

IN RE ELECTRO-MECHANICAL INDUSTRIES

DECIDED: DECEMBER 22, 2009

By: Thomas McKiernan

NO EXPERT WITNESS FEES, NOR ENHANCEMENT OF REASONABLE ATTORNEYS FEES

Electro-Mechanical Industries Inc. (EMI) appealed from a decision of the U.S. District Court for the Southern District of Texas estimating the value of a patent infringement claim. EMI sought the claim estimation for purposes of bankruptcy after being sued by Universal Support Systems, LLC for infringement of U.S. Patent No. 6,669,163 ("the '163 patent").

Claim 1, the only independent claim of the '163 patent, recited a support apparatus comprising a planar base in a hollow receptacle for receiving an object. The claim recited a spacing of the receptacle above the base that "permits the passage of air, wind, or water."

The District Court found that the asserted claims of the '163 patent were not invalid as obvious, and found that EMI had willfully infringed the claims of the '163 patent. The District Court then went on to estimate the value of the claim, and awarded damages including a reasonable royalty of 11%, enhanced damages for willful infringement, and attorney fees. EMI produced eight different types of feet, designated as feet A through H. Feet A through D had a buttressed receptacle, with a gap between the bottom of the receptacle and a base. Feet E and G had gaps between the base and receptacle at some point during a manufacturing process, but the gaps were filled with silicone prior to sale. Foot F had no gap.

The U.S. District Court found that feet A through E and G infringed the '163 patent, but that feet F and H did not infringe the '163 patent, because they had no gaps. The District Court then applied a royalty of 11% to all infringing feet, and doubled the damages for willful infringement. The District Court also found the case to be exceptional under 35 USC §285 and allowed attorneys fees of \$700,000, which it enhanced to \$1 million.

The U.S. Court of Appeals for the Federal Circuit (Federal Circuit) found jurisdiction to be proper, because the underlying claims depended entirely on patent law, even though the case originated in bankruptcy. The Federal Circuit also found that the reasonable royalty rate of 11% had been applied to all infringing feet, even though feet E and G did not infringe after they had been manufactured, since their gaps were filled in with silicone. The Federal Circuit reasoned that the royalty rate as applied to feet E and G, which did not constitute infringing sales, was clearly erroneous.

Federal Circuit also found that the District Court erred by awarding expert witness fees as part of the attorney fees pursuant to 35 USC §285, since 35 USC §285 does not provide for the award of expert witness fees.

Finally, the Federal Circuit disallowed the enhancement of the reasonable attorney fees, since 35 USC §285 does not allow for enhancement of reasonable attorney fees.