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Title: The Role of Proven Instances of Direct Infringement in Calculating Reasonable Royalty Damages for Indirect Infringement: Probative Evidence or a Tool for Capping Recovery as a Matter of Law?

Abstract: Given the importance of indirect infringement causes of action in patent law and the attention that the law of patent damages has drawn in the last several years, it is surprising and disconcerting that the rules on figuring indirect infringement damages are now highly unsettled. In particular, two Federal Circuit panels have recently made directly contradictory pronouncements on the issue of accounting for proven acts of direct infringement in calculating indirect infringement damages: *Lucent Techs. v. Gateway, Inc.* held that the extent of actually infringing use should be viewed as one of many pieces of evidence used to calculate reasonable royalty damages under the *Georgia-Pacific* framework, while *Cardiac Pacemakers, Inc. v. St. Jude Medical, Inc.* (in the panel part of the decision) endorsed a rule that allows for limiting damages as a matter of law to proven, enumerated acts of direct infringement. Another, older case of *Dynacore Holdings Corp. v. U.S. Philips Corp.* had endorsed yet a third approach, inviting the plaintiff to define a “category of infringers” so as to seek damages across the whole class. This Article argues that the *Lucent* approach is the most faithful of the three to the hypothetical negotiation construct in that it resists overvaluing the evidence of events that have occurred after the time that infringement began. The other approaches create a special, unsymmetrical rule for indirect infringement cases that systematically undercompensates plaintiff patent owners and unjustifiably weakens remedies for the infringement of method claims. The Federal Circuit should adopt the *Lucent* approach and abandon the others.