

Appellate Court Generates Patent Treatise in Car-Tracking Patent Case

McDermott
Will & Emery

Article By

[David Mlaver](#)

[McDermott Will & Emery](#)

[IP Update](#)

- [Intellectual Property](#)
- [Litigation / Trial Practice](#)
- [Communications, Media & Internet](#)
- [Federal Circuit / U.S. Court of Spec. Jurisdiction](#)

Thursday, May 30, 2019

Addressing the appeal of a judgment that four US patents were infringed and not invalid, the US Court of Appeals for the Federal Circuit:

- Found waiver regarding a claim construction issue
- Found direct infringement based on a claim term as construed
- Faulted the district court for not resolving a claim construction raised by the defendant and for excluding evidence of intent on indirect infringement (resulting in a remand on indirect infringement)
- Faulted the district court for not apportioning damages based on the percent of accused devices found to infringe and for not identifying those claims that it found willfully infringed

The Federal Circuit ordered a new trial on willful infringement, enhanced damages and attorneys' fees. [Omega Patents, LLC v. CalAmp Corp.](#), Case No. 18-1309 (Fed. Cir. Apr. 8, 2019) (Dyk, J).

CalAmp sells location messaging units (LMUs), devices that assist in monitoring and collecting data for vehicles. LMUs are multi-vehicle compatible devices that collect data through a GPS receiver and/or a connection to a vehicle's data communication bus, and relay the data to CalAmp's servers for remote monitoring. Omega sued CalAmp for infringement of four patents that generally relate to multi-vehicle

compatible systems.

Invalidity

At trial, the jury found that the Omega patents were not invalid based in part on the district court's construction of several claim terms. On appeal, CalAmp argued that the claim construction was erroneous. Although neither party argued that the construction affected infringement, CalAmp contended that under the correct claim construction, its invalidity defense would have included additional prior art references. Reasoning that "CalAmp did nothing in the district court *Markman* proceeding to specifically identify the prior art that would be impacted by the claim construction ruling," and further that "CalAmp fail[ed] to argue the prior art was identified at any time thereafter," the Federal Circuit concluded that CalAmp had failed to preserve the issue for appeal. Because CalAmp's argument was waived, the Court affirmed the judgment of the district court.

Infringement

As to one of the patents, the issue regarding infringement was whether the LMU obtained vehicle speed data from the data bus or from its GPS receiver. Finding that testimony by CalAmp's witnesses could be interpreted to indicate that less than 5% of the devices were programmed to obtain such information from the data bus as required by the claims, the Federal Circuit affirmed the judgment of direct infringement of this patent.

As to two other patents, the issue regarding direct infringement was whether CalAmp met a claim limitation requiring "a transmitter and a receiver for receiving signals from said transmitter" by selling its LMUs. Because the LMUs as sold contain a transmitter, but the receiver is on a cell tower, which is not provided by CalAmp, the Court held that there was no direct infringement by CalAmp.

The issue of indirect infringement by customers turned on whether the LMUs were a "vehicle device." At *Markman*, CalAmp had proposed a construction requiring "vehicle device" to be a device pertaining to the vehicle (as opposed to the exogenous LMU). Although Omega agreed that the construction CalAmp proposed was "fine" and consistent with the patent specification, it successfully argued that no construction was necessary. At trial, however, Omega offered, as its primary theory, that the LMU was a "vehicle device." The Federal Circuit found that the district court erred in not construing the term and that the proper construction was the one originally proposed by CalAmp. Because the Court was unable to discern whether the verdict of infringement was premised on the erroneous claim construction, it vacated the judgment of infringement and ordered a new trial, rejecting CalAmp's arguments for outright reversal.

CalAmp also raised arguments on appeal concerning the intent prong of induced infringement. The Court held that the district court had erroneously excluded the testimony of two CalAmp witnesses whose testimony would have borne on CalAmp's state of mind. The Court therefore vacated the jury's findings as to indirect infringement and remanded for a new trial.

Compensatory Damages

The Federal Circuit vacated the damages award, explaining that the only claim for which it had affirmed infringement was one that was only infringed by some 5% of the accused products, an apportionment that the district court's award did not take into account.

Willfulness and Enhanced Damages

The Federal Circuit could not determine which patent(s) or claim(s) the jury found to be willfully infringed. Noting that the willfulness finding might have been based on an infringement finding that the Court set aside, the Court vacated the willfulness verdict as well as enhanced damages and attorneys' fees awards and ordered a new trial. The Court further instructed the district court to allow additional state-of-mind testimony in the new trial.

Practice Note: Claim construction arguments should generally not be “results oriented,” but helping the court understand the consequences of certain constructions may be necessary to preserve issues for appeal. Practitioners should be careful to describe what is at stake in a claim construction dispute while confining their arguments for a given position to the intrinsic and extrinsic evidence.

© 2019 McDermott Will & Emery

Source URL: <https://www.natlawreview.com/article/appellate-court-generates-patent-treatise-car-tracking-patent-case>