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Article

**PERMANENT INJUNCTIONS AFTER EBAY V. MERCEXCHANGE: THE YEAR IN REVIEW**

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### **\*418 I. Introduction**

The Supreme Court decision in *eBay Inc. v. MercExchange, L.L.C.* redefined permanent injunction jurisprudence in patent law.<sup>1</sup> Prior to the *eBay* decision, a patentee enjoyed a presumption of irreparable harm that typically predominated the permanent injunction analysis.<sup>2</sup> This presumption created a “general rule” that a permanent injunction will issue when a patent is infringed and valid.<sup>3</sup> Only in exceptional circumstances, such as public health issues, were **\*419** injunctions denied.<sup>4</sup> *eBay* dispensed with the presumption of irreparable harm and dictated that courts must apply the traditional four-factor test for determining whether an injunction is appropriate.<sup>5</sup> Although the *eBay* decision significantly changed the methodology for permanent injunction analysis, commentators were split on whether the results would be significantly different. Consistent with Chief Justice Roberts’ concurrence in *eBay*, some commentators predicted that permanent injunctions would remain the norm because the most basic right of a patent is the right to exclude and permanent injunctions are necessary to preserve that right.<sup>6</sup> Other commentators predicted that eliminating the presumption of irreparable harm would result in fewer permanent injunctions.<sup>7</sup>

In the year since *eBay* was decided, there have been 23 published decisions by trial courts applying the *eBay* decision in a patent permanent injunction context.<sup>8</sup> Based on that sample of cases, *eBay* has significantly impacted the results of permanent injunction cases. The most significant impact is the effect of competition between the parties on the decision to grant or deny a permanent injunction.<sup>9</sup> In cases that involve competition-related injuries--such as lost market share, lost profits and price erosion--irreparable harm has been typically found and injunctions granted. In contrast, in cases that do not involve competition-related injuries, injunctions have been typically denied. Thus, in all but one case in which the patentee actively competed in the market for the infringing product, a permanent injunction was granted.<sup>10</sup> In the lone exception, the plaintiff alleged competition-related injuries but failed to proffer sufficient evidence to prove that the injuries were irreparable.<sup>11</sup> Similarly, in all but one post-*eBay* case in which the patentee did not actively compete in the market for the infringing product, a permanent injunction was denied.<sup>12</sup> In the exceptional case, the patentees’ subsidiary competed in the market and the court found that the patentee suffer irreparable harm based on the subsidiaries’ harm.<sup>13</sup> These and other impacts and **\*420**

trends are discussed in reference to the cases that have applied eBay in the patent permanent injunction context.<sup>14</sup>

This article is organized into six parts. Part II reviews the Supreme Court's eBay decision and its background. The impacts and trends in post-eBay patent permanent injunction cases are discussed in Part III. Part IV examines the methodologies that the courts have used to determine post-infringement damages. The cases in which permanent injunctions were denied and the cases in which permanent injunctions were granted are discussed in Parts V and VI, respectively.

## II. The eBay Decision

eBay Inc. (eBay) operates a well-known internet website in which sellers list products for sale either by auction or at a fixed price.<sup>15</sup> MercExchange, L.L.C. (MercExchange) sued eBay for patent infringement in the United States District Court for the Eastern District of Virginia in 2001.<sup>16</sup> MercExchange alleged that eBay's fixed price sales feature--"Buy It Now"--infringed its patents related to internet-based consignment shops.<sup>17</sup> At trial, the jury found that eBay willfully infringed MercExchange's patents.<sup>18</sup> The court awarded damages to MercExchange, but denied MercExchange's request to enter a permanent injunction because MercExchange was willing to license its patents and had not practiced its patents commercially.<sup>19</sup> MercExchange appealed to the United States Court of Appeals for the Federal Circuit (the Federal Circuit), which reversed the denial of the permanent injunction.<sup>20</sup> The Federal Circuit applied the "general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances."<sup>21</sup>

The Supreme Court granted certiorari, vacated the permanent injunction, and remanded to the district court.<sup>22</sup> The Court held that there is no justification for a special permanent injunction rule in patent cases.<sup>23</sup> Instead, a plaintiff seeking a permanent injunction must satisfy the traditional four-factor test for equitable relief, which requires the plaintiff to demonstrate:

\*421 (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.<sup>24</sup>

The Supreme Court also held that the application of the test is not susceptible to broad categorical rules, and both the district court and the Federal Circuit erred in its application.<sup>25</sup> The district court erred by suggesting that injunctions are inappropriate for "a broad swath of cases," such as plaintiffs willing to license their patents and plaintiffs that do not commercially practice their patents.<sup>26</sup> On the other side, the Federal Circuit erred by establishing a general rule that a permanent injunction will issue in patent disputes absent exceptional circumstances.<sup>27</sup>

The Supreme Court's decision was unanimous, but the two concurring opinions take seemingly divergent views on the situations in which a permanent injunction should issue. Chief Justice Roberts, joined by Justices Scalia and Ginsburg, argued for a low bar for injunctions and noted the long tradition of granting permanent injunctions in patent cases and the difficulty of protecting the right to exclude through monetary damages.<sup>28</sup> Justice Kennedy, joined by Justices Stevens, Souter, and Breyer, argued for a higher bar for injunctions in certain cases.<sup>29</sup> Justice Kennedy's concurrence emphasized that circumstances have changed in patent suits, and injunctions may not be appropriate in some circumstances, such as where firms use patents primarily to obtain licensing fees and when the patented invention is merely a small component of the accused product.<sup>30</sup>

## III. Impacts and Trends

Several impacts and trends are identifiable from the body of cases applying eBay to patent permanent injunction cases. The most significant trend is the effect of competition between the parties on the decision to grant or deny a permanent injunction. Additionally, the cases show that a patentee must rely on its own harm rather than harm of its licensees, and the "irreparable harm" and "inadequate remedies at law" factors dominate the permanent injunction analysis.

### \*422 A. Competition

Of the 23 post-eBay decisions, 17 permanent injunctions were granted and 6 permanent injunctions were denied.<sup>31</sup> In all but one case in which a permanent injunction was granted, the parties directly competed in the market for the infringing

product.<sup>32</sup> In contrast, in all but one case in which a permanent injunction was denied, the parties did not directly compete in the market.<sup>33</sup> With the exception of one aberrant case, issues related to whether or not the parties directly competed were the primary issues determining the decision to grant or deny the injunction.<sup>34</sup>

It is too simplistic to view a single factor, such as competition, as controlling the permanent injunction analysis. Indeed, broad categorical rules, such as one that would render the existence of competition dispositive, were expressly rejected by the Supreme Court.<sup>35</sup> However, the factors that have influenced the decision to grant or deny a permanent injunction in the post-eBay cases are closely related to whether the patentee is competing in the market. The primary reasons cited for granting permanent injunctions in the post-eBay cases were: loss of market share, lost profits, loss of brand name recognition, price erosion, and loss of reputation as a market leader or innovator.<sup>36</sup> These types of harm are viewed as difficult to calculate and thus irreparable.<sup>37</sup> Each of these factors is typically associated with competition in the market. Thus, a patentee competing in the market is likely to suffer loss of market share, lost profits, price erosion, and/or loss of reputation; while a patentee that does not compete in the market is unlikely to suffer these types of uncompensable harm. Accordingly, the outcome of the permanent injunction analysis often correlates with competition in the market even though it would be error to categorically determine that competition is the touchstone of the permanent injunction analysis.

The courts have not been swayed by the argument that the patentee's right to exclude is sufficient to show irreparable harm.<sup>38</sup> The courts have relied on **\*423** the Supreme Court's statement that "the creation of a right is distinct from the provision of remedies for violations of that right."<sup>39</sup> For example, the court in *z4 Technologies, Inc. v. Microsoft Corp.* noted that "a violation of the right to exclude does not inevitably lead to the conclusion that a patent holder cannot be adequately compensated by remedies at law such as monetary damages without first applying the principles of equity."<sup>40</sup>

The effect competition has played in the permanent injunction analysis was recognized by the district court in *Transocean Offshore Deepwater Drilling, Inc. v. GlobalSantaFe Corp.*<sup>41</sup> *Transocean* and *GlobalSantaFe* (GSF) were competitors in the business of deep water oil drilling rigs.<sup>42</sup> GSF was found to infringe *Transocean's* patents related to dual-activity deep water oil drilling rigs.<sup>43</sup> *Transocean* argued that a permanent injunction was necessary because the market for deep water drilling rigs is small and developing, and GSF uses the patented invention to compete against and win contracts from *Transocean*.<sup>44</sup> For its part, GSF argued that no injunction should issue because the patented features do not influence customers' decisions.<sup>45</sup> The district court granted the injunction and noted that "GSF has not cited any case in which a continuing infringer in direct competition with a patent holder has not been permanently enjoined from using the patented invention to compete against the patent holder."<sup>46</sup> GSF cited two post-eBay cases in which permanent injunctions were denied,<sup>47</sup> but the district court **\*424** noted that in both of those cases the patentee neither "made nor marketed their inventions."<sup>48</sup>

Two decisions issued by the same judge on successive days, but reaching different results, provide an instructive example of the part competition can play in post-eBay permanent injunction cases. In *Paice LLC v. Toyota Motor Corp.*, Judge Folsom, in the Eastern District of Texas, issued an order denying the patentee's request for a permanent injunction.<sup>49</sup> On the next day, Judge Folsom issued an order granting a permanent injunction in *TiVo Inc. v. Echostar Communications Corp.*<sup>50</sup> In *TiVo*, the court held that loss of market share in the burgeoning digital video recorder market was the "key consideration in finding that the patentee suffers irreparable harm."<sup>51</sup> In *Paice*, the same court denied the permanent injunction and noted that because the patentee "does not compete for market share with the accused vehicles, concerns regarding loss of brand name recognition and market share similarly are not implicated."<sup>52</sup> Thus, the potential for loss of market share by a patentee competing in the market was one of the primary distinctions between the decision to grant or deny a permanent injunction in these two cases.

The mere fact of competition, however, without some proof of the effect that competition has on the patentee, has been held insufficient to support the grant of a permanent injunction by one court. In *Praxair, Inc. v. ATMI, Inc.*, the court denied the injunction even though the patentee and the infringer were direct competitors because the plaintiff had failed to meet its burden of proof under *eBay*.<sup>53</sup> *Praxair*, the patentee, had alleged that it would lose market share, profits, goodwill, and research opportunities, but failed to provide data to support this contention or to describe what market share, customers, etc. it lost to the infringing defendant.<sup>54</sup> The mere allegation of these types of harm was held insufficient to establish irreparable injury and inadequacy of money damages.<sup>55</sup> In denying the injunction, the court did not minimize the effect that the competition between *Praxair* and the defendant had on its decision.<sup>56</sup> Rather, the court found that *Praxair* had not adequately proved how the competition impacted it.<sup>57</sup> The court invited *Praxair* to re-file the motion for a permanent injunction after a decision on the **\*425** pending appeal.<sup>58</sup> This case serves as a caution to any plaintiff who would rely solely on the fact of direct competition to obtain a permanent injunction. Failing to provide the court details or evidence on how competition causes irreparable harm could lead to denial of permanent injunctive relief.

All but one of the post-eBay permanent injunction cases discuss factors associated with competition as part of the permanent injunction analysis. In *Telequip Corp. v. Change Exchange*, the patentee sued four defendants including Seoul Information Industrial, Inc. (Seoul), which failed to file an answer.<sup>59</sup> A default judgment was entered and a permanent injunction was granted against Seoul.<sup>60</sup> The determination of whether an injunction should issue was based solely on the allegations in the complaint, which included an allegation that the patentee will suffer irreparable harm.<sup>61</sup> Both the complaint and the patentee's motion for a permanent injunction were filed before the Supreme Court's decision in *eBay*.<sup>62</sup> Thus, the court was not briefed on the Supreme Court decision and the court based its decision to grant the injunction largely on the allegations in the complaint and the inadequacies of monetary damages to compensate for the statutory right to exclude.<sup>63</sup> Because of the posture of this case, its precedential value is questionable.

In sum, the sample of cases available is still relatively small, but based on the permanent injunction cases to date, factors associated with competition--such as lost market share, lost profits, loss of brand recognition, price erosion, and loss of reputation--will be primary considerations in permanent injunction analyses. Due to these factors, it is likely to be difficult for a patentee not competing in the market to obtain an injunction, and it is likely that a patentee competing in the market will obtain an injunction.

## **B. The Patentee Must Allege Personal Harm**

Another interesting point from the post-eBay cases is that patentees cannot rely on harm to their licensees, but rather must allege their own harm. In three cases, the patentees attempted to rely upon the harm to their licensees rather than their own harm in arguing for a permanent injunction. In one case the patentee \*426 relied upon harm to its exclusive licensee,<sup>64</sup> in the second case the patentee relied upon harm to its non-exclusive licensees,<sup>65</sup> while in the third case the patentee relied on harm to its subsidiary-licensee.<sup>66</sup> In the two cases where the patentees relied on harm to their exclusive and non-exclusive licensees, the courts denied the injunction and held that the patentees must demonstrate personal harm, rather than harm to their licensees. In the case where the patentee relied on harm to its subsidiary-licensee, the court found that harm to the subsidiary harmed the parent, and granted the injunction partially on that basis.

In *Voda v. Cordis Corp.*, the patents-in-suit were exclusively licensed to a non-party--Scimed.<sup>67</sup> *Voda* relied on harm to Scimed to justify the imposition of a permanent injunction.<sup>68</sup> The court held that any harm to Scimed was irrelevant because Scimed elected not to sue to enforce the patent.<sup>69</sup> The court reasoned that because patents have attributes of personal property, "the person seeking a permanent injunction must demonstrate harm from infringement of those rights that is personal as well."<sup>70</sup>

*Voda* also argued that permitting the continuing infringement of the patent would damage *Voda's* relationship with Scimed, his exclusive licensee.<sup>71</sup> The court rejected this argument as well calling it the "other side of the right-to-exclude coin."<sup>72</sup> The court's decision creates an interesting dynamic because it effectively grants a compulsory license to *Cordis*, converting Scimed's exclusive license into a nonexclusive license. Scimed bargained for an exclusive license to the patents-in-suit, and presumably paid a higher royalty rate for that exclusive license than for a non-exclusive license. The court's action effectively devalues Scimed's license without any apparent remedy.

In *Sundance, Inc. v. DeMonte Fabricating Ltd.*, *Sundance* had licensed the patent-in-suit to multiple competitors of *DeMonte*.<sup>73</sup> *Sundance* argued irreparable harm because *DeMonte* competes with *Sundance's* licensees, and those licensees are at a competitive disadvantage due to *DeMonte's* infringing sales.<sup>74</sup> The court rejected *Sundance's* argument and found that the licenses entered by \*427 *Sundance*, and its offer to license the patent-in-suit to *DeMonte* demonstrated that monetary damages were adequate compensation.<sup>75</sup> Unlike the licensee in *Voda*, the licensees in *Sundance* had no expectation of exclusivity. *Sundance's* arguments regarding the competitive disadvantage of its licensees due to *DeMonte's* infringing sales could be addressed by requiring *DeMonte* to pay an ongoing royalty commensurate with the royalty paid by *Sundance's* other licensees.

In *Novozymes A/S v. Genencor International, Inc.*, the court granted a permanent injunction based on harm to the patentee caused by harm to its sole licensee, its wholly-owned subsidiary.<sup>76</sup> *Novozymes*, the parent corporation, granted a non-exclusive license to the patent-in-suit to its wholly-owned subsidiary, *Novozymes of North America, Inc. (NZNA)*.<sup>77</sup> Defendants' infringing products were in direct competition with the patented product sold by *NZNA*.<sup>78</sup> The court reasoned that *Novozymes* would suffer harm even though *Novozymes* did not market the patented product itself, because its subsidiary would suffer a diminution in value due to the competing product. Money damages could not adequately compensate

Novozymes since it could not recover NZNA's lost profits, and Novozymes had a right not to assist its rival to compete with its subsidiary.<sup>79</sup>

The distinction between Novozymes on one hand and Voda and Sundance on the other lies in the fact that Novozymes, unlike the plaintiffs in Voda and Sundance, licensed the patent to its wholly-owned subsidiary. Novozymes was thus able to demonstrate personal harm based on the infringer's competition with its subsidiary-licensee.

These licensee cases demonstrate that licensees should be included as plaintiffs whenever possible. If the exclusive licensee in Voda had been a coplaintiff, it is likely that a permanent injunction would have been entered because the exclusive licensee was in direct competition with the infringer, and likely could have shown loss of market share, lost profits, price erosion, and/or harm to reputation. Still further, it is prudent for exclusive licensees to join in any suits brought by the patentee, lest the court grant a compulsory license to one of the licensees' competitors.<sup>80</sup>

#### **\*428 C. Irreparable Harm Dominates The Permanent Injunction Analysis**

The decisions to grant or deny a permanent injunction in the post-eBay cases have been dominated by the "irreparable harm" and "inadequate remedy at law" factors. The courts have consistently found that the "balance of hardships" factor favors the same party as the irreparable harm and inadequate remedy at law factors. Similarly, with the exception of a few cases in which the court found the "public interest" factor to be neutral, the courts have also found the public interest factor to favor the same party as the irreparable harm and inadequate remedy at law factors. Courts have also taken into account other findings in the case, such as willfulness, in their analysis of the balance of the hardships and public interest factors.<sup>81</sup>

Again, the Paice LLC v. Toyota Motor Corp. and TiVo Inc. v. Echostar Communications Corp. cases, decided by the same judge on successive days, are instructive. In Paice, Judge Folsom found that the irreparable harm and inadequate remedy at law factors favored Toyota--the accused infringer.<sup>82</sup> In finding that the balance of hardships factor also favored the accused infringer, one of the issues cited was the impact of an injunction on related businesses, such as Toyota's dealers and suppliers.<sup>83</sup> In contrast, in TiVo Judge Folsom found that the irreparable harm and inadequate remedy at law factors favored TiVo--the patentee.<sup>84</sup> In finding that the balance of hardships factor also favored the patentee, the court held that the hardship to Echostar's customers and related businesses, such as authorized distributors, was a consequence of infringement and "does not weigh against an injunction."<sup>85</sup> Although the court considered other factors in determining the balance of hardships, the different treatment given to the same issue in these two cases is indicative of the importance of the irreparable harm and inadequate remedy at law factors in the permanent injunction analysis.

### **IV. Post-Verdict Infringement**

The denial of a permanent injunction against a continuing infringer is effectively a grant of a mandatory nonexclusive license.<sup>86</sup> Thus, when a court denies a permanent injunction, the court should determine a remedy for the continuing infringement. Absent a determination of post-verdict damages, the \*429 patentee must institute new actions to recover damages. The courts have taken several different approaches for determining post-verdict damages including: severing the post-verdict damages cause of action, applying the same royalty rates to post-verdict infringement as pre-verdict infringement, and determining a post-verdict royalty rate that differs from the pre-verdict royalty rate.<sup>87</sup>

In z4 Technologies, Inc. v. Microsoft Corp., the court severed the patentee's cause of action for post-verdict infringement and created a new cause of action.<sup>88</sup> The court ordered z4 to file an appropriate complaint within ten days and ordered Microsoft to answer the complaint.<sup>89</sup> The court in Finisar v. DirecTV applied the Georgia-Pacific factors to determine an appropriate royalty for post-verdict infringement of \$1.60 per infringing device.<sup>90</sup> The court recognized that its royalty rate may differ from the royalty rate used by the jury to determine pre-verdict damages.<sup>91</sup> However, the jury's verdict was a lump sum, so a determination of the exact royalty rate was difficult.<sup>92</sup> Also, the award for past infringement was based on a hypothetical negotiation at the time of infringement, and thus may differ from a reasonable royalty at the time of the verdict.<sup>93</sup> In Voda, the patentee requested severing the action for post-verdict damages, but the court denied the request and ordered the defendant to pay the same royalty rate as the jury awarded for pre-verdict damages.<sup>94</sup> Likewise, the court in Paice, without substantial analysis, ordered the defendant to pay the same royalty rate as the jury awarded for pre-judgment damages.<sup>95</sup>

#### **\*430 V. Cases Denying a Permanent Injunction**

### **A. z4 Technologies, Inc. v. Microsoft Corp.**

In the first post-eBay decision from the federal district courts, *z4 Technologies, Inc. v. Microsoft Corp.*, the court refused to grant a permanent injunction.<sup>96</sup> Setting the precedent for the four other cases that have since refused to grant permanent injunctions, the court relied in part on z4's failure to compete with the accused infringer in the marketplace in its decision to deny the permanent injunction.<sup>97</sup> Instead, z4 sought to license its patents to others.<sup>98</sup>

z4 sued Microsoft for patent infringement on two of its patents related to product activation software that limits the unauthorized use of computer software.<sup>99</sup> A jury found that Microsoft had infringed the patents, that the infringement was willful, and that none of the asserted claims in the patents were invalid.<sup>100</sup> The jury awarded \$115 million in damages against Microsoft and \$18 million in damages against its co-defendant.<sup>101</sup>

z4 sought a permanent injunction enjoining Microsoft from making, using, selling, or importing its software products that use product activation software.<sup>102</sup> z4 argued that findings of infringement and validity raise a presumption of irreparable harm, the first element of the four-factor test for permanent injunctions.<sup>103</sup> The court rejected z4's argument. The court found that a presumption was inconsistent with the burden placed on the patentee to prove irreparable harm by the Supreme Court in *eBay*, and the Supreme Court's rejection of categorical rules in applying the traditional principles of equity.<sup>104</sup>

The court engaged in a thorough analysis of the four factors, beginning with irreparable harm. The court found that z4 did not demonstrate that it would suffer irreparable harm without an injunction.<sup>105</sup> After noting that the infringing \*431 technology constituted only a small component of Microsoft's software, the court held that its continued infringement would not hinder z4's ability to sell or market its technology because Microsoft did not produce activation software that it marketed or sold in competition with z4.<sup>106</sup> Furthermore, the court found it unlikely that customers purchased Microsoft products for the infringing functionality.<sup>107</sup> In the absence of an injunction z4 would not be subject to the types of injuries that were often incalculable and irreparable, such as lost profits, the loss of brand name recognition, or the loss of market share.<sup>108</sup> In short, "[t]he only entity z4 is possibly prevented from marketing, selling or licensing its technology to is Microsoft."<sup>109</sup>

The second factor, adequacy of remedies available at law, also militated against z4. The court cited *eBay* in finding that losing the right to exclude alone does not make monetary damages inadequate.<sup>110</sup> The court noted that the right to exclude renders remedies at law inadequate when violating that right saturates the market with competing products, because it is then impossible to determine the damage done.<sup>111</sup> Since z4 was only excluded from selling to Microsoft, the damages could be calculated with reasonable certainty.

When weighing the balance of hardships--the third factor--the fact that the harm was reparable influenced the court's determination.<sup>112</sup> The court found that z4's proposed injunction--enjoining Microsoft from making or selling Windows and Office software products until it could redesign them, and requiring Microsoft to deactivate its current product activation servers--would potentially cause significant hardship to Microsoft.<sup>113</sup> Although the court deemed some of Microsoft's litany of possible hardships speculative, it held that they outweighed the limited and reparable harm z4 would suffer in the absence of an injunction.<sup>114</sup>

The final factor, public interest, also weighed in Microsoft's favor.<sup>115</sup> As the court noted, the public relies on Microsoft's products to an enormous extent, and disruption of their distribution, however minor, would negatively affect the public.<sup>116</sup> The court found no such potential harm to the public in the absence of an \*432 injunction.<sup>117</sup> Even given this, the court held that potential negative effects on the public weigh "even if only slightly" against granting an injunction.<sup>118</sup>

### **B. Finisar Corp. v. DirecTV Group, Inc.**

The next case where the court refused to grant a permanent injunction to a plaintiff with a valid, infringed patent was *Finisar Corp. v. DirecTV Group, Inc.*<sup>119</sup> DirecTV was found to have infringed seven claims of Finisar's patents-in-suit related to satellite television service, and the jury awarded approximately \$79 million in damages, with the court awarding enhanced damages of \$25 million.<sup>120</sup> Finisar owned the patent, but had never licensed it or produced products using the patent.<sup>121</sup>

The satellite television business had only two competitors--DirecTV and EchoStar, a nonparty.<sup>122</sup> The court expressed a concern that if it granted an injunction against DirecTV, it would essentially be granting the other competitor a monopoly on the industry, potentially running afoul of antitrust laws.<sup>123</sup>

The court found no irreparable injury given that Finisar had damages for past and future infringement available to it. The damages awarded sufficed because Finisar had been fully compensated for the past infringement, and the court would implement a compulsory license to compensate Finisar in the future.<sup>124</sup> This was found adequate because “Finisar evidently never had the will nor the means to implement the patent itself.”<sup>125</sup>

The court found that the balance of hardships favored DirecTV because an injunction would negatively impact its employees, as well as all of the people who rely on DirecTV for their satellite television service. Conversely, Finisar would be hard-pressed to show hardship from receiving over \$100 million in damages from a patent that had been “on a shelf for some ten years with no return at all, especially when there hasn’t been a penny invested in its development or implementation after issuance.”<sup>126</sup>

\*433 Finally, the court found that there was no public interest in enjoining DirecTV because an injunction would limit satellite television access for millions of viewers.<sup>127</sup>

### **C. Paice L.L.C. v. Toyota Motor Corp.**

The court in Paice L.L.C. v. Toyota Motor Corp. also refused to grant a permanent injunction.<sup>128</sup> The jury found that defendant Toyota infringed Paice’s patent under the doctrine of equivalents and that the infringement was not willful.<sup>129</sup> The jury awarded damages of \$25 per infringing vehicle sold.<sup>130</sup>

Paice did not compete with Toyota in the marketplace, but sought to license its technology to others.<sup>131</sup> The Paice court, like the z4 court, found this significant in its eBay factor analysis. The court in Paice began its analysis by citing eBay and noting that no presumption of irreparable harm follows an infringement determination.<sup>132</sup> Paice tried to prove that it had been irreparably harmed by showing that the lack of an injunction hampered its efforts to license its technology, but the court attributed Paice’s licensing problems to its own business practices, not the infringement.<sup>133</sup> The court included the second eBay factor in its irreparable harm analysis, noting that “[i]rreparable harm lies only where injury cannot be undone by money damages.”<sup>134</sup> Monetary relief, the court found, would adequately compensate Paice for its losses, and the lack of an injunction would not hinder Paice from continuing its licensing efforts.<sup>135</sup> Finally, “because Plaintiff does not compete for market share with the accused vehicles, concerns regarding loss of brand name recognition and market share similarly are not implicated.”<sup>136</sup>

Analysis of the second factor centered on the contribution of the infringing technology to the Toyota vehicles and whether monetary damages could compensate Paice for lost licensing opportunities.<sup>137</sup> The court showed little sympathy for Paice’s argument that monetary relief instead of injunctive relief could result in lower licensing rates. Instead, the court found that the infringing \*434 technology was a small part of the value of the overall Toyota vehicles, and that compensation for future damages could easily be calculated based on future vehicle sales.<sup>138</sup> Finally, Paice’s offer to license its technology to Toyota did it no favors, since this demonstrated “the adequacy of monetary relief from Plaintiff’s point of view.”<sup>139</sup>

Finding that an injunction would interrupt the business of Toyota and related businesses such as buyers and suppliers as well as cause Toyota hardship in the form of damaging its reputation, the court weighed the balance of hardships in favor of Toyota.<sup>140</sup> The court included in its calculus the possibility that the burgeoning hybrid market could be stifled by the burden and expense of bringing its product to market, a possibility that perhaps belongs more appropriately under the public interest factor.<sup>141</sup>

Public interest did not weigh heavily in either party’s favor.<sup>142</sup> The long-recognized public interest in enforcing patent rights weighed slightly in favor of Paice, but the fact that relief could also be had through monetary damages also served the public interest.<sup>143</sup> Toyota’s argument that hybrid vehicles help reduce dependence on foreign oil did not persuade the court, since other hybrid vehicles were available in the marketplace.<sup>144</sup>

### **D. Voda v. Cordis Corp.**

The next case where the court refused to grant a permanent injunction was heard in the Western District of Oklahoma. In Voda v. Cordis Corp., the jury found that Cordis infringed Dr. Voda’s patents concerning angioplasty guide catheters.<sup>145</sup> The



asserted patents were found not invalid, and the jury awarded damages of seven and one-half percent of Cordis' gross sales of the infringing catheters.<sup>146</sup> The infringement was deemed willful.<sup>147</sup> The court granted enhanced damages of double the infringement damages, and found it an exceptional case justifying an award of attorneys' fees.<sup>148</sup>

**\*435** Despite granting this other relief, the court refused to grant a permanent injunction. Dr. Voda, like the plaintiffs in *z4*, *Finisar*, and *Paice*, did not produce or market products that competed with the defendant's products; instead, Dr. Voda licensed his patents to a third party, *Scimed*.<sup>149</sup> The court looked first to irreparable harm, and found none.<sup>150</sup> Dr. Voda's claim that the irreparable harm was to his exclusive licensee, *Scimed*, was not credited by the court.<sup>151</sup> Patents, the court held, have the attributes of personal property, and "the person seeking a permanent injunction must demonstrate harm from infringement of those rights that is personal as well."<sup>152</sup> Further, rendered monetary damages were deemed adequate to compensate Dr. Voda.<sup>153</sup> Although he argued that failing to enforce his right to exclude would damage his relationship with his licensee, the court found that this argument "is simply the other side of the right-to-exclude coin and is not sufficient to justify granting injunctive relief."<sup>154</sup>

After finding that Dr. Voda had failed to demonstrate irreparable harm or inadequate remedies at law, the court did not examine the last two eBay factors.<sup>155</sup> Although most courts have tacitly acknowledged the predominance of the first two factors by giving scant attention to the final two factors, the *Voda* court excluded the last two factors from its eBay analysis.

#### **E. Sundance, Inc. v. DeMonte Fabricating Ltd.**

The most recent post-eBay case where the court refused to grant a permanent injunction was *Sundance, Inc. v. DeMonte Fabricating Ltd.*<sup>156</sup> *Sundance* involved patents for tarp systems on flatbed truck trailers.<sup>157</sup> The patent-at-issue was found to be valid, and the jury found that *DeMonte* infringed it.<sup>158</sup> There was no finding of willfulness.<sup>159</sup>

**\*436** *Sundance*--like three of the other four plaintiffs in cases where permanent injunctions were denied--did not produce or market products that competed with defendant *DeMonte's* products.<sup>160</sup> Instead, *Sundance* granted non-exclusive patent licenses to third parties.<sup>161</sup>

The court found no irreparable harm, based in part on *Sundance's* delay in filing suit and seeking injunctive relief.<sup>162</sup> *DeMonte* began manufacturing the infringing product in 1997, but *Sundance* did not file suit until 2001.<sup>163</sup> The other factor against *Sundance* was that the infringing feature was just one feature of the tarp product, and any sales lost by its licensees could have been due to other features of *DeMonte's* tarp product, or to other market competitors.<sup>164</sup>

*Sundance* tried to argue that money damages were inadequate because of the nature of the competition between *DeMonte* and its licensees.<sup>165</sup> The court found the very fact that *Sundance* licensed its patent demonstrated that *Sundance* had an interest only in obtaining money damages against infringers.<sup>166</sup>

The court, in a terse analysis, held that the balance of hardships favored *DeMonte* because an injunction would hurt its ability to compete in the marketplace.<sup>167</sup> The public interest factor did "not weigh in *Sundance's* favor" because although the public has an interest in addressing infringement, an injunction would harm third parties such as *DeMonte's* customers and employees.<sup>168</sup>

#### **F. Praxair, Inc. v. ATMI, Inc.**

The patents-in-suit in *Praxair* related to an apparatus which safely controls the discharge of pressurized fluids from the outlet of pressurized tanks.<sup>169</sup> After a jury trial, the court found that defendants *ATMI, Inc.* and *Advanced Technology Materials, Inc.* (collectively *ATMI*) infringed *Praxair's* patents, and that the patents were valid.<sup>170</sup> *Praxair's* product was in direct and head-to-head competition with *ATMI's* product, with the two competing products serving as the **\*437** only two mechanical-based systems for the delivery of industrial gasses on the market.<sup>171</sup> *Praxair* argued that the product was an important growth market, and that *ATMI's* "stolen" market share rendered monetary damages alone an insufficient remedy.<sup>172</sup> But sales of *Praxair's* patented product and *ATMI's* infringing product were a small part of each company's respective overall sales, and neither product was critical to the overall corporate success of either company.<sup>173</sup>

The court refused to grant an injunction because *Praxair* failed to meet its burden of demonstrating irreparable injury and

inadequacy of legal remedies.<sup>174</sup> Praxair's general argument that the competing product would cause it to lose market share, profits, and goodwill, was, without more deemed insufficient to establish irreparable injury and inadequacy of legal remedies.<sup>175</sup> The court noted that Praxair did not provide or describe any specific sales or market data, or identify precisely what market share, revenues, and customers it lost to ATMI.<sup>176</sup> The court compared its lack of data with the data in *Novozymes A/S v. Genencor International, Inc.* and *Transocean Offshore Deepwater Drilling, Inc. v. GlobalSantaFe Corp.*, two cases where permanent injunctions were granted.<sup>177</sup> In both *Novozymes* and *Transocean*, the courts had market share and/or customer data to evaluate the effect of continued infringement.

The court noted that money damages are generally considered inadequate to compensate for violations of a patentee's right to exclude, but found that "Praxair nonetheless had a burden to iterate specific reasons why ATMI's infringement can not be compensated for with a money award."<sup>178</sup> Praxair did not meet its burden because it failed to explain why money damages could not adequately compensate for lost market share or research opportunities.<sup>179</sup> The court showed little sympathy to Praxair's right to exclude in the injunctive context, noting that "Praxair's desire to become a monopoly supplier in its product's market is hardly unique, and is not conclusive evidence of any factor."<sup>180</sup> After finding that Praxair had not met its burden on the first two eBay factors, the court did not \*438 find it necessary to address the final two eBay factors, the balance of the harms and the public interest.<sup>181</sup>

The court did not close the door on granting an permanent injunction. It found only that Praxair had not met its burden "vis-à-vis the broad scope of the relief requested."<sup>182</sup> In a implicit recognition that Praxair could be entitled to injunctive relief, the court invited a future filing by Praxair. The court found that Praxair had not demonstrated entitlement to a permanent injunction "at this time" and allowed Praxair to renew its motion following appellate review of the jury verdict.<sup>183</sup>

## VI. Cases Granting a Permanent Injunction

### A. *Wald v. Mudhopper Oilfield Services, Inc.*

The first case where the court granted a permanent injunction following eBay was *Wald v. Mudhopper Oilfield Services, Inc.*<sup>184</sup> In *Wald*, the court granted a permanent injunction where Mudhopper willfully infringed Wald's patent related to drill sticks, a product used in the treatment of oil wells.<sup>185</sup> The court found that this was not an exceptional case, but it did award enhanced damages under 35 U.S.C. § 284.<sup>186</sup>

The *Wald* case, like many of the other cases where permanent injunctions have been granted, cited to pre-eBay case law. The court quoted from *Prairie Band of Potawatomi Indians v. Pierce*, a 2001 case, to justify addressing the irreparable harm and inadequacy of remedies at law factors together.<sup>187</sup> "Although 'irreparable harm' evades easy definition, it 'is often suffered when the injury can[not] be adequately atoned for in money . . . or when the district court cannot remedy [the injury] following a final determination on the merits."<sup>188</sup> According to the court, *Wald* suffered irreparable harm due to lost market share, lost opportunity to maintain its own polymer stick as the industry standard, and damage to its innovative reputation.<sup>189</sup>

\*439 *Mudhopper's* argument that the injunction was unnecessary because it would not again sell the infringing product failed to persuade the court that the balance of hardships weighed in its favor.<sup>190</sup> Here, the other findings in the case were important. The jury had found willful infringement, and this, coupled with the possibility that *Mudhopper* could distribute more of the infringing products, tipped the balance of hardships toward *Wald*.<sup>191</sup> The court considered public interest only in passing, and conducted no substantive analysis on this point.<sup>192</sup> After having weighed all the factors in favor of *Wald*, the court granted the permanent injunction.<sup>193</sup>

### B. *Telequip Corp. v. Change Exchange*

The court in *Telequip Corp. v. Change Exchange* granted *Telequip's* request for a permanent injunction without lengthy analysis, which is not surprising given that the defendant in question, *Seoul Informational Industrial, Inc.*, defaulted.<sup>194</sup> Accordingly, the court accepted as true all well-pled allegations in plaintiff's amended complaint, found that *Seoul* willfully infringed, and that its acts of infringement caused, and would continue to cause, the plaintiff irreparable harm unless the court enjoined *Seoul*.<sup>195</sup> The court quoted extensively from pre-eBay cases, but engaged in no analysis in "[a]pplying these well-established principles to the well-pled allegations in Plaintiff's amended complaint" and in finding that *Telequip* satisfied the eBay four-factor test.<sup>196</sup>

### **C. TiVo Inc. v. Echostar Communications Corp.**

TiVo Inc. v. Echostar Communications Corp. is an Eastern District of Texas case that was decided by the same judge that decided Paice LLC v. Toyota Motor Corp., and was decided just one day after Paice.<sup>197</sup> While the court refused to grant a permanent injunction in Paice, the court in TiVo held that the four eBay equitable factors justified granting a permanent injunction.<sup>198</sup> The TiVo jury found that Echostar's digital video recorders (DVRs) willfully infringed several claims on **\*440** TiVo's patent, and that none of the claims were invalid.<sup>199</sup> The jury awarded TiVo almost \$74 million in compensatory damages.<sup>200</sup>

As it had in Paice, the court analyzed the first two factors together, finding both irreparable harm and inadequate remedies at law.<sup>201</sup> TiVo and Echo-star competed directly in the marketplace, with Echostar marketing its infringing DVRs to potential TiVo customers.<sup>202</sup> The availability of the infringing DVRs led TiVo to lose market share.<sup>203</sup> This loss of market share was exacerbated by the characteristics of DVR customers in an emerging market.<sup>204</sup> These customers tended to be "sticky customers," remaining with the company from which they purchased their first DVR.<sup>205</sup>

In analyzing the first two factors, the relative situations of the two parties influenced the court. TiVo and Echostar competed directly in the market, but the patented invention was TiVo's primary product, while the infringing products were not the core of Echostar's business.<sup>206</sup> For TiVo--a small company losing market share and a customer base because of infringement--the court found that damages would not constitute a sufficient remedy.<sup>207</sup> The court was not persuaded by Echostar's argument that TiVo's delay in bringing the lawsuit--an effort to enter into a business arrangement with Echostar--demonstrated no irreparable harm.<sup>208</sup> The court found irreparable harm, and held that TiVo's motives in bringing the lawsuit were irrelevant.<sup>209</sup>

The court cited the disparity between the parties again in weighing the balance of hardships. The court found that the balance weighed in favor of an injunction because TiVo, as a relatively new company with only one primary product, could not be fully compensated by monetary damages.<sup>210</sup> Although Echostar would be harmed by an injunction, the harm would be less than that TiVo would suffer without an injunction because the infringing products did not form the core of Echostar's satellite transmission business.<sup>211</sup> The hardship of disabling the **\*441** DVR capabilities of its customers, though cumbersome, was not considered a weighty hardship.<sup>212</sup> Nor was the impact to Echostar's authorized distributors weighed heavily in favor of Echostar, because sales of its core product would not be affected by the injunction.<sup>213</sup>

The final factor, the public interest, "would not be disserved by a permanent injunction" due to of the public's interest in maintaining a strong patent system.<sup>214</sup> Because the infringing products related to entertainment and not to any issues of public health or equally key interests, the court found that the public did not have a greater interest in allowing Echostar's customers to continue using their infringing DVRs than in maintaining a strong patent system.<sup>215</sup>

### **D. American Seating Co. v. USSC Group, Inc.**

Although it did not add anything substantive to the jurisprudence in this area, the court in American Seating Co. v. USSC Group, Inc. did issue a short three paragraph opinion, without analysis, affirming its pre-eBay grant of a permanent injunction.<sup>216</sup> The case involved infringement of patents related to a tie-down for wheelchairs in municipal passenger buses where the two parties both produced products that were direct competitors in the marketplace.<sup>217</sup>

### **E. Litecubes, L.L.C. v. Northern Light Products, Inc.**

The plaintiff in Litecubes, L.L.C. v. Northern Light Products, Inc. filed suit alleging patent infringement, copyright infringement, unfair competition, and trademark infringement.<sup>218</sup> The patent at issue related to lighted ice cubes.<sup>219</sup> The jury found that defendant Northern Light willfully infringed Litecubes' patent, but it did not award any monetary damages.<sup>220</sup> Litecubes and Northern Light competed directly, with potential customers of Litecubes buying infringing devices imported and sold by Northern Light instead of buying products sold by Litecubes.<sup>221</sup> The court granted Litecubes a permanent injunction, citing the direct competition **\*442** between the parties.<sup>222</sup> The court in this case, like the court in Wald v. Mudhopper Oilfield Services, Inc., gave little credence to the defendant's argument that it would not sell the infringing products to customers in the United States when it still had the capability to do so.<sup>223</sup> The court's analysis of the four factors

was short, with public interest disposed of by finding “the public interest would not be disserved by a permanent injunction.”<sup>224</sup>

### **F. 3M Innovative Properties Co. v. Avery Dennison Corp.**

The jury in 3M Innovative Properties Co. v. Avery Dennison Corp. found that defendant Avery Dennison infringed several claims of 3M’s patent by making and selling a commercial graphic product used in advertising.<sup>225</sup> The jury found literal infringement, infringement under the doctrine of equivalents, and infringement by inducing others to infringe.<sup>226</sup> In March of 2006, prior to the Supreme Court’s eBay decision, the court had granted 3M a permanent injunction against Avery Dennison.<sup>227</sup> The court re-considered its permanent injunction post-eBay, and again granted 3M an injunction.<sup>228</sup>

3M’s and Avery Dennison’s products were marketplace competitors, and 3M had spent five years litigating the patent case while refusing to grant Avery Dennison a license.<sup>229</sup> The court refused to disturb 3M’s business decision that licensing the patent was not in its interest, and held that 3M had suffered irreparable damage and that monetary damages were inadequate to compensate it.<sup>230</sup> Because 3M had not been able to exercise its right to exclude Avery Dennison for the five years spent litigating--more than twenty percent of the life of the patent--3M had already suffered great harm and would continue to do so were the injunction not granted.<sup>231</sup> Thus, the balance of hardships favored 3M. Finally, the public interest would not be disserved by an injunction because there were no concerns about public health or safety that would warrant refusing one.<sup>232</sup>

### **\*443 G. Smith & Nephew, Inc. v. Synthes (U.S.A.)**

The two patents that were infringed in Smith & Nephew, Inc. v. Synthes (U.S.A.) related to medical devices, specifically intramedullary nails and the methods used in treating a type of femoral fracture.<sup>233</sup> Although the two parties disagreed on the extent their products competed in the marketplace, the court found that market competition existed between Smith’s products and the infringing devices.<sup>234</sup> Furthermore, Smith had not been willing to accept royalty-type damages in lieu of exclusivity, although the court noted that under eBay, a plaintiff’s willingness to license its patent is not sufficient to establish that the patent holder would not suffer irreparable harm.<sup>235</sup>

The court devoted several pages of analysis to the four eBay factors. It cited Wald v. Mudhopper Oilfield Services, Inc. in explicitly recognizing that “[a]lthough stated as two separate factors under eBay, the irreparable harm requirement contemplates the inadequacy of alternate remedies available to the plaintiff.”<sup>236</sup> The court found that Smith did suffer irreparable injury to its business because its product filled a market gap, and the infringing product resulted in loss of market share, lost profits, and lost brand name recognition.<sup>237</sup>

In analyzing the second factor, the court stated that violating “the right to exclude does not compel the conclusion that a patent holder cannot be adequately compensated by remedies at law, such as monetary damages.”<sup>238</sup> By competing in marketplace with the patented product and damaging Smith’s goodwill and brand name recognition, however, Synthes did violate plaintiff’s exclusionary right in a way that could not be compensated adequately through pecuniary damages.<sup>239</sup> Nor could Smith prove lost profits with any reasonable certainty since the industry in question was highly competitive and had other suppliers.<sup>240</sup>

The court also considered future infringement in holding that money damages would be inadequate. The Court cited Telequip Corp. v. Change Exchange, and noted that “[m]onetary damages generally are not an adequate remedy against future infringement because the central value of holding a patent is \*444 the right to exclude others from using the patented product.”<sup>241</sup> Absent an injunction, Synthes could infringe Smith’s patents in the future.

Finally, the court engaged in a short analysis of the balance of hardships and the public interest.<sup>242</sup> The court found no cognizable harm to Synthes because only the hardship to the defendant that “is not an inseparable part of the plaintiff’s right is cognizable.”<sup>243</sup> The public interest would not be disserved because the public maintains an interest in protecting the rights of patent holders and injunctions serve that interest.<sup>244</sup> Any minor disruption to distribution of infringing products would not affect the public because, as the court had noted in pointing out the competitiveness of the industry, other similar products were available on the market.<sup>245</sup>

### **H. Rosco, Inc. v. Mirror Lite Co.**

In *Rosco, Inc. v. Mirror Lite Co.*, a case involving an infringed patent for a curved cross-view mirror used on buses, the court was not persuaded that the infringer's statement, that it had stopped producing the infringing mirrors, was sufficient to prevent future infringement.<sup>246</sup> The court did not address each eBay factor in turn, but discussed generally the equitable considerations.<sup>247</sup> The infringing party cited to two pre-eBay cases where permanent injunctions did not issue to bolster its position.<sup>248</sup> The court distinguished *Foster v. American Machinery & Foundry Co.*<sup>249</sup> by noting that, unlike in *Foster*, the patent holder in this case actually manufactured mirrors covered by its patent.<sup>250</sup>

The *Rosco* court also distinguished *Nerrney v. New York, N.Y. & H.R. Co.*,<sup>251</sup> the other pre-eBay case cited by the infringer.<sup>252</sup> In *Nerrney*, the infringer was a railroad that if enjoined would have caused great public inconvenience in the \*445 form of slower train schedules.<sup>253</sup> In *Rosco*, the court found no such public inconvenience since "to the extent the public is interested in purchasing varying radii mirrors or riding on buses equipped with such mirrors" the public could purchase the bus mirrors from the patent holder.<sup>254</sup>

### **I. Black & Decker Inc. v. Robert Bosch Tool Corp.**

In *Black & Decker Inc. v. Robert Bosch Tool Corp.*, the jury found that Bosch had infringed various claims of two patents for radio chargers.<sup>255</sup> The jury also found Bosch's infringement willful, a fact that the court used in its eBay four-factor analysis.<sup>256</sup>

*Black & Decker* argued that Bosch's sale of infringing radio chargers caused it to lose sales and market share of cordless power tools because *Black & Decker* marketed a third party's radio charger bundled with its cordless power tools.<sup>257</sup> Despite this, Bosch argued that *Black & Decker* would suffer no irreparable harm because Bosch had ceased selling the infringing radio chargers over a year before, no longer made them, and had no inventory of the products.<sup>258</sup> The court, like the other courts to consider this argument, found that without some persuasive evidence that further infringement would not take place, Bosch's word alone was insufficient to prevent irreparable harm.<sup>259</sup> Future infringement could still take place.<sup>260</sup> This, together with the harm to *Black & Decker*'s reputation and *Black & Decker*'s lost market share, was deemed sufficient to establish both irreparable harm and inadequate remedies at law.<sup>261</sup>

The balance of hardships also favored *Black & Decker* because the risk of future infringement outweighed any risk to Bosch, who would not be driven out of business without sales of the infringing product.<sup>262</sup> Finally, public policy weighed in favor of *Black & Decker* because "public policy favors the enforcement of patent rights" and because Bosch's infringing conduct was willful, making the public interest served by a permanent injunction.<sup>263</sup>

### **\*446 J. Visto Corp. v. Seven Networks, Inc.**

The parties in *Visto Corp. v. Seven Networks, Inc.* were competitors with one another in the mobile e-mail market.<sup>264</sup> The jury found that *Seven* had willfully infringed three of *Visto*'s patents related to data synchronization methods and systems, and it awarded damages.<sup>265</sup> The fact that the parties were direct competitors weighed heavily in the court's determination that *Visto* suffered irreparable injury.<sup>266</sup> "Intellectual property enjoys its highest value when it is asserted against a direct competitor in the plaintiff's market."<sup>267</sup> The court cited *TiVo* in noting that the availability of the infringing products leads to loss of market share.<sup>268</sup> Legal remedies were found inadequate despite the jury's large damage award because the threat of future infringement remained.<sup>269</sup> Moreover, the circumstances of the case rendered any future damage calculations approximate, and thus not "adequate in the sense that they are a suitable proxy for injunctive relief."<sup>270</sup> The court made short work of the last two factors, relying heavily on the essence of the right to exclude as a patent enforcement right and as a public interest.<sup>271</sup> The court found that under the eBay factors, a permanent injunction was warranted.<sup>272</sup>

### **K. Transocean Offshore Deepwater Drilling, Inc. v. GlobalSantaFe Corp.**

In *Transocean Offshore Deepwater Drilling, Inc. v. GlobalSantaFe Corp.*, a case involving dual action deep water oil rigs, *GlobalSantaFe* (GSF) was found to have willfully infringed the apparatus claims of the patents-in-suit.<sup>273</sup> The court engaged in a fairly length analysis of each eBay factor, and determined that equities weighed in favor of granting the permanent injunction.<sup>274</sup> GSF and *Transocean* had the same customers in the deep water oil rig market, and the court noted that "GSF has not cited any case in which a continuing infringer in direct \*447 competition with a patent holder has not been permanently enjoined from using the patented invention to compete against the patent holder."<sup>275</sup> The two post-eBay cases cited by GSF

were Paice and z4, both of which involved patent holders that neither made nor marketed their inventions.<sup>276</sup> The court found irreparable injury because absent an injunction, GSF could continue to use Transocean's technology to compete with Transocean in a developing market with a small customer base.<sup>277</sup>

In finding the remedies at law inadequate, the court--citing Justice Kennedy's concurrence in eBay --noted that the infringing structures were related to the rigs' core functionality, and thus were more than a small component of the product.<sup>278</sup> Furthermore, the court did not deem Transocean's willingness to license its patent to GSF evidence that monetary damages would be sufficient.<sup>279</sup> Instead, the court found that "if it does not enter a permanent injunction, it will force a compulsory license on Transocean that will not contain any of the commercially reasonable business terms typically used by a patent holder to control its technology or limit encroachment on its market share."<sup>280</sup>

When weighing the balance of hardships, the court considered the significant amount of money GSF would lose if it were enjoined from using its rigs to complete its existing contracts against the irreparable injury Transocean would suffer if GSF continued infringing.<sup>281</sup> In fashioning its injunction, the court required that GSF implement structural modifications that would prevent future infringement with minimal disruption of GSF's ability to fulfill its ongoing contracts with customers.<sup>282</sup> With the injunction so limited, the harm to Transocean outweighed the harm to GSF.<sup>283</sup>

Finally, the Transocean court, like several courts granting permanent injunctions, considered the public policy favoring the enforcement of patent rights.<sup>284</sup> Any public concerns that would arise due to delay in production of oil \*448 caused by an injunction were mitigated by limiting the scope of the injunction, resulting in the public interest weighing in favor of the injunction.<sup>285</sup>

#### **L. MPT, Inc. v. Marathon Labels, Inc.**

In *MPT, Inc. v. Marathon Labels, Inc.*, Marathon was found to have contributed to the infringement and induced infringement of MPT's two patents relating to methods for labeling and relabeling reusable containers.<sup>286</sup> The patent holder was awarded damages, but the court found, as a matter of law, that Marathon did not act willfully.<sup>287</sup> In granting the patent holder a permanent injunction, the court distinguished the circumstances in this case from Justice Kennedy's examples in eBay of situations in which permanent injunctions may not be appropriate, such as where the patent covers a small component of a larger device or where the plaintiff asserts business method patents that have problems with vagueness and suspect validity.<sup>288</sup> The patent holders in MPT invented a method for labeling containers, actively created a market, and established a strong market position and customer goodwill.<sup>289</sup> Usurping the patentee's market would irreparably harm it.<sup>290</sup> Noting that monetary damages would not stop the erosion of the patent holder's market, the court found monetary damages inadequate.<sup>291</sup> The balance of hardships tipped in the patent holder's favor because only ten to fifteen percent of Marathon's total business consisted of the infringing product, and a majority of those sales were in Mexico, and thus not subject to the injunction.<sup>292</sup> Finally, the court held that the public interest favored an injunction because of its interest in strong patent protection, coupled with the lack of a critical public need for the use of placards.<sup>293</sup>

#### **M. Novozymes A/S v. Genencor International, Inc..**

*Novozymes A/S v. Genencor International, Inc.* is of interest because it is the only post-eBay case when a patentee who had licensed, but did not practice its patent obtained a permanent injunction. In *Novozymes*, the patent-in-suit was assigned to Novozymes, which licensed the patent to its wholly owned United States subsidiary--Novozymes of North America, Inc. (NZNA).<sup>294</sup> NZNA sold a \*449 competing product in the market, but Novozymes did not.<sup>295</sup> In response to Novozymes' attempt to add NZNA as a co-plaintiff, the district court held that NZNA was a non-exclusive licensee and thus had no standing to sue and could not be joined as a co-plaintiff.<sup>296</sup> The district court also refused to award lost profit damages because Novozymes did not sell any products that competed with the accused products.<sup>297</sup> In calculating reasonable royalty damages, however, the district court treated Novozymes and NZNA as the same entities.<sup>298</sup> For example, the district court referred to Novozymes and Genencor as "direct competitors," although it was NZNA and Genencor that directly competed.<sup>299</sup>

Similarly, in its permanent injunction analysis, the court treated Novozymes and NZNA as both the same entity and as different entities.<sup>300</sup> The court analysis on irreparable harm distinguished between the two entities in evaluating the harm caused by the competition.<sup>301</sup> The court found irreparable harm because Novozymes, by licensing its patent to its subsidiary, expected that the value of its subsidiary would increase with the successful marketing of the licensed technology.<sup>302</sup> Without

the right to exclude competitors from competing with its subsidiary, Novozymes would suffer irreparable harm.<sup>303</sup> Furthermore, because it had found that the legal remedy of lost profits was not available to Novozymes, money damages were not adequate to compensate it for continued infringement.<sup>304</sup> Even if lost profits were available, the court found that monetary damages would not be adequate. It treated Novozymes and NZNA as the same entity and called Novozymes and Genencor “head-to-head competitors” and “rivals” despite the fact that NZNA, not Novozymes, competed with Genencor.<sup>305</sup> The court also referred to an NZNA’s product as Novozymes’ product.<sup>306</sup>

The Novozymes case stands out in two respects. First, in its permanent injunction analysis, the district court looked to the harm to Novozymes’ subsidiary even though it declined to treat Novozymes and its subsidiary as the same for the purposes of lost profit damages. Second, because of its relationship with its \*450 subsidiary, Novozymes was able to obtain a permanent injunction even though Novozymes did not directly compete with the accused infringer.

#### **N. Ortho-McNeil Pharmaceutical, Inc. v. Mylan Laboratories Inc.**

In *Ortho-McNeil Pharmaceutical, Inc. v. Mylan Laboratories Inc.*, the court determined that plaintiff Ortho-McNeil Pharmaceutical’s (Ortho) patent was valid, and defendants Mylan Laboratories Inc. and Mylan Pharmaceuticals Inc. (collectively Mylan) had infringed it.<sup>307</sup> The patent-in-suit concerned the drug topiramate, pharmaceutical compositions containing topiramate, and a method of using topiramate to treat convulsions.<sup>308</sup> Mylan sought to market competing topiramate pills that would compete with Ortho’s topiramate pills, marketed under the brand name TOPOMAX.<sup>309</sup>

In granting a permanent injunction, the court addressed the eBay factors very briefly.<sup>310</sup> It found that Ortho suffered irreparable injury because the patent was valid and Mylan infringed it.<sup>311</sup> It found, without analysis, that money damages would not adequately compensate Ortho.<sup>312</sup> The court relied on its ruling granting Ortho’s request for a preliminary injunction in weighing the balance of hardships and the public interest in favor of granting Ortho injunctive relief.<sup>313</sup> The preliminary injunction ruling had weighed the hardships in favor of Ortho because if the injunction were not granted Ortho stood to lose the value of its patent while Mylan would only lose the ability to go to market and begin earning profits earlier.<sup>314</sup> Public interest also weighed in favor of granting the injunction because the public’s interest in increased competition and lower prices in the pharmaceutical market do not justify infringing a patent.<sup>315</sup>

#### **O. O2 Micro International Ltd. v. Beyond Innovation Technology Co.**

The jury in *O2 Micro International Ltd. v. Beyond Innovation Technology Co.* found that defendants had willfully infringed plaintiff O2 Micro International Ltd.’s (O2 Micro) patents on electronic products called inverter \*451 controllers and inverters.<sup>316</sup> In granting O2 Micro’s request for a permanent injunction, the court found that O2 Micro suffered irreparable injury because it competed directly with defendant Beyond Innovation Technology Co. (BiTEK), and the availability of a competing product led to loss of market share.<sup>317</sup> The court also found that “because BiTEK’s co-defendants purchase in the same market, O2 Micro will suffer irreparable harm absent an injunction directed toward” those co-defendants.<sup>318</sup> In arguing that legal remedies were inadequate, O2 Micro pointed to the fact that it had not sought monetary damages as well as the fact that all three defendants were foreign corporations from which it would be difficult to collect monetary damages.<sup>319</sup> The court agreed with O2 Micro that legal remedies were inadequate to compensate it.<sup>320</sup>

The court weighed the balance of hardships in favor of O2 Micro because absent injunctive relief it would continue to suffer injury to its business, future opportunities, and general reputation since BiTEK’s infringing products impacted O2 Micro’s market share and ability to sell its chips.<sup>321</sup> In contrast, BiTEK’s president had “openly stated that an injunction will have an insignificant impact on BiTEK’s entire business.”<sup>322</sup> Finally, the court held that defendants did not make any showing that the public interest would be disserved by an injunction, and found instead that the public would be served by protecting the patent rights at issue.<sup>323</sup>

#### **P. Verizon Services Corp. v. Vonage Holdings Corp.**

The highly-publicized case of *Verizon Services Corp. v. Vonage Holdings Corp.* involved patents for Voice over Internet Protocol (VoIP), a technology that provides telephone voice services to customers via their home or business internet connection.<sup>324</sup> VoIP involves converting voice sounds into digital format, assembling the resulting digital data into multiple packets, and transmitting those packets over the internet using the protocols that govern internet \*452 communications.<sup>325</sup> The

jury found that Vonage infringed several Verizon patents and awarded \$58 million in damages to Verizon.<sup>326</sup>

Vonage and Verizon were direct competitors, and the court based its decision to grant a permanent injunction primarily on the competition for customers between the two companies.<sup>327</sup> The court found that in a developing market the competition caused continued loss of customers, which constituted irreparable harm.<sup>328</sup> Remedies at law were inadequate because continued infringement would lead to continued erosion of Verizon's client base.<sup>329</sup> The balance of hardships weighed in favor of Verizon which, absent an injunction, would lose its customer base while the only corresponding loss to Vonage would be "the loss of revenue from the unauthorized use of the plaintiff's patents."<sup>330</sup> Finally, the court found that the public's interest was served by granting an injunction because its primary interest was in protecting the patent system.<sup>331</sup>

#### **Q. 800 Adept, Inc. v. Murex Securities, Ltd.**

In *800 Adept, Inc. v. Murex Securities, Ltd.*, the jury found that Murex willfully infringed 800 Adept's valid patents related to telephone call routing services, and awarded 800 Adept \$18 million in damages.<sup>332</sup> The court also awarded enhanced damages and attorneys' fees.<sup>333</sup> 800 Adept and the Murex defendants were direct competitors, but the Murex defendants argued that 800 Adept's multi-year delay in filing suit demonstrated a lack of irreparable harm.<sup>334</sup> This argument failed to persuade the court, which noted that in the permanent injunction context, when a plaintiff has established the merits of its claim, past conduct does little to inform whether future acts of infringement will cause harm.<sup>335</sup> The court found irreparable harm because "where a company pioneers an invention \*453 in the marketplace, irreparable harm flows from a competitor's attempts to usurp the pioneering company's market position and goodwill."<sup>336</sup>

The Murex defendants had more customers than the plaintiff, 800 Adept, and a jury finding established that Murex obtained at least some of those customers through tortious conduct.<sup>337</sup> Because of this, the court held that allowing the Murex defendants to continue to offer their infringing product in direct competition with 800 Adept would be inequitable, and monetary remedies would not be sufficient to compensate for potential future infringement.<sup>338</sup>

800 Adept's primary business was telephone call routing, and it possessed a small share of the market.<sup>339</sup> In contrast, this business comprised a very small portion of the Murex defendants' business.<sup>340</sup> Despite this, the Murex defendants dominated the market.<sup>341</sup> Thus the balance of equities favored 800 Adept because an injunction would allow the Murex defendants to continue as a going concern while protecting the interests of 800 Adept.<sup>342</sup>

Finally, the court found that the public interest would not be disserved by an injunction.<sup>343</sup> The case did not involve any issue of public health or other critical interest, and the public has an interest in maintaining a strong patent system.<sup>344</sup>

## **VI. Conclusion**

The Supreme Court's decision in *eBay* has significantly impacted permanent injunction jurisprudence in patent cases. District courts have been given the freedom to weigh the equities of granting or denying permanent injunctions. The consistency among the district court opinions is perhaps surprising. In the decisions to date, there exists a clear correlation between competition by the patentee in the market for the patented product and the permanent injunction decision. This correlation is driven by the types of harm that are generally uncompensable and difficult to quantify, such as loss of market share, loss of profits, price erosion, and loss of reputation. Because these types of harm are typically associated with competitors in the market, a patentee competing in the \*454 market is likely to suffer irreparable harm, have inadequate remedies at law, and obtain an injunction. A patentee that does not compete in the market is unlikely to suffer those types of harm and unlikely to obtain an injunction.

Competition by non-party licensees of the patent in the market for the infringing product has not swayed courts faced with this issue. A patentee must instead demonstrate personal harm to itself to satisfy the four-factor test for equitable relief.

The Federal Circuit has yet to review any district court permanent injunction cases. If the district courts maintain a rigorous analysis of whether the patentee has suffered some type of irreparable harm and has inadequate remedies at law, along with the other two factors, it is likely that the Federal Circuit will not upset the trends seen in the district court cases. Attempts to simplify the analysis by articulating broad rules--such as non-competitors are not entitled to permanent injunctions--without a rigorous analysis of the pertinent factors, however, will run afoul of the Supreme Court's dictate against broad categorical



rules in the application of the permanent injunction analysis.

**\*455 Table 1: Post-eBay Permanent Injunction Patent Cases**

1. z4 Techs., Inc. v. Microsoft Corp., 434 F. Supp. 2d 437 (E.D. Tex. 2006).\*
2. Transcript of Hearing, Finisar Corp. v. DirecTV Group, Inc., No. 1:05-CV-264 (E.D. Tex. July 6, 2006) (Docket Entry 334).\*
3. Wald v. Mudhopper Oilfield Servs., Inc., No. CIV-04-1693-C, 2006 WL 2128851 (W.D. Okla. July 27, 2006).\*\*
4. Telequip Corp. v. Change Exch., No. 5:01-CV-1748 (FJS/GJD), 2006 WL 2385425 (N.D.N.Y. Aug. 15, 2006).\*\*
5. Paice L.L.C. v. Toyota Motor Corp., No. 2:04-CV-211-DF, 2006 WL 2385139 (E.D. Tex. Aug. 16, 2006).\*
6. TiVo Inc. v. Echostar Commc'ns Corp., 446 F. Supp. 2d 664 (E.D. Tex. 2006).\*\*
7. Am. Seating Co. v. USSC Group, Inc., 2006 U.S. Dist. LEXIS 59212 (W.D. Mich. August 22, 2006), superseded, No. 01-00578, 2006 WL 2472196 (W.D. Mich. August 24, 2006).\*\*
8. Litecubes, L.L.C. v. N. Light Prods., Inc., No. 4:04CV00485 ERW, 2006 U.S. Dist. LEXIS 60575 (E.D. Mo. Aug. 25, 2006).\*\*
9. Voda v. Cordis Corp., No. CIV-03-1512-L, 2006 WL 2570614 (W.D. Okla. Sept. 5, 2006).\*
10. 3M Innovative Proprs. Co. v. Avery Dennison Corp., No. 01-1781 (JRT/FLN), 2006 WL 2735499 (D. Minn. Sept. 25, 2006).\*\*
11. Rosco, Inc. v. Mirror Lite Co., No. CV-96-5658 (CPS), 2006 WL 2844400 (E.D.N.Y. Sept. 29, 2006).\*\*
12. Smith & Nephew, Inc. v. Synthes, 466 F. Supp. 2d 978 (W.D. Tenn. 2006).\*\*
13. Black & Decker Inc. v. Robert Bosch Tool Corp., No. 04 C 7955, 2006 WL 3446144 (N.D. Ill. Nov. 29, 2006).\*\*
14. Visto Corp. v. Seven Networks, Inc., No. 2:03-CV-333-TJW, 2006 WL 3741891 (E.D. Tex. Dec. 19, 2006).\*\*
15. Transocean Offshore Deepwater Drilling, Inc. v. GlobalSantaFe Corp., No. H-03-2910, 2006 WL 3813778 (S.D. Tex. Dec. 27, 2006).\*\*
16. Sundance, Inc. v. DeMonte Fabricating Ltd., No. 02-73543, 2007 WL 37742 (E.D. Mich. Jan. 4, 2007).\*
17. MPT, Inc. v. Marathon Labels, Inc., No. 1:04-cv-2357, 2007 WL 184747 (N.D. Ohio Jan. 19, 2007).\*\*
- \*456** 18. Novozymes A/S v. Genencor Int'l, Inc., 474 F. Supp. 2d 592 (D. Del. 2007).\*\*
19. Ortho-McNeil Pharm., Inc. v. Mylan Labs. Inc., Nos. 04-1689, 06-757, 06-5166, 2007 WL 869545 (D.N.J. Mar. 20, 2007).\*\*
20. O2 Micro Int'l Ltd. v. Beyond Innovation Tech. Co., No. 2-04-CV-32 (TJW), 2007 WL 869576 (E.D. Tex. Mar. 21, 2007).\*\*
21. Praxair, Inc. v. ATMI, Inc., No. 03-1158-SLR, 2007 WL 906704 (D. Del. Mar. 27, 2007).\*
22. Verizon Servs. Corp. v. Vonage Holdings Corp., No. 06-0682, 2007 WL 528749 (E.D. Va. Feb. 12, 2007).\*\*

23. 800 Adept, Inc. v. Murex Sec., Ltd., No. 6:02-cv-1354-Orl-28DAB, 2007 WL 1101238 (M.D. Fla. Apr. 12, 2007).\*\*

\*Permanent Injunction Denied \*\*Permanent Injunction Granted

#### Footnotes

<sup>a1</sup> Darryl J. Adams is a partner and Victoria Wicken is an associate at Dewey Ballantine LLP. This paper presents the views of the authors, not Dewey Ballantine LLP or its clients.

<sup>1</sup> eBay Inc. v. MercExchange, L.L.C., 126 S. Ct. 1837 (2006).

<sup>2</sup> Smith Int'l Inc. v. Hughes Tool Co., 718 F.2d 1573, 1581 (Fed. Cir. 1983).

<sup>3</sup> MercExchange, L.L.C. v. eBay, Inc., 401 F.3d 1323, 1338 (Fed. Cir. 2005), vacated and remanded, 126 S. Ct. 1837 (2006).

<sup>4</sup> Rite-Hite Corp. v. Kelley, Inc., 56 F.3d 1538, 1547 (Fed. Cir. 1995).

<sup>5</sup> eBay, 126 S. Ct. at 1839.

<sup>6</sup> Gregory A. Castanias & Susan M. Gerber, The Supreme Court's Decision in eBay: What Does It Mean for Injunctions in Patent Cases? (2006), <http://www.jonesday.com/pubs/pubs.aspx> (search "Author" for "Castanias"; then follow "The Supreme Court's Decision in eBay: What Does it Mean for Injunctions in Patent Cases" hyperlink).

<sup>7</sup> David L. McCombs & Phillip B. Philbin, Intellectual Property Law, 59 SMU L. Rev. 1409, 1412 (2006).

<sup>8</sup> This information is current through April 18, 2007. As of that date, no post-eBay permanent injunction orders had been reviewed by the Federal Circuit.

<sup>9</sup> See *infra* Part III.A.

<sup>10</sup> See *infra* Part III.A.

<sup>11</sup> Praxair, Inc. v. ATMI, Inc., No. 03-1158-SLR, 2007 WL 906704 (D. Del. March 27, 2007).

<sup>12</sup> See *infra* Part III.A.

<sup>13</sup> Novozymes A/S v. Genencor Int'l, Inc., 474 F. Supp. 2d 592 (D. Del. 2007).

<sup>14</sup> See *infra* Parts III, V, and VI.

<sup>15</sup> eBay Inc. v. MercExchange, L.L.C., 126 S. Ct. 1837, 1839 (2006).

<sup>16</sup> MercExchange, L.L.C. v. eBay, Inc., 401 F.3d 1323, 1325 (Fed. Cir. 2005), vacated and remanded, 126 S. Ct. 1837 (2006).

17 Id. at 1329.

18 MercExchange, L.L.C. v. eBay, Inc., 275 F. Supp. 2d 695, 698-99 (E.D. Va. 2003), *aff'd in part, rev'd in part*, 401 F.3d 1323 (Fed. Cir. 2005), vacated and remanded, 126 S. Ct. 1837 (2006).

19 Id. at 710, 712.

20 MercExchange, 401 F.3d at 1339.

21 Id.

22 eBay Inc. v. MercExchange, L.L.C., 126 S. Ct. 1837, 1841 (2006).

23 Id. at 1839.

24 Id.

25 Id. at 1840.

26 Id.

27 Id. at 1841.

28 eBay Inc. v. MercExchange, L.L.C., 126 S.Ct. 1837, 1841-42 (2006) (Roberts, C.J., concurring).

29 Id. at 1842-43 (Kennedy, J., concurring).

30 Id.

31 See *infra* Table 1.

32 See *Praxair, Inc. v. ATMI, Inc.*, No. 03-1158-SLR, 2007 WL 906704 (D. Del. March 27, 2007).

33 See *Novozymes A/S v. Genencor Int'l, Inc.*, 474 F. Supp. 2d 592 (D. Del. 2007).

34 See *Telequip Corp. v. Change Exch.*, No. 5:01-CV-1748 (FJS/GJD), 2006 WL 2385425 (N.D.N.Y. Aug. 15, 2006).

35 eBay Inc. v. MercExchange, L.L.C., 126 S. Ct. 1837, 1840 (2006).

36 See, e.g., *TiVo Inc. v. Echostar Commc'ns Corp.*, 446 F. Supp. 2d 664, 669 (E.D. Tex. 2006) (noting that loss of market share is a key consideration); *Wald v. Mudhopper Oilfield Servs., Inc.*, No. CIV-04-1693-C, 2006 WL 2128851, at \*5 (W.D. Okla. July 27, 2006) (noting that lost market share, reputation as a market leader or innovator, and lost profits are all factors to consider); *Smith & Nephew, Inc. v. Synthes (U.S.A.)*, 466 F. Supp. 2d 978, 983 (W.D. Tenn. 2006) (noting that loss of market share, loss of profits, and loss of brand name recognition are factors to consider).

37 *z4 Techs., Inc. v. Microsoft Corp.*, 434 F. Supp. 2d 437, 440 (E.D. Tex. 2006).

38 Nor have defendants' pledges not to produce further infringing products carried much weight with courts, which require persuasive evidence that future infringement will not occur. See *Black & Decker Inc. v. Robert Bosch Tool Corp.*, No. 04 C 7955, 2006 WL 3446144, at \*4 (N.D. Ill. Nov. 29, 2006) ("Boch's cessation of the production and sales of the old Power Box radios is not--in and of itself--a sufficient reason to deny a permanent injunction."); *Rosco, Inc. v. Mirror Lite Co.*, No. CV-96-5658 (CPS), 2006 WL 2844400, at \*4 (E.D.N.Y. Sept. 24, 2006) ("Cessation of production and sales is not in and of itself sufficient 'sound reason' to deny a permanent injunction."); *Litecubes, L.L.C. v. N. Light Prods., Inc.*, No. 4:04CV00485 ERW, 2006 U.S. Dist. LEXIS 60575, at \*32 (E.D. Mo. Aug. 25, 2006) (The court was unpersuaded by defendant's claim that it had no intention of selling the patented product.); *Wald*, 2006 WL 2128851, at \*5; *800 Adept, Inc. v. Murex Securities, Ltd.*, No. 6:02-cv-1354, 2007 WL 1101238, at \*7 (M.D. Fla. Apr. 12, 2007) ("[T]he fact that an infringing defendant has apparently, at least temporarily, ceased its infringement is not a basis to deny a permanent injunction against future infringement unless the evidence is very persuasive that the infringing defendant will not resume its infringement.").

39 *eBay*, 126 S. Ct. at 1840.

40 *z4*, 434 F. Supp. 2d at 441. See also *Voda v. Cordis Corp.*, No. CIV-03-1512-L, 2006 WL 2570614, at \*5 (W.D. Okla. Sept. 5, 2006) (denying a permanent injunction where plaintiff failed to demonstrate irreparable injury or that monetary damages were inadequate); *Paice L.L.C. v. Toyota Motor Corp.*, No. 2:04-CV-211-DF, 2006 WL 2385139, at \*5 (E.D. Tex. Aug. 16, 2006) (denying a permanent injunction where plaintiff failed to show irreparable injury or the inadequacy of monetary damages).

41 No. H-03-2910, 2006 WL 3813778, at \*3 (S.D. Tex. Dec. 27, 2006).

42 *Id.* at \*4.

43 *Id.* at \*1.

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

45 *Id.* at \*3.

46 *Id.*

47 *Transocean Offshore Deepwater Drilling, Inc. v. GlobalSantaFe Corp.*, No. H-03-2910, 2006 WL 3813778, at \*3 (S.D. Tex. Dec. 27, 2006).

48 *Id.*

49 No. 2:04-CV-211-DF, 2006 WL 2385139 (E.D. Tex. Aug. 16, 2006).

50 446 F. Supp. 2d 664 (E.D. Tex. 2006).

51 Id. at 669-670.

52 Paice, 2006 WL 2385139, at \*5.

53 Praxair, Inc. v. ATMI, Inc., No. 03-1158-SLR, 2007 WL 906704, at \*3-\*4 (D. Del. March 27, 2007).

54 Id. at \*3.

55 Id. at \*3.

56 Id.

57 Id.

58 Id. at \*4.

59 Telequip Corp. v. Change Exch., No. 5:01-CV-1748, 2006 WL 2385425, at \*1 (N.D.N.Y. Aug. 15, 2006).

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

61 Id. at \*1.

62 Id. at \*1 n.1.

63 Id. at \*1-\*2. Although competition was not discussed, a review of the patent at issue (U.S. Patent No. 5,830,055) and the website of Telequip strongly suggests that Telequip was competing in the market for the patented products. See Coin/Token Canister and Ejection Mechanism, U.S. Patent No. 5,830,055 (filed Jan. 16, 1997); Telequip, <http://www.telequip.com> (touting Telequip as the “the innovative leader in coin dispensing technology” providing “embedded and free-standing coin dispensing solutions across a broad range of markets”) (last visited Apr. 23, 2007).

64 Voda v. Cordis Corp., No. CIV-03-1512-L, 2006 WL 2570614, at \*5 (W.D. Okla. Sept. 5, 2006).

65 Sundance, Inc. v. DeMonte Fabricating Ltd., No. 02-73543, 2007 WL 37742, at \*2 (E.D. Mich. Jan. 4, 2007).

66 Novozymes A/S v. Genencor Int’l, Inc., 474 F. Supp. 2d 592, 596 (D. Del. 2007).

67 Voda, 2006 WL 2570614, at \*5.

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

69 Id. at \*5.

70 Id.

71 Id. at \*6.

72 Id.

73 Sundance, Inc. v. DeMonte Fabricating Ltd., No. 02-73543, 2007 WL 37742, at \*2 (E.D. Mich. Jan. 4, 2007).

74 Id.

75 Id.

76 Novozymes A/S v. Genencor Int'l, Inc., 474 F. Supp. 2d 592, 612-13 (D. Del. 2007). Although the license was exclusive, Novozymes was the sole licensee of the patent-in-suit to any other entity or individual. Id. at 602.

77 Id. at 596-97.

78 Id. at 597-600.

79 Id. at 612-13.

80 See, e.g., Voda v. Cordis Corp., No. CIV-03-1512-L, 2006 WL 2570614, at \*6 (W.D. Okla. Sept. 5, 2006).

81 See Paice L.L.C. v. Toyota Motor Corp., No. 2:04-CV-211-DF, 2006 WL 2385139, at \*6 (E.D. Tex. Aug. 16, 2006); Black & Decker Inc. v. Robert Bosch Tool Corp., No. 04 C 7955, 2006 WL 3446144, at \*5 (N.D. Ill. Nov. 29, 2006); Wald v. Mudhopper Oilfield Servs., Inc., No. CIV-04-1693-C, 2006 WL 2128851, at \*5 (W.D. Okla. July 27, 2006).

82 Paice, 2006 WL 2385139, at \*5.

83 Id. at \*6.

84 TiVo Inc. v. Echostar Commc'ns Corp., 446 F. Supp. 2d 664, 669-70 (E.D. Tex. 2006).

85 Id. at 670.

86 See, e.g., Transcript of Hearing, Finisar Corp. v. DirecTV Group, Inc., No. 1:05-CV-264, at 125 (E.D. Tex. July 6, 2006) (Docket Entry 334) (on file with author).

87 See infra notes 88-95 and accompanying text. In Sundance, Inc. v. DeMonte Fabricating Ltd., No. 02-73543, 2007 WL 37742, at \*2 (E.D. Mich. Jan. 4, 2007), and Praxair, Inc. v. ATMI, Inc., No. 03-1158-SLR, 2007 WL 906704 (D. Del. March 27, 2007), the

courts have not yet reached post-verdict damages. The litigation in Sundance is ongoing, with a jury trial on damages scheduled for May 14, 2007. See Stipulation and Order Amending Scheduling Order Re: Jury Trial on Damages, Sundance, No. 02-73543 (E.D. Mich. Jan. 4, 2007) (Docket Entry 185) (on file with author). In Praxair, the court left open the opportunity for the plaintiff to renew its motion for a permanent injunction. Praxair, 2007 WL 906704, at \*3.

88 z4 Techs., Inc. v. Microsoft Corp., 434 F. Supp. 2d 437, 444 (E.D. Tex. 2006).

89 Id.

90 Transcript of Hearing, Finisar, No. 1:05-CV-264, at 127 (E.D. Tex. July 6, 2006) (Docket Entry 334) (on file with author).

91 Id. at 136-37.

92 Id.

93 Id.

94 Voda v. Cordis Corp., No. CIV-03-1512-L, 2006 WL 2570614, at \*6 (W.D. Okla. Sept. 5, 2006).

95 Paice L.L.C. v. Toyota Motor Corp., No. 2:04-CV-211-DF, 2006 WL 2385139, at \*5 (E.D. Tex. Aug. 16, 2006) (final judgment).

96 z4 Techs., Inc. v. Microsoft Corp., 434 F. Supp. 2d 437 (E.D. Tex. 2006).

97 Id. at 440-41.

98 Id.

99 Id. at 438.

100 Id.

101 Id. at 438-39.

102 z4 Techs., Inc. v. Microsoft Corp., 434 F. Supp. 2d 437, 439 (E.D. Tex. 2006).

103 z4 built its argument on eBay's citation to Amoco Production Co. v. Village of Gambell, Alaska, 480 U.S. 531 (1987), and eBay's comparison of patent injunctions to copyright injunctions. Because Amoco stated that the standard for a preliminary injunction is essentially the standard for a permanent injunction, and because the Federal Circuit derived its presumption of irreparable harm in preliminary injunction cases from copyright law, z4 argued that a presumption of irreparable harm applied to permanent injunctions in patent cases. z4, 434 F. Supp. 2d at 439-40.

104 Id. at 440.

105 Id. at 440-41.

106 Id. at 440.

107 Id.

108 Id.

109 z4 Techs., Inc. v. Microsoft Corp., 434 F. Supp. 2d 437, 440 (E.D. Tex. 2006).

110 Id. at 441.

111 Id.

112 Id. at 442-43.

113 Id. at 442.

114 Id. at 443.

115 z4 Techs., Inc. v. Microsoft Corp., 434 F. Supp. 2d 437, 443-44 (E.D. Tex. 2006).

116 Id.

117 Id.

118 Id. at 444.

119 Transcript of Hearing, Finisar Corp. v. DirecTV Group, Inc., No. 1:05-CV-264 (E.D. Tex. July 6, 2006) (Docket Entry 334) (on file with author).

120 Id. at 120-21.

121 Id. at 124.

122 Id. at 124-25.

123 Id.

124 Id. at 125.



125 Transcript of Hearing, *Finisar Corp. v. DirecTV Group, Inc.*, No. 1:05-CV-264, at 125 (E.D. Tex. July 6, 2006) (Docket Entry 334) (on file with author).

126 *Id.* at 126.

127 *Id.*

128 No. 2:04-CV-211-DF, 2006 WL 2385139 (E.D. Tex. Aug. 16, 2006).

129 *Id.* at \*1.

130 *Id.* at \*3.

131 *Id.* at \*5.

132 *Id.* at \*4.

133 *Id.*

134 *Paice L.L.C. v. Toyota Motor Corp.*, No. 2:04-CV-211-DF, 2006 WL 2385139, at \*5 (E.D. Tex. Aug. 16, 2006) (citing *Deerfield Med. Ctr. v. City of Deerfield Beach*, 661 F.2d 328, 338 (5th Cir. 1981)).

135 *Id.*

136 *Id.*

137 *Id.*

138 *Id.*

139 *Id.*

140 *Paice L.L.C. v. Toyota Motor Corp.*, No. 2:04-CV-211-DF, 2006 WL 2385139, at \*6 (E.D. Tex. Aug. 16, 2006).

141 *Id.*

142 *Id.*

143 *Id.*

144 Id.

145 No. CIV-03-1512-L, 2006 WL 2570614, at \*1 (W.D. Okla. Sept. 5, 2006).

146 Id.

147 Id.

148 Id. at \*4.

149 Id.

150 Id. at \*5.

151 Voda v. Cordis Corp., No. CIV-03-1512-L, 2006 WL 2570614, at \*5 (W.D. Okla. Sept. 5, 2006).

152 Id.

153 Id. at \*6.

154 Id.

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

156 Memorandum and Order Denying Plaintiff's Motion for Permanent Injunction, Sundance, Inc. v. DeMonte Fabricating Ltd., No. 02-73543, 2007 WL 37742 (E.D. Mich. Jan. 4, 2007).

157 Id. at \*1.

158 Id. The jury found the patent invalid, but the judge reversed as a matter of law. See Memorandum and Order Granting Plaintiff's Motion for Judgment as a Matter of Law or for a New Trial, Sundance, No. 02-73543, 2006 WL 2708541 (E.D. Mich. Sept. 20, 2006). The litigation in Sundance is ongoing, with a jury trial on damages scheduled for May 14, 2007. See Stipulation and Order Amending Scheduling Order Re: Jury Trial on Damages, Sundance, No. 02-73543 (E.D. Mich. Jan. 4, 2007) (Docket Entry 185) (on file with author).

159 Jury verdict form, Sundance, No. 02-73543 (E.D. Mich. Jan. 4, 2007) (Docket Entry 119) (on file with author).

160 Memorandum and Order Denying Plaintiff's Motion for Permanent Injunction, Sundance, No. 02-73543, 2007 WL 37742, at \*1, \*2 (E.D. Mich. Jan. 4, 2007).

161 Id.

162 Id. at \*2.

163 Id. at \*1.

164 Id. at \*2.

165 Id.

166 Memorandum and Order Denying Plaintiff's Motion for Permanent Injunction, *Sundance, Inc. v. DeMonte Fabricating Ltd.*, No. 02-73543, 2007 WL 37742, at \*2 (E.D. Mich. Jan. 4, 2007).

167 Id.

168 Id.

169 No. 03-1158-SLR, 2007 WL 906704, at \*1 (D. Del. March 27, 2007).

170 Id.

171 Id. at \*2.

172 Id.

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

174 Id. at \*3.

175 *Praxair, Inc. v. ATMI, Inc.*, No. 03-1158-SLR, 2007 WL 906704, at \*3 (D. Del. Mar. 27, 2007).

176 Id.

177 Id. (citing *Novozymes A/S v. Genencor Int'l, Inc.*, 474 F. Supp. 2d 592, 598, 613 (D. Del. 2007), and *Transocean Offshore Deepwater Drilling, Inc. v. GlobalSantaFe Corp.*, No. H-03-2910, 2006 WL 3813778, at \*4 (S.D. Tex. Dec. 27, 2006)).

178 Id.

179 Id.

180 Id.

181 *Praxair, Inc. v. ATMI, Inc.*, No. 03-1158-SLR, 2007 WL 906704, at \*3 (D. Del. Mar. 27, 2007).

182 Id.

183 Id. at \*4. See also Order, Praxair, No. 03-1158-SLR (D. Del. March 27, 2007) (Docket Entry 344) (denying Praxair's motion for a permanent injunction without prejudice to renew) (on file with author).

184 No. CIV-04-1693-C, 2006 WL 2128851, at \*1 (W.D. Okla. July 27, 2006).

185 Id.

186 Id. at \*3.

187 Id. at \*5.

188 Id. (quoting *Prairie Band of Potawatomi Indians v. Pierce*, 253 F.3d 1234, 1250 (10th Cir. 2001)) (alteration in original).

189 Id.

190 *Wald v. Mudhopper Oilfield Servs., Inc.*, No. CIV-04-1693-C, 2006 WL 2128851, at \*5 (W.D. Okla. July 27, 2006).

191 Id. (citing *W.L. Gore & Assocs., Inc. v. Garlock, Inc.*, 842 F.2d 1275, 1281-82 (Fed. Cir. 1988)).

192 Id.

193 Id.

194 No. 5:01-CV-1748 (FJS/GJD), 2006 WL 2385425 (N.D.N.Y. Aug. 15, 2006).

195 Id. at \*1.

196 Id. at \*2.

197 *TiVo Inc. v. Echostar Commc'ns Corp.*, 446 F. Supp. 2d 664 (E.D. Tex. 2006) (decided Aug. 17, 2006); *Paice L.L.C. v. Toyota Motor Corp.*, No. 2:04-CV-211-DF, 2006 WL 2385139 (E.D. Tex. Aug. 16, 2006).

198 *TiVo*, 446 F. Supp. 2d at 669-70.

199 Id. at 665.

200 Id.

201 Id. at 670.

202 Id. at 669.

203 Id.

204 TiVo Inc. v. Echostar Commc'ns Corp., 446 F. Supp. 2d 664, 670 (E.D. Tex. 2006).

205 Id.

206 Id. at 669-70.

207 Id. at 670.

208 Id.

209 Id.

210 TiVo Inc. v. Echostar Commc'ns Corp., 446 F. Supp. 2d 664, 670 (E.D. Tex. 2006).

211 Id.

212 Id.

213 Id.

214 Id.

215 Id.

216 No. 01-00578, 2006 U.S. Dist. LEXIS 59212 (W.D. Mich. Aug. 22, 2006), superseded, No. 01-00578, 2006 WL 2472196 (W.D. Mich. Aug. 24, 2006) (The superseding opinion did not affect the permanent injunction analysis as set forth in the original opinion.).

217 Am. Seating Co. v. USSC Group, Inc., No. 01-00578, 2006 WL 2472196 (W.D. Mich. Aug. 24, 2006) (citing Am. Seating Co. v. USSC Group, Inc., 91 F.App'x 669 (Fed. Cir. 2004) (recounting the facts)).

218 No. 4:04CV00485, 2006 U.S. Dist. LEXIS 60575 (E.D. Mo. Aug. 25, 2006).

219 Id. at \*25.

220 Id. at \*2.

221 Id. at \*31.

222 Id. at \*32.

223 Id. at \*32; Wald v. Mudhopper Oilfield Servs., Inc., No. CIV-04-1693-C, 2006 WL 2128851, at \*5 (W.D. Okla. July 27, 2006).

224 Litecubes L.L.C. v. N. Light Prods., Inc., No. 4:04CV00485 ERW, 2006 U.S. Dist. LEXIS 60575, at \*32-\*33 (E.D. Mo. Aug. 25, 2006). Given the nature of the products, lighted ice cubes, an in-depth discussion of public interest was probably not warranted.

225 No. 01-1781 (JRT/FLN), 2006 WL 2735499, at \*1 (D. Minn. Sept. 25, 2006).

226 Id.

227 Id.

228 Id.

229 Id.

230 Id.

231 3M Innovative Props. Co. v. Avery Dennison Corp., No. 01-1781 (JRT/FLN), 2006 WL 2735499, at \*1-\*2 (D. Minn. Sept. 25, 2006).

232 Id.

233 466 F. Supp. 2d 978, 981 (W.D. Tenn. 2006).

234 Id. at 983.

235 Id. (citing eBay Inc. v. MercExchange, L.L.C., 126 S. Ct. 1837, 1841 (2006)).

236 Id. at 982-83.

237 Id. at 983.

238 Id. at 983-84.

239 Smith & Nephew, Inc. v. Synthes (U.S.A.), 466 F. Supp. 2d 978, 984 (W.D. Tenn. 2006).

240 Id. The court granted the permanent injunction before it had held the trial on damages. See Joint Stipulation Regarding Discovery and Trial Concerning Damages and Willful Infringement and Order, Smith, No. 02-2873 Ma/A (W.D. Tenn. 2006) (Docket Entry 141) (on file with author).

241 Smith, 466 F. Supp. 2d at 984 (citing Telequip Corp. v. Change Exch., No. 5:01-CV-1748 (FJS/GJD), 2006 WL 2385425, at \*4 (N.D.N.Y. Aug. 15, 2006)).

242 Id. at 984-85.

243 Id. (quotations and citations omitted).

244 Id. at 985.

245 Id.

246 No. CV-96-5658 (CPS), 2006 WL 2844400, at \*1, \*9 (E.D.N.Y. Sept. 29, 2006). The damages award in Rosco had not yet been ascertained. Id. at \*7-\*8.

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

248 Id. at \*4.

249 492 F.2d 1317, 1324 (2d Cir. 1977).

250 Rosco, 2006 WL 2844400, at \*5.

251 83 F.2d 409, 411 (2d Cir. 1936).

252 Rosco, 2006 WL 2844499, at \*5.

253 Id.

254 Id. The court's wording suggests a certain amount of facetiousness regarding the public's interest in the mirrors at issue.

255 No. 04 C 7955, 2006 WL 3446144, at \*1 (N.D. Ill. Nov. 29, 2006).

256 Id. at \*5.

257 Id. at \*4.

258 Id.

259 Id.

260 Id.

261 *Black & Decker, Inc. v. Robert Bosch Tool Corp.*, No. 04 C 7955, 2006 WL 3446144, at \*4 (N.D. Ill. Nov. 29, 2006).

262 Id. at \*5.

263 Id.

264 No. 2:03-CV-333-TJW, 2006 WL 3741891, at \*1 (E.D. Tex. Dec. 19, 2006).

265 Id.

266 Id. at \*4.

267 Id.

268 Id. (citing *TiVo Inc. v. Echostar Commc'ns Corp.*, 446 F. Supp. 2d 664, 669 (E.D. Tex. 2006)).

269 Id.

270 *Visto Corp. v. Seven Networks, Inc.*, No. 2:03-CV-333-TJW, 2006 WL 3741891, at \*4 (E.D. Tex. Dec. 19, 2006).

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

272 Id. at \*5. The court stayed the injunction pending the disposition of any appeal as an equitable remedy because Visto had violated a protective order. Id. at \*8.

273 No. H-03-2910, 2006 WL 3813778, at \*1 (S.D. Tex. Dec. 27, 2006) (citing *Verdict Form*, No. H-03-2910 (S.D. Tex. Dec. 27, 2006) (Docket Entry 208)).

274 Id. at \*3-\*8.

275 Id. at \*3.

276 Id. (citing *Paice L.L.C. v. Toyota Motor Corp.*, No. 2:04-CV-211-DF, 2006 WL 2385139 (E.D. Tex. Aug. 16, 2006), and *z4 Techs., Inc. v. Microsoft Corp.*, 434 F. Supp. 2d 437 (E.D. Tex. 2006)).



277 Id. at \*4.

278 Id. at \*5 (citing eBay Inc. v. MercExchange, L.L.C., 126 S. Ct. 1837, 1842 (2006) (Kennedy, J., concurring)).

279 Transocean Offshore Deepwater Drilling, Inc. v. GlobalSantaFe Corp., No. H-03-2910, 2006 WL 3813778, at \*5 (S.D. Tex. Dec. 27, 2006).

280 Id.

281 Id. at \*7.

282 Id. at \*7, \*12.

283 Id. at \*7.

284 Id.

285 Transocean Offshore Deepwater Drilling, Inc. v. GlobalSantaFe Corp., No. H-03-2910, 2006 WL 3813778, at \*7 (S.D. Tex. Dec. 27, 2006).

286 No. 1:04-cv-2357, 2007 WL 184747, at \*1 (N.D. Ohio Jan. 19, 2007).

287 Id. at \*11.

288 Id. at \*14 (citing eBay Inc. v. MercExchange, L.L.C., 126 S. Ct. 1837, 1842 (2006) (Kennedy, J., concurring)).

289 Id.

290 Id.

291 Id. at \*15.

292 MPT, Inc. v. Marathon Labels, Inc., No. 1:04-cv-2357, 2007 WL 184747, at \*15 (N.D. Ohio Jan. 19, 2007).

293 Id.

294 474 F. Supp. 2d 592, 596-97 (D. Del. 2007).

295 Id. at 596-98.

296 Id. at 602-04.

297 Id. at 604-05.

298 Id. at 607-09.

299 Id. at 608.

300 *Novozymes A/S v. Genencor Int'l, Inc.*, 474 F. Supp. 2d 592, 612-613 (D. Del. 2007).

301 Id.

302 Id. at 612.

303 Id.

304 Id.

305 Id. at 613.

306 *Novozymes A/S v. Genencor Int'l, Inc.*, 474 F. Supp. 2d 592, 613 (D. Del. 2007).

307 Nos. 04-1689, 06-757, 06-5166, 2007 WL 869545, at \*1 (D.N.J. March 20, 2007).

308 Opinion, *Ortho-McNeil*, Nos. 04-1689, 06-757, 06-5166, at 1 (D.N.J. Oct. 23, 2006) (Docket Entry 169) (on file with author).

309 Id. at 1.

310 *Ortho-McNeil*, Nos. 04-1689, 06-757, 06-5166, 2007 WL 869545, at \*1 (D.N.J. Mar. 20, 2007).

311 Id.

312 Id.

313 Id.

314 Opinion, *Ortho-McNeil*, Nos. 04-1689, 06-757, 06-5166, at 17 (D.N.J. Oct. 23, 2006) (Docket Entry 169) (on file with author).

315 Id. at 17-18.

316 No. 2-04-CV-32 (TJW), 2007 WL 869576, at \*1 (E.D. Tex. March 21, 2007). See also Second Amended Joint Final Pretrial Order, O2 Micro, No. 2-04-CV-32 (TJW) (E.D. Tex. May 9, 2006) (Docket Entry 352) (using terms inverter controller and inverter) (on file with author).

317 O2 Micro, 2007 WL 869576, at \* 2.

318 O2 Micro, 2007 WL 869576, at \*2.

319 Id.

320 Id.

321 Id.

322 Id.

323 Id. at \*3.

324 No. 06-0682, 2007 WL 528749, at \*1 (E.D. Va. Feb. 12, 2007).

325 Id.

326 Verdict Form, Verizon, No. 06-0682 (E.D. Va. Mar. 8, 2007) (Docket Entry 486) (on file with author); Judgment in a Civil Case, Verizon, No. 06-0682, (E.D. Va. Mar. 13, 2007) (Docket Entry 490) (on file with author).

327 Transcript of Hearing, Verizon, No. 06-0682, at 37-38 (E.D. Va. Mar. 23, 2007) (Docket Entry 332) (on file with author).

328 Id.

329 Id.

330 Id. at 38.

331 Id. at 38-39.

332 No. 6:02-cv-1354-Orl-28DAB, 2007 WL 1101238, at \*1-\*4 (M.D. Fla. Apr. 12, 2007).

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

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

335 Id. at \*6.

336 Id.

337 Id. at \*7.

338 Id.

339 800 Adept, Inc. v. Murex Sec., Ltd., No. 6:02-cv-1354-Orl-28DAB, 2007 WL 1101238, at \*7 (M.D. Fla. Apr. 12, 2007).

340 Id.

341 Id.

342 Id.

343 Id. at \*8.

344 Id. at \*8.