

No.

In the Supreme Court of the United States

CORNING OPTICAL COMMUNICATIONS RF LLC,

Petitioner

v.

PPC BROADBAND, INC.

Respondent

**On Petition for a Writ of Certiorari to the
U.S. Court of Appeals for the Federal Circuit**

PETITION FOR CERTIORARI

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QUESTIONS PRESENTED

In *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S. Ct. 1923 (2016), this Court rejected the Federal Circuit’s misuse of “objective reasonableness” as a *categorical bar* to enhanced patent damages, but did not disturb the settled principle that the reasonableness of an infringer’s conduct is *relevant* in identifying “egregious” behavior warranting enhanced damages.

Below, the District Court enhanced damages despite evidence that another Article III court had granted Corning summary judgment of non-infringement on the same claims. The District Court thus joined a growing number of courts in concluding that a finding of willful infringement suffices to support enhanced damages, regardless of the reasonableness of the defendant’s conduct. The Federal Circuit affirmed.

Moreover, the jury’s willfulness finding was infected by an instruction that infringement was willful if Corning “should have known” that it likely infringed—a negligence standard that violates the “intentional or knowing” standard established in *Halo*. That issue is also before this Court in *Bombardier Recreational Products Inc., BRP U.S. Inc., v. Arctic Cat Inc.*, No. 17-1645 (pet. for cert. filed June 6, 2018).

The questions presented are:

1. In determining whether to enhance damages for “egregious” infringement under §284, must courts consider all relevant circumstances, including evidence that the defendant’s position was objectively reasonable?
2. Does a finding of willful infringement based on a “should have known” standard violate the requirement that willfulness be “intentional or knowing”?

RULE 29.6 DISCLOSURE

Corning Optical Communications RF LLC is a wholly owned subsidiary of Corning Oak Holding LLC, which is a wholly owned subsidiary of Corning Inc., a publicly traded company. To our knowledge, no other publicly held corporation holds 10% or more of stock in Corning Optical Communications RF LLC or Corning Oak Holding LLC.

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**On Petition for a Writ of Certiorari to the
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PETITION FOR CERTIORARI

Petitioner Corning Optical Communications RF LLC respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

Notwithstanding briefing and oral argument, the Court of Appeals declined to produce an opinion, instead issuing a one-line, per curiam summary affirmation. Pet. App. 1a–2a. The order denying rehearing (Pet. App. 3a–4a) is unreported. The District Court’s judgment (Pet. App. 32a–33a), entered on jury verdict, is unreported. The District Court’s decision enhancing damages pursuant to 35 U.S.C. §284 (Pet. App. 5a–31a) is unreported.

JURISDICTION

The Court of Appeals entered judgment on March 13, 2018. Pet. App. 1a. The court denied petitioner’s timely request for rehearing on May 14, 2018. Pet. App. 3a. This Court has jurisdiction pursuant to 28 U.S.C. §1254(1).

STATUTORY PROVISION INVOLVED

Section 284 of the Patent Act (Pet. App. 34a) provides, in relevant part, that a district court “may increase the damages [for patent infringement] up to three times the amount found or assessed.”

INTRODUCTION

This petition raises two questions of recurring importance that have arisen in the wake of *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S. Ct. 1923 (2014). The Court there abrogated the Federal Circuit’s rigid, two-part test for enhancing patent damages under 35 U.S.C. §284 and returned the law to its historical roots, under which enhanced damages are reserved for “egregious” cases, where the defendant’s infringement was “willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate.” *Halo*, 136 S. Ct. at 1932. The Court further clarified that “egregious” infringement must be “intentional or knowing.” *Id.* at 1933.

In restoring “nearly two centuries of enhanced damages” jurisprudence, this Court rejected the Federal Circuit’s insistence that evidence of the “objective reasonableness” of an accused infringer’s defenses categorically precludes an award of enhanced damages. *Id.* at 1934. But *Halo* did not eliminate the traditional

consideration of objective reasonableness as a mitigating factor in determining whether a court should enhance damages. To the contrary, the return to historical enhancement considerations confirms that the reasonableness of the accused infringer’s conduct is directly relevant to whether that conduct is sufficiently “egregious” to warrant enhanced (punitive) damages. At a minimum, reasonableness is necessarily relevant to the determination of subjective intent.

Here, Corning defended against PPC Broadband’s motion to enhance damages by presenting perhaps the ultimate evidence that its original belief concerning its accused conduct was objectively reasonable: a decision of another Article III court that considered the same accusations of infringement by the same accused products of the same asserted claims and vindicated Corning’s long-held non-infringement position, granting Corning summary judgment of non-infringement—on two independent grounds.

In rejecting Corning’s enhancement defense, the District Court here joined a growing chorus of courts that misread *Halo* to reject consideration of critical evidence that the defendant’s conduct is objectively reasonable. The District Court read *Halo* to mean that evidence *after* the date of first infringement is not relevant—even if that evidence supports the objective reasonableness of the defendant’s earlier conduct or supports the reasonableness of defendant’s continued conduct. That result is diametrically opposed to what *Halo* intended: it creates a categorical approach that ignores historical practice and expands liability for enhanced damages to defendants whose conduct is not, in any sense of the word, culpable.

The trend toward ignoring critical evidence of objective reasonableness in determining enhancement is likewise inconsistent with the Court’s recent jurisprudence in the related context of fee-shifting statutes—a context that is “instructive” and “points in the same direction.” *Halo*, 136 S. Ct. at 1932, 1934. In that context, this Court has expressly held that district courts not only should consider whether the defendant’s conduct is objectively unreasonable (*Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 n.6 (2014)), but “should give substantial weight to the objective reasonableness of the losing party’s position.” *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1983 (2016). Further, the trend conflicts with longstanding precedent holding that defendants cannot be subjected to punitive damages absent notice that their conduct was potentially unlawful. *E.g.*, *Southwestern Tel. & Tel. Co. v. Danaher*, 238 U.S. 482, 489 (1915) (reversing a punitive award where the defendant lacked notice of the prospect of such damages because “[t]here had been no decision in the state holding or indicating that [the company’s conduct] was unreasonable” and “[l]ike [conduct] often had been pronounced reasonable and valid in other jurisdictions,” despite “some differences of opinion upon the subject”).

The Federal Circuit’s decision to affirm despite the District Court’s refusal to consider critical evidence of objective reasonableness warrants review. Only this Court can adequately supervise that court’s failure to implement binding authority, and thus ensure that enhanced damages are confined to cases of “egregious” bad-faith conduct. The Court should either grant plenary review or, as it has often done in similar circumstances, grant the petition, vacate the summary affir-

mance, and remand for further consideration and explanation in light of *Halo* and its restoration of the longstanding principles governing enhancement.

This Court’s review is also warranted on an independent issue: the viability of the District Court’s jury instruction on willfulness, which allowed the jury to find willful infringement under a negligence standard. The lawfulness of that instruction is gravely in doubt after *Halo*, which specified that willful infringement must be “intentional or knowing.” 136 S. Ct. at 1933. This issue is already before the Court in *Bombardier Recreational Products, Inc. v. Arctic Cat Inc.* (No. 17-1645). And the proper standard is even more critical where, as here, district courts refuse to consider objective reasonableness—the hallmark of determining due care. At a minimum, the Court should hold this petition pending its decision whether to grant certiorari on this question in *Bombardier*.

STATEMENT OF THE CASE

This patent infringement dispute involves connectors that attach a coaxial cable to electronic equipment such as cable boxes. The primary infringement issue concerns the scope of one connector component, a “cylindrical body member” (also called a “connector body”), and whether that component—as opposed to a different component—is deformed inwardly to secure the connector to a cable.

In the specification and during prosecution, the applicant distinguished prior art connectors where a component *other than* the cylindrical body member secures the connector to the cable. The applicant claimed as inventive deforming a portion of the cylin-

dricial body member itself inwardly to secure the connector to the cable, thereby eliminating the need for a separate sealing member.

As detailed below, this case is the latest of three disputes between PPC and Corning that are relevant to the question presented: district court proceedings initiated in 2003, followed by overlapping proceedings in the Court of International Trade (“CIT”) and the District Court below, both initiated in 2011, with the CIT reaching final judgment first.

A. 2003 District Court Proceedings

In 2003, PPC sued Corning for patent infringement, alleging that two versions of Corning’s connectors infringe: (1) a first version that deformed a portion of the cylindrical body member inwardly; and (2) a second version that wedged a plastic “Gripper” *under* the metal cylindrical body member without deforming the cylindrical body member. C.A. App. 10606–10607. Corning presented an expert opinion of noninfringement, explaining that the “Gripper” is a different component than the cylindrical body member. In response, PPC dropped its accusations against the second version—Corning’s “Gripper” connectors—and did not accuse others that were on the market. C.A. App. 10607. After a jury found the first version infringed and denied Corning’s validity challenge, the parties settled and Corning agreed to discontinue the first version.

Corning then introduced a new line of connectors that were designed with Grippers to avoid infringement based on the prior unaccused Gripper version. C.A. App. 10609. Corning engineer Don Burris testified that he “took the gripping connectors, the noninfringing versions, and just used that technology and

moved it into a new connector platform.” *Ibid.* All subsequent Corning connectors—including those accused in this case—used a “Gripper” wedged under the cylindrical body member without deforming the cylindrical body member.

B. 2011 Customs and Court of International Trade Proceedings

Without naming Corning as a Respondent, PPC obtained a general exclusion order (“GEO”) for U.S. Patent No. 6,558,194 (the “194 Patent”). In 2011, PPC successfully used the GEO to convince U.S. Customs (“Customs”) *ex parte* to bar importation of all Corning “Gripper” connectors, forcing Corning to sue Customs in the CIT to have its products released. Under the statutory scheme, Corning had to prove by a preponderance of the evidence that its “Gripper” connectors did *not* infringe the ’194 Patent before the CIT would overrule Customs. Corning did so, with the CIT agreeing with Corning’s longstanding position—held since at least 2003—that Corning’s “gripping ring is a separate component from the connector body, and has a separate function,” such that Corning’s connector did “not meet the claim limitations requiring that those components have a deformable cylindrical sleeve at one end.” *Corning Gilbert Inc. v. United States*, 896 F. Supp. 2d 1281, 1296, 1297 (Ct. Int’l Trade 2013).

The CIT’s claim construction was not the only basis for its conclusion that Corning’s products did not infringe. “[E]ven if the court concluded (contrary to the understanding of those skilled in the art . . .) that the [Gripper] is part of the [cylindrical body member],” the CIT held that Corning’s connectors *still* “would not meet” the asserted limitations, because Corning’s Gripper was not a “cylindrical’ sleeve” and did not

“form a bore about the tubular post,” as required by the claims. *Id.* at 1296–1297. Thus, the CIT not only ruled for Corning, but did so by granting Corning summary judgment of noninfringement on two independent grounds.

C. 2011 District Court Proceedings

After PPC asked Customs to exclude Corning’s “Gripper” connectors from entry, PPC brought this lawsuit, again alleging that Corning’s “Gripper” connectors infringed. The infringement issues presented to the District Court here were substantially identical to those presented concurrently in the CIT litigation: they involved the same patent, the same claims, and the same accused products. This case also involved one additional related patent, not materially different from the ’194 Patent as it relates to the issues in this petition.

This case diverged from the CIT case, however, on summary judgment and claim construction. Corning asked for early summary judgment, specifically requesting that that “cylindrical body member” be construed, but the District Court denied Corning’s motion without prejudice when PPC submitted a Rule 56(d) declaration swearing that it lacked discovery “essential” to justify filing an opposition to Corning’s motion. PPC Mem. (Dkt. 21-1) at 2; 12/6/11 Minute Entry.

During claim construction, Corning again asked that “cylindrical body member” be construed to establish its scope. The Court declined, stating the term should be afforded its plain and ordinary meaning. After the close of fact discovery, Corning renewed its summary judgment motion of non-infringement, and PPC filed its own motion for summary judgment of infringement. The Court denied both motions, holding

that there were fact issues presented by competing experts concerning whether the “cylindrical body member” limitation was met by Corning’s products.

More than two years passed, and on the eve of trial, the District Court abruptly changed its ordinary meaning construction. Aware that Corning was barred under the doctrine of issue preclusion from re-litigating the validity of the ’194 Patent, see *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 333, 350 (1971), PPC asked for and obtained a broad construction of “cylindrical body member” that encompassed multi-piece members:

Structure of the connector that is secured to the post at one end and includes an open end for receiving a portion of the coaxial cable. ***This structure can be comprised of more than one piece, and is therefore not limited to a single integral or unitary one-piece component.***

C.A. App. 12000–12001 (emphasis added). The District Court did so notwithstanding that it was fully aware of and presented with the final judgment of the CIT and its construction.

Without risk of a validity challenge to the ’194 Patent, PPC argued that the cylindrical body member and “Gripper” in Corning’s connectors *together* constitute its claimed cylindrical body member.

PPC also moved in limine to exclude the CIT decision. The District Court granted PPC’s motion in part, agreeing it should be excluded as to infringement, but could be discussed in connection with willfulness. At trial, Corning’s business representative testified that he expressly relied on the CIT decision as a basis to

continue selling Corning's products, and that the CIT decision confirmed Corning's belief that Gripper connectors were outside the scope of PPC's patents.

The District Court incorrectly instructed the jury that the CIT action, which featured prominently in Corning's defense, did not "involve the same claim terms" and that the issues of infringement were different. The District Court refused to correct its instruction.

Given the District Court's instruction that the cylindrical body member "is therefore not limited to a single integral or unitary one-piece component," the result was predictable: the jury found that Corning willfully infringed, awarding \$23.85 million in damages.

After the jury trial, the District Court conducted a bench trial on Corning's equitable defenses, including equitable estoppel based on PPC's conduct in 2003 and 2004 and years of subsequent silence. The District Court dismissed the 2003 and 2004 evidence as irrelevant to equitable estoppel, and likewise to enhancement, because Corning's earlier Gripper products were technically separate products—notwithstanding they were not materially different when considered in light of Corning's non-infringement position that no "Gripper" connectors infringe.

PPC moved to treble the damage award under 35 U.S.C. §284. The parties briefed infringement before this Court's decision in *Halo*, and thus focused on the then-applicable two-part "*Seagate*" enhancement test, which required the plaintiff to show that the defendant's conduct was both objectively reckless and subjectively knowing or intentional. See *In re Seagate Technology, LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc).

After *Halo* rejected objective recklessness as a necessary predicate for enhancement, Corning argued that objective recklessness—or its counterpart, objective reasonableness—remained an “important consideration” in the totality of circumstances relevant to enhancement, pointing to the CIT’s grant of summary judgment of non-infringement as evidence of the objective reasonableness of Corning’s conduct. Corning Post-Trial Br. (Dkt. 520) at 19, 21-22.

The District Court nonetheless doubled the jury award to more than \$60 million, with interest, including doubling damages on sales occurring *after* the CIT decision. In so doing, the District Court made no mention of objective reasonableness. Further, the court deemed the CIT decision irrelevant *solely* because it issued after the date of the first accused sales, notwithstanding that this opinion (from an Article III court) confirmed Corning’s long-held belief and that Corning relied upon it to continue sales. Pet. App. 21a.

Having chosen to ignore the strongest evidence that Corning had an objectively reasonable non-infringement position, the District Court found that Corning lacked a good-faith basis for noninfringement, calling the case “not close.” Pet. App. 22a. In short, the District Court evaluated closeness of the case from the perspective of its broader claim construction—issued the week before trial—and its narrow view of relevant evidence. The District Court never considered the reasonableness of Corning’s claim construction, adopted by the CIT. And in contrast to its enhancement finding, the District Court denied PPC’s request for attorneys’ fees, finding the case *not* exceptional.

D. Federal Circuit Proceedings

Corning timely appealed the judgment, challenging, among other things, the enhancement of damages. Samsung Electronics Co., Ltd. filed an amicus brief in support of Corning's position on the merits, arguing that the District Court erred by failing to consider Corning's evidence of objective reasonableness. Nevertheless, a panel of the Federal Circuit summarily affirmed the judgment.

Corning timely petitioned for panel rehearing and rehearing en banc. The Federal Circuit denied those petitions on May 14, 2018. Pet. App. 3a–4a.

REASONS FOR GRANTING THE PETITION

I. Certiorari Is Needed To Address The Conflict Between The Decision Below And *Halo*, This Court's Fee-Shifting Precedents, And Pre-Federal Circuit Decisions Of Several Circuits Holding That Objective Reasonableness Weighs Against Enhanced Damages.

The ruling below is but the latest in a growing line of cases that conflict not only with *Halo*, but with this Court's fee-shifting decisions and pre-Federal Circuit decisions of several circuits. The Court should grant review to make clear that the objective reasonableness of an infringer's conduct is always relevant to, even if not dispositive of, the award of enhanced damages.

A. The decision below conflicts with *Halo*.

Before *Halo*, the Federal Circuit's two-part *Seagate* test required district courts to find objective recklessness before awarding enhanced damages. In *Halo*, however, this Court held that the *Seagate* test was too rigid and rejected the notion that a finding of objective

recklessness was *necessary* before awarding enhanced damages. 136 S. Ct. at 1932.

The Court in *Halo* did *not*, however, reject the longstanding principle—enshrined in “nearly two centuries of application and interpretation of the Patent Act”—that whether the defendant’s conduct was objectively reckless was *relevant* to awarding enhanced damages. *Id.* at 1395. Rather, both *Halo* and this Court’s recent jurisprudence in the related context of fee-shifting confirm that the objective reasonableness of a defendant’s conduct is part of the totality of circumstances that must be considered in determining whether such an award is appropriate.

A large and growing number of lower courts, however, are reading *Halo* to make objective reasonableness irrelevant to the enhanced damages inquiry. In conflict with *Halo*, the District Court here expressly chose to ignore powerful evidence that Corning’s conduct was objectively reasonable: a decision by another Article III court granting Corning summary judgment of noninfringement on multiple grounds.

The District Court likewise ignored the objective evidence of the plaintiff’s own conduct in opposing early summary judgment. The District Court essentially refused to consider the reasonableness of the case from any perspective other than its own broad claim construction and the jury’s infected verdict. And the Federal Circuit compounded the District Court’s error by burying it, using the “Rule 36” summary affirmation procedure to avoid reconciling the outcome with this Court’s jurisprudence—an approach that has frequently characterized the Federal Circuit’s handling of enhanced damages post-*Halo*.

This Court’s review is needed to address the conflict between the decision below and *Halo*.

B. The decision below conflicts with “nearly two centuries” of historical practice—including pre-Federal Circuit decisions of several circuits.

In rejecting the Federal Circuit’s novel and unduly rigid *Seagate* test, this Court in *Halo* held that district courts considering enhancement under §284 should be guided by the “nearly two centuries” of jurisprudence on enhanced damages that preceded *Seagate*. 136 S. Ct. at 1935. That history confirms that district courts must at least consider objective reasonableness in determining whether to award enhanced damages.

1. Pre-Federal Circuit jurisprudence in multiple Courts of Appeals consistently considered objective factors in determining whether enhanced damages were warranted, often formulating the inquiry as whether the patent’s infringement or validity were “open to honest doubt.” In *International Manufacturing Co. v. Landon, Inc.*, 336 F.2d 723, 728 (9th Cir. 1964), for example, the accused infringer defended an infringement suit by challenging the patent’s validity. While that suit was pending, another district court upheld the patent’s validity in an unrelated suit, but the defendant “continued its infringing activity” even after that judgment. *Ibid.* When the defendant was found to infringe and the patents were determined valid, the district court awarded enhanced damages. *Ibid.* On appeal, the Ninth Circuit reversed in part, holding that enhancement was appropriate only for the period after the patent-in-suit was found valid by another tribunal. *Ibid.* From that point, the validity of the patent was no longer “open to honest doubt,” *ibid.*, and the

defendant's continued infringement was objectively reckless.

Similarly, in *Wilden Pump & Engineering Co. v. Pressed & Welded Products Co.*, the accused infringers “decided to manufacture the infringing valve . . . after they had been advised by their attorney . . . that such action would entail a high degree of infringement” of claims 1, 6, and 9 of the patent. 655 F.2d 984, 989–990 (9th Cir. 1981) (quoting *Int'l Mfg. Co.*, 336 F.2d at 728). But the patent holder did not assert any of those claims against the defendant, who was found to infringe only claim 13, which the defendant's attorney had advised was likely invalid. *Wilden Pump*, 655 F.2d at 990. Because the validity of the asserted claim was “open to honest doubt,” the defendant's conduct was not objectively reckless, and enhancement was inappropriate. *Id.* at 989.

And in *Wahl v. Carrier Manufacturing Co.*, 511 F.2d 209, 214 (7th Cir. 1975), the Seventh Circuit rejected the patent holder's claims for enhanced damages and attorney's fees, observing that because “the issue of patentability was close and . . . the infringement issues were fairly debatable”—an objective consideration—both enhancement under §284 and fees under §285 were inappropriate. See also, *e.g.*, *Livingston v. Woodworth*, 56 U.S. (15 How.) 546, 560 (1853) (holding that enhancement was inappropriate where defendants were operating under a different patent because they “might well have supposed that the right derived to them from such a source was regular and legitimate”); *Nat'l Bus. Sys., Inc. v. AM Int'l, Inc.*, 546 F. Supp. 340, 363–364 (N.D. Ill. 1982), *aff'd* and *re-manded*, 743 F.2d 1227 (7th Cir. 1984). Given this, most courts recognized that they should be even “*more*

reluctant to impose punitive damages” where the issues are “litigated in good faith.” *Yoder Bros., Inc. v. Cal.-Fla. Plant Corp.*, 537 F.2d 1347, 1383 (5th Cir. 1976) (emphasis added) (collecting cases); *Brown Bag Filling Mach. Co. v. Drohen*, 175 F. 576, 577 (2d Cir. 1910) (declining to enhance where the disputed issues “present[] debatable questions”); *White v. Mar-Bel, Inc.*, 369 F. Supp. 1321, 1326 (M.D. Fla. 1973) (declining enhancement, despite willfulness verdict, in light of patent’s “apparent invalidity”), *aff’d* in relevant part, 509 F.2d 287, 292 (5th Cir. 1975).

2. A contrary determination by another tribunal has consistently been regarded as important objective evidence that the disputed issues are “close” or “open to honest doubt.” For example, in *Marvel Specialty Co., Inc. v. Bell Hosiery Mills, Inc.*, 386 F.2d 287, 289 (4th Cir. 1967), a district court had held that one of the accused infringer’s products was infringing, while the other was not. The Fourth Circuit reversed in part, holding that both products infringed. On remand to determine damages, the district court enhanced damages on the product originally held to infringe, but not on the product originally found non-infringing, concluding that enhancement was inappropriate in light of “the disagreement [on infringement] between the district court and the Court of Appeals.” *Ibid.* Given that disagreement, “it could hardly be said that [the defendant] deliberately and intentionally infringed.” *Ibid.*

Similarly, in *Bandag, Inc. v. Al Bolser Tire Stores, Inc.*, 1985 WL 5702, at *2 (W.D. Wash. Oct. 21, 1985), the district court declined to enhance damages because it had initially found the accused conduct non-infringing, only to have that determination reversed on appeal. The court reasoned that “[i]t is difficult for the

Court to find that the infringement by defendant was willful and wanton when this Court, after extensive briefing and argument by counsel and after a full trial on the merits, concluded that there was no infringement.” *Ibid.*

The court in *Universal Athletic Sales Co. v. American Gym*, 480 F. Supp. 408, 414 (W.D. Pa. 1979) denied enhancement on similar grounds. Because the district court “had previously found that the patent was invalid for obviousness” before being reversed on appeal, it found the “existence of an honest doubt as to the validity of the patent” that “preclude[d] a finding of willfulness.” *Ibid.*; see also, *e.g.*, *Int’l Mfg. Co.*, 336 F.2d at 728 (affirming enhanced damages for infringement that occurred after another court held the patent valid, but disallowing enhancement for infringement before that decision, when validity was still in doubt).

The decision below conflicts with this longstanding body of decisions, as well as *Halo* itself, warranting review.

C. The decision below conflicts with this Court’s jurisprudence in the closely related context of fee-shifting statutes.

Review is also warranted to address the conflict between the decisions below and this Court’s fee-shifting precedents. In identifying the relevant standard for exercising district court discretion in enhancing damages, this Court in *Halo* looked to its “instructive” decision in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, which held that in determining whether to award attorneys’ fees in the related context of 35 U.S.C. §285, district courts should “consider[] the totality of the circumstances.” 134 S. Ct. 1749, 1756 (2014). That “totality of circumstances,” under *Octane*

Fitness, included factors such as “frivolousness, motivation, [and] *objective unreasonableness*.” *Id.* at 1756 n.6 (emphasis added and internal citation omitted).

If any doubt remained after *Halo* that objective reasonableness is an important consideration in §284 enhancement, it was dispelled just three days later by *Kirtsaeng*. There, the Court considered the fee-shifting provision of the Copyright Act (17 U.S.C. §505), which closely resembles the corresponding provision of the Patent Act deemed “instructive” in analyzing enhanced damages in *Halo*. 136 S. Ct. at 1934. The question in *Kirtsaeng* was “whether a court, in exercising” its discretion to award fees, “should give substantial weight to the objective reasonableness of the losing party’s position,” and the Court’s answer was “yes.” 136 S. Ct. at 1983. As in *Halo*, the Court in *Kirtsaeng* cautioned that objective reasonableness should not be *dispositive* of the fee question, but strongly reaffirmed that reasonableness should be given “substantial weight” in that decision. *Id.* at 1989.

The Court in *Kirtsaeng* looked to the underlying objectives of the applicable law—there, as here, “To promote the Progress of Science and useful Arts” (U.S. Const., Art. I, §8, cl. 8)—and considered whether a fee-shifting regime that considers objective reasonableness “encourage[s] the types of lawsuits that promote those purposes.” 136 S. Ct. at 1986. The Court concluded that it does, because it “both encourages parties with strong legal positions to stand on their rights and deters those with weak ones from proceeding with litigation.” *Ibid.*

The same reasoning applies in the context of enhanced damages, but at the time of infringement ra-

ther than the time of litigation. As this Court explained in *Halo*, determining enhancement requires considering the “careful balance between the need to promote innovation through patent protection, and the importance of facilitating the imitation and refinement through imitation that are necessary to invention itself and the very lifeblood of a competitive economy.” 136 S. Ct. at 1935 (internal quotations omitted). Similarly, as Justice Breyer observed in his concurrence, making enhanced damages too easy to obtain may “frustrate, rather than ‘promote,’ the ‘Progress of Science and useful Arts.’” *Id.* at 1937–1938 (Breyer, J., concurring) (quoting U.S. Const., Art. I, §8, cl. 8).

A regime in which objective reasonableness acts as an absolute bar to enhanced damages gives defendants undue incentives to willfully infringe, with the expectation that any accusations of infringement can be met with a legally reasonable defense developed after the fact. *Halo*, 136 S. Ct. at 1933. By the same token, a regime that fails to give “substantial weight to the objective reasonableness of the [defendant’s conduct]” (*Kirtsaeng*, 136 S. Ct. at 1983) risks punishing companies for behavior that is not culpable—and thus risks over-detering lawful activity.

Given the recognized parallels between the fee-shifting regimes addressed in *Kirtsaeng* and *Octane Fitness* and the enhanced damages regime addressed in *Halo* (which *Kirtsaeng* inaccurately but instructively cites as a fee-shifting case, see 136 S. Ct. at 1985–1986), it cannot be that evidence of objective reasonableness must be given “substantial weight” in determining attorneys’ fees but little or no weight in determining enhanced damages. The logic that underlies *Kirtsaeng* and *Octane Fitness* and informs *Halo* prohibits district courts from disregarding evidence

that the defendant’s conduct was objectively reasonable—including evidence that the defendant’s noninfringement position has been vindicated by another court. This is especially true where, as here, the evidence bearing on objective reasonableness rests on differing beliefs as to claim construction and the jury is instructed it must follow the District Court’s broad construction—a construction rejected by the other Article III court to consider the issue—when evaluating willful infringement. The conflict between the decisions below and *Halo*, *Octane Fitness*, and *Kirtsaeng* further warrants this Court’s intervention.

D. The court below joined a growing number of district courts that ignore evidence of objective reasonableness.

Despite this Court’s repeated emphasis on the relevance of objective reasonableness in closely related contexts—and despite the absence of any language in *Halo* suggesting that objective reasonableness should be ignored in determining enhanced damages—the District Court here refused to give any weight at all to perhaps the strongest evidence of objective reasonableness available: the CIT’s decision vindicating Corning’s longstanding noninfringement position on summary judgment. In doing so, the court joined a large and growing number of district courts awarding enhanced damages without regard to the objective reasonableness of the defendant’s conduct. This growing misinterpretation of *Halo* threatens a significant distortion of the “careful balance” between innovation and imitation that the patent system is designed to safeguard, and warrants this Court’s intervention.

Opposing enhancement in the trial court, Corning explained that under *Halo*, “objective recklessness” remained “an important consideration to the enhancement analysis,” and that Corning’s conduct was objectively reasonable in light of the CIT’s decision granting “summary judgment of non-infringement for Corning based on the same grounds that Corning has asserted to PPC in 2003.” Corning Post-Trial Br. (Dkt. 520) at 22; see also Corning Proposed Findings of Fact (Dkt. 521) ¶160 (stating that “the CIT decision confirmed the correctness of Corning’s non-infringement position regarding gripper connectors in the 2003 litigation, and the reasonableness of Corning’s decisions to use its gripper technology” in the accused products”).

Although Corning presented the CIT decision as evidence of the objective reasonableness of its conduct and subjective belief, the District Court deemed such reliance “misplaced because [the CIT case] was decided years after Corning knew of both PPC’s patents and infringement allegations.” Pet. App. 21a. Viewed in that context, the court ruled, the CIT decision was irrelevant for enhancement, contradicting its own pre-*Halo* ruling that the CIT decision was relevant to willfulness. *Ibid.* The exclusion of evidence based on a temporal limitation tied to the date of first alleged infringement was error on its own terms—at a minimum, the CIT decision was relevant to Corning’s good faith for its conduct after the decision issued—but the more egregious error is the District Court’s failure to consider the decision as evidence of the objective reasonableness of Corning’s long-held position for enhancement purposes.

That failure is all the more troubling in light of the District Court’s resolution of PPC’s claim for attorneys’ fees, which expressly acknowledged the requirement

that courts “consider the ‘frivolousness, motivation, [and] objective unreasonableness’” of the defendant’s litigation conduct. Pet. App. 27a–28a (quoting *Octane Fitness*, 134 S. Ct. at 1756 n.6). As we have shown, this Court’s reliance in *Halo* on principles drawn from *Octane Fitness* and *Kirtsaeng* requires that objective reasonableness be considered as part of the “totality of circumstances” in both the fee-shifting context and the enhancement context. *Supra* at 17-20.

The District Court’s failure to consider objective reasonableness before enhancing damages is representative of a growing and troubling trend. Pre-*Halo*, the courts recognized that other judicial decisions were at least relevant to the enhanced damages inquiry. As one court put it, “it would be difficult to conjure up a defense which would be more ‘reasonable’ than one expressly adopted by a federal judge, albeit in conflict with a second federal judge.” *Arlington Indus., Inc. v. Bridgeport Fittings, Inc.*, 692 F. Supp. 2d 487, 504 (M.D. Pa. 2010). Post-*Halo*, by contrast, district courts are mistakenly going from the extreme rejected by *Halo*, in which a finding of objective reasonableness precluded enhancement, to the opposite extreme, in which objective reasonableness does not factor in the enhancement equation at all.

For example, in *Imperium IP Holdings (Cayman), Ltd. v. Samsung Electronics Co., Ltd.*, 2017 WL 1716788 (E.D. Tex. Apr. 27, 2017), the district court declined to reconsider a decision trebling the patentee’s damages even after the Patent Office invalidated two of the three patents-in-suit. That court expressly interpreted *Halo* to mean that “the Court was not required to assess the objective reasonableness of Defendants’ positions.” *Id.* at *4. That is, the *Imperium* court held that the discretion afforded district

courts under §284 permits them to *completely ignore* evidence of objective reasonableness.

Similarly, in *Ericsson Inc. v. TCL Communication Technology Holdings, Ltd.*, 2018 WL 2149736 (E.D. Tex. May 10, 2018), the defendant presented evidence that the Patent Office had instituted inter partes review of the patent-in-suit—evidence that the court conceded “would ordinarily be evidence of the reasonableness” of the defendant’s position. *Id.* at *11. Nevertheless, the court declined to consider it, on the theory that such evidence was only relevant to the defendant’s subjective beliefs about the patent’s validity. *Ibid.* (“What is missing, however, is any evidence ... regarding [defendant’s] actual, subjective beliefs”).

In *Innovention Toys, LLC v. MGA Entertainment, Inc.*, 667 F. App’x 992 (Fed. Cir. 2016), the Federal Circuit remanded an enhanced damages award, instructing the district court to “revisit its exercise of discretion to enhance the damages . . . in light of” *Halo*. *Id.* at 993. On remand, the defendant opposed enhancement because it “believed every asserted claim of the patent was invalid based on the same defense” it had relied on from the time the infringement began, noting that the Federal Circuit had found the invalidity defense objectively reasonable. *Innovention Toys, LLC v. MGA Entm’t, Inc.*, 2017 WL 3206687, at *1 (E.D. La. Mar. 8, 2017). The court, however, flatly rejected that argument. Although the defendant noted that its invalidity defense long predated the litigation, the district court held that the defendant’s argument “goes against the letter and the spirit of *Halo* and tries to return to the *Seagate* test where [a] good faith litigation defense could defeat enhanced damages.” *Ibid.* Moreover, the court refused to give any weight to the Federal Circuit’s finding of objective reasonableness,

apparently concluding that such evidence was relevant only to the question of willful infringement, and that *Halo* barred the court from considering objective reasonableness in determining whether to enhance. *Ibid.*

Finally, in *Dominion Resources Inc. v. Alstom Grid, Inc.*, 2016 WL 5674713 (E.D. Pa. Oct. 3, 2016), rev'd on other grounds, *Dominion Energy, Inc. v. Alstom Grid LLC*, 725 F. App'x 980 (Fed. Cir. 2018), it was undisputed that no infringement occurred until the eve of trial, by which time the accused infringer possessed objectively reasonable non-infringement and invalidity defenses. The district court enhanced damages anyway, apparently believing that the existence of an objectively reasonable defense was irrelevant after *Halo*, even where the defendant possessed that defense before infringement began. 2016 WL 5674713, at *20.

The District Court effectively took the same position here, failing even to acknowledge that the CIT decision was relevant evidence of objective reasonableness, or that objective reasonableness was relevant to the enhancement issue at all.

E. The Federal Circuit has failed to police the district courts' misapplication of *Halo*.

The Federal Circuit should be the first line of defense against this wave of error, but it has failed to act. One of its first opportunities to address the role of objective reasonableness after *Halo* came in *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317 (Fed. Cir. 2016). There, the appellant challenged the district court's decision to double the jury's damage award under §284, arguing that the court erred in refusing to give weight to objec-

tively reasonable litigation defenses. The Federal Circuit rejected that argument, noting that under *Halo*, the timing of a defense matters: “[P]roof of an objectively reasonable litigation-inspired defense to infringement is no longer a defense to willful infringement,” such that even if “the district court erred in concluding” that the appellant’s “obviousness defense was objectively unreasonable,” such an error “is not a basis for concluding that the district court abused its discretion in enhancing damages.” *Id.* at 1341.

This understanding of *Halo* sweeps too far. Although *Halo* holds that the existence of an objectively reasonable litigation defense is not *dispositive* of the enhancement question, it does not suggest that the existence of such a defense is *irrelevant* to that question. Such a sweeping interpretation of *Halo* is flatly inconsistent with both “nearly two centuries of enhanced damages precedent” and this Court’s closely related fee-shifting jurisprudence. *Supra* at 14-20.

After *WBIP*, the Federal Circuit has simply refused to consider the role of objective reasonableness in determining enhancement. Its decision to affirm the District Court here, without even attempting to reconcile the outcome with *Halo*, is symptomatic of a troubling trend. Since 2013, the Federal Circuit has consistently disposed of more than one-third of all patent appeals via summary affirmance. See Matthew Bultman, *Has Rule 36 Peaked At The Federal Circuit?*, Law360, Feb. 20, 2018.¹ The Federal Circuit’s reliance on summary affirmance to insulate dubious decisions from this

¹ Available at <https://www.law360.com/articles/1013664>; see also Dan Bagatell, *Fed. Circ.’s 2017 Patent Decisions: A Statistical Analysis*, Law360, Jan. 5, 2018, available at <https://www.law360.com/articles/999115/fed-circ-s-2017-patent-decisions-a-statistical-analysis>.

Court’s review is a much-decried practice—one that is flatly inconsistent with Congress’s express purpose in establishing the Federal Circuit: promoting “nation-wide uniformity” in patent law and reducing the “uncertainty of legal doctrine” that plagued patent law in the regional circuits. H.R. Rep. No. 97-312, at 21-22 (1981); S. Rep. No. 97-275, at 4 (1981), 1982 U.S.C.A.A.N. 30, 44-45; see also *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989) (discussing this history and noting that “[o]ne of the fundamental purposes behind the Patent and Copyright Clauses of the Constitution was to promote national uniformity in the realm of intellectual property” (citing *The Federalist* No. 43, p. 309 (B. Wright ed. 1961))); *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 390 (1996).

In keeping with its heavy reliance on summary affirmance to resolve patent appeals, the Federal Circuit has persistently refused to address the proper role of objective reasonableness after *Halo*. In *Innovention Toys*—where the district court expressly relied on *Halo* in refusing to consider the Federal Circuit’s own previous determination that the defendant’s conduct was objectively reasonable—the defendant argued on appeal that the district court abused its discretion by failing to consider objective reasonableness “as a relevant factor” in determining enhancement, “under all of the circumstances.” See App. Br., *Innovention Toys, LLC v. MGA Entm’t, Inc.*, 2017 WL 4330236, at *37 (Sept. 18, 2017). As in this case, however, we will never know why the Federal Circuit rejected that argument: it again summarily affirmed without opinion. Judgment, *Innovention Toys, LLC v. MGA Entm’t, Inc.*, 733 F. App’x 1024 (Fed. Cir. 2018).

To be sure, this Court has recognized that the courts of appeals “should have wide latitude in their decisions,” including “with respect to summary affirmances.” *Taylor v. McKeithen*, 407 U.S. 191, 194 n.4 (1972). Yet the Court has not hesitated to review summary dispositions. See, e.g., *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365 (2018); *Holster v. Gatco, Inc.*, 559 U.S. 1060 (2010); *Wilkins v. Gaddy*, 559 U.S. 34 (2010); *Clark v. Martinez*, 543 U.S. 371 (2005); *Nat’l Archives & Records Admin. v. Favish*, 541 U.S. 157 (2004); *United States v. Flores-Montano*, 541 U.S. 149 (2004); *Castro v. United States*, 540 U.S. 375 (2003); *Lane v. Pena*, 518 U.S. 187 (1996); *U.S. Surgical Corp. v. Ethicon, Inc.*, 517 U.S. 1164 (1996); *Stutson v. United States*, 516 U.S. 193 (1996); *Hess v. Port Auth. Trans-Hudson Corp.*, 513 U.S. 30 (1994); *Farmer v. Brennan*, 511 U.S. 825 (1994); *Bowen v. Am. Hosp. Ass’n*, 476 U.S. 610 (1986). The Court also routinely grants review of unpublished decisions and, indeed, did so in its leading case on obviousness, *KSR*. See *Teleflex, Inc. v. KSR Int’l Co.*, 119 F. App’x 282 (Fed. Cir. 2005), rev’d, 550 U.S. 398 (2007).

Given the Federal Circuit’s nationwide jurisdiction over patent appeals, it is vital that it fairly implement this Court’s jurisprudence on enhancement. Granting this petition will allow this Court to resolve the lower courts’ confusion about the role of objective reasonableness in determining whether enhanced damages are appropriate—an issue that this Court has identified as a key inflection point in maintaining the “careful balance between the need to promote innovation through patent protection, and the importance of facilitating the imitation and refinement through imitation” that are “necessary to invention itself and the

very lifeblood of a competitive economy.” *Halo*, 136 S. Ct. at 1935 (internal quotation omitted).

F. The decision below also conflicts with this Court’s decisions holding that enhanced damages require reasonable notice that the punished conduct was unlawful.

Certiorari is also warranted to address the conflict between the decision below and this Court’s decisions holding that enhanced damages may not be imposed where precedent provides no reasonable notice that the conduct at issue might lead to penalties, including where other public officials have concluded that the defendant’s technology does not infringe. Indeed, the conflict with these decisions is particularly sharp, as another Article III court here had affirmatively held that the conduct of Corning at issue *was lawful*—and on two independent grounds, each so clear as to warrant summary judgment.

In *Southwestern Telegraph & Telephone Company v. Danaher*, for example, the Court addressed a state law that required telephone companies to provide service to people “without discrimination or partiality,” but allowed them to impose “reasonable regulations” on “all persons or companies in like situations.” 238 U.S. at 485. The case arose when a telephone company cut off a customer who was behind on her bills, citing the company’s rule denying “service to any patron in arrears for past service.” *Id.* at 486. Contending that it applied this rule “universally against all delinquent patrons,” the company requested a jury instruction requiring a verdict in its favor if it imposed “the same rule” on “all others in like situation.” *Id.* at 487. But the trial court refused the instruction, telling the jury that state law required a verdict for the plaintiff if the

defendant “refuse[d] to serve [her] because she had not paid a debt contracted for services rendered in the past.” *Ibid.* The jury thus sided with the patron, awarding enhanced damages of \$6,300—\$100/day for 63 days of lost service. *Id.* at 485. And the state supreme court affirmed, pronouncing the company’s regulation “unreasonable.” *Id.* at 488.

This Court reversed, however, holding that such an application of the governing statute “was so arbitrary as to contravene the fundamental principles of justice which the constitutional guaranty of due process of law is intended to preserve.” *Id.* at 489. In support, the Court reasoned that the telephone company lacked fair notice of the prospect of such damages: “There had been no decision in the state holding or indicating that [the company’s regulation] was unreasonable,” that “[l]ike regulations often had been pronounced reasonable and valid in other jurisdictions,” and that “while some differences of opinion upon the subject were disclosed in reported decisions, the weight of authority was on that side.” *Ibid.* (footnote omitted). In these circumstances, “the company was well justified in regarding the regulation as reasonable and in acting on that belief,” and enhanced damages could not lawfully be imposed. *Id.* at 490.

The decisions below sharply conflict with *Danaher*. Not only was there no prior decision “holding or indicating that [Corning’s conduct] was unreasonable” (*Danaher*, 238 U.S. at 489), but governing *Seagate* precedent provided the opposite—defendants could rely on their good-faith defenses as a basis to continue their conduct after being sued rather than redesign or discontinue, without fear that sales would be punished. Furthermore, the CIT specifically authorized

Corning’s continued importation of the accused products, ruling *for* Corning in a case involving both the same patent and products with the same “Gripper” features accused of infringing here. Indeed, the CIT so ruled on two separate grounds, each of which warranted granting *summary judgment* to Corning.

In those circumstances, Corning was plainly “well justified in regarding [its conduct] as reasonable and in acting on that belief,” rather than redesign, making enhanced damages for all of Corning’s sales unlawful under *Danaher*. 238 U.S. at 490. Yet the courts below gave no weight to this critical evidence that Corning’s defense was objectively reasonable. They deemed that decision irrelevant “because it was decided years after Corning knew of both PPC’s patents and infringement allegations.” Pet. App. 21a; *id.* at 2a (summarily affirming that decision). The court did so, moreover, while considering objective reasonableness in the fee-shifting context. This failure to consider vital evidence of the objective reasonableness of Corning’s defense sharply conflicts with *Danaher*.

Danaher reflects our constitutional commitment to “the most basic of due process’s customary protections”—“the demand of fair notice.” *Sessions v. Dimaya*, 138 S. Ct. 1204, 1225 (2018) (Gorsuch, J., concurring in part and in the judgment). As the Court put it in *Connally v. General Construction Co.*, fair notice of the law’s requirements is “the first essential of due process.” 269 U.S. 385, 391 (1926); see also *BMW of N. Am., Inc. v. Gore*, 517 U.S. 559, 600–601 (1996) (Scalia, J., dissenting) (*Danaher* establishes the proposition that statutes “that impose[] a significant penalty on a [defendant] which lack[s] the means of determining the legality of its actions before the penalty was im-

posed” conflicts with “procedural due process”) (emphasis omitted). By failing even to consider the CIT’s decision as support for the objective reasonableness of Corning’s continued conduct and defense here, the courts below broke sharply from this Court’s precedents.

The decision below also conflicts in principle with *Corning v. Burden*, 56 U.S. (15 How.) 252, 271 (1853), which reversed an award of enhanced damages because the district court prohibited the alleged infringer from reading his patent into evidence. Recognizing that the patent was relevant not only to the question of novelty, but also to enhanced damages, the Court explained that a defendant should have the benefit of “the judgment of the public officers” in the Patent Office that its own machine “is new, and not an infringement of the patent previously granted to the plaintiff.” *Ibid.* “It shows, at least,” the Court continued, “that the defendant has acted in good faith, and is not a wanton infringer of the plaintiff’s rights, and ought not, therefore, to be subjected to the same stringent and harsh rule of damages which might be justly inflicted on a mere pirate.” *Ibid.*

The same reasoning fully applies to “the judgment of the public officers” who serve as Article III judges and, as in this case, grant summary judgment to the defendant. *Ibid.*; see also *Seymour v. McCormick*, 57 U.S. (16 How.) 480, 488 (1853) (mandatory trebling was “manifestly unjust” because it was done “without regard to the[] particular merits,” including the fact that the defendant held his own patent). Yet the courts below dismissed the judgment of the CIT solely because the decision was decided after some of the accused conduct, and thus was allegedly irrelevant to Corning’s *subjective* good faith. The conflict between

that reasoning and this Court’s precedent further supports review.

II. At A Minimum, The Court Should Hold This Petition Pending Resolution Of The Petition In *Bombardier Recreational Products, Inc. v. Arctic Cat Inc.*, No. 17-1645.

Certiorari is also warranted to address a second question—whether a finding of willful infringement based on a “should have known” standard violates the requirement that subjective willfulness be “intentional or knowing,” as set forth by this Court in *Halo*. That question is also presented in the pending petition for certiorari in *Bombardier Recreational Products Inc., BRP U.S. Inc. v. Arctic Cat Inc.*, No. 17-1645. Should the Court grant certiorari in *Bombardier*, the Court should hold this Petition. If this Court determines that a finding of willful infringement cannot be based on a negligence standard, the Court should grant certiorari here as well, vacate the decision below, and remand for further consideration.

Applying the then-controlling *Seagate* standard, the district court here instructed the jury that it could find subjective willfulness if “Corning actually knew *or should have known* that its actions constituted an unjustifiably high risk of infringement of a valid and enforceable patent.” 4 Trial Tr. (Dkt. 365) at 166 (emphasis added). A year later, this Court decided *Halo*, and instituted a simplified but principled standard that “subjective willfulness of a patent infringer, intentional or knowing,” may demonstrate the egregious or “willful misconduct” permitting enhanced damages under 35 U.S.C. §284, even without a showing of “objective[] reckless[ness].” 136 S. Ct. at 1933–1934. The

Federal Circuit promptly misconstrued *Halo*, eliminating altogether the objective prong of *In re Seagate*'s two-part test, while leaving untouched the subjective prong, such that subjective willfulness could be based on mere negligence. *WesternGeco L.L.C. v. ION Geophysical Corp.*, 837 F.3d 1358, 1362 (Fed. Cir. 2016), rev'd on other grounds, 138 S. Ct. 2129 (2018). The district court's instruction and the Federal Circuit's rulings conflict with *Halo* on a recurring issue of importance to the patent law, warranting review.

Under *Halo*, willfulness requires "intentional or knowing" conduct. 136 S. Ct. at 1933. The Court there expressly abrogated the *Seagate* test, calling it inconsistent with §284. *Id.* at 1928 ("The question before us is whether [the *Seagate*] test is consistent with §284. We hold that it is not."). Specifically, the Court not only held that the *Seagate* test was "unduly rigid" for "requir[ing] a finding of objective recklessness in every case," *id.* at 1932, but rejected the subjective prong of *Seagate*, holding instead that "[t]he subjective willfulness of a patent infringer, *intentional or knowing*, may warrant enhanced damages." *Id.* at 1932–33 (emphasis added). After *Halo*, the Federal Circuit's persistence in allowing willfulness liability for negligent conduct warrants review.²

² Although Corning did not challenge the instruction below (*Halo* was not decided until a year after the jury here was instructed), the Federal Circuit or District Court on remand may consider Corning's challenge. In the lower courts, parties need not raise arguments "foreclosed by controlling precedent" to preserve them. *E.g., In re Vivendi, S.A. Sec. Litig.*, 838 F.3d 223, 264–65 (2d Cir. 2016). At all relevant times in this case, it has been the Federal Circuit's controlling precedent that willful infringement may be found based merely on "a risk of infringement that was 'either known or so obvious that *it should have been known* to the accused infringer.'" *WesternGeco*, 837 F.3d at 1362 (quoting

CONCLUSION

For the foregoing reasons, the Court should grant the writ of certiorari. Alternatively, the Court should hold the petition pending its disposition of the petition in *Bombardier*.

Respectfully submitted.

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SEPTEMBER 2018

Halo, 136 S. Ct. at 1930) (emphasis added). In addition to the fact that the district court's instruction was given before *Halo*, Corning's appellant's brief was filed after *WesternGeco*. In any event, courts below would be free to reach the issue under conventional exceptions to issue preservation, such as where a pure issue of law may be reached without need for factual development or "where the proper resolution is beyond any doubt, or where injustice might otherwise result." *Singleton v. Wulff*, 428 U.S. 106, 121 (1976) (internal quotation omitted). Should this Court grant the petition in *Bombardier* and correct the Federal Circuit's error, these exceptions would apply.

APPENDIX

APPENDIX A

NOTE: This disposition is nonprecedential.

United States Court of Appeals, Federal Circuit

**PPC BROADBAND, INC., DBA PPC,
FKA John Mezzalingua Associates, Inc.,**
Plaintiff-Appellee

v.

**CORNING OPTICAL COMMUNICATIONS RF,
LLC,**
Defendant-Appellant

2017-1347

Appeal from the United States District Court for the
Northern District of New York in No. 5:11-cv-00761-
GLS-DEP, Senior Judge Gary L. Sharpe.

JUDGMENT

J. MICHAEL JAKES, Finnegan, Henderson, Farabow,
Garrett & Dunner, LLP, Washington, DC, argued for
plaintiff-appellee. Also represented by JOSE M. RECIO;
ROBERT L. BURNS, II, Reston, VA; JUSTIN A. HENDRIX,
Palo Alto, CA; JOHN D. COOK, DOUGLAS J. NASH, Bar-
clay Damon, LLP, Syracuse, NY; JOHN T. GUTKOSKI,
Boston, MA.

KIMBALL RICHARD ANDERSON, Winston & Strawn LLP, Chicago, IL, argued for defendant-appellant. Also represented by HOWARD I. SHIN, New York, NY; MARK S. DAVIES, KATHERINE M. KOPP, Orrick, Herrington & Sutcliffe LLP, Washington, DC; ELIZABETH MOULTON, Menlo Park, CA; DANIEL A. RUBENS, New York, NY; JOSEPH P. LAVELLE, DLA Piper US LLP, Washington, DC.

CLYDE MOODY SIEBMAN, Siebman, Burg, Phillips & Smith, LLP, Sherman, TX, for amicus curiae Samsung Electronics Co., Ltd.

THIS CAUSE having been heard and considered, it is
ORDERED and ADJUDGED:

Per Curiam (PROST, *Chief Judge*, MAYER and REYNA, *Circuit Judges*)

AFFIRMED. See Fed. Cir. R. 36.

ENTERED BY ORDER OF THE COURT

March 13, 2018
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

3a

APPENDIX B

NOTE: This order is nonprecedential.

United States Court of Appeals, Federal Circuit

**PPC BROADBAND, INC., DBA PPC,
FKA John Mezzalingua Associates, Inc.,**
Plaintiff-Appellee

v.

**CORNING OPTICAL COMMUNICATIONS RF,
LLC,**
Defendant-Appellant

2017-1347

Appeal from the United States District Court for the
Northern District of New York in No. 5:11-cv-00761-
GLS-DEP, Senior Judge Gary L. Sharpe.

**ON PETITION FOR PANEL REHEARING AND
REHEARING EN BANC**

Before PROST, *Chief Judge*, NEWMAN, MAYER¹,
LOURIE, DYK, MOORE, O'MALLEY, REYNA, WALLACH,
TARANTO, CHEN, and HUGHES, *Circuit Judges**.

* Circuit Judge Stoll did not participate.

PER CURIAM.

ORDER

Appellant Corning Optical Communications RF, LLC filed a combined petition for panel rehearing and rehearing en banc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on May 21, 2018.

FOR THE COURT

May 14, 2018
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

¹ Circuit Judge Mayer participated only in the decision on the petition for panel rehearing.

APPENDIX C

United States District Court,
N.D. New York.

PPC Broadband, Inc.,
Plaintiff,

v.

Corning Optical Communications RF, LLC,
Defendant.

5:11-cv-761 (GLS/DEP)

APPEARANCES:

FOR THE PLAINTIFF: Barclay Damon LLP, One International Place, 14th Floor, OF COUNSEL: JOHN T. GUTKOSKI, ESQ., Boston, MA 02110, 80 State Street, OF COUNSEL: BELLA S. SATRA, ESQ., Albany, NY 12207, Barclay Damon Tower, 125 East Jefferson Street, OF COUNSEL: DOUGLAS J. NASH, ESQ., GABRIEL M. NUGENT, ESQ., JOHN D. COOK, ESQ., KATHRYN DALEY CORNISH, ESQ., MARK E. GALVEZ, ESQ., Syracuse, NY 13202.

FOR THE DEFENDANT: Orrick, Herrington Law Firm, 51 West 52nd Street, OF COUNSEL: ANDREW D. SILVERMAN, ESQ., DANIEL A. RUBENS, ESQ., New York, NY 10019, 1152 15th Street NW, OF COUNSEL: MARK S. DAVIES, ESQ., Washington, DC 2005-1706, DLA Piper LLP, 500 Eighth Street NW, OF COUNSEL: KATHRYN R. GRASSO, ESQ., STEPHEN J. GOMBITA, ESQ., JOSEPH P. LAVELLE, ESQ., ANDREW N. STEIN, ESQ., Washington, DC 20004, 401 B Street, Suite 1700, OF COUNSEL: SUSAN N. ACQUISTA, ESQ., San Diego, CA 92101-4297,

Harter, Secrest Law Firm, 1600 Bausch & Lomb Place,
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2711.

MEMORANDUM-DECISION AND ORDER

Gary L. Sharpe, Senior District Judge

I. Introduction

Plaintiff PPC Broadband, Inc. commenced this action against defendant Corning Optical Communications RF, LLC alleging that Corning's UltraRange and UltraShield series coaxial cable connectors willfully infringed its U.S. Patent No. 6,558,194 ("194 Patent") and U.S. Patent No. 6,848,940 ("940 Patent"). (*See generally* Compl., Dkt. No. 1.) After a three-day trial, the jury found in favor of PPC. (Dkt. No. 358.) Subsequently, the court held a two-day bench trial on Corning's laches and equitable estoppel affirmative defenses. (Dkt. Nos. 513-14.) In addition to Corning's defenses, pending before the court are PPC's motions for enhanced damages and attorneys' fees, and prejudgment interest. (Dkt. Nos. 409, 412.) For the reasons that follow, the court finds that Corning has not proven either affirmative defense and grants in part and denies in part both of PPC's motions.

II. Background

After conducting a non-jury trial on Corning's affirmative defenses, considering the parties' post-trial submissions, evaluating the credible evidence, and draw-

ing reasonable inferences, the court makes the following findings of fact.¹ *See* Fed. R. Civ. P. 52(a); (Dkt. Nos. 517-18, 520-21.)

Corning was previously found to infringe on PPC's patents. Specifically, a 2003 Wisconsin litigation determined that certain Corning UltraSeal connectors infringed on PPC's 194 Patent. (Dkt. No. 513 at 46.) Following that litigation, Corning and PPC entered into a settlement agreement related to other, noninfringing connectors. (Ex. D-1043.) The agreement provided that PPC would not sue Corning over its UltraSeal 7, 11, and certain connectors with "substantially similar structure" for infringement of the 194 Patent among others. (Ex. D-1043 ¶ 10, 23; Dkt. No. 511, Attach. 4 at 7.) As part of the settlement agreement, the parties drafted talking points that they could communicate to their customers and one point expressly stated that Corning could continue to sell its UltraSeal 7 and 11 products. (Ex. D-1043 at 15; Dkt. No. 511, Attach. 4 at 7.)

In 2004, following the settlement agreement, Corning developed a new product called the UltraRange. (Dkt. No. 362 at 53-55.) Donald Burris, Corning's lead engi-

¹ The record includes the testimony from both the jury and non-jury trials, the deposition designations, all admitted exhibits, and the parties' stipulation. (Dkt. Nos. 307, 359-65, 511, 513-14.) The court admits all exhibits presented at the bench trial except for D-1257, an exhibit for which an objection was previously sustained at trial, and pages twenty-seven through twenty-nine of exhibit D-1259, pages of which the parties concur as to admissibility. (Dkt. No. 349; Dkt. No. 513 at 101-02; Dkt. No. 519.) Additionally, in general, the court concurs with the facts as recited by PPC. (Dkt. Nos. 517-18.)

neer, testified that he based the design of the UltraRange on noninfringing products from the UltraSeal line. (*Id.* at 54-55; Dkt. No. 513 at 14-16.) Specifically, Burris relied on the UltraSeal 7, 11, and 59-HEC products to develop the UltraRange. (Dkt. No. 362 at 54-55; Dkt. No. 513 at 14-16; Ex. D-1234 at 2-3.) In December 2004, PPC obtained Corning's UltraRange product, analyzed it for infringement, and determined that it did not infringe the 194 Patent. (Dkt. No. 307 at 3.)

Thereafter, in 2005, Corning received customer complaints about the UltraRange and added two features to the product: an extension of the front end of the gripper and a second taper to the rear of the compression ring. (Dkt. No. 362 at 62-63, 67-69; Dkt. No. 513 at 18.) Corning's design was patented in 2006, which showed the two tapers. (Dkt. No. 513 at 22-24.) The jury in this case found that this newly designed 2005 version of the UltraRange infringed PPC's 194 and 940 Patents. (Dkt. No. 358.)

Burris designed the 2005 version of the UltraRange and explained that its new features were "invisible" because they were "inside the connector and would [not] be noticeable." (Dkt. No. 362 at 103-04.) Notably, the 2005 version of the UltraRange worked differently than the 2004 version and the UltraSeal 7, 11, and 59-HEC products. (Dkt. No. 511, Attach. 4 at 20; Dkt. No. 513 at 34-43.) Nevertheless, Corning kept the same series and model number, same outward appearance, and same catalogue and marketing materials for the 2005 version of the UltraRange as the 2004 version of the UltraRange. (Dkt. No. 359 at 118-20; Dkt. No. 360 at 22-23, 84-86; Dkt. No. 362 at 16-17.) Corning never sent PPC samples or drawings of the 2005 version of

the UltraRange. (Dkt. No. 362 at 21-22.) Corning presented the 2005 redesigned version of the UltraRange at trade shows, depicted it in a 2009 video, and presented it on a poster created in 2008. (Dkt. No. 363 at 82-85, 106; Dkt. No. 513 at 24-25.)

PPC officials were not aware that Corning had redesigned the UltraRange until 2011. (Dkt. No. 359 at 117-19; Dkt. No. 360 at 10-11, 22-24, 54-55, 85-86.) In 2010, Corning expanded its product line to add the UltraShield coaxial cable connectors and first shipped this product to a customer in January 2011. (Dkt. No. 307 at 2.) PPC officials first became aware that the UltraRange changed after it tested Corning's UltraShield product for infringement in 2011. (Dkt. No. 359 at 114-17; Dkt. No. 360 at 90.) Thereafter, it accused the 2005 version of the UltraRange and the UltraShield of patent infringement of the 194 and 940 Patents in July 2011. (Compl.; Dkt. No. 307 at 2.)

PPC was known to aggressively protect its intellectual property by, among other things, actively enforcing its patents. (Dkt. No. 511, Attach. 4 at 16, 18.) For example, Corning expected that PPC would, at a minimum, contact them about potential infringement if PPC knew that Corning had incorporated its infringing UltraSeal product into a new product. (*Id.* at 17-18.) Additionally, PPC monitored its competitors. It obtained samples of its competitors' products including Corning's UltraRange product. (Dkt. No. 359 at 117-18.) PPC also tested Corning's UltraRange and UltraShield products for performance in 2005, 2009, and 2011 through red dye testing. (Dkt. No. 307 at 3; Dkt. No. 359 at 118; Dkt. No. 513 at 123-24.)

III. Discussion

A. Laches and Equitable Estoppel

At the September 2016 non-jury trial, Corning supplemented the record from the July 2015 jury trial advancing the affirmative defenses of laches and equitable estoppel. Based on the court's factual findings from the entire record, it makes the following conclusions of law. *See* Fed. R. Civ. P. 52(a)(1).

To prove laches, the infringer must demonstrate by a preponderance of the evidence that (1) “the patentee’s delay in bringing suit [was] ‘unreasonable and inexcusable,’” and (2) the infringer suffered “material prejudice attributable to the delay.” *Intirtool, Ltd. v. Texar Corp.*, 369 F.3d 1289, 1297 (Fed. Cir. 2004) (quoting *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1028 (Fed. Cir. 1992), *overruled on other grounds by* *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 807 F.3d 1311 (Fed. Cir. 2015)); *see* *A.C. Aukerman Co.*, 960 F.2d at 1045. A court will presume laches if the patentee delays filing suit for more than six years after it knew or should have known of the potential infringement. *See* *A.C. Aukerman Co.*, 960 F.2d at 1028. A patentee has constructive knowledge if the infringer engaged in “pervasive, open, and notorious activities that a reasonable patentee would suspect were infringing.” *Wanlass v. Gen. Elec. Co.*, 148 F.3d 1334, 1338 (Fed. Cir. 1998) (internal quotation marks and citation omitted).

To establish equitable estoppel, the infringer must demonstrate three elements:

“(1) the patentee, through misleading

conduct, leads the ... infringer to reasonably infer that the patentee does not intend to enforce its patent against the ... infringer, (2) the ... infringer relies on that conduct, and (3) due to its reliance, the ... infringer will be materially prejudiced if the patentee is allowed to proceed with its claim.”

Ecolab, Inc. v. Envirochem, Inc., 264 F.3d 1358, 1371 (Fed Cir. 2001); see *A.C. Aukerman Co.*, 960 F.2d at 1028. Indeed, the patentee may mislead the infringer through inaction or silence, however, such “inaction must be combined with other facts respecting the relationship or contacts between the parties to give rise to the necessary inference that the claim against the [infringer] is abandoned.” *A.C. Aukerman Co.*, 960 F.2d at 1042.

Corning contends that it established its laches defense by presumption. First, it argues that PPC had actual knowledge of a potential infringement claim in late 2004 when it analyzed the UltraRange product for infringement. (Dkt. No. 524 at 11-12.) Corning argues that PPC’s infringement contentions in this case were initially broad enough to include the 2004 version of the UltraRange and, thus, the laches period should run from when PPC was aware that it had a potential claim against that product. (*Id.* at 6-10.) PPC, however, determined that the 2004 version of the UltraRange did *not* infringe. (Dkt. No. 307 at 3; Dkt. No. 513 at 123.) Accordingly, the 2004 noninfringement finding cannot serve as the basis for PPC’s actual knowledge of a potential infringement claim against Corning. See *Wanlass*, 148 F.3d at 1337 (“The period

of delay begins at the time the patentee has actual or constructive knowledge of the defendant's potentially infringing activities.”)

The court is also not persuaded by Corning's contention that PPC had constructive notice of a potential claim against it in 2005. Corning cites evidence that the connector market is concentrated, and it openly and prevalently sold the UltraRange. (Dkt. No. 360 at 28; Dkt. No. 363 at 93; Dkt. No. 513 at 145.) Corning also cites a video it displayed of the 2005 version of the UltraRange at trade shows. (Dkt. No. 363 at 82-85.) Corning notes that PPC had bags of Corning's connectors during the relevant time and could easily test them for infringement. (Dkt. No. 513 at 120, 122-23.) Furthermore, Corning points out that PPC conducted red dye tests of the 2005 version of the UltraRange. (Dkt. No. 513 at 124-27.) Additionally, Corning presented evidence that PPC knew that a connector may undergo design improvements over the course of its product life cycle. (Dkt. No. 360 at 29-31.) Finally, Corning notes that PPC actively monitored its competitors' patents, and Corning patented its design of the 2005 version of the UltraRange. (Dkt No. 359 at 150-52; Exs. D-9, D-12.)

Corning generally cites to evidence that PPC should have known of the 2005 version of the UltraRange. However, awareness of a product is not enough; a patentee must have actual or constructive knowledge of a product's infringement to trigger the laches clock. *See PSN Illinois, Inc. v. Ivoclar Vivdent, Inc.*, 398 F. Supp. 2d 902, 907 (N.D. Ill. 2005) (“Knowledge of a product ... does not automatically indicate actual or constructive knowledge of infringement. Courts ... have repeatedly rejected the use of the laches defenses

against patentees who were aware of an infringing product more than six years before filing suit, but were not aware of the infringement.”).

Corning also marshals evidence suggesting that PPC would have known of the infringement if it had tested the 2005 version of the UltraRange for infringement. This presupposes that PPC had a continuing duty to test its competitors’ products for infringement. Certainly, a patentee has a general duty to “police [its patent] rights.” *Wanlass*, 148 F.3d at 1338. But that duty does not require a patentee to investigate its competitors’ products absent circumstances that it should reasonably suspect infringement. *See id.*; *Wanlass v. Fedders Corp.*, 145 F.3d 1461, 1465 (Fed. Cir. 1998). The duty to investigate did not arise here because PPC previously tested the 2004 version of the UltraRange, determined it did not infringe, and had no reason to believe that Corning changed its product. (Dkt. No. 359 at 117-119; Dkt. No. 360 at 10-11, 22-24, 54-55, 85-86.) In addition, the red dye tests that PPC performed on the 2005 version of the UltraRange tested for performance, not infringement, and did not require technicians to review a cross section of the cable connector. (Dkt. No. 359 at 118; Dkt. No. 513 at 140-41.) For these reasons, the court is not convinced that PPC was on notice to reasonably suspect infringement.

Furthermore, Corning’s concealment of the 2005 version of the UltraRange belies evidence suggesting that PPC had constructive knowledge of a potential infringement claim. *See Eastman Kodak Co. v. Goodyear Tire & Rubber Co.*, 114 F.3d 1547, 1559 (Fed. Cir. 1997) (holding courts may “consider[] the effect of [an infringer’s] secrecy policy on [a patentee’s] efforts to

protect its rights”), *abrogated on other grounds by Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed Cir. 1998). Despite adding new design features previously found to infringe, Corning kept the same series and model number, same outward appearance, and same catalogue and marketing materials as the 2004 version of the UltraRange. (Dkt. No. 359 at 118-20; Dkt. No. 360 at 22-23, 84-86; Dkt. No. 362 at 16-17.) Corning never sent samples or drawings of the new design to PPC. (Dkt. No. 362 at 21-22.) Burris, Corning’s lead engineer, characterized the new design features as “invisible” because they were “inside the connector and would [not] be noticeable.” (Dkt. No. 362 at 103-04.) Corning’s conduct indicated to PPC that the UltraRange product did not change. (Dkt. No. 359 at 117-119; Dkt. No. 360 at 10-11, 22-24, 54-55, 85-86.) This evidence further bolsters the court’s conclusion that PPC should not have reasonably suspected infringement of its patents in suit in 2005.

Because Corning has not shown that PPC had actual or constructive knowledge of a potential claim six years before filing suit, it is not entitled to a presumption of laches. *See A.C. Aukerman Co.*, 960 F.2d at 1028. Nor has Corning presented any additional evidence suggesting that PPC had actual or constructive knowledge of a potential infringement claim between 2005 and 2011. Corning, therefore, has not established the first element of laches, which is fatal to its defense. *See Intirtool, Ltd.*, 369 F.3d at 1297.

To the contrary, the evidence demonstrates that PPC first learned of the infringement in 2011 and had no reason to know of a potential claim earlier. In 2011, Corning released its UltraShield connector and PPC analyzed this new product for infringement. (Dkt. No.

359 at 114; Dkt. No. 360 at 90.) PPC determined that the UltraShield included a taper which deformed the body and was previously found to infringe in the 2003 Wisconsin litigation. (Dkt. No. 359 at 114-15; Dkt. No. 360 at 90.) This prompted PPC for the first time to re-test the UltraRange to confirm whether its design had changed from when it first tested it for infringement in 2004. (Dkt. No. 359 at 114-16.) After analyzing the UltraRange, the testing revealed that it had changed and included the same taper that was found in the UltraShield product. (*Id.* at 116-17.) PPC then commenced this lawsuit that same year. (*See generally* Compl.)

Although doctrinally distinct from laches, knowledge is also a necessary component of an equitable estoppel defense. *See A.C. Aukerman Co.*, 960 F.2d at 1042. As noted above, an infringer must first show that the patentee's conduct "support[s] an inference that the patentee did not intend to press an infringement claim against the ... infringer." *Id.* at 1042. To that end, an infringer must demonstrate that it "knows or can reasonably infer that the patentee has known of the allegedly infringing activities for some time." *High Point SARL v. Sprint Nextel Corp.*, 817 F.3d 1325, 1330 (Fed Cir. 2016) (citing *A.C. Aukerman Co.*, 960 F.2d at 1042). Without the requisite knowledge, a patentee cannot engage in misleading conduct. *See id.* at 1331 (determining the patentee was "on notice" of the allegedly infringing activity before finding that it engaged in misleading conduct); *Lee's Aquarium & Pet Prods., Inc. v. Python Prods., Inc.*, Nos. 97-1278, 97-1328, 1998 WL 129903, at *4-5 (Fed. Cir. 1998) (finding no misleading conduct when the patentee did not know or should not have reasonably known of the allegedly infringing activity); *Yeda Research & Dev. Co. Ltd. v.*

Imclone Sys., Inc., No. 03 Civ. 8484, 2005 WL 2923545, at *8 (S.D.N.Y. 2005) (noting that equitable estoppel requires a finding that “the party estopped had a clear basis for knowledge” of the allegedly infringing activity).

Corning contends that PPC misled it by not pursuing infringement claims against the –59-HEC, –7, and –11 UltraSeal products, which Corning based its UltraRange design on. (Dkt. No. 524 at 15-16.) Additionally, Corning argues that PPC misled it when it did not accuse the 2004 version of the UltraRange of infringement. (*Id.* at 16-17.) Finally, Corning maintains that the above actions followed by PPC’s silence until this litigation is further evidence of misleading conduct. (*Id.*)

At trial, however, Corning conceded that the above referenced UltraSeal products and the 2004 version of the UltraRange are different than the accused 2005 version of the UltraRange. (Dkt. No. 513 at 34-43; Dkt. No. 511, Attach. 4 at 20.) Accordingly, any representation with respect to these products cannot form the basis of a misrepresentation against the 2005 version of the UltraRange or the UltraShield products. *See B. Braun Med., Inc. v. Abbott Labs.*, 124 F.3d 1419, 1425 (Fed. Cir. 1997) (holding a patentee’s communications with an infringing company about a different product cannot support a misrepresentation about the infringing product).

As discussed with respect to laches, PPC did not have actual knowledge that the UltraRange or UltraShield products infringed either of its patents in suit before 2011. Furthermore, Corning could not reasonably infer

that PPC had constructive knowledge of its infringement before then. PPC had no duty to investigate as it did not reasonably suspect infringement nor did its awareness of the UltraRange product line give rise to such duty. *See Wanlass*, 148 F.3d at 1338; *PSN Illinois, Inc.*, 398 F. Supp. 2d at 907. For these reasons, Corning cannot rely on PPC’s silence to prove estoppel. *See A.C. Aukerman Co.*, 960 F.2d at 1043 (“[S]ilence alone will not create an estoppel unless there was a clear duty to speak.”). As such, Corning has not proven that PPC engaged in misleading conduct that it had abandoned its patent claim and, accordingly, the evidence does not support an equitable estoppel defense.

B. Enhanced Damages

Courts have the discretion to award “damages up to three times the amount found or assessed” on findings of patent infringement. 35 U.S.C. § 284; *see Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1933-34 (2016). Courts must consider the totality of the circumstances and are guided by a nine-factor test to assess whether and by what amount to award enhanced damages. *See Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826-27 (Fed. Cir. 1992), *abrogated in part on other grounds by Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995).² Accordingly, courts should assess: (1) whether the infringer deliberately copied the patentee’s ideas or design; (2) whether the infringer, upon knowing of the patent, investigated the scope of the patent and formed a good faith belief that it was invalid or that it was not infringed; (3) the infringer’s

² Courts continue to apply the *Read* factors to determine whether to enhance damages after the Supreme Court’s decision in *Halo*. *See, e.g., WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1325, 1339-42 (Fed. Cir. 2016).

litigation behavior; (4) the infringer's size and financial condition; (5) the closeness of the case; (6) the duration of the infringer's misconduct; (7) remedial action taken by the infringer; (8) the infringer's motivation for harm; and (9) whether the infringer attempted to conceal its misconduct. *See id.* at 827. Ultimately, consideration of the *Read* factors measures the infringer's culpability, and enhanced damages are punitive and should be awarded for "egregious cases of misconduct beyond typical infringement" including "cases typified by willful misconduct" or "deliberate or wanton" infringement. *Halo Elecs., Inc.*, 136 S. Ct. at 1934, 1935-36 (internal quotation marks and citation omitted). A party must show that it is entitled to enhanced damages by a preponderance of the evidence. *See id.* at 1934.

PPC argues that damages should be trebled because of the jury's willfulness finding, evidence of Corning copying PPC's patents, Corning's continued sales of the infringing product after PPC filed this action, and Corning's vexatious litigation tactics. (Dkt. No. 517 at 31-35.) Corning counters that no enhancement is warranted because it did not return to its previous infringing design, it openly sold the accused products, it had a strong position that its accused products were non-infringing, and it stopped sales of the accused design after the jury's verdict. (Dkt. No. 420 at 7.)

1. Deliberate Copying

PPC argues that Corning deliberately copied its 194 Patent when it added the taper that deformed the connector's body member to the accused products. (Dkt. No. 412, Attach. 1 at 10-11.) PPC contends that Corning was aware that this taper was infringing because

the same design was found to infringe in the 2003 Wisconsin litigation. (*Id.* at 10.) Corning maintains that it did not copy PPC's patent because it independently developed its products. (Dkt. No. 420 at 7-8.) Specifically, Corning asserts that it avoided the 194 Patent when designing the new UltraRange connector and instead relied on its noninfringing UltraSeal products. (*Id.*)

While Corning may have designed the 2004 version of the UltraRange around PPC's patents, the same cannot be said for the accused products. Rather, the evidence supports the conclusion that Corning deliberately copied PPC's patents. Corning knew that the taper which deformed the connector's body member infringed the 194 Patent. (Dkt. No. 360 at 17-18.) Nevertheless, Corning added this taper to the 2005 version of the UltraRange and the UltraShield. (Dkt. No. 359 at 109-20; Dkt. No. 360 at 88-91.) Indeed, the jury found that Corning willfully infringed PPC's patents in suit after being instructed that it could consider what would or should have been obvious to Corning when it sold its accused products. (Dkt. No. 365 at 157-58; Dkt. No. 358.) The court, therefore, finds that this factor supports enhancement. *See nCUBE Corp. v. SeaChange Int'l, Inc.*, 313 F. Supp. 2d 361, 387-88 (D. Del. 2004) (finding deliberate copying supported enhancing damages based in part on the jury's finding of willful infringement and the public availability of the design information underlying the patent), *aff'd* 436 F.3d 1317 (Fed Cir. 2006).

2. Good Faith Belief of Invalidity or Noninfringement

PPC contends that Corning did not have a good faith belief that either of PPC's patents in suit were invalid

or that Corning's accused products did not infringe. (Dkt. No. 412, Attach. 1 at 15-18.) PPC notes that Corning was either precluded from arguing invalidity or waived its invalidity defense against the patents in suit. (*Id.* at 16; Dkt. No. 208; Dkt. No. 446 at 29-30.) Furthermore, PPC argues that Corning did not present evidence of a proper investigation into PPC's infringement allegations, did not provide an opinion of counsel, and improperly relied on the 2013 Court of International Trade decision as a basis for its good faith. (Dkt. No. 412, Attach. 1 at 15-18.)

Corning maintains that its legal department approved the UltraRange product line and also determined that the gripper connectors in its UltraSeal product line did not infringe after it investigated the scope of the 194 and 940 Patents during the 2003 Wisconsin litigation and subsequent settlement. (Dkt. No. 524 at 21.) Corning based its design of the UltraRange on the non-infringing UltraSeal gripper connectors. (Dkt. No. 513 at 14-17.) After PPC commenced this action, Corning asserts that its head of operations thoroughly investigated the claims by speaking with in-house and outside counsel. (Dkt. No. 420 at 13.) Finally, Corning states that the 2013 Court of International Trade decision supported its belief that its accused connectors did not infringe. (*Id.*)

The court finds that this factor supports enhancement. While Corning did receive legal advice about the UltraRange before its launch, this advice was directed at the 2004 version of the UltraRange and not the accused products. (Dkt. No. 511, Attach. 4 at 11.) Similarly, Corning evaluated the scope of the patents in suit with regard to the UltraSeal product line and not the accused products. (Dkt. No. 513 at 73; Dkt. No. 514

at 53-54; Ex. D-1079 at 7 ¶ 20.) Corning spoke with counsel after PPC commenced this suit but failed to provide a formal opinion regarding noninfringement. (Dkt. No. 362 at 29); see *Hako-Med USA, Inc. v. Axiom Worldwide, Inc.*, No. 8:06-cv-1790-T-33, 2009 WL 3064800, at *9 (M.D. Fl. Sept. 22, 2009) (noting that whether the infringer obtained and presented a legal opinion is still relevant “[u]nder a *Read* factor analysis” based on the “‘totality of the circumstances’”); see also *Aspex Eyewear, Inc. v. Clariti Eyewear, Inc.*, 605 F.3d 1305, 1313 (Fed. Cir. 2010). Finally, Corning’s reliance on the 2013 Court of International Trade opinion is misplaced because it was decided years after Corning knew of both PPC’s patents and infringement allegations. See *Odetics, Inc. v. Storage Tech. Corp.*, 185 F.3d 1259, 1276 (Fed. Cir. 1999) (finding the relevant time to assess infringement is when the infringer had notice of the patent). Because the evidence shows that Corning did not have a good faith belief in its non-infringement defense, this factor supports enhancement.

3. *Corning’s Litigation Behavior*

PPC contends that Corning wasted the court’s time with a bench trial on its baseless affirmative defenses, violated numerous court orders, dropped its invalidity defense after four years of litigation, and belatedly added an affirmative defense without support. (Dkt. No. 412, Attach. 1 at 18-25; Dkt. No. 517 at 34-35.) The Federal Circuit has held that litigation misconduct “[t]ypically ... refers to bringing vexatious or unjustified suits, discovery abuses, failure to obey orders of the court, or acts that unnecessarily prolong litigation.” *i4i Ltd P’Ship v. Microsoft Corp.*, 598 F.3d 831, 859 (Fed. Cir. 2010). The conduct of Corning or its

counsel cannot be characterized as more than zealous advocacy in high stakes litigation. Notably, several of Corning's affirmative defenses survived summary judgment requiring a bench trial, indicating that its positions were neither "vexatious or unjustified." *Id.*; (Dkt. No. 209.) Furthermore, both parties acted professionally throughout trial. (Dkt. No. 365 at 196-97); *see Arctic Cat Inc. v. Bombardier Recreational Prods., Inc.*, No. 14-cv-62369, 2016 WL 4249951, at *7 (S.D. Fla. July 27, 2016) (finding counsel's professional trial behavior weighed against enhancement). Accordingly, the court finds this factor weighs against enhancement.

4. *Corning's Size and Financial Condition*

The fourth *Read* factor supports an enhancement because Corning has substantial resources. *See Johns Hopkins Univ. v. CellPro*, 978 F. Supp. 184, 195 (D. Del. 1997) ("Punishing a larger company in a stronger financial condition may call for higher damages, where a lower number may be equally effective in punishing a smaller company.") At trial, Corning reported having annual revenues of approximately two billion dollars and, therefore, can afford to pay enhanced damages up to the maximum statutory amount. (Dkt. No. 362 at 16-17.)

5. *Closeness of the Case*

PPC argues that the case was not close because the jury only spent one hour in deliberations to find that Corning willfully infringed on its patents in suit. (Dkt. No. 412, Attach. 1 at 18.) Corning cites cases contesting PPC's proposition, (Dkt. No. 420 at 15-16), and maintains the case was close because the court denied

PPC's motion for summary judgment on infringement and its defenses of laches and equitable estoppel, and the case was ultimately tried. (*Id.* at 15.)

The court agrees with Corning that it cannot draw an inference about the closeness of the case from the length of jury deliberations. *See, e.g., Floe Int'l, Inc. v. Newmans' Mfg. Inc.*, No. 04-5120, 2006 WL 2472112, at *5 (D. Minn. Aug. 23, 2006) ("The length of jury deliberations generally does not indicate whether a case is close or not."). Nevertheless, based on the evidence, the case was not particularly close. PPC presented evidence demonstrating that Corning willfully infringed on both its 194 and 940 Patents, which the jury credited and rendered a verdict in its favor. (Dkt. No. 358.) The court determined that the jury's verdict was supported by legally sufficient evidence. (Dkt. No. 446.) Furthermore, all of Corning's defenses have been rejected on summary judgment or by bench decision. (*Id.*; Part III.A.) Corning's position as to infringement, laches, and equitable estoppel may have required resolution at trial, however, this fact does not dictate that the case was close. *See nCUBE Corp.*, 313 F. Supp. 2d at 390 (rejecting the survival of a defense on summary judgment as evidence of a close case). Accordingly, the court finds this factor weighs in favor of enhancement.

6 & 7. Duration of the Misconduct & Remedial Action

PPC maintains that Corning has infringed since 2005 and failed to take remedial action. (Dkt. No. 517 at 33-34.) PPC argues that Corning continued to sell its accused products until the jury verdict. (*Id.* at 33.) Corning contends that it took remedial action when it introduced its C3 connector in 2014, which, according to

Corning, was a non-infringing alternative design. (Dkt. No. 420 at 13-14.) Furthermore, Corning asserts that it took “immediate steps to respect the jury verdict” and stopped selling the accused products after that date. (*Id.* at 14.)

Corning was aware of PPC’s patents when it developed the accused products. (Dkt. No. 362 at 53-54.) The jury found that Corning’s accused products, developed in 2005 and 2010, infringed on PPC’s patents in suit in 2015, (Dkt. No. 358), and, thereafter, Corning took those infringing products off the market, (Dkt. No. 513 at 172, 175). Ten years of misconduct weighs in favor of an enhancement. *See, e.g., I-Flow Corp. v. Apex Med. Tech., Inc.*, No. 07cv1200, 2010 WL 114005, at *3 (S.D. Cal. Jan. 6, 2010) (finding six years of misconduct was “substantial,” favoring enhancement); *Broadcom Corp. v. Qualcomm Inc.*, No. SACV 05-467-JVS, 2007 WL 2326838, at *3 (C.D. Cal. Aug. 10, 2007) (“The length of [the infringer’s] infringement (approximately two years), coupled with the fact that infringement continued after [the patentee] filed its suit, supports an increase in damages.”), *vacated on other grounds*, 2007 WL 8030058 (C.D. Cal. Nov. 21, 2007). Likewise, continuing to sell the infringing products after notice of infringement and during the course of litigation supports enhancement. *See Novozymes A/S v. Genencor Int’l, Inc.*, 474 F. Supp. 2d 592, 611 (D. Del. 2007). The length of Corning’s infringement supports a damages enhancement.

On the other hand, Corning remedied some of its infringement by selling the converted C3 connectors, which the parties stipulated would not be part of the case nor accused of infringement of the patents in suit. (Dkt. No. 349; Dkt. No. 420, Attach. 4 ¶ 8.) Because

Corning engaged in some remedial action, this factor weighs against enhancement.

8. Corning's Motivation for Harm

PPC contends that Corning's infringement was motivated by greed and economic gain, (Dkt. No. 412, Attach. 1 at 13), while Corning argues it engaged in fair competition and had no desire to steal PPC's intellectual property, (Dkt. No. 420 at 12). The court finds that this factor weighs in favor of enhancement. Corning's customers complained about the 2004 version of the UltraRange, and Corning redesigned its product by adding the taper which was previously found to infringe PPC's patents. (Dkt. No. 359 at 116-20; Dkt. No. 360 at 17-22, 88-91; Dkt. No. 362 at 7-13, 15-16, 62-63, 67-69; Dkt. No. 513 at 18.) This evidence demonstrates that Corning would rather knowingly infringe than invest the time and resources to redesign its connector. In addition, the evidence supports the inference that Corning intended to harm PPC by diverting business away from PPC. (Dkt. No. 361 at 12-13); *see Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, 762 F. Supp. 2d 710, 724 (D. Del. 2011) ("[T]he evidence of motivation to harm becomes greater when the patentee and infringer are in direct competition, and the accused infringer's actions are specifically intended to take business away from the patent owner."), *vacated on other grounds*, 711 F.3d 1348 (Fed. Cir. 2013).

9. Concealment

Finally, as exhaustively discussed and argued with respect to the affirmative defenses, this factor strongly supports enhancement. (Part III.A at 12-13.) Corning

concealed its infringement by identifying and advertising the redesigned UltraRange in the same way as the 2004 version. (*Id.*) Corning's lead engineer testified that the new features were "invisible," (Dkt. No. 362 at 103-04), leading PPC to conclude that the UltraRange had not been redesigned, (Dkt. No. 359 at 117-19; Dkt. No. 360 at 10-11, 22-24, 54-55, 85-86).

In sum, the *Read* factors decidedly support enhancement. Additionally, the jury found that Corning's infringement was willful, which was supported by substantial evidence. (Dkt. Nos. 358, 446.) Based on all the facts and circumstances, enhanced damages are warranted as PPC has shown that Corning copied its patents, did not have a good faith basis for its noninfringement defense, and concealed its infringement, demonstrating that it engaged in egregious infringement behavior. *See Halo Elecs., Inc.*, 136 S. Ct. at 1932. Without a doubt, "[t]here is a spectrum of improper conduct." *Cleancut, LLC v. Rug Doctor, Inc.*, No. 2:08-cv-836, 2013 WL 441209, at *4 (D. Utah Feb. 5, 2013). Although Corning's misconduct warrants an enhancement, it is "not a polar case" at "the most egregious end of the spectrum." *Id.* (awarding double not treble damages after finding that the totality of the circumstances and six *Read* factors supported an enhancement). The court exercises its discretion and finds that doubling the damages award is a sufficient "punitiv[e] or vindictiv[e] sanction" for Corning's misconduct. *Halo Elecs., Inc.*, 136 S. Ct. at 1932; *see Dominion Res. Inc. v. Alstom Grid, Inc.*, No. 15-224, 2016 WL 5674713, at *20-24 (E.D. Pa. Oct. 3, 2016) (awarding double damages because of the jury's willfulness finding and two *Read* factors weighed in infringer's favor). Accordingly, the jury's damages verdict of \$23.85 million is doubled to \$47.7 million.

C. Attorneys' Fees

Courts may award a prevailing party attorneys' fees in "exceptional cases" and will exercise their discretion to determine whether a case meets this standard depending on the totality of the circumstances. 35 U.S.C. § 285; see *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014). Courts are instructed "that an 'exceptional' case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated." *Octane Fitness*, 134 S. Ct. at 1756. In making this determination, courts should consider the "frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence." *Id.* at 1756 n.6. Fee awards may be appropriate in "case[s] presenting either subjective bad faith or exceptionally meritless claims." *Id.* at 1757. Entitlement to fees is measured by a preponderance of the evidence standard. See *id.* at 1758.

PPC contends that it is entitled to attorneys' fees for essentially the same reasons that it insists Corning engaged in litigation misconduct under the *Read* factors. (Dkt. No. 412, Attach. 1 at 20-25; Dkt. No. 517 at 34-35.) Corning counters that its positions were reasonable and its litigation behavior was proper. (Dkt. No. 420 at 19-24.)

This case is not exceptional. Although the jury ultimately found for PPC and the court rejected Corning's defenses, Corning's positions were not wholly without

merit. See *SFA Sys., LLC v. Newegg Inc.*, 793 F.3d 1344, 1347-48 (Fed Cir. 2015) (finding what matters is the “substantive *strength*, not the *correctness* or eventual success of that position”). Indeed, both Corning’s equitable estoppel and laches defenses survived summary judgment and the court did not find infringement on summary judgment. (Dkt. Nos. 207, 209.) In total, Corning’s positions were not unreasonable warranting a fee award. See *EON Corp. IP Holdings LLC v. Cisco Sys. Inc.*, 12-CV-01011, 2014 WL 372617, at *5 (N.D. Cal. July 25, 2014) (denying fees where a party’s argument was “quite stretched” and its conduct “difficult to explain,” the court could not “quite conclude that *no* reasonable patentee could see an opening ... through which the argument could be squeezed”); *Gameteck LLC v. Zynga, Inc.*, CV 13-2546, 2014 WL 4351414, at *3 (N.D. Cal. Sept. 2, 2014) (denying fees where party’s briefing “consisted of granular parsing of the claimed steps rather than any substantive explanation of how [the invention] differed from the underlying abstract idea,” it “did not, however, descend to the level of frivolous argument or objective unreasonableness”). For the same reasons discussed with respect to the third *Read* factor, Corning’s litigation behavior does not warrant a fee award. See *Small v. Implant Direct Mfg. LLC*, No. 06 Civ. 683, 2014 WL 5463621, at *4 (S.D.N.Y. Oct. 23, 2014) (noting that post-*Octane* “most cases awarding fees continue to involve substantial litigation misconduct”); cf. *Homeland Housewares, LLC v. Hastie2Market, LLC*, 581 Fed.Appx. 877, 878 (Fed. Cir. 2014) (upholding fee award where the party filed unsolicited briefs and multiple meritless reconsideration motions and failed to introduce admissible evidence to support its claim). Accordingly, PPC’s motion for attorneys’ fees is denied.

D. Prejudgment Interest

PPC seeks prejudgment interest on its damages award at the New York statutory rate of nine percent per annum running from the first date of eligible recovery,³³ or July 5, 2005, until the date of entry of judgment. (Dkt. No. 409, Attach. 1 at 8-9.) Corning argues that PPC's prejudgment interest calculation grants it an improper windfall. (Dkt. No. 424 at 2-7.) Corning instead advocates that the court calculate interest by applying the T-bill interest rate compounded annually to Corning's annual sales of its infringing products. (*Id.* at 2, 6-7.)

A successful patent owner is generally entitled to prejudgment interest on its damages award. *See* 35 U.S.C. § 284 (“[T]he court shall award ... damages adequate to compensate for the infringement ... together with interest and costs as fixed by the court.”). To that end, “prejudgment interest should be awarded under [section] 284 absent some justification for withholding such award.” *Gen. Motors Corp. v. Devex Corp.*, 461 U.S. 648, 657 (1983). The purpose of prejudgment interest is not to punish the infringer but to compensate the patent owner for “the loss of any possible use of the money between the time of the infringement and the date of the judgment.” *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389 (Fed. Cir. 1983), *overruled on other grounds*, *In re Seagate Tech.*, 497 F.3d 1360, 1371 (Fed. Cir. 2007).

³³ PPC asserts that Corning's infringement began on March 24, 2005 but acknowledges that by statute it is not entitled to damages for infringement committed more than six years before it filed the complaint. (Dkt. No. 409, Attach. 1 at 8-9, citing 35 U.S.C. § 286.)

The federal statute does not fix an interest rate, and courts have the discretion to set it accordingly. *See Bio-Rad Labs., Inc. v. Nicolet Instrument Corp.*, 807 F.2d 964, 969 (Fed Cir. 1986). Courts have used both the T-bill rate and state statutory rates. *See Laitram Corp. v. NEC Corp.*, 115 F.3d 947, 955 (Fed. Cir. 1997) (T-bill rate); *Oiness v. Walgreen Co.*, 88 F.3d 1025, 1028 (Fed. Cir. 1996) (state statutory rate).

In exercising its discretion, the court awards PPC prejudgment interest at the New York state statutory rate of nine percent per annum. *See* N.Y. C.P.L.R. § 5004. However, the court agrees with Corning that prejudgment interest should be calculated on Corning's annual sales of its infringing products. This calculation more accurately restores PPC to the financial position it would have been in but for Corning's infringement. *See Dragan v. L.D. Caulk Co.*, CIV. A. No. 84-707, 1989 WL 133536, at *13 (D. Del. Apr. 21, 1989) (calculating prejudgment interest based on yearly sales rather than the date of first infringement).

IV. Conclusion

WHEREFORE, for the foregoing reasons, it is hereby

ORDERED that PPC's motion for enhanced damages and attorneys' fees (Dkt. No. 412) is **GRANTED IN PART** and **DENIED IN PART** as follows:

GRANTED with respect to enhanced damages and that the rate of enhancement is doubled to the amount of \$47.7 million;

and

DENIED with respect to attorneys' fees; and it is further

ORDERED that PPC's motion for prejudgment interest (Dkt. No. 409) is **GRANTED IN PART** and **DENIED IN PART** as follows:

GRANTED to the extent that the prejudgment interest rate is the New York statutory rate of nine percent per annum; and

DENIED in all other respects; and it is further

ORDERED that interest shall be calculated on Corning's annual sales of the infringing products; and it is further

ORDERED that the parties shall jointly submit a calculation of prejudgment interest consistent with this Memorandum-Decision within fourteen (14) days of the date of this Memorandum-Decision and Order; and it is further

ORDERED that the Clerk provide a copy of this Memorandum-Decision and Order to the parties.

IT IS SO ORDERED.

November 3, 2016.
Albany, New York

Gary L. Sharpe
Gary L. Sharpe
U.S. District Judge

APPENDIX D

United States District Court
Northern District of New York

JUDGMENT IN A CIVIL CASE
DOCKET NO. 5:11-cv-761 (GLS/DEP)

PPC Broadband, Inc.,

v.

Corning Optical Communications RF, LLC.

 x **JURY VERDICT.** This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

 x **DECISION BY COURT.** This action came to trial, motion or hearing before the Court. The issues have been tried and a decision has been rendered.

IT IS ORDERED AND ADJUGED that judgment is entered in favor of the plaintiff in the total amount of \$61,339,316. The judgment is calculated as follows: \$25,457,844 in compensatory damages consisting of the jury award (Dkt. No. 358) and supplemental damages (Dkt. No. 528); compensatory damages are enhanced by double to \$50,915,688 (Dkt. Nos. 526, 528); and

33a

**\$10,423,628 in prejudgment interest on the base
compensatory damage award (Dkt. No. 528).**

November 18, 2016

Lawrence K. Baerman
CLERK OF COURT

BY: S/
DEPUTY CLERK
John Law

APPENDIX E

STATUTE INVOLVED

35 U.S.C. § 284

Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed. Increased damages under this paragraph shall not apply to provisional rights under section 154(d).

The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.