telephone over the Internet.<sup>127</sup> Verizon owns seven patents related to operating a VoIP service.<sup>128</sup> A jury found that Vonage infringed three of Verizon's patents.<sup>129</sup> It awarded damages of \$58 million for past infringement.<sup>130</sup> Additionally, it determined that Vonage must pay Verizon a royalty of 5.5% of its future revenue for any future infringement.<sup>131</sup> Following the jury award the court issued a partial permanent injunction against future infringement by Vonage.<sup>132</sup> That injunction was subsequently stayed by the federal circuit pending Vonage's appeal of the district court decision.<sup>133</sup> In issuing the permanent injunction the district court judge found that Verizon would suffer irreparable harm from the ongoing infringement which was not outweighed by any adverse effect on the public.<sup>134</sup>

*Wald v. Mudhopper Oilfield Services*<sup>135</sup> involved a patent on oil drilling equipment.<sup>136</sup> The court found willful infringe-

ment<sup>137</sup> by a direct competitor and awarded damages of about \$229,000.<sup>138</sup> A portion of damages were enhanced (trebled) in light of the infringer's conduct.<sup>139</sup> In deciding to also award a permanent injunction the court noted that damages would be inadequate because it would not fully compensate the patent owner for lost market share, the ability to maintain the invention as the industry standard and damage to its reputation as an innovator.<sup>140</sup> The defendant also failed to persuade the court that it would not engage in future infringement in light of the following: defendant was a willful infringer; defendant did not present evidence it no longer had an inventory of infringing products; and defendant did not present evidence it lacked the ability to obtain more infringing products.<sup>141</sup> Finally, the court noted that absent a permanent injunction the patent owner bore the risk of defendant's future infringement; but neither the defendant nor the public suf-

127 *Id.* at \*1.

128 *Id.*

129 *Verizon v. Vonage*, Patently-O Blog, April 12, 2007, [http://www.patentlyo.com/patent/2007/04/verizon\\_v\\_vonag\\_1.html](http://www.patentlyo.com/patent/2007/04/verizon_v_vonag_1.html) (last visited July 19, 2007).

130 Amol Sharma & Mariam Fam, *Vonage Loses Verizon Patent Case*, Wall St. J., March 9, 2007, <http://online.wsj.com/article/SB117338480971731362.html> (last visited July 19, 2007).

131 *Id.*

132 Mariam Fam, *Judge to Issue Injunction Against Vonage Over Patent Dispute With Verizon*, Wall St. J., March 24, 2007, <http://online.wsj.com/article/SB117466785179246939.html> (last visited July 20, 2007). The injunction prohibited Vonage from signing up new customers as long as it infringed Verizon's patents. Anne Broache, Marguerite Reardon & Declan McCullagh, *After setback, Vonage wins temporary relief*, CNET News.Com, April 6, 2007, [http://news.com.com/2100-1036\\_3-6173991.html](http://news.com.com/2100-1036_3-6173991.html) (last visited July 20, 2007).

133 *Verizon Services Corp. v. Vonage Holdings Corp.*, 2007 U.S. App. LEXIS 9561 (Fed. Cir.).

134 Peter Kaplan, *Judge hits Vonage with injunction*, Reuters, March 23, 2007, <http://www.reuters.com/article/newsOne/idUSWAT00719920070323> (last visited July 20, 2007).

135 2006 WL 2128851 (W.D. Okla.).

136 *Id.* at \*1.

137 *Id.*

138 *Id.* at \*6.

139 *Id.* at \*3.

140 *Id.* at \*5.

141 *Id.*

ferred any potential risk or injury from the permanent injunction.<sup>142</sup>

*Litecubes v. Northern Light Products*<sup>143</sup> involved a novelty device – a fake plastic ice cube containing a light that could be put into a drink.<sup>144</sup> The court found willful copyright and patent infringement<sup>145</sup> by a direct competitor.<sup>146</sup> The court awarded \$150,000 in damages<sup>147</sup> and \$400,000 for attorney fees.<sup>148</sup> In granting a permanent injunction against both copyright and patent infringement the court noted several factors. First, the patent owner suffered lost sales from the defendant who was directly competing.<sup>149</sup> Second, the court believed the defendant would likely engage in future infringement based on his past willful infringement and the fact he still had a warehouse full of infringing products.<sup>150</sup> Third, the court noted that the patentee spend significant time and money both developing and obtaining legal protection for his invention.<sup>151</sup> In contrast, the defendant has neither sought nor obtained intellectual property protection. Instead the court said the defendant

“seeks to poach customers in the United States in violation of Plaintiff’s rights.”<sup>152</sup>

*Telequip v. The Change Exchange*<sup>153</sup> involved coin/token changer machines.<sup>154</sup> The patent owner prevailed on the issue of willful patent infringement via a default judgment against defendant<sup>155</sup> who was a direct competitor.<sup>156</sup> In granting a permanent injunction the court noted that damages were an inadequate remedy against future infringement because the main value of a patent is the right to exclude others from using the invention.<sup>157</sup> Denying a permanent injunction would diminish the value of the right to exclude and hence negatively affect incentives to engage in research and development activities.<sup>158</sup> Furthermore, the court stated that a permanent injunction for patent infringement should only be denied if very persuasive evidence exists that the infringer will not engage in future infringement.<sup>159</sup>

*3M Innovative Properties v. Avery Dennison*<sup>160</sup> involved a patent on an improved adhesive film and a method for

<sup>142</sup> *Id.*

<sup>143</sup> 2006 U.S. Dist. LEXIS 60575 (E.D. Mo.).

<sup>144</sup> *See id.* at \*24-25.

<sup>145</sup> *Id.* at \*3.

<sup>146</sup> *Id.* at \*31.

<sup>147</sup> *Id.* at \*35-36.

<sup>148</sup> *Id.* at \*43-44.

<sup>149</sup> *Id.* at \*31.

<sup>150</sup> *Id.* at \*32.

<sup>151</sup> *Id.*

<sup>152</sup> *Id.* at \*30.

<sup>153</sup> 2006 WL 2385425 (N.D.N.Y.).

<sup>154</sup> *Id.* at \*1.

<sup>155</sup> *Id.*

<sup>156</sup> *See generally* Plaintiff’s website, <http://www.telequipcorp.com/cms/viewPage.cfm?pageId=7> (last visited July 23, 2007), which indicates they sell changer machines.

<sup>157</sup> *See supra* note 155 at \*2.

<sup>158</sup> *Id.*

<sup>159</sup> *Id.*

<sup>160</sup> 2006 WL 2735499 (D.Minn.).

improved adhesion of plastic film used in commercial advertising. Defendant, a competitor of the patent owner,<sup>161</sup> was found liable for patent infringement. In awarding a permanent injunction the court noted that the patent owner had consistently refused to license any rights under the patent in accordance with its business strategy of not licensing its patents.<sup>162</sup> Furthermore, the court noted the patent owner had spent almost five years in litigation to protect its patent rights.<sup>163</sup> In light of these facts the court found that the patent owner had suffered irreparable injury and that monetary damages would provide an inadequate remedy.<sup>164</sup> The court noted that awarding damages in lieu of a permanent injunction would result in a compulsory license that was contrary to the patent owner's business strategy which was based on refusing to license the invention. The court found that the balance of harms favored granting a permanent injunction to protect the patent owner's remaining right to exclude others from using its invention.<sup>165</sup> This was an important consideration because the patent owner had already lost the right to exclude for about 20% of the patent's life due to defendant's

infringement.<sup>166</sup> In contrast, any hardships or injuries suffered by defendant would be the typical injuries arising from an infringer building a business based on patent infringement.<sup>167</sup> Finally, no public health or safety issues existed which would weigh against a permanent injunction since the invention deals with commercial graphics for advertising.<sup>168</sup>

*Smith & Nephew v. Synthes*<sup>169</sup> involved two patents on medical hardware and the associated method for using the hardware to repair a broken femur bone.<sup>170</sup> The court held that defendant, a direct competitor,<sup>171</sup> infringed both patents.<sup>172</sup> In granting a permanent injunction the court noted the following: the patent owner filled a market gap when it introduced the patented invention; the infringer's market entry caused the patent owner's sales growth to flatten out; the infringer had stagnant growth until it started making the infringing product; the infringing product resulted in significant sales for the infringer; the infringer's market presence made it difficult for the patent owner to develop customer relationships with doctors and this hurts its ability to develop new products; and the patent owner had lost some degree of brand recognition due to the

<sup>161</sup> *Jury Rules in Favor of 3M in Patent Infringement Lawsuit Against Avery Dennison Corp.*, Business Wire, Dec. 22, 2005, [http://www.findarticles.com/p/articles/mi\\_m0EIN/is\\_2005\\_Dec\\_22/ai\\_n15967945](http://www.findarticles.com/p/articles/mi_m0EIN/is_2005_Dec_22/ai_n15967945) (last visited March 13, 2007).

<sup>162</sup> See *supra* note 160 at \*1.

<sup>163</sup> *Id.*

<sup>164</sup> *Id.*

<sup>165</sup> *Id.* at \*2.

<sup>166</sup> *Id.*

<sup>167</sup> *Id.*

<sup>168</sup> *Id.*

<sup>169</sup> 2006 U.S. Dist. LEXIS 91851 (W.D.Tenn.).

<sup>170</sup> *Id.* at \*3.

<sup>171</sup> *Id.* at \*9.

<sup>172</sup> *Id.* at \*3.

competition from the infringer.<sup>173</sup> The court stated that damage to the patent owner's name recognition caused by infringement was not compensable with money damages.<sup>174</sup> In balancing the relative hardships from a permanent injunction the court noted the patent owner would have the continuing threat of infringement and resultant infringement damages absent an injunction.<sup>175</sup> In contrast, the infringer would have to spend time, effort and money designing around the patented invention if a permanent injunction issued.<sup>176</sup> However, the court viewed such hardship as the typical or normal hardship suffered by a patent infringer.<sup>177</sup> Finally, the court said it was in the public interest to protect patent rights.<sup>178</sup> A permanent injunction generally protects those rights.<sup>179</sup> In light of the facts of this case, the court noted the injunction would give the patent owner the ability to gain enhanced name recognition which would increase market competition and ultimately benefit the public.<sup>180</sup> The loss of infringing products from the marketplace due to a permanent injunc-

tion would not be detrimental to the public because other products were available to satisfy any market demand.<sup>181</sup>

*Rosco v. Mirror Lite*<sup>182</sup> involved competitors in the school bus mirror market.<sup>183</sup> The design patent at issue covered a specific shape of a mirror.<sup>184</sup> In granting a permanent injunction against patent infringement<sup>185</sup> the court noted several factors. First, the court said a permanent injunction for patent infringement would typically only be denied when strong evidence existed that future infringement will not occur.<sup>186</sup> An example of such strong evidence might be that the infringer lacks the manufacturing capability to make the infringing product.<sup>187</sup> Such strong evidence was lacking in this case because the only evidence that future infringement would not occur were statements to this effect by the infringer.<sup>188</sup> The court noted that a permanent injunction would not deprive the public of the patented product since it was made and sold by the patent owner.<sup>189</sup> Additionally, the infringer made both infringing and non-infringing mirrors so a permanent injunction was important to

173 *Id.* at \*8-9.

174 *Id.* at \*9-10.

175 *Id.* at \*13.

176 *Id.*

177 *Id.*

178 *Id.* at \*14.

179 *Id.*

180 *Id.*

181 *Id.*

182 2006 WL 2844400 (E.D.N.Y.).

183 *Rosco v. Miller Lite*, 139 F. Supp. 2d 287, 291(E.D.N.Y. 2001).

184 *See supra* note 182 at \*1.

185 *Id.* at \*9.

186 *Id.* at \*4.

187 *Id.*

188 *Id.*

189 *Id.* at \*5.

the patent owner so they could protect their market with regard to the patented mirror.<sup>190</sup> Finally, the court noted in dicta that if the patent owner was a non-practicing entity that might support denying a permanent injunction.<sup>191</sup>

*Visto v. Seven Networks*<sup>192</sup> involved willful infringement<sup>193</sup> of several patents on equipment and a method for synchronizing data used in the mobile email market.<sup>194</sup> The court awarded damages for past infringement<sup>195</sup> and a permanent injunction against future infringement.<sup>196</sup> The patentees and the infringer are direct competitors.<sup>197</sup> Therefore the loss of market share due to the infringement results in irreparable injury to the patent owner.<sup>198</sup> The court also found future infringement likely and that it would be difficult to determine damages for future infringement.<sup>199</sup> Additionally, without a permanent injunction the patent owner will lose goodwill, potential market revenue and the right to exclude others from using the patented invention.<sup>200</sup> No evidence was

presented that the public would be disserved by a permanent injunction.<sup>201</sup> In contrast, the court said the public interest would be served by a permanent injunction because it protects the right to exclude which is the essence of a property right in a patent.<sup>202</sup>

*Transocean Offshore Deepwater Drilling v. GlobalSantaFe*<sup>203</sup> involved patents on oil drilling equipment.<sup>204</sup> The court granted a permanent injunction<sup>205</sup> in light of several factors. The patent owner and the infringer were competitors in a developing market with a small customer base.<sup>206</sup> According to the court, irreparable harm from infringement was likely in this situation due to lost market share, lost customer base and loss of name recognition.<sup>207</sup> The court rejected the complex invention argument as irrelevant in this case.<sup>208</sup> Also, the fact that the patent owner offered to license the invention did not establish that monetary damages were adequate.<sup>209</sup> Additionally, the court believed future infringement was likely.<sup>210</sup>

190 *Id.*

191 *See id.* at \*4.

192 2006 U.S. Dist. LEXIS 91453 (E.D.Tex.).

193 *Id.* at \*2.

194 *Id.* at \*3.

195 *Id.* at \*13.

196 *Id.* at \*11.

197 *Id.* at \*12.

198 *Id.* at \*12-13.

199 *Id.* at \*13.

200 *Id.* at \*14.

201 *Id.*

202 *Id.*

203 2006 U.S. Dist. LEXIS 93408 (S.D.Tex.).

204 *Id.* at \*2-3.

205 *Id.* at \*2.

206 *Id.* at 13.

207 *Id.* at \*19-24.

208 *Id.* at \*16-17.

209 *Id.* at \*17-18.

210 *Id.* at \*23.

Therefore, the patent owner would lose a lot of its commercial negotiating power if a compulsory license was granted in lieu of a permanent injunction. Absent a permanent injunction a patent owner may not be able to obtain the terms it seeks in a licensing arrangement which may be necessary to control its patented technology in order to limit loss of market share.<sup>211</sup> It would also encourage others to infringe which could result in significant time and monetary expenditures for litigation. The court found that the evidence suggested that the infringer could modify its oil drilling rigs with only minimal disruption.<sup>212</sup> Therefore, any harm to the infringer from a permanent injunction was outweighed by the harm to the patent owner from denying a permanent injunction.<sup>213</sup> Finally, the court rejected the argument that a permanent injunction would harm the public by reducing the amount of oil drilling. The court noted that public policy favored enforcing patent rights with an injunction<sup>214</sup> and that any potential reduction in oil drilling could be minimized by appropriate limits in the permanent injunction.<sup>215</sup>

*Innogenetics v. Abbott Laboratories*<sup>216</sup> involved a patent on a biotechnology invention which disclosed a method of identifying the type of hepatitis C virus that had infected a person.<sup>217</sup> The court awarded \$7 million in damages<sup>218</sup> for past infringement based on a reasonable royalty and issued a permanent injunction against future infringement.<sup>219</sup> Although the patent owner offered to license its patent the court concluded that this factor was not sufficient by itself to deny issuance of a permanent injunction.<sup>220</sup> The court noted that it would be unfair for an infringer to pay the same reasonable royalty for both past and future infringement after a long and expensive patent infringement trial.<sup>221</sup> Hence, damages would be an inadequate remedy for future infringement. The court also said that the patentee was entitled to fully protect its patent rights in light of the substantial money it spent inventing, developing, marketing and obtaining those patent rights.<sup>222</sup> Any injuries to the infringer arising from a permanent injunction were typical injuries suffered by a patent infringer.<sup>223</sup> Finally, the court

<sup>211</sup> *Id.* at \*19.

<sup>212</sup> *Id.* at \*23-24.

<sup>213</sup> *Id.* at \*24.

<sup>214</sup> *Id.* at \*25.

<sup>215</sup> *Id.* at \*25-26.

<sup>216</sup> 2007 U.S. Dist. LEXIS 193, \*19 (W.D. Wis.) (court left undecided the question of whether to issue a permanent injunction pending a subsequent hearing on the public interest issue). Following a subsequent hearing on the public interest issue the court issued a permanent injunction. *Innogenetics v. Abbott Laboratories*, 2007 U.S. Dist. LEXIS 3148 (W.D. Wis.).

<sup>217</sup> 2007 U.S. Dist. LEXIS 193, at \*3-4.

<sup>218</sup> *Id.* at \*2.

<sup>219</sup> 2007 U.S. Dist. LEXIS 3148, \*8-9 (D. Wis.).

<sup>220</sup> See *supra* note 217 at \*72-73.

<sup>221</sup> *Id.* at \*73.

<sup>222</sup> *Id.* at \*74.

<sup>223</sup> *Id.* at \*73-74.



noted the invention was important to facilitate proper medical treatment.<sup>224</sup> In light of this the infringer argued a permanent injunction should be denied because the patent owner could not meet the market demand for the patented invention and therefore this would be injurious to the public.<sup>225</sup> The court considered this argument but concluded that the patent owner could produce an adequate supply to meet market demand.<sup>226</sup>

*MPT v. Marathon Labels*<sup>227</sup> involved two patents that covered "a method for the labeling and relabeling of reusable containers."<sup>228</sup> The court awarded monetary damages of \$3,561 against a competitor based on a reasonable royalty<sup>229</sup> for past infringement. In awarding a permanent injunction<sup>230</sup> to prevent future infringement the court noted that the patentee had invented a method, created a market, established a dominant market position and created marketplace goodwill.<sup>231</sup> In light of this the court concluded that denying a permanent injunction would allow an infringer to usurp the market which would result in irreparable harm to the patent owner.<sup>232</sup> Additionally, award-

ing royalty damages for future infringement in lieu of a permanent injunction would fail to stop continued erosion of the patentee's market share.<sup>233</sup> Also, the competition from the infringer would reduce market prices and hence reduce the monetary amount paid to the patent owner via royalties.<sup>234</sup> In contrast to the substantial impact on the patent owner if an injunction is denied the impact on the infringer from issuing an injunction would be minimal because the infringing conduct only affected a small part of the infringer's business.<sup>235</sup> Finally, the court noted that the public interest supports strong patent rights which mean a permanent injunction should be issued unless matters of public health or safety would be impacted by the injunction.<sup>236</sup> In this case the patented invention is only useful in the shipping industry so it did not affect the health and safety of the public.<sup>237</sup>

*American Seating v. USSC Group*<sup>238</sup> involved a patent on a wheelchair restraint system for use in public transportation such as a bus.<sup>239</sup> The patent owner was awarded damages of \$676,850 for past infringement<sup>240</sup> and a permanent

224 *Id.* at \*75.

225 *Id.* at \*74.

226 *See supra* note 219 at \*1-2.

227 2007 U.S. Dist. LEXIS 3992 (N.D. Ohio).

228 *Id.* at \*2-3.

229 *Id.* at \*34.

230 *Id.* at \*2.

231 *Id.* at \*49.

232 *Id.*

233 *Id.*

234 *Id.*

235 *Id.* at \*50.

236 *Id.*

237 *Id.* at \*50-51.

238 2006 U.S. Dist. LEXIS 59212 (W.D. Mich.).

239 2006 U.S. Dist. LEXIS 60128, \*2 & n.3 (W.D. Mich.).

240 *Id.* at \*4.

injunction against future infringement.<sup>241</sup> The patent owner<sup>242</sup> and the infringer were direct competitors.<sup>243</sup>

*Black & Decker v. Bosch*<sup>244</sup> involved patents on a rugged combination radio and battery charger designed to be used on a construction site.<sup>245</sup> The court granted damages for willful<sup>246</sup> past infringement of \$1.75 million<sup>247</sup> and a permanent injunction against future infringement.<sup>248</sup> In granting a permanent injunction the court found irreparable harm based on several factors. First, the patentee, who competed with the infringer, lost market share due to defendant's infringement.<sup>249</sup> Second, continued infringement by the defendant could injure the patent owner's reputation as a worksite innovator.<sup>250</sup> These types of injury are difficult to fully compensate for via money damages. The defendant's asserted a permanent injunction was unnecessary because it no longer made or sold the infringing devices nor did it have any inventory of the infringing devices.<sup>251</sup> The court noted that denial of a permanent injunction on the basis that future

infringement will not occur requires persuasive evidence that such infringement will not happen.<sup>252</sup> Despite the infringer's assertions the court was unconvinced it would avoid future infringement in light of the fact that the infringing devices were still available for sale on defendant's website after the infringement suit was filed.<sup>253</sup> Additionally, it was noted that the devices were still available for sale on Amazon.com.<sup>254</sup> In evaluating the relative harm caused by a permanent injunction the court determined that any harm to the infringer would be minimal. The infringer no longer manufactured the infringing product nor would an injunction drive the infringer out of business.<sup>255</sup> Finally, the court stated that public policy favors enforcement of patents.<sup>256</sup> Therefore, a permanent injunction is desirable in this case because it enables the patentee to fully protect its patent rights.<sup>257</sup>

*TiVo v. EchoStar Communications*<sup>258</sup> involved a patent related to digital video recorders (DVR).<sup>259</sup> TiVo, the patent owner, makes DVRs and directly competes with

<sup>241</sup> See *supra* note 238 at \*2.

<sup>242</sup> The patent owner obtained the rights to the invention from the inventor who licensed it in return for royalties. *American Seating v. USSC Group*, 2006 U.S. Dist. LEXIS 43550, \*7-8 (W.D. Mich.).

<sup>243</sup> *Id.*

<sup>244</sup> 2006 U.S. Dist. LEXIS 86990 (N.D. Ill.).

<sup>245</sup> 389 F. Supp. 2d 1010, 1014 (N.D. Ill. 2005).

<sup>246</sup> 2006 U.S. Dist. LEXIS 92882, \*2 (N.D. Ill.).

<sup>247</sup> 2006 U.S. Dist. LEXIS 94556, \*2 (N.D. Ill.).

<sup>248</sup> 2006 U.S. Dist. LEXIS 86990, at \*14.

<sup>249</sup> *Id.* at \*12-13.

<sup>250</sup> *Id.* at \*11-12.

<sup>251</sup> *Id.* at \*10.

<sup>252</sup> *Id.* at \*10-11.

<sup>253</sup> *Id.* at \*11.

<sup>254</sup> *Id.*

<sup>255</sup> *Id.* at \*13.

<sup>256</sup> *Id.* at \*13-14.

<sup>257</sup> *Id.* at \*14.

<sup>258</sup> 446 F. Supp.2d 664 (E.D. Tex. 2006).

<sup>259</sup> *Id.* at 664.

the infringer, a satellite television company that provides DVRs to its customers.<sup>260</sup> The court found willful infringement<sup>261</sup> and the patent owner was awarded over \$73 million in damages.<sup>262</sup> The court also issued a permanent injunction against future infringement by EchoStar.<sup>263</sup> The court concluded that a permanent injunction was necessary to avoid irreparable harm to the patent owner and because an adequate remedy at law did not exist.<sup>264</sup> The court noted that the patent owner was a small new company primarily selling one product<sup>265</sup> in a nascent market.<sup>266</sup> Additionally, DVR customers tend to be long term customers who typically remain customers of the first company that provided them a DVR.<sup>267</sup> Consequently, any loss of market share and customer base by the patent owner due to direct infringement would be difficult to regain. The resulting harm to the patent owner would be substantial.<sup>268</sup> In contrast, the infringer's primary business is satellite transmission of content to viewers not providing DVRs.<sup>269</sup> Furthermore, the infringer could remotely disable the infringing DVR features of its equipment

via sending software updates, via satellite, to the infringing equipment.<sup>270</sup> The court noted that any hardships to the infringer due to having to disable DVR features is a consequence of willful infringement and therefore it does not weigh against issuance of a permanent injunction.<sup>271</sup> Finally, the court indicated that the public interest favored strong patent rights which are achieved by enforcing sufficient remedies which is a permanent injunction in this case.<sup>272</sup> The infringing product was related to the entertainment industry rather than any public health or equally important interest that might outweigh permanent injunctive relief.<sup>273</sup>

## ***II. Judicial Decisions Denying Permanent Injunctive Relief***

*MercExchange v. eBay*<sup>274</sup> involved a remand to the district court of the original dispute that reached the Supreme Court in *eBay v. MercExchange*.<sup>275</sup> In the original dispute several business method patents related to an on-line auction business were allegedly infringed. The district court denied a permanent injunction despite finding one of the patents valid and will-

<sup>260</sup> *Id.* at 669.

<sup>261</sup> *Id.* at 664.

<sup>262</sup> *Id.*

<sup>263</sup> *Id.* at 669.

<sup>264</sup> *Id.*

<sup>265</sup> *Id.* at 670.

<sup>266</sup> *Id.* at 669.

<sup>267</sup> *Id.* at 670.

<sup>268</sup> *Id.*

<sup>269</sup> *Id.*

<sup>270</sup> *Id.*

<sup>271</sup> *Id.*

<sup>272</sup> *Id.*

<sup>273</sup> *Id.*

<sup>274</sup> 2007 U.S. Dist. LEXIS 54642 (E.D. Va.).

<sup>275</sup> 126 S. Ct. 1837 (2006).

fully infringed.<sup>276</sup> On remand, subsequent to the Supreme Court decision in *eBay*, the district court carefully evaluated each factor of the four factor test<sup>277</sup> and again denied a permanent injunction for willful patent infringement.<sup>278</sup> The district court concluded that the patent owner was essentially a non-practicing entity due to its lack of commercial marketplace activity directed to actually using the patented invention.<sup>279</sup> Moreover, the actions and statements of the patent owner all indicated a desire to earn revenue from the invention solely by licensing it to others rather than by competing in the marketplace.<sup>280</sup> Hence, a permanent injunction was not "necessary to protect its brand name, market share, reputation, goodwill, or future research and development opportunities."<sup>281</sup> In light of this the court concluded that the patent owner would not suffer irreparable harm from denial of a permanent injunction.<sup>282</sup> Additionally, since the goal of the patent owner was to earn licensing revenue monetary damages would provide an adequate remedy

for patent infringement.<sup>283</sup> The court opined that the patent owner might end up being overcompensated via money damages if the monetary damages were enhanced due to the infringement being willful.<sup>284</sup> Additionally, the court noted that business method patents, such as the patent involved in this case, are potentially problematic.<sup>285</sup> This weighs in favor of denying permanent injunctive relief.<sup>286</sup>

*Z4 Technologies v. Microsoft*<sup>287</sup> involved infringement of two patents on product activation software which limited unauthorized use of software by validating legitimate users.<sup>288</sup> The patents were found both valid and infringed.<sup>289</sup> The software was integrated into Microsoft's Office software and its Windows operating system software.<sup>290</sup> The court awarded damages of \$115 million against Microsoft<sup>291</sup> for willful infringement.<sup>292</sup> It also awarded damages of \$18 million against a second defendant.<sup>293</sup> The patent owner sought but was denied a permanent injunction against Microsoft.<sup>294</sup> In denying the permanent injunction the

<sup>276</sup> See *supra* note 274 at \*3.

<sup>277</sup> See *supra* note 11 (four factor test).

<sup>278</sup> See *supra* note 274 at \*2.

<sup>279</sup> *Id.* at \*76.

<sup>280</sup> *Id.* at \*34-35.

<sup>281</sup> *Id.* at \*35.

<sup>282</sup> *Id.* at \*36-37.

<sup>283</sup> *Id.* at \*34.

<sup>284</sup> *Id.* at \*78.

<sup>285</sup> *Id.* at \*48.

<sup>286</sup> *Id.* at \*48-49.

<sup>287</sup> 434 F. Supp.2d 437 (E.D.Tex. 2006).

<sup>288</sup> *Id.* at 438.

<sup>289</sup> *Id.*

<sup>290</sup> *Id.* at 439.

<sup>291</sup> *Id.*

<sup>292</sup> *Id.* at 438.

<sup>293</sup> *Id.* at 439.

<sup>294</sup> *Id.* at 444.

court noted that the patent owner and Microsoft were not direct competitors. The patent owner sold product activation software which could be used by many software companies to sell a variety of software products. Microsoft, in contrast, did not sell product activation software.<sup>295</sup> It merely used the software in some of its products to minimize unlawful use of its products. The activation software was not a product feature that caused customers to buy Microsoft software.<sup>296</sup> Therefore, Microsoft's infringing use of the patented invention did not inhibit sales efforts by the patent owner nor did it result in lost market share, lost profits or loss of brand recognition which are the typical factors supporting a finding of irreparable harm due to infringement.<sup>297</sup> In addition to finding no irreparable harm the court noted that future infringement would be limited because Microsoft was phasing out the current versions of its Office and Windows software and replacing them with non-infringing versions.<sup>298</sup> Consequently, payment of royalties for future

infringement was equitable in light of the tremendous time and expense that would be needed to redesign the current infringing software which was being phased out. The court also noted the complex invention problem<sup>299</sup> supported denial of a permanent injunction in this case.<sup>300</sup> Finally, although the court believed public injury was speculative the mere potential for significant public injury, in light of the widespread use of Microsoft software, favored denial of a permanent injunction.<sup>301</sup>

*Finisar v. The DirectTV Group*<sup>302</sup> involved a patent on a method of transferring information from a database to a subscriber via a satellite.<sup>303</sup> The patent owner, a non-practicing entity,<sup>304</sup> was awarded over \$100 million in damages<sup>305</sup> for past willful infringement.<sup>306</sup> However, the court granted a compulsory license for future infringement in lieu of a permanent injunction.<sup>307</sup> In denying a permanent injunction the court concluded there was no irreparable harm to the patent owner because it did not actually use the patent.<sup>308</sup> Additionally, the court found the

<sup>295</sup> *Id.* at 440.

<sup>296</sup> *Id.*

<sup>297</sup> *Id.*

<sup>298</sup> *Id.* at 442.

<sup>299</sup> In his concurrence in *eBay*, Justice Kennedy instructed courts to be cognizant of "the nature of the patent being enforced and the economic function of the patent holder" when applying the equitable factors. 126 S. Ct. 1837, at 1842. Justice Kennedy specifically mentioned the situation "when a patented invention is but a small component of the product the companies seek to produce" and stated that in such a situation, "legal damages may well be sufficient to compensate for the infringement and an injunction may not serve the public interest." *Id.* See also *supra* note 13.

<sup>300</sup> 434 F. Supp. 2d 437, at 442.

<sup>301</sup> *Id.* at 443-44.

<sup>302</sup> 2006 U.S. Dist. LEXIS 76380 (E.D. Tex.).

<sup>303</sup> 416 F. Supp. 2d 512, 516 (E.D. Tex. 2006).

<sup>304</sup> Transcript of July 6, 2006 hearing in *Finisar v. DirectTV Group* at 5, [http://www.fr.com/news/Finisar-v-Directv\\_Transcript1.pdf](http://www.fr.com/news/Finisar-v-Directv_Transcript1.pdf) (last visited March 15, 2007).

<sup>305</sup> See *supra* note 302, at \*4.

<sup>306</sup> Yixin H. Tang, *The Future of Patent Enforcement after eBay v. MercExchange*, 20 Harv. J. of Law & Tech. 235, 247 (2006).

<sup>307</sup> See *supra* note 305.

<sup>308</sup> Yixin H. Tang, *supra* note 306.

public interest factor favored denial of a permanent injunction because the infringer employed thousands of people and provided exclusive television service to 15 million people.<sup>309</sup>

*Paice v. Toyota*<sup>310</sup> involved a patented invention used in the transmission of a hybrid vehicle.<sup>311</sup> After a finding of infringement<sup>312</sup> the patent owner sought a permanent injunction which was denied.<sup>313</sup> The court concluded no issues of lost market share or loss of brand recognition were involved because the patent owner was a non-practicing entity that did not compete with the infringer in the sale of hybrid vehicles.<sup>314</sup> Also, no proof existed that the patent owner had difficulty licensing its patented technology due to Toyota's infringement.<sup>315</sup> In light of this, the court found that the patentee would still be able to license its patent to others without regard to whether the remedy for Toyota's infringement was damages or a permanent injunction.<sup>316</sup> The court did note that the patent owner's bargaining power in licensing negotiations would be

affected by whether the remedy was damages or a permanent injunction.<sup>317</sup> However, the court considered this irrelevant under the four factors to determine whether to issue an injunction.<sup>318</sup> The court also found that the patent owner's offer to license the patent to the infringer during post trial proceedings showed that an award of damages was an adequate remedy.<sup>319</sup> Finally, the court noted the complex invention issue was relevant in this case since the invention only related to the transmission in a hybrid vehicle which was a small part of the vehicle.<sup>320</sup>

*Voda v. Cordis*<sup>321</sup> involved a catheter and a method of using the catheter for angioplasty.<sup>322</sup> The jury awarded almost \$4 million in damages for past infringement.<sup>323</sup> In response to the jury finding that infringement was willful<sup>324</sup> the court doubled the damages for past infringement<sup>325</sup> and awarded attorney fees.<sup>326</sup> The patent owner sought a permanent injunction against future infringement since the infringer indicated an intention to continue to use the patented invention.<sup>327</sup>

<sup>309</sup> *Id.* at 247-48.

<sup>310</sup> 2006 WL 2385139 (E.D. Tex.).

<sup>311</sup> *Id.* at \*5.

<sup>312</sup> *Id.* at \*1.

<sup>313</sup> *Id.* at \*6.

<sup>314</sup> *Id.* at \*5.

<sup>315</sup> *Id.*

<sup>316</sup> *Id.*

<sup>317</sup> *Id.* at \*5 n. 3.

<sup>318</sup> *Id.*

<sup>319</sup> *Id.* at \*5.

<sup>320</sup> *Id.*

<sup>321</sup> 2006 WL 2570614 (W.D. Okla.).

<sup>322</sup> *Id.* at \*1.

<sup>323</sup> *Id.* at \*4.

<sup>324</sup> *Id.* at \*1.

<sup>325</sup> *Id.* at \*4.

<sup>326</sup> *Id.*

<sup>327</sup> *Id.* at \*6.

However, the court awarded a compulsory license in lieu of a permanent injunction<sup>328</sup> because the patent owner failed to establish irreparable injury or that damages would be an inadequate remedy.<sup>329</sup> The patent owner, a non-practicing entity, exclusively licensed the patent to a third party<sup>330</sup> who chose not to enforce its patent rights.<sup>331</sup>

*Sundance v. DeMonte Fabricating*<sup>332</sup> involved a patent on a tarp system or cover for a flatbed truck trailer.<sup>333</sup> The jury found the patent infringed but invalid.<sup>334</sup> The court upheld the jury's infringement verdict. However, it set aside the jury's determination that the patent was invalid.<sup>335</sup> The patent owner, a non-practicing entity, licensed its patent to companies that competed with the infringer.<sup>336</sup> The court denied a permanent injunction for infringement in light of several factors. First, the court noted the infringer's product contained many features other than the patented invention so consumers may have bought its products for these features rather than for the patented feature. Therefore, patent licensees may not be losing any sales due to the infringement.<sup>337</sup> Second, the patentee freely licensed its

invention and offered to license it to the infringer prior to filing suit. This indicates that the patentee believed monetary damages were an adequate remedy.<sup>338</sup> Third, granting a permanent injunction could be a hardship on the infringer because it could make it difficult for the infringer to compete in a competitive marketplace and it could potentially force the infringer out of business.<sup>339</sup> Finally, a permanent injunction could hurt third parties such as the infringer's employees and customers.<sup>340</sup> The court also noted that the patentee delayed bringing legal action,<sup>341</sup> damages had not yet been determined and a laches issue was unresolved.<sup>342</sup>

### III. Analysis of the Post-eBay Judicial Decisions

#### A. An Overview

Although the number of post-*eBay* district court decisions is limited some conclusions can be extrapolated from the cases. The twenty-eight district court cases discussed above were reviewed to see if the following factors affected the decision whether to grant or deny a permanent injunction for patent infringement:

<sup>328</sup> *Id.*

<sup>329</sup> *Id.* at \*5.

<sup>330</sup> *Id.* at \*6.

<sup>331</sup> *Id.* at \*5.

<sup>332</sup> 2007 U.S. Dist. LEXIS 158 (E.D. Mich.).

<sup>333</sup> *Id.* at \*5.

<sup>334</sup> *Id.* at \*4.

<sup>335</sup> *Id.*

<sup>336</sup> *Id.* at \*7 & 9.

<sup>337</sup> *Id.* at \*7-8.

<sup>338</sup> *Id.* at \*9.

<sup>339</sup> *Id.*

<sup>340</sup> *Id.*

<sup>341</sup> *Id.* at \*7.

<sup>342</sup> *Id.* at \*8 n. 2.

- Direct competition between patent owner and infringer
- Non-practicing entity asserting patent rights<sup>343</sup>
- Willful infringement
- Venue
- Complex invention problem<sup>344</sup>
- Willingness of patent owner to license patent
- Likelihood of future patent infringement

One clear conclusion, based on the data,<sup>345</sup> is that most courts continue to grant permanent injunctions for patent infringement after *eBay*.<sup>346</sup>

## B. Marketplace Competition

### 1. Direct Competition

The existence or non-existence of direct competition between the patent owner and the patent infringer appears to be the most significant predictor of whether a permanent injunction will be granted. In almost every case in which a permanent injunction was issued the litigants were direct marketplace competitors.<sup>347</sup>

### 2. Indirect Marketplace Competition

In *Z4 Technologies v. Microsoft*<sup>348</sup> the patent owner was a practicing entity. It made and sold its patented product activation software.<sup>349</sup> Microsoft infringed the patent by

using the patented technology in its various software products to limit illegal use of its software.<sup>350</sup> However, it did not separately sell activation software nor was this a specific feature used to market its software products to prospective consumers.<sup>351</sup> In light of this the court did not view the patentee as a direct competitor of Microsoft. This supported, among other things, its denial of a permanent injunction. This suggests that the patent owner would be entitled to an injunction against other companies selling competing products – product activation software – but not against a company that incorporated a patented product into a larger product but who did not directly compete with the patent owner. This is consistent with the judicial decisions awarding permanent injunctions which typically involved direct competition between the patent owner and the infringer. However, this case suggests an analysis of the marketplace to determine if the patentee and the infringer are direct or indirect marketplace competitors may be determinative.

## C. Non-Practicing Entities

### 1. The General Rule

In almost every case in which a court denied a permanent injunction for patent infringement the patent owner was a

<sup>343</sup> See *supra* note 12.

<sup>344</sup> See *supra* note 13.

<sup>345</sup> See Figures 1-9 in the Appendix.

<sup>346</sup> See Figures 1 & 2 in the Appendix (out of a total of twenty-eight district court decisions permanent injunctions were granted in twenty-two cases and denied in only six cases).

<sup>347</sup> See Figure 1 in the Appendix (twenty-one of the twenty-two cases in which a permanent injunction was granted involved direct marketplace competitors).

<sup>348</sup> 434 F. Supp.2d 437 (E.D.Tex. 2006).

<sup>349</sup> *Id.* at 440.

<sup>350</sup> *Id.* at 439.

<sup>351</sup> *Id.* at 440.



non-practicing entity.<sup>352</sup> This is consistent with the requirement that a patent owner must be a direct competitor since non-practicing entities by definition are not direct competitors.

## 2. *The Exception to the General Rule*

Despite the general conclusion discussed above a few cases involving non-practicing entities were inconsistent with this conclusion. In *CSIRO v. Buffalo Technology Inc.*<sup>353</sup> the patent owner was a non-practicing entity. The patentee did not make or sell products based on its patented technology. Its business model involved licensing its patented inventions to generate revenue.<sup>354</sup> Nevertheless, the court permanently enjoined the infringer from ongoing infringement.<sup>355</sup> *CSIRO*, unlike the other non-practicing entities denied permanent injunctions, was a non-profit research institute engaged in basic research.<sup>356</sup> In contrast, the other non-practicing entities were all for-profit commercial enterprises. This suggests that non-profit enterprises such as universities and research institutes – which typically engage in very basic research – may be able to obtain permanent injunctions despite being non-practicing entities. In contrast for-profit commercial entities will routinely be denied such relief for infringement of their patents.

Such different treatment of non-profit and for-profit commercial enterprises is hard to justify. It is true that non-profit institutes and university research centers often engage in basic research which typically lacks clear commercial applications. Additionally, such institutions often lack the necessary funding and expertise to engage in manufacturing, marketing and selling commercial applications of their patented technology. However, this argument often applies equally to small independent inventors and many startup enterprises. Hence, it is unclear if *CSIRO* represents a trend or merely an aberration.

In *Paice v. Toyota*,<sup>357</sup> *Voda v. Cordis*<sup>358</sup> and *Sundance v. DeMonte Fabricating*<sup>359</sup> the patent owners were non-practicing entities that licensed their inventions to third parties who actually competed in the marketplace. Nevertheless, consistent with the general treatment of for-profit non-practicing entities they were all denied permanent injunctive relief. In *Novozymes v. Genecor International Inc.*<sup>360</sup> the patent owner, despite engaging in analogous behavior, obtained a permanent injunction against a patent infringer.<sup>361</sup> However, the patent owner in *Novozymes*, a foreign corporation, licensed the technology to a wholly owned U.S. subsidiary that actually competed in the marketplace.<sup>362</sup> Hence,

352 See Figure 2 in the Appendix (of the six cases where the court denied injunctive relief only one of the cases did not involve a non-practicing entity).

353 2007 U.S. Dist. LEXIS 43832 (E.D.Tex.).

354 *Id.* at \*2 & 4.

355 *Id.* at \*22.

356 *Id.* at \*1-2.

357 2006 WL 2385139 (E.D. Tex.).

358 2006 WL 2570614 (W.D. Okla.).

359 2007 U.S. Dist. LEXIS 158 (E.D. Mich.).

360 474 F. Supp. 2d 592 (D.Del. 2007).

361 *Id.* at 612.

362 *Id.* at 596 & 603.

the court appeared to disregard the legal structure of the patent owner since in reality the foreign parent corporation and its wholly owned U.S. subsidiary were the same enterprise as a practical matter even if they were legally distinct.

#### D. Willful infringement

Willful infringement, arguably, should be relevant when the remedy being sought, such as permanent injunctive relief, is equitable in nature.<sup>363</sup> According to the federal circuit “[w]illfulness is shown when, upon consideration of the totality of the circumstances, clear and convincing evidence establishes that the infringer acted in disregard of the patent, that the infringer had no reasonable basis for believing it had a right to engage in the infringing acts.”<sup>364</sup> Nevertheless, willful infringement does not appear to be a significant factor in predicting or explaining judicial decisions that grant or deny permanent injunctions.<sup>365</sup> Of the thirteen cases in which the court found willful infringement permanent injunctions were granted in nine cases and denied in four cases.<sup>366</sup> Moreover, in the fifteen cases in which there was no finding of willful

infringement a permanent injunction was granted in thirteen cases and denied in two cases.<sup>367</sup>

#### E. Venue

Based on the existing post-*eBay* cases the choice of venue does not appear to affect whether a court will issue or deny permanent injunction. Choosing a specific federal circuit or a specific district within a particular circuit, at least based on the limited judicial opinions to date, does not predict the remedy for infringement.<sup>368</sup>

#### F. Complex Invention Problem

This factor was specifically mentioned in only three cases. In one of these cases a permanent injunction was granted and in two of these cases it was denied.<sup>369</sup> Hence, this factor is not predictive of whether a court will grant or deny permanent injunctive relief for patent infringement.

#### G. Willingness of Patent Owner to License Patent

This factor was specifically mentioned in only six cases.<sup>370</sup> In three of those cases a permanent injunction was granted and in three of those cases it was denied.<sup>371</sup> Hence,

<sup>363</sup> See *supra* note 10 (permanent injunctive relief is equitable remedy). In *MercExchange, L.L.C. v. eBay, Inc.*, 2007 U.S. Dist. LEXIS 54642 (E.D. Va.), despite denying a permanent injunction for willful patent infringement, the court noted that a finding of willful infringement is a factor in favor of granting a permanent injunction for patent infringement since such a remedy is equitable in nature. *Id.* at \*79-80 & \*99-100.

<sup>364</sup> *Electro Medical Sys., S.A. v. Cooper Life Sciences*, 34 F.3d 1048, 1056 (Fed. Cir. 1994).

<sup>365</sup> Typically, pursuant to the patent law (35 U.S.C. §284 (2007)), courts punish willful infringement by increasing damages up to three times. *Clontech Labs., Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1357 n. 6 (Fed. Cir. 2005). Willful infringement also gives a court discretion to award attorney fees pursuant to the patent law (35 U.S.C. §285 (2007)). *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1347 (Fed. Cir. 2004). See also *Crystal Semiconductor Corp. v. Tritech Microelectronics Int'l, Inc.*, 246 F.3d 1336, 1361 (Fed. Cir. 2001) (“Damages for willfulness are punitive and are thus levied against parties found to willfully infringe.”).

<sup>366</sup> See Figure 5 in the Appendix.

<sup>367</sup> See Figure 6 in the Appendix.

<sup>368</sup> See Figures 1- 4 in the Appendix.

<sup>369</sup> See Figures 1, 2 & 9 in the Appendix.

<sup>370</sup> See Figures 1 & 2 in the Appendix.

<sup>371</sup> See Figure 7 in the Appendix.

this factor is not predictive of whether a court will grant or deny permanent injunctive relief for patent infringement.

#### **H. Likelihood of Future Patent Infringement**

This factor was specifically mentioned in only ten cases.<sup>372</sup> In nine of those cases a permanent injunction was granted for patent infringement while it was only denied in one case.<sup>373</sup> This suggests it may be beneficial for a patent owner to demonstrate a likelihood of future infringement in order to obtain a permanent injunction.

#### **Conclusion**

The Supreme Court decision in *eBay* overruled the longstanding general rule that mandated a permanent injunction as a remedy for patent infringement in almost all cases. Federal district courts must now use their discretion to determine if the equitable remedy of permanent injunction is proper. In making the determination the court must utilize the traditional four factor test used generally to determine if a permanent injunction should issue.

Federal district court decisions following *eBay* continue to grant permanent injunctions as a remedy for patent infringement in most cases. However, two related factors appear to be highly predictive with regard to issuance or denial of a permanent injunction. Typically, permanent injunctions continue to issue when the patent owner and the infringer are direct marketplace competitors. In contrast, if the patent owner is a non-practicing entity a permanent injunction is typically denied. Other factors such as willful infringement, venue, the existence of the complex invention problem, the willingness of the patent owner to license the invention and the likelihood of future infringement are not overly predictive of whether patent infringement will result in issuance or denial of a permanent injunction.

<sup>372</sup> See Figures 1 & 2 in the Appendix.

<sup>373</sup> See Figure 8 in the Appendix.

## Appendix

Figure 1 – Permanent Injunction Granted

Case	Competitors	Willful Infringement	Non-Practicing Entity	Complex Invention	Federal Circuit	District	Willing to License	Future Infringement Likely
CSIRO			x		5 <sup>th</sup>	E.D. TX	x	
Brooktrout	x				5 <sup>th</sup>	E.D. TX		
MGM Well Services	x				5 <sup>th</sup>	S.D. TX		
800 Adept	x	x			11 <sup>th</sup>	M.D. FL		x
O2 Micro	x	x			5 <sup>th</sup>	E.D. TX		x
Ortho-McNeil	x				3 <sup>rd</sup>	D. NJ		
Novozymes	x	x			3 <sup>rd</sup>	D. DE		
Sanofi-Synthelab	x				2 <sup>nd</sup>	S.D. NY		
Verizon	x				4 <sup>th</sup>	E.D. VA		
Wald	x	x			10 <sup>th</sup>	W.D. OK		x
Litecubes	x	x			8 <sup>th</sup>	E.D. MO		x
Telequip	x	x			2 <sup>nd</sup>	N.D. NY		x
3M Innovative properties	x				8 <sup>th</sup>	D. MN		
Smith & Nephew	x				6 <sup>th</sup>	W.D. TN		
Rosco	x				2 <sup>nd</sup>	E.D. NY		x
Visto	x	x			5 <sup>th</sup>	E.D. TX		x
Transocean Offshore Deepwater Drilling	x			x	5 <sup>th</sup>	S.D. TX	x	x
Innogenetics	x				7 <sup>th</sup>	W.D. WI	x	
MPT	x				6 <sup>th</sup>	N.D. OH		
American Seating	x				6 <sup>th</sup>	W.D. MI		
Black & Decker	x	x			7 <sup>th</sup>	N.D. IL		x
TiVo	x	x			5 <sup>th</sup>	E.D. TX		

Figure 2 – Permanent Injunction Denied

Case	Competitors	Willful Infringement	Non-Practicing Entity	Complex Invention	Federal Circuit	District	Willing to License	Future Infringement Likely
eBay		x	x		4 <sup>th</sup>	E.D. VA	x	
Z4 Tech.		x		x	5 <sup>th</sup>	E.D. TX		
Finisar		x	x		5 <sup>th</sup>	E.D. TX		
Paice			x	x	5 <sup>th</sup>	E.D. TX	x	
Voda		x	x		10 <sup>th</sup>	W.D. OK		x
Sundance			x		6 <sup>th</sup>	E.D. MI	x	

Figure 3 – Correlation between Federal Circuit &amp; Grant/Denial of Permanent Injunction

Federal Circuit	Total Cases	Permanent Injunction Granted	Permanent Injunction Denied
2 <sup>nd</sup>	3	3	0
3 <sup>rd</sup>	2	2	0
4 <sup>th</sup>	2	1	1
5 <sup>th</sup>	10	7	3
6 <sup>th</sup>	4	3	1
7 <sup>th</sup>	2	2	0
8 <sup>th</sup>	2	2	0
10 <sup>th</sup>	2	1	1
11 <sup>th</sup>	1	1	0

Figure 4 – Correlation between Court District &amp; Grant/Denial of Permanent Injunction

Federal District	Total Cases	Permanent Injunction Granted	Permanent Injunction Denied
D. DE	1	1	0
M.D. FL	1	1	0
N.D. IL	1	1	0
E.D. MI	1	1	0
W.D. MI	1	1	0
D. MN	1	1	0
E.D. MO	1	1	0
D. NJ	1	1	0
E.D. NY	1	1	0
N.D. NY	1	1	0
S.D. NY	1	1	0
N.D. OH	1	1	0
W.D. OK	2	1	1
W.D. TN	1	1	0
E.D. TX	8	5	3
S.D. TX	2	2	0
E.D. VA	2	1	1
W.D. WI	1	1	0

Figure 5 - Correlation between Willful Infringement & Grant/Denial of Permanent Injunction

Willful Infringement	Permanent Injunction Granted	Permanent Injunction Denied
13	9	4

Figure 6 - Correlation between No Finding of Willful Infringement & Grant/Denial of Permanent Injunction

No Finding of Willful Infringement	Permanent Injunction Granted	Permanent Injunction Denied
15	13	2

Figure 7 - Correlation between Patent Owner Willingness to License Patent & Grant/Denial of Permanent Injunction

Willing to License	Permanent Injunction Granted	Permanent Injunction Denied
6	3	3

Figure 8 - Correlation between Future Infringement Likely & Grant/Denial of Permanent Injunction

Future Infringement Likely	Permanent Injunction Granted	Permanent Injunction Denied
10	9	1

Figure 9 - Correlation between Complex Invention & Grant/Denial of Permanent Injunction

Complex Invention	Permanent Injunction Granted	Permanent Injunction Denied
3	1	2