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**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION**

DUHN OIL TOOL, INC.,

Plaintiff,

vs.

COOPER CAMERON CORP.,

Defendant.

CASE NO. 05-CV-1411-MLH (GSA)

ORDER:

- (1) GRANTING DEFENDANT’S MOTION FOR RECONSIDERATION ON THE ISSUE OF OBVIOUSNESS OF CLAIM 3;**
- (2) DENYING PLAINTIFF’S MOTION FOR JUDGMENT AS A MATTER OF LAW AS TO NONOBVIOUSNESS OF CLAIM 3;**
- (3) REINSTATING JURY’S VERDICT OF OBVIOUSNESS OF CLAIM 3; AND**
- (4) VACATING THE DAMAGE AWARD**

This is a patent lawsuit filed by Plaintiff Duhn Oil Tool, Inc. (“Duhn Oil”) against Cooper Cameron Corp. (“Cameron”). The patent-in-suit is United States Patent No. 6,920,925 “Wellhead Isolation Tool” (“the ‘925 patent”). The ‘925 patent issued on July 26, 2005 from an application filed on February 19, 2003. Following a jury trial, the trial judge granted a new trial on anticipation and granted judgment as a matter of law on nonobviousness of the claims at issue. (Doc. No. 706.) On November 15, 2011, the case was reassigned to this Court

1 pursuant to 28 U.S.C. § 292(b), after the retirement of Senior U.S. District Judge Wanger.
2 (Doc. No. 717.) After a bench trial on the issue of invalidity by anticipation,¹ the Court issued
3 a Memorandum Decision on February 23, 2012, finding claims 1, 2, 4, 5, 19, and 29 of the
4 '925 patent invalid by anticipation in light of Cameron's 1994-1995 Oil Tool Catalog ("the '94
5 catalog") (Ex. DX-A) under 35 U.S.C. § 102. (Doc. No. 762.) Defendant did not ask the
6 Court to find claim 3 anticipated based on the '94 catalog. (Id.)

7 Defendant now seeks to reinstate the jury's verdict that claim 3 is obvious. (Doc. Nos.
8 767, 768.) Specifically, Cameron moves for reconsideration of (1) the trial judge's judgment
9 as a matter of law that claim 3 was not proved to be obvious and (2) the trial judge's grant of
10 a new trial on obviousness under Federal Rule of Civil Procedure 50(c), and (3) asks the Court
11 to reinstate the jury's verdict finding claim 3 to be invalid as obviousness. (Doc. Nos. 764,
12 768, 770.) Cameron further requests the Court to enter judgment in favor of Cameron on all
13 claims and counterclaims. (Doc. No. 764.) Alternatively, Cameron requests the Court to
14 recalculate damages based on its expert's reasonable royalty calculation and to award Duhn
15 Oil no more than \$380,477. (Doc. Nos. 768, 770.)

16 Duhn Oil requests judgment against Cameron on infringement in the full amount of lost
17 profits and reasonable royalties awarded by the jury. (Doc. Nos. 763, 767.) Duhn Oil
18 alternatively asks the Court to recalculate the damages award based on a 9% reasonable royalty
19 and to award Duhn Oil \$6,357,891, or to grant a new trial on the issue of damages. (Doc. Nos.
20 763, 767.)

21 On March 13, 2012, the Court requested additional briefing on the issue of damages.
22 (Doc. No. 765.) On March 23, 2012, the parties submitted briefing on damages, and Duhn Oil
23 submitted its opposition to Cameron's motion for reconsideration of the trial judge's post-trial
24 order on obviousness. (Doc. Nos. 767, 768.) On April 10, 2012, Defendant submitted
25 supplemental briefing on damages. (Doc. No. 770.) On April 23, 2012, Plaintiff also
26 submitted supplemental briefing on damages. (Doc. No. 772.) On April 25, 2012, the Court

27
28 ¹ The parties consented to a bench trial on anticipation. (Doc. No. 738 at 2.)

1 held a hearing on the motions. Joseph Thomas, William Kolegraff, and Keri Ann Rich
2 appeared on behalf of Plaintiff Duhn Oil. Joe Redden, Charles Rogers, Manish Vyas, and
3 Peter Bielinsky appeared on behalf of Defendant Cameron.

4 For the following reasons, the Court (1) grants Defendant Cameron's request for
5 reconsideration of judgment as a matter of law on the issue of nonobviousness, (2) denies
6 Duhn Oil's motion for judgment as a matter of law on the issue of nonobviousness, (3) grants
7 Defendant Cameron's request to reinstate the jury's verdict regarding the obviousness of claim
8 3, and (4) vacates the damage award.

9 **Background**

10 **I. Procedural History**

11 On November 9, 2005, Plaintiff Duhn Oil filed a complaint for patent infringement
12 against Defendant Cameron. (Doc. No. 1.) On January 12, 2011, the case proceeded to a jury
13 trial. At trial, Duhn Oil asserted that Cameron directly and indirectly infringed claims 2, 3, 5,
14 19, and 29 of Duhn Oil's '925 patent. Cameron raised affirmative defenses of invalidity,
15 incorrect inventorship, and inequitable conduct, and sought declaratory relief that the '925
16 patent claims are invalid.

17 On February 2, 2011, the jury returned verdicts finding Defendant liable for infringing
18 dependent claims 2, 3, 5, 19, and 29 of the '925 patent, and for contributory infringement of
19 claims 2, 3, 5, and 29, but not claim 19. (Doc. No. 668.) The jury awarded Plaintiff
20 \$5,909,974 in lost profits and \$2,750,000 in royalties. (Id.) The jury also found that
21 dependent claims 2, 3, 4, 5, 19, and 29 were invalid for obviousness, and that claims 2, 3, 4,
22 5, and 29 were invalid for anticipation. (Id.) The jury found that claim 1, the independent
23 claim from which claims 2, 3, 4, 5, 19, and 29 depend, was not proven to be anticipated or
24 obvious. (Id.)

25 Following the jury's verdict, the trial judge asked the parties at side bar for their legal
26 position on the verdict. (Doc. No. 698 at 41-42.) Neither party sought clarification of the
27 jury's verdict and the jury was discharged. (Id.) Both sides made Rule 50 motions for
28 judgment as a matter of law on the issue of obviousness, and Defendant Cameron presented

1 a Rule 50 motion on the issues of anticipation and damages. (Doc. Nos. 696 at 15-47; 698 at
2 26-34.)

3 Post-trial, the trial judge granted in part and denied in part the Rule 50 motions and
4 granted a motion for a new trial on anticipation. (Doc. No. 706.) The trial judge affirmed the
5 jury's verdict that Cameron directly infringed claims 2, 3, 5, 19, and 29 of Duhn Oil's '925
6 patent; affirmed the jury's verdict that Cameron contributorily infringed claims 2, 3, 5, and 29
7 of Duhn Oil's '925 patent; affirmed the jury's verdict that Cameron did not induce
8 infringement or willfully infringe Duhn Oil's '925 patent; granted Duhn Oil's Rule 50 motion
9 for judgment as a matter of law that Duhn Oil's 1, 2, 3, 4, 5, 19, and 29 patent claims were not
10 invalid as obvious based on U.S. Patent No. 6,289,993 ("the '993 patent") and the '94 catalog;
11 affirmed the jury's verdict on inventorship; ruled that Duhn Oil did not engage in inequitable
12 conduct in naming the inventors or providing prior art to the patent office; ordered a new trial
13 on the issue of anticipation, finding that the jury's verdict that claims 1 and 19 were not
14 anticipated was inconsistent with the verdict that dependent claims 2, 3, 4, 5, and 29 were
15 anticipated; and postponed entry of judgment pending the new trial on the issue of anticipation.
16 (Id.)

17 Following a bench trial on the issue of invalidity by anticipation, the Court issued a
18 Memorandum Decision finding asserted claims 1, 2, 4, 5, 19, and 29 of the '925 patent invalid
19 for anticipation by the '94 catalog under 35 U.S.C. § 102. (Doc. No. 762.) As a result of the
20 retrial, claim 3 remains the only valid asserted claim of the '925 patent. (Id.) Cameron moves
21 to reinstate the jury's verdict that claim 3 is obvious. Duhn Oil opposes the motion.

22 **II. '925 Patent Claims**

23 Claim 3 of the '925 patent recites:

24 3. A wellhead assembly as recited in claim 2 wherein said annular lip
25 extends radially inward defining an opening having a first diameter, wherein the
26 elongate annular member first end portion comprises an inner surface having
27 a second diameter and wherein the portion of the production tubular member
28 comprises an inner surface having a third diameter, wherein said first, second
and third diameters are equal.

(Ex. JX.1.16.)

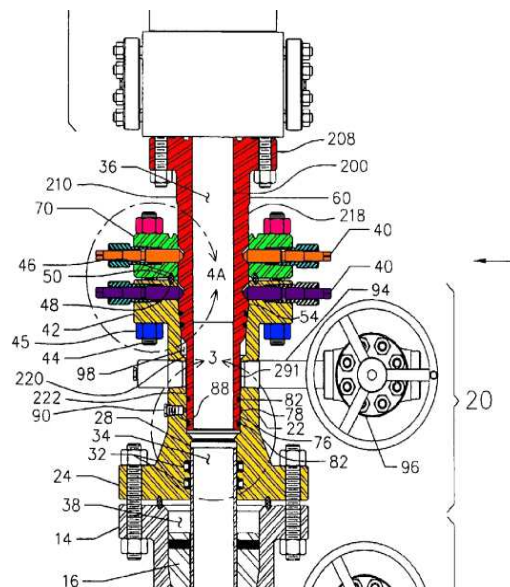
1 Claim 3 depends upon claims 1 and 2. Therefore, claim 3 contains all of the limitations
2 of claims 1 and 2. See Jeneric/Pentron, Inc. v. Dillon Co., 205 F.3d 1377, 1383 (Fed. Cir.
3 2000) (“[A] dependent claim, by nature, incorporates all the limitations of the claim to which
4 it refers.”) (citing 35 U.S.C. § 112, ¶ 4). Claims 1 and 2 provide as follows:

- 5 1. A wellhead assembly comprising:
6 a casing;
7 a first tubular member mounted over the casing;
8 a first tubular member flange extending from the first tubular member;
9 a generally elongate annular member suspended in the first tubular
10 member, said annular member having a first end portion
11 extending above the first tubular member and a second end
12 portion below the first end portion;
13 a secondary flange extending from the elongate annular member;
14 a plurality of fasteners fastening the secondary flange to the first tubular
15 member flange;
16 and a production tubular member aligned with the elongate annular
17 member, wherein an axial force acts on the generally elongate
18 annular member and is reacted in both the first tubular member
19 flange and the secondary flange.

- 20 2. A wellhead assembly as recited in claim 1 wherein the first tubular
21 member comprises an inner surface having an annular lip, wherein said annular
22 lip extends between the elongate annular member second end portion and a
23 portion of the production tubular member.

24 (Ex. JX1.16.)

25 Figure 1 of the ‘925 patent depicts an exemplary embodiment of the claimed invention.



26 **Figure 1 ‘925 Patent**

1 **Discussion**

2 **I. Legal Standard for a Motion for Reconsideration**

3 A motion for reconsideration may be appropriate if: (1) the movant presents the court
4 with new evidence; (2) the court committed clear error or the initial decision was manifestly
5 unjust; or (3) there is an intervening change in controlling law. Sch. Dist. No. 1J, Multnomah
6 Cnty. v. ACandS, Inc., 5 F.3d 1255, 1263 (9th Cir. 1993). Whether to grant or deny a motion
7 for reconsideration is within the sound discretion of the district court. Navajo Nation v.
8 Norris, 331 F.3d 1041, 1046 (9th Cir. 2003) (citing Kona Enters., Inc. v. Estate of Bishop, 229
9 F.3d 877, 883 (9th Cir. 2000)).

10 Cameron contends that the jury’s verdict finding claim 3 invalid for obviousness is
11 supported by substantial evidence and seeks reconsideration of the trial court’s order granting
12 judgment as a matter of law as to the nonobviousness of claim 3. Cameron asserts that
13 reconsideration is appropriate in light of new evidence introduced during the retrial on
14 anticipation. During the retrial, this Court heard extensive testimony and detailed arguments
15 from the parties on anticipation. (Doc Nos. 754, 760, 761.) The testimony focused on two
16 prior art references, the ‘94 catalog (Ex. DX-A) and the ‘993 patent (Ex. JX6). Additionally,
17 the Court heard testimony from expert witnesses, Mr. Frishmuth and Mr. Brugman,
18 concerning whether computer modeling software and finite element analysis simulations
19 demonstrated that the ‘94 catalog disclosed a dual load path device. (Doc. Nos. 754 at 61-
20 182; 761 at 41-166; Ex. P76.)

21 As a result of the retrial, this Court concluded that the ‘94 catalog discloses a dual load
22 path device, invalidating independent claim 1 and dependent claims 2, 4, 5, 19, and 29 of the
23 ‘925 patent. (Doc. No. 762 at 18.) In light of the additional evidence presented during the
24 retrial, Cameron seeks reconsideration of the trial court’s judgment as a matter of law order
25 vacating the jury’s verdict invalidating claim 3 for obviousness. See Sch. Dist. No. 1J, 5 F.3d
26 at 1263 (stating that a motion for reconsideration may be appropriate if the movant presents
27 the court with new evidence).

28

1 Cameron also asserts that the trial judge committed legal error by improperly weighing
2 evidence in granting judgment as a matter of law of nonobviousness. In making a
3 determination for judgment as a matter of law, “the court must not weigh the evidence, but
4 should simply ask whether the plaintiff has presented sufficient evidence to support the jury’s
5 conclusion.” Wallace v. City of San Diego, 479 F.3d 616, 624 (9th Cir. 2007). Cameron
6 further contends that Duhn Oil waived its challenge to the verdict on claim 3 under Zhang v.
7 Am. Gem Seafoods, Inc., 339 F.3d 1020, 1028-1029 (9th Cir. 2003). Additionally, Cameron
8 asserts that the jury’s verdict of validity on nonasserted claim 1 was advisory. The Court
9 agrees that reconsideration is appropriate to determine whether claim 3 is obvious.

10 **II. Legal Standard for Judgment as a Matter of Law on Obviousness**

11 Judgment as a matter of law is available where “a reasonable jury would not have a
12 legally sufficient evidentiary basis to find for the party on that issue.” Fed. R. Civ. P.
13 50(a)(1). A court must uphold the jury’s verdict if it is supported by substantial evidence.
14 Wallace, 479 F.3d at 624. Substantial evidence requires only “such relevant evidence as a
15 reasonable mind might accept as adequate to support a conclusion.” Blanton v. Anzalone, 813
16 F.2d 1574, 1576 (9th Cir. 1987). When an issue of law is submitted to the jury, the court
17 presumes that the jury resolved the underlying factual disputes in favor of the verdict and
18 leaves those presumed findings undisturbed if they are supported by substantial evidence.
19 Wallace, 479 F.3d at 624; Jurgens v. McKasy, 927 F.2d 1552, 1557 (Fed. Cir. 1991). A
20 district court examines the jury’s legal conclusions de novo to see whether they are correct
21 as a matter of law in light of the presumed jury fact findings. Spectralytics, Inc. v. Cordis
22 Corp., 649 F.3d 1336, 1341 (Fed. Cir. 2011).

23 “Obviousness is a question of law based on underlying findings of fact.” W. Union
24 Co. v. MoneyGram Payment Sys., Inc., 626 F.3d 1361, 1369 (Fed. Cir. 2010). A jury’s
25 verdict of obviousness must be supported by factual findings including the scope and content
26 of the prior art, the level of ordinary skill in the field of the invention, the differences between
27 the claimed invention and the prior art, and any objective evidence of nonobviousness such
28 as long-felt need, and commercial success. Retractable Techs., Inc. v. Becton, Dickinson &

1 Co., 653 F.3d 1296, 1310 (Fed. Cir. 2011) (citing Graham v. John Deere Co. of Kansas City,
2 383 U.S. 1, 17-18 (1966)). The court reviews the jury’s underlying factual findings, whether
3 explicit or implicit within the verdict, for substantial evidence. Bard Peripheral Vascular, Inc.
4 v. W.L. Gore & Assocs., 670 F.3d 1171, 1186 (Fed. Cir. 2012). The court reviews the
5 ultimate question of obviousness de novo, viewing the evidence in the manner most favorable
6 to the verdict. Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301, 1309-10 (Fed. Cir. 2009).

7 A patent claim is invalid as obvious if “the differences between the subject matter
8 sought to be patented and the prior art are such that the subject matter as a whole would have
9 been obvious at the time the invention was made to a person having ordinary skill in the art.”
10 35 U.S.C. § 103(a). A patent is likely to be obvious if it merely yields predictable results by
11 combining familiar elements according to known methods. KSR Int’l Co. v. Teleflex Inc.,
12 550 U.S. 398, 416 (2007). If prior art references anticipate a claim, then that claim is usually
13 obvious, even though the tests for anticipation and obviousness are different. Cohesive
14 Techs., Inc. v. Waters Corp., 543 F.3d 1351, 1364 (Fed. Cir. 2008). A finding of obviousness
15 requires a showing, by clear and convincing evidence, that a person of ordinary skill at the
16 time of the invention would have selected and combined prior art references in the normal
17 course of research and development to yield the claimed invention. Unigene Labs., Inc. v.
18 Apotex, Inc., 655 F.3d 1352, 1360 (Fed. Cir. 2011) (citing KSR, 550 U.S. at 421).

19 **III. Jury Instructions and Verdict on Obviousness**

20 The trial judge properly instructed the jury regarding the underlying factual findings
21 that support a conclusion of obviousness. See Retractable Techs., 653 F.3d at 1310 (a jury’s
22 verdict of obviousness must be supported by factual findings including the scope and content
23 of the prior art, the level of ordinary skill in the field of the invention, the differences between
24 the claimed invention and the prior art, and any objective evidence of nonobviousness). The
25 Court properly instructed the jury on obviousness as follows:

26 In determining whether a claimed invention is obvious, you must
27 consider the level of ordinary skill in this field at the time of the claimed
28 invention; the scope and content of the prior art and any difference between
the prior art and the claimed invention. . . .

. . . .

1 In making these assessments, you should take into account any
2 objective evidence that may have existed at the time of the invention and
3 afterwards that may shed light on the obviousness or not of the claimed
4 invention, such as: Whether the invention was commercially successful as a
5 result of the patented features; whether others copied the invention or whether
6 others in the field praised the invention.

(Doc. No. 697 at 44-45.)

The Court further instructed the jury on the legal standard for obviousness:

7 The existence of each and every element of the claimed invention in
8 the prior art does not necessarily prove obviousness. In considering whether
9 a claimed invention is obvious, you may but are not required to find
10 obviousness if you find that at the time of the claimed invention, there was a
11 reason that would have prompted a person, having ordinary skill in this field,
12 to combine the known elements in a way the claimed invention does, taking
13 into account such factors as:

14 Whether the claimed invention was merely the predictable result of
15 using prior art elements according to their known functions.

16 Second, whether the claimed invention provides an obvious solution
17 to a known problem.

18 Third, whether the prior art suggests that the elements in the invention
19 should be combined or not.

20 And fourth, whether it would have been obvious to try the
21 combinations of elements such as when there is a need to solve a problem.

22 (Id.) See KSR, 550 U.S. at 421-22. Furthermore, the Court properly advised the jury that
23 obviousness requires “clear and convincing evidence.” (Id. at 43.) See Microsoft Corp. v.
24 i4i Ltd. P’ship, 131 S.Ct. 2238, 2242 (2011) (providing that a patent must be proved invalid
25 by clear and convincing evidence). In addition, the Court properly instructed the jury to
26 independently consider the validity of each claim. (Doc. No. 697 at 45.) See 800 Adept, Inc.
27 v. Murex Sec., Ltd., 539 F.3d 1354, 1368 (Fed. Cir. 2008) (citing 35 U.S.C. § 282).

28 During deliberations, the jury sought clarification on the differences between an
independent and a dependent claim. (Doc. No. 698 at 12.) In response, the trial judge
properly instructed the jury on the distinctions between the two types of claims and instructed
that the validity of each claim should be considered separately:

There are two types of patent claims. Independent claims and
dependent claims. An independent claim sets forth all of the requirements
that must be met in order to be covered by that claim.

Thus it is not necessary to look at any other claim to determine what
an independent claim covers. For example, claim 1 of the ‘925 patent is an
independent claim. And so it stands alone. You don’t have to look to any
other part of the patent to determine what its requirements are.

1 Claims 2, 3, 4, 5, 19 and 29 in the '925 patent are dependent claims,
2 which depend directly or indirectly on claim 1. A dependent claim does not
3 itself recite all the requirements of the claims, but refers to another claim for
4 some of its requirements. In this way, the claim depends on another claim.

5 A dependent claim incorporates all of the requirements of the claims
6 to which it refers.

7 (Id. at 17-18.) See Jeneric/Pentron, 205 F.3d at 1383 (“[A] dependent claim, by nature,
8 incorporates all the limitations of the claim to which it refers”).

9 The jury found that claim 3 of the '925 patent is obvious. (Doc. No. 668 at 7.)
10 Obviousness is a question of law based on underlying findings of fact. W. Union, 626 F.3d
11 at 1369. The jury’s verdict of obviousness on claim 3 must be supported by factual findings
12 including the scope and content of the prior art, the level of ordinary skill in the field of the
13 invention, the differences between the claimed invention and the prior art, and any objective
14 evidence of nonobviousness. Retractable Techs., 653 F.3d at 1310. In deciding a motion for
15 judgment as a matter of law, the Court reviews the jury’s underlying factual findings on the
16 obviousness of claim 3 for substantial evidence. Bard, 670 F.3d at 1186. The Court then
17 determines whether the jury’s underlying factual findings support the legal conclusion that
18 claim 3 is obvious. Lucent Techs., 580 F.3d at 1309-10.

19 **A. Evidence Regarding the Obviousness of the Full Bore Limitation of Claim 3**

20 Claim 3 is a dependent claim that adds a “full bore” limitation to the wellhead
21 assembly of claims 1 and 2. (Ex. JX1.16.) At the jury trial, Mr. Robert Meeks, Duhn Oil’s
22 validity expert, explained that a “full bore” wellhead assembly has a production tubular
23 member, an annular lip, and a production casing that all “have equal bores or equal size holes
24 through them.” (Doc. No. 690 at 127.) The other testifying witnesses agreed with Mr.
25 Meeks’ explanation of full bore. (See id. at 97; 691 at 265-66; 692 at 84; 694 at 187; 695 at
26 38.)

27 At the jury trial, the witnesses provided testimony about the general state of the art and
28 specifically analyzed whether two prior art references, the '993 patent (Ex. JX6) and the '94
29 catalog (Ex. DX-A), invalidate the '925 patent claims. For example, Mr. Thomas Taylor, an
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1 engineer at Cameron, testified that the full bore feature of claim 3 was generally known in the
2 art before the '925 patent was filed:

3 The -- at that time [prior to 2001], people were starting to look at the need for
4 a full bore frac mandrel, so to speak. The tree saver wasn't full bore So
5 the early frac mandrel, so to speak, were not full bore So in -- around
6 2000 or '99, something like that, there became interest in a full bore frac
7 mandrel.

8 (Doc. No. 691 at 186.) Similarly, Mr. John Rogers, a former employee of both Cameron and
9 Duhn Oil, testified that designing wellhead assemblies with full bore capability became an
10 industry standard before the '925 patent was filed:

11 Q. And you're aware that the idea of having a full bore use is an industry
12 standard with regard to wellhead assemblies; isn't that right. . .

13 A. Yes . . .

14 Q. Okay. And Mr. -- Mr. Duhn did not -- or Mr. Duhn, given his experience
15 and his training, certainly was aware of the use of full bore as an industry
16 standard as you were; would you agree?

17 A. As far as wellheads, yes, I believe so.

18 (Doc. No. 694 at 217-218, 220.)

19 The Patent Office also found that the full bore feature of claim 3 was known in the art.
20 Specifically, the Patent Office found that Figure 4 of U.S. Patent No. 5,605,194 anticipates
21 the full bore feature of claim 3. (Ex. JX44.120-121.) In addition, Mr. Gary Devlin,
22 Cameron's invalidity expert, testified that the '993 Dallas patent discloses a full bore device:

23 Q. All right. And can you tell the jury, does this illustrate a full bore device?

24 A. Yes, it does. If you can zoom in, you'll see the three elements of it. See
25 what you can see of it. But the green bore diameter here is essentially the
26 same as the bit guide diameter, which is essentially the same as the -- in this
27 case, the mandrel.

28 (Doc. No. 692 at 84.)

The trial testimony also indicated that a person skilled in the art would be interested
in combining full bore capability with a frac mandrel, a wellhead assembly, in the normal
course of research and development. For example, Mr. Taylor testified that full bore was
known to be a beneficial feature in wellhead assemblies for fracing:

1 So the early frac mandrel[s], so to speak, were not full bore. And so they had
2 a restriction when you're trying to pump high volumes of fluids into the well,
3 this restriction at the Christmas tree is not good. So in -- around 2000 or '99,
4 something like that, there became interest in a full bore frac mandrel.

5 (Doc. No. 691 at 185-86.) Likewise, Mr. George Boyadjieff, an expert witness for Duhn Oil,
6 highlighted the desirability of full bore wellhead assemblies because the full bore feature
7 reduces fluid turbulence in the wellhead:

8 In practical terms, [claim 3] says we've got three diameters and want them to
9 be all the same. And the reason for that is when this frac fluid blasts through
10 where, if the diameter suddenly changes, it will cause a lot of turbulence.
11 And that will make this erosion more rapid than it otherwise would have been.
12 So it is a good practice to us to try to keep a clean through bore through where
13 our frac fluid is going to pass and that's what this claim is attempting to
14 describe.

15 (Doc. No. 693 at 89-90.)

16 After considering the trial evidence and the Court's instructions on the law, the jury
17 found claim 3 obvious. (Doc. No. 668 at 7.) The record indicates that the jury received
18 substantial testimony that full bore wellhead assemblies were well known in the art prior to
19 the filing of the '925 patent. The jury heard testimony that an engineer would design
20 wellhead assemblies with full bore capability in the normal course of research and
21 development. (Doc. Nos. 691 at 185-86; 693 at 7.) As a result, the Court concludes that the
22 record contains substantial evidence to support a finding that adding a full bore feature to a
23 wellhead assembly is an obvious combination.² See Bard, 670 F.3d at 1186 (stating that a
24 court reviews the jury's underlying factual findings, whether explicit or implicit within the
25 verdict, for support by substantial evidence); see also KSR, 550 U.S. at 416 (stating that a
26 patent is likely to be obvious if it merely yields predictable results by combining familiar
27 elements according to known methods).

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²The Court recognizes the substantial efforts of the trial judge who ably presided over the jury trial and granted the new trial on anticipation.

1 **B. Evidence Supporting the Jury’s Implied Finding that the Combination of**
2 **the Full Bore Limitation of Claim 3 and the Limitations of Claims 1 and 2 is Obvious**

3 Claim 3 of the ‘925 patent is dependent upon claims 1 and 2. Thus, claim 3 contains
4 all of the limitations of claims 1 and 2. See Jeneric/Pentron, 205 F.3d at 1383 (“[A]
5 dependent claim, by nature, incorporates all the limitations of the claim to which it refers.”).
6 The jury’s verdict that claim 3 is obvious presumes that the jury found all facts necessary to
7 support its verdict. See McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1359 (Fed. Cir.
8 2001) (stating that the court must presume that “the jury found all facts necessary to support
9 its verdict”). As a result, the Court presumes that the jury resolved the underlying facts
10 necessary to find claim 3 obvious, including that the combination of all limitations from
11 claims 1 to 3 is obvious. See SIBIA Neurosciences, Inc. v. Cadus Pharma. Corp., 225 F.3d
12 1349, 1354 (Fed. Cir. 2000) (providing that the court presumes the jury resolved all factual
13 disputes in favor of the verdict and the court leaves those findings undisturbed as long as they
14 are supported by substantial evidence). Therefore, the Court reviews the record for substantial
15 evidence to support the jury’s finding that the wellhead assembly of claim 3, including its full
16 bore feature and all of the limitations recited in claims 1 and 2, is obvious.

17 At trial, the parties presented evidence regarding the validity of claims 1 and 2 in
18 light of two prior art documents, the ‘94 catalog (Ex. DX-A) and the ‘993 patent (Ex. JX6).

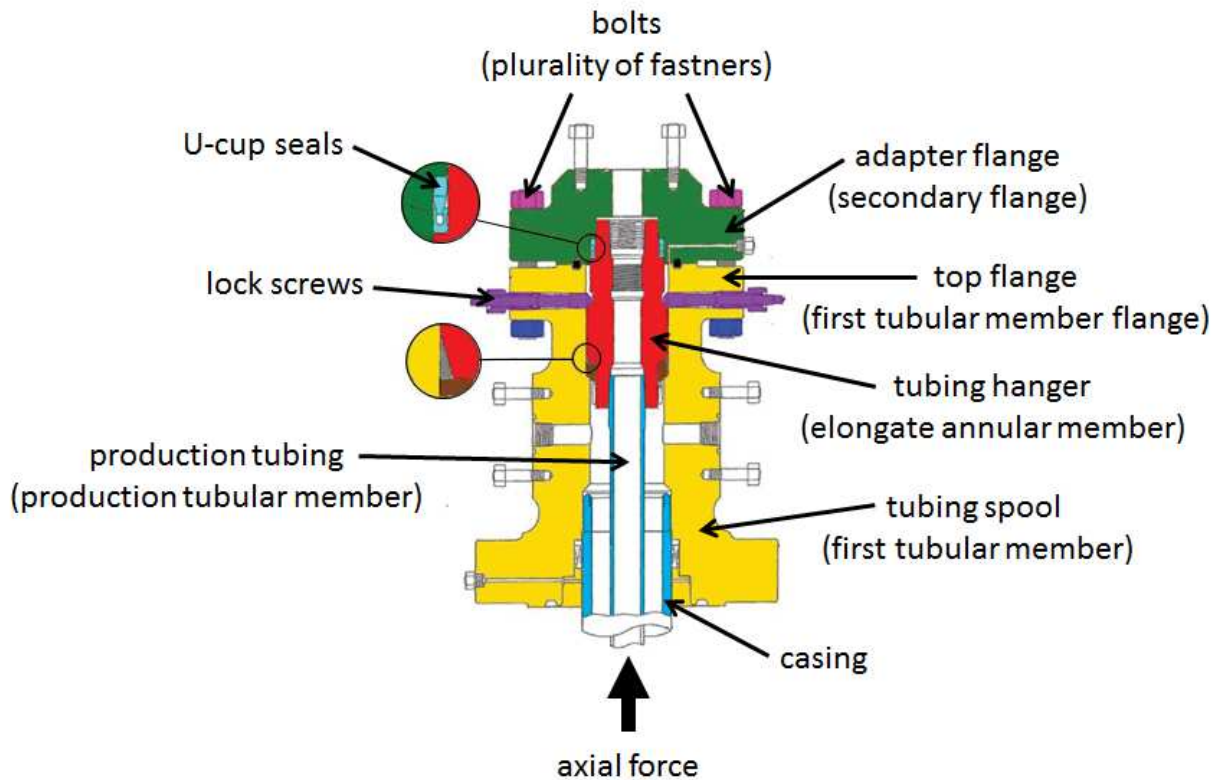
19 **1. The ‘94 Catalog (Ex. DX-A)**

20 After the retrial, this Court concluded that all limitations of claims 1 and 2 are
21 anticipated by Cameron’s ‘94 catalog. (See Doc. No. 762.) This Court issued a detailed order
22 providing a step-by-step analysis of how the ‘94 catalog discloses all features of claims 1 and
23 2. (Id. at 12-19.) In sum, Cameron’s ‘94 catalog discloses a metal-to-body-seal (“MTBS”)
24 tubing spool and hanger that is a wellhead assembly. The MTBS device has a casing and a
25 tubing spool mounted over the casing, satisfying the recited “first tubular member mounted
26 over the casing” of claim 1 of the ‘925 patent. A top flange extends from the tubing spool of
27 the MTBS device, meeting the “first tubular member flange extending from the first tubular

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1 member” limitation of claim 1. The elongated tubing hanger of the MTBS device satisfies the
2 claimed “generally elongate annular member,” as illustrated:

3 **‘94 Catalog Device**
4 (with annotations as to limitations of claim 1)



16
17
18 At the jury trial, Mr. Devlin referred to the ‘94 catalog exhibit (Ex. DX-A) and
19 testified that it discloses an MTBS device that is a wellhead assembly:

20 Q. All right. First of all, is a wellhead assembly comprising a casing.

21 A. Yes, sir, the entire assembly would be the wellhead assembly. The casing
22 in this case is production casing, which is shown right in here. That’s this
piece.

23 (Doc. No. 692 at 94). Mr. Devlin testified that the MTBS device satisfies the recited first
24 tubular member mounted over the casing of claim 1 by stating: “That’s the tubing spool.”

25 (Id.) With reference to the ‘94 catalog exhibit, Mr. Devlin testified that the tubing spool has
26 a top flange extending from the tubing spool: “Here’s the first tubular member flange right
27 here.” (Id.) Mr. Devlin testified that the MTBS device has a generally elongate annular

28 member: “This is the tubing -- the tubing hanger. And it’s elongated.” (Id. at 95.)

1 The MTBS tubing hanger also meets the claimed “generally elongate annular
2 member suspended in the first tubular member, said annular member having a first end portion
3 extending above the first tubular member and a second end portion below the first end
4 portion” of claim 1. (Ex. JX1.) For example, the tubing hanger is suspended in the tubing
5 spool by the adapter flange. Furthermore, the top portion of the tubing hanger extends above
6 the tubing spool, and the tubing hanger has a bottom portion below its top portion. In
7 addition, the production tubing is in vertical alignment with the tubing hanger, satisfying the
8 “production tubular member aligned with the elongate annular member” limitation of
9 claim 1. (See above illustration; see also Doc. No. 762 at 14.)

10 With reference to the ‘94 catalog exhibit (Ex. DX-A), Mr. Devlin testified at the jury
11 trial that the MTBS device discloses the claimed “generally elongate annular member
12 suspended in the first tubular member, said annular member having a first end portion
13 extending above the first tubular member and a second end portion below the first end
14 portion” of claim 1:

15 This is the tubing -- the tubing hanger. And it’s elongated. And you can see
16 that it extends -- there’s a portion that extends above the flange and there’s a
portion that extends below the flange. All in this area here.

17 (Doc. No. 692 at 95.) Still referring to the ‘94 catalog exhibit, Mr. Devlin testified that the
18 production tubing is in vertical alignment with the tubing hanger: “Again, this is the
19 production tubing and it’s aligned with the elongate tubular member.” (Id. at 96.)

20 The MTBS device has an adapter flange suspended from the tubing hanger, satisfying
21 the recited “secondary flange extending from the elongate annular member” of claim 1. (Doc.
22 No. 762 at 14.) The MTBS device shows a number of bolts fastening the adapter flange and
23 the top flange of the tubing spool. The adapter flange is a secondary flange having a plurality
24 of fasteners with the necessary claim elements. Therefore, the MTBS device also meets the
25 “plurality of fasteners fastening the secondary flange to the first tubular member flange.”

26 At the jury trial, Mr. Devlin referred to the ‘94 catalog exhibit (Ex. DX-A) and
27 testified that it discloses a secondary flange extending from the elongate annular member:
28 “That would be the tubing head adapter right here.” (Doc. No. 692 at 95.) Again referring

1 to the '94 catalog exhibit, Mr. Devlin testified that the MTBS device discloses a plurality of
2 fasteners fastening the secondary flange to the first tubular member flange: "Those fasteners
3 would be right here. You can see the nuts here." (Id.)

4 Turning to the "wherein" clause of claim 1, both parties identified this clause as the
5 critical feature for distinguishing claim 1 from the prior art. For example, Mr. Meeks
6 highlighted the importance of the wherein clause when, in response to the question of whether
7 the dual load pathway is "the whole issue in this case," he affirmatively answered, "That's
8 correct." (Doc. No. 691 at 70.) The trial court construed the wherein clause as requiring a
9 "dual load path," meaning that there must be an independent force path between the claimed
10 elongate annular member and each of the two flanges. (Doc. No. 660 at 75.)

11 The '94 catalog discloses a dual load path device. (Doc. No. 762 at 16-19.)
12 Specifically, the '94 catalog MTBS device has a tubing hanger in contact with lock screws
13 that causes a force to be reacted in the tubing spool flange, constituting a first load path. (Id.
14 at 16.) The '94 catalog MTBS device also has a metal U-cup seal assembly that transfers a
15 force into the adapter flange, providing a second load path. (Id. at 16-19.) Because the
16 MTBS device has two independent load paths, the '94 catalog anticipates the dual load
17 pathway required by the wherein clause of claim 1. (Id.)

18 Mr. Devlin provided testimony to the jury that the '94 catalog meets the wherein
19 clause of claim 1. (Doc. No. 692 at 97.) Specifically, Mr. Devlin testified the '94 catalog
20 discloses a dual load pathway device because the device has a set of engaged lock screws and
21 a seal assembly, each of which transfers a force into a flange. (Id.) Mr. Meeks disagreed.
22 Mr. Meeks testified that the lock screws on the '94 catalog device react the entire axial force
23 into the tubing hanger such that seal assembly does not react an axial force into a flange.
24 (Doc. No. 695 at 91-92.) But the testimony of Mr. Devlin provides substantial evidence that
25 the '94 catalog discloses a dual load pathway device that meets the wherein clause. See
26 Wallace, 479 F.3d at 624 (providing that a court "must disregard all evidence favorable to the
27 moving party . . . [and the] evidence must be viewed in the light most favorable to the
28 nonmoving party" while reviewing a jury's verdict).

1 The prosecution history of the '925 patent presented at the trial and retrial further
2 demonstrates the importance of the wherein clause to the validity of claim 1. In the originally
3 filed patent application, claim 1 did not contain the wherein clause. (Ex. JX44.325.) The
4 Patent Office rejected the original version of claim 1 for anticipation by U.S. Patent Nos.
5 5,605,194 and 6,688,386. (Ex. JX44.119-124.) In response to the rejection, the applicant
6 amended claim 1 to include the wherein clause. (Ex. JX44.71-72.) After the wherein clause
7 was added, the Patent Office found claim 1 and its dependent claims to be patentable. (Ex.
8 JX44.55.) The jury heard testimony from Mr. Devlin summarizing the prosecution history
9 of claim 1 and the addition of the wherein clause. (See, e.g., Doc. No. 692 at 44-46.) After
10 summarizing the prosecution history of claim 1 and comparing each limitation of claim 1 with
11 the '94 catalog and the '993 patent, Mr. Devlin provided his opinion that claim 1 is invalid.
12 (Id. at 79, 97, 125.) This is consistent with his credible testimony at the retrial that claim 1
13 was invalid because the '94 catalog discloses a dual load path device. (Doc. No. 754 at 218-
14 19.) The Court concludes that the jury had substantial evidence to decide that claim 3,
15 including all the limitations of claim 1, is obvious.

16 Turning to claim 2, this claim adds a limitation that “the first tubular member
17 comprises an inner surface having an annular lip, wherein said annular lip extends between
18 the elongate annular member second end portion and a portion of the production tubular
19 member.” (Ex. JX1.16.) This limitation is anticipated by the '94 catalog. (See Doc. No. 762
20 at 19.) For example, the '94 catalog device has a tubing spool with an inner surface and an
21 annular lip. (Id.) The annular lip extends from the bottom portion of the tubing hanger
22 between a portion of the production tubing, satisfying the limitations of claim 2. (Id.)

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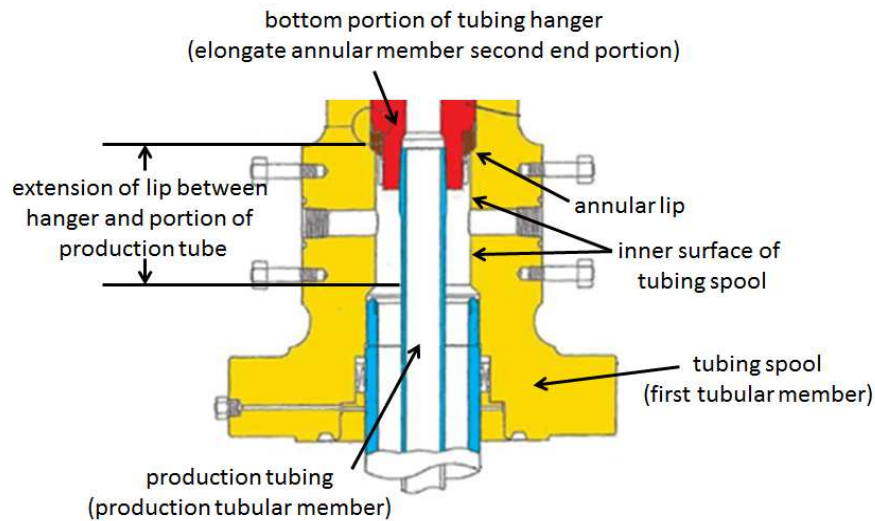
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'94 Catalog Device
(with annotations as to limitations of claim 2)



12 In sum, this Court concluded at the retrial that claims 1 and 2 are invalid for
13 anticipation by Cameron's '94 catalog because the MTBS device discloses all of the
14 limitations of these claims. (Doc. No. 762.) Furthermore, the Court agrees with the jury that
15 claim 3 is obvious in light of Cameron's '94 catalog. See KSR, 550 U.S. at 416 (providing
16 that a patent is likely to be obvious if it merely yields predictable results by combining
17 familiar elements according to known methods).

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2. The '993 Patent

24 At the jury trial, Cameron also asserted the '993 patent as a prior art reference to
25 invalidate the claims of the '925 patent. The '993 patent discloses a wellhead device for
26 protecting a blowout preventer for use in oil and gas wells. (Ex. JX6.) Several witnesses
27 testified at the jury trial about the differences between the '925 patent and the '993 patent.
28 In particular, Mr. Devlin testified that Figure 3 of the '993 patent discloses a full bore device
that invalidates claim 3 of the '925 patent:

Q. All right. And can you tell the jury, does [Figure 3 of the '993 patent] illustrate a full bore device?

A. Yes, it does. If you can zoom in, you'll see the three elements of it. See what you can see of it. But the green bore diameter here is essentially the same as the bit guide diameter, which is essentially the same as the -- in this case, the mandrel.

Q. All right. So does that meet the limitations in claim 3 of '925 patent?

1 A. Yes, sir, it does.

2 Q. . . . So do you have an opinion, then, as to whether the -- whether claim
3 of the '925 patent is valid in light of the '993 Dallas patent?

4 A. I believe the Duhn claim 3 is invalid in light of the Dallas patent.

5 (Doc. No. 692 at 84.) Therefore, the jury heard testimony that the combination of the full bore
6 feature of claim 3 with wellhead assemblies was known in the prior art based on the teachings
7 of the '993 patent.

8 Mr. Devlin also provided detailed testimony that the '993 patent meets each
9 limitation of claim 1, including the wherein clause. (Id. at 71-74.) With respect to the
10 wherein clause, Mr. Devlin explained that the '993 patent discloses a device with a dual load
11 pathway because “[i]n the first tubular member flange, you have lock screws” and “[i]n the
12 second -- the secondary flange, you have this . . . adjustment . . . that captures the load.” (Id.
13 at 74.)

14 Mr. Devlin testified that if the lock screws on the '993 patent device are not run in,
15 then the device lacks a dual load pathway. (Doc. No. 695 at 95.) In contrast, Mr. Meeks
16 testified that the '993 patent is materially distinguishable from the '925 patent because the
17 '993 patent does not disclose a direct connection between the secondary flange and the tubing
18 head flange. (Doc. No. 691 at 93-95.) Mr. Meeks testified that a direct connection between
19 the flanges is required to operate the claimed device of the '925 patent:

20 Q. Okay. So the fact that there is a direct connection between the secondary
21 flange and the tubing head flange, would you consider that to be important to
22 the invention?

23 A. That's required of this invention.

24 (Id. at 95.) Mr. Devlin agreed that the '993 patent does not have a direct connection between
25 the flanges. (Id. at 112-113.) But Mr. Devlin testified that the '993 patent invalidates the
26 '925 patent because the '925 patent claims do not require a direct connection. (Doc. No. 692
27 at 77-78.) At most, the jury heard conflicting testimony regarding whether the '993 patent
28 invalidates the '925 patent and concluded that claim 3 was obvious. See Wallace, 479 F.3d
at 624 (providing that a court “must disregard all evidence favorable to the moving party

1 . . . [and the] evidence must be viewed in the light most favorable to the nonmoving party”
2 while reviewing a jury’s verdict). After reviewing the record, the Court concludes that the
3 jury’s finding of invalidity for the asserted ‘925 patent claims is supported by substantial
4 evidence. Id.

5 Turning to claim 2, Mr. Devlin also testified that the ‘993 patent meets each
6 limitation of claim 2. (Doc. No. 692 at 82-83.) Mr. Devlin testified that claim 2 is invalid in
7 light of the ‘993 patent:

8 Q. And what is the additional element that is added here in claim 2?

9 A. In this case, it’s a lip on the inside of the tubing spool

10 Q. Do you have an opinion as to whether all of the limitation cited in claim 2
11 are found in the Dallas ‘993 patent?

12 A. Yes, I do. They’re cited. They’re cited there.

13 Q. Do you have an opinion, then, as to whether or not claim 2 of the ‘925
14 patent is valid in light of the ‘993 Dallas patent?

15 A. It would be my opinion that it’s invalid.

16 (Id.)

17 In summary, the record contains detailed testimony regarding the invalidity of claims
18 1 and 2 in light of the prior art. For example, the jury heard testimony comparing the ‘94
19 catalog and the ‘993 patent with the claims of the ‘925 patent. The jury was presented with
20 testimony about the prosecution history of claim 1 and the importance of the wherein clause
21 to the validity of the ‘925 patent claims. The jury heard conflicting testimony of expert
22 witnesses as to the presence of a dual load path device in the prior art. The Court presumes
23 that the jury resolved the underlying factual disputes of obviousness in favor of the verdict
24 and leaves those presumed findings undisturbed because they are supported by substantial
25 evidence. See Jurgens, 927 F.2d at 1557. After reviewing the record, the Court concludes
26 that the jury had substantial evidence to support factual findings on the invalidity of claim 3.
27 See Bard, 670 F.3d at 1186 (stating that a court reviews the jury’s underlying factual findings,
28 whether explicit or implicit within the verdict, for support by substantial evidence).

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1 **C. Evidence Supporting the Level of Skill and Secondary Considerations**

2 Factual findings on obviousness include the level of skill in the art and secondary
3 considerations of obviousness. Graham, 383 U.S. at 17-18. The record contains testimony
4 relevant to a factual finding on the level of ordinary skill in the art. For example, Mr.
5 Boyadjieff testified about the general qualifications of a professional engineer. (Doc. No. 693
6 at 42, 71). The record also contains testimony relevant to secondary obviousness
7 considerations. For example, Mr. Duhn testified that the ‘925 patent’s technology was
8 commercially successful because the claimed wellhead assembly is lighter, easier to install,
9 creates a safer work place, and can be left on the well for longer periods of time than previous
10 wellheads. (Doc. Nos. 689 at 72-74; 690 at 97.) Mr. John O’Bryan, Jr. testified that the
11 technology at issue provided a “very profitable product.” (Doc. No. 693 at 186.) Thus, the
12 record contains substantial evidence to support factual findings on the level of skill in the art
13 and secondary considerations of obviousness underlying a conclusion that the ‘925 patent
14 claims are obvious. Bard, 670 F.3d at 1186.

15 **D. Conclusion Regarding the Jury’s Verdict that Claim 3 is Obviousness**

16 The Court concludes that the jury’s verdict finding claim 3 to be obvious is supported
17 by substantial evidence on the scope and content of the prior art, the level of ordinary skill in
18 the field of the invention, the differences between the claimed invention and the prior art, and
19 any objective evidence of nonobviousness. Retractable Techs., 653 F.3d 1310. For example,
20 the jury received detailed testimony regarding how the ‘94 catalog and the ‘993 patent meet
21 each limitation of claims 1 and 2. Because an anticipatory reference usually renders a claim
22 invalid as obvious, the jury had substantial evidence to support its implied finding that the
23 limitations of claims 1 and 2 are obvious. See Cohesive Techs., 543 F.3d at 1364 (“[P]rior
24 art references that anticipate a claim will usually render that claim obvious”).
25 Furthermore, the jury heard testimony that the full bore limitation of claim 3 was an industry
26 standard at the time the ‘925 patent was filed and that an engineer would want to design a
27 wellhead assembly with full bore capabilities. See KSR, 550 U.S. at 416 (providing that the
28 combination of familiar elements is likely obvious when it yields predictable results).

1 In granting judgment as a matter of law that the '925 patent claims were nonobvious,
2 the trial judge indicated that Cameron failed to establish a prima facie case of obviousness
3 because the record lacked evidence on whether a skilled artisan would have been motivated
4 to combine the prior art references to arrive at the claimed device of the '925 patent. (Doc.
5 No. 706 at 56.) The Supreme Court rejected a rigid application of a teaching suggestion or
6 motivation test to the question of obviousness. KSR, 550 U.S. at 415. Instead, the Supreme
7 Court stated that the question of obviousness requires an "expansive and flexible approach."
8 Id. Therefore, the record need not contain explicit testimony on the narrow issue of whether
9 a skilled artisan would be motivated to combine the prior art references for the jury to find
10 claim 3 obvious. The jury was permitted to take a flexible approach in reaching its conclusion
11 of obviousness based on entirety of the testimony received throughout the trial. Accordingly,
12 this Court determines that the record supports a finding of obviousness under KSR. The trial
13 judge also indicated that the record was insufficient to support an obviousness determination
14 because the prior art did not suggest using lock screws rated for 5,000 psi to secure a frac
15 mandrel. (Doc. No. 706 at 57-58). Significantly, the '925 patent claims do not require a
16 certain psi rating for the lock screws. (Ex. JX1.16.)

17 A reasonable jury could conclude, as this jury did, that it would be obvious to
18 combine the full bore limitation of claim 3 with the limitations of claims 1 and 2. (Doc. No.
19 668 at 7.) The Court presumes that the jury resolved any underlying factual disputes of
20 obviousness in favor of the verdict that claim 3 is obvious and leaves the presumed findings
21 undisturbed if they are supported by substantial evidence. See Jurgens, 927 F.2d at 1557.
22 Because the jury's verdict on claim 3 is supported by substantial evidence, the Court reinstates
23 the jury's verdict that claim 3 is obvious and denies Duhn Oil's motion for judgment as a
24 matter of law as to the nonobviousness of claim 3. See Wallace, 479 F.3d at 624 (stating that
25 a court must uphold the jury's verdict if it is supported by substantial evidence).

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1 **VI. Parties' Arguments Regarding Waiver and Nature of the Verdict**

2 Cameron additionally argues that Duhn Oil waived the right to object to the
3 inconsistencies in the jury's verdict because it did not object before the jury was discharged,
4 and further argues that the jury's nonobvious verdict on claim 1 is merely advisory because
5 Cameron only sought declaratory relief as to the validity of claim 1. Because the Court
6 reinstates the jury's verdict of obviousness on claim 3, all of the '925 patent claims at issue
7 are invalid. As a result, the Court need not resolve Cameron's additional arguments that Duhn
8 Oil waived any challenge to the jury's verdict by failing to object and that the jury's verdict
9 on claim 1 was merely advisory.

10 Duhn Oil only asserted dependent claims at trial, while Cameron sought declaratory
11 relief of invalidity for nonasserted independent claim 1 and the asserted dependent claims.
12 The jury found that dependent claims 2, 3, 4, 5, 19, and 29 were invalid as obvious, but that
13 independent claim 1 was not proved to be obvious. (Doc. No. 668 at 7.) But the legal
14 conclusion that independent claim 1 is obvious is a prerequisite to reaching a legal conclusion
15 that dependent claims 2, 3, 4, 5, 19, and 29 are obvious. See Comaper Corp. v. Antec, Inc.,
16 596 F.3d 1343, 1350 (Fed. Cir. 2010) ("A broader independent claim cannot be nonobvious
17 where a dependent claim stemming from that independent claim is invalid for obviousness.").
18 Therefore, the jury's findings on obviousness are inconsistent. Id. ("A broader independent
19 claim cannot be nonobvious where a dependent claim stemming from that independent claim
20 is invalid for obviousness.").

21 The Federal Circuit applies the law of the regional circuit in addressing inconsistent
22 jury verdicts. Wechsler v. Macke Int'l Trade, Inc., 486 F.3d 1286, 1291 (Fed. Cir. 2007);
23 Mycogen Plant Sci., Inc. v. Monsanto Co., 243 F.3d 1316, 1325 (Fed. Cir. 2001). In the
24 Ninth Circuit, "[i]f the jury announces only its ultimate legal conclusions, it returns an
25 ordinary general verdict." Zhang, 339 F.3d at 1031. A jury returns a general verdict if it
26 records its ultimate conclusion on the legal issue obviousness. See e.g., Richardson-Vicks,
27 Inc. v. Upjohn Co., 122 F.3d 1476, 1479 (Fed. Cir. 1997); Callaway Golf Co. v. Acushnet
28 Co., 576 F.3d 1331, 1337 n.4 (Fed. Cir. 2009). A party is required to object to an inconsistent

1 general, but not special, verdict before the jury is dismissed. Zhang, 339 F.3d at 1028-29; see
2 also Home Indem. Co. v. Lane Powell, Moss & Miller, 43 F.3d 1322, 1331 (9th Cir. 1995);
3 Pierce v. Southern Pacific Trans. Co., 823 F.2d 1366, 1370 (9th Cir. 1987) (“Special verdicts
4 . . . are governed by Rule 49(a), which does not require objections before discharge of the
5 jury.”). If a party fails to object before the jury is dismissed, any complaint about an
6 inconsistency in a general verdict is waived. Zhang, 339 F.3d at 1028-29. The Ninth Circuit
7 strictly applies the waiver rule. Id. at 1029. A court should not upset a jury’s general verdict
8 merely because it is legally inconsistent. Id. at 1035; cf. Callaway Golf, 576 F.3d at 1345
9 (applying Third Circuit law).

10 Following the jury’s verdict on obviousness, the trial judge called the parties to side
11 bar and asked for their legal position on the inconsistent verdict. (Doc. No. 698 at 41-42.)
12 Neither party objected to the jury’s verdict and the jury was discharged. (Id.)

13 Cameron argues that Duhn Oil waived the right to object to the inconsistencies in the
14 jury’s verdict because it did not object before the jury was discharged. Zhang, 339 F.3d at
15 1029. Duhn responds against waiver by erroneously claiming that the verdict was a special
16 verdict governed by Federal Rule of Civil Procedure 49(a) and by pointing out that a
17 dependent claim cannot, as a matter of law, be invalid if the independent claim is not invalid.
18 See Richardson-Vicks, 122 F.3d at 1479; Callaway Golf, 576 F.3d at 1337 n.4; Comaper, 596
19 F.3d at 1350. The Court need not address the issue of waiver because all of the ‘925 patent
20 claims at issue are invalid.

21 In addition, Cameron argues that the jury’s nonobvious verdict on claim 1 is merely
22 advisory because Cameron only sought declaratory relief concerning the validity of claim 1
23 and Duhn Oil did not assert infringement of claim 1. In re Tech. Licensing Corp., 423 F.3d
24 1286, 1290 (Fed. Cir. 2005). Post-trial, Duhn Oil initially agreed that the verdicts on
25 obviousness were advisory based on the final pretrial order that limited the jury to decide
26 willfulness and “other issues to which the entitlement exists as a legal right.” (Doc. Nos. 468
27 at 1-2; 681 at 15-16.) Since the Court reinstates the jury’s verdict that claim 3 is obvious as

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1 supported by substantial evidence, the Court need not decide Cameron’s arguments
2 concerning the advisory nature of the jury’s verdict on claim 1.

3 **V. Damages**

4 The jury found Cameron liable for infringing dependent claims 2, 3, 5, 19, and 29 of
5 the ‘925 patent, and for contributory infringement of claims 2, 3, 5, and 29, but not claim 19.
6 (Doc. No. 668.) The jury awarded \$5,909,975 in lost profits and \$2,750,000 in royalties. (*Id.*)
7 All of the asserted claims of the ‘925 patent are invalid for anticipation or obviousness. (*Id.*;
8 Doc. No. 762.) Cameron challenges the jury’s award of lost profit damages as unwarranted
9 under the Panduit factors.³ Panduit Corp. v. Stahl Bros. Fibre Works, Inc., 575 F.2d 1152,
10 1156 (6th Cir. 1978). Additionally, Cameron challenges that the reasonable royalty award
11 violates the entire market value rule because the jury did not allocate damages to claim 3, the
12 only asserted claim that is not anticipated by the prior art. Uniloc USA, Inc. v. Microsoft
13 Corp., 632 F.3d 1292, 1318 (Fed. Cir. 2011).⁴ In contrast, Duhn Oil asks the Court to enter
14 judgment in the amount of the jury’s verdict.

15 A party is not entitled to damages on invalidated claims. See Medtronic Inc. v.
16 Cardiac Pacemakers, Inc., 721 F.2d 1563, 1583 (Fed. Cir. 1983) (“[A]n invalid claim cannot
17 give rise to liability for infringement.”). Therefore, Cameron cannot be liable for damages
18 on the invalidated claims of the ‘925 patent. Accordingly, the Court vacates the jury’s
19 damage award.

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24 ³ The Panduit test permits recovery of lost profits if the patent holder establishes: “(1) demand for the
25 patented product; (2) absence of acceptable non-infringing substitutes; (3) manufacturing and marketing
26 capability to exploit the demand; and (4) the amount of profit it would have made.” Rite-Hite Corp. v. Kelley
Co., Inc., 56 F.3d 1538, 1545 (Fed. Cir. 1995).

27 ⁴ For the entire market value rule to apply, the patentee must prove that the patent-related feature is the
28 basis for customer demand. Uniloc, 632 F.3d at 1318. If a patentee fails to show application of the entire
market value rule, then the patentee must apportion between “the patented feature and the unpatented features.”
Garretson v. Clark, 111 U.S. 120, 121 (1884).

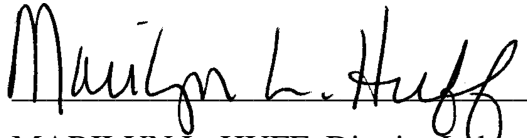
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Conclusion

The Court has thoroughly reviewed the record and given careful consideration to the issues and arguments raised by the parties and to the dedicated work of the trial judge. After the retrial on anticipation, the Court grants Cameron’s motion for reconsideration, reinstates the jury’s verdict that claim 3 is obvious, denies Duhn Oil’s motion for judgment as a matter of law of nonobviousness of claim 3, and vacates the damage award.

IT IS SO ORDERED.

DATED: May 7, 2012



MARILYN L. HUFF, District Judge
UNITED STATES DISTRICT COURT