

## Judge Applies *WesternGeco* Principles to Direct Infringement Under 35 U.S.C. § 271(a)

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A federal district court judge recently applied the recent U.S. Supreme Court decision in *WesternGeco LLC v. ION Geophysical Corporation*, in which the Supreme Court held that lost profits damages could be awarded for infringement occurring under 35 U.S.C. § 271(f), to cover damages for direct infringement occurring under 35 U.S.C. § 271(a) (see our prior post [here](#) for an overview of the case and the issues before the Court, and [here](#) for an overview of the Court's June opinion).

In *Power Integrations, Inc. v. Fairchild Semiconductor*, a patent infringement dispute that has been litigated for nearly 15 years, Power Integrations, Inc. ("Power") sued Fairchild Semiconductor Corporation ("Fairchild") for infringement of four of its patents. At trial in October 2006, the jury was instructed on direct and induced infringement, and returned a general verdict of infringement. The jury also found Fairchild's infringement was willful and awarded Power approximately \$34 million in worldwide damages. Post-trial, the court granted Fairchild's motion for remittitur and reduced the jury's award by approximately 82%, to around \$6 million, the amount of damages Power incurred just in the United States.

On appeal, the Federal Circuit upheld the district court's decision to exclude damages for sales made outside the United States, finding it correctly decided as a matter of law, concluding that the jury's verdict must have been based on direct infringement, presumably based on the parties' stipulation of direct infringement, and remanded the case for a new trial on damages for direct infringement alone. The Federal Circuit would later rely on this holding to reverse the lower court's lost profits award for extraterritorial activity in *WesternGeco*, using a similar rationale before the Supreme Court heard the case.

After the Supreme Court issued its decision in *WesternGeco*, district court Judge Leonard P. Stark issued an opinion holding that *WesternGeco* implicitly overruled the Federal Circuit's holding in this case. Judge Stark noted that "[t]he Supreme Court's analysis of the patent damages statute, § 284, has equal applicability to the direct infringement allegations pending here, as governed by § 271(a)." Judge Stark held that Power will be able to seek recovery of worldwide damages for direct infringement in the upcoming damages trial, overriding the prior instruction of the Federal Circuit, and certified the issue for interlocutory appeal.

This case has the potential to dramatically impact the law of patent damages. If Judge Stark's order is affirmed on appeal, expanded recovery for worldwide infringement of patent damages could be available to patent owners. Although Judge Stark only addressed the applicability of the *WesternGeco* rationale to direct infringement under § 271(a), it remains for other decisions to address whether *WesternGeco* could be applied to additional types of infringement, such as indirect infringement.



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