

**United States Court of Appeals
for the Federal Circuit**

WARSAW ORTHOPEDIC, INC.,
Plaintiff/Counterclaim Defendant-Appellant

MEDTRONIC SOFAMOR DANEK USA, INC.,
Counterclaim Defendant-Appellant

**MEDTRONIC PUERTO RICO OPERATIONS CO.,
MEDTRONIC SOFAMOR DANEK DEGGENDORF,
GMBH,**
Counterclaim Defendants

v.

NUVASIVE, INC.,
Defendant/Counterclaimant-Cross Appellant

2013-1576, 2013-1577

Appeals from the United States District Court for the
Southern District of California in No. 08-CV-1512, Judge
Cathy Ann Bencivengo.

Decided: March 2, 2015

LUKE DAUCHOT, Kirkland & Ellis LLP, Los Angeles,
CA, argued for plaintiff/counterclaim defendant-

appellant, counterclaim defendant-appellant. Also represented by ALEXANDER FRASER MACKINNON, NIMALKA R. WICKRAMASEKERA, SHARRE LOTFOLLAHI; JOHN C. O'QUINN, LIAM PATRICK HARDY, Washington, DC.

DEANNE MAYNARD, Morrison & Foerster LLP, Washington, DC, argued for defendant/counterclaimant-cross-appellant. Also represented by BRIAN ROBERT MATSUI; RYAN MALLOY, Los Angeles, CA; FRANK SCHERKENBACH, Fish & Richardson, P.C., Boston, MA; CRAIG EARL COUNTRYMAN, MICHAEL ARI AMON, TODD GLEN MILLER, San Diego, CA; MICHAEL J. KANE, Minneapolis, MN.

Before LOURIE, DYK, and REYNA, *Circuit Judges*.

DYK, *Circuit Judge*.

Warsaw Orthopedic (“Warsaw”) brought suit against NuVasive, Inc. (“NuVasive”) for infringement of U.S. Patent Nos. 5,860,973 (“the ’973 patent”) and 6,945,933 (“the ’933 patent”). NuVasive counterclaimed for infringement of U.S. Patent No. 7,470,236 (“the ’236 patent”) against Warsaw and its related company, Medtronic Sofamor Danek USA, Inc. (“MSD”). For each of the three patents, the district court sustained jury findings of infringement, awarded damages for past infringement, and awarded an ongoing royalty rate. Both parties appealed. We affirm the district court with respect to invalidity and infringement of all three patents, but we remand for a new trial on damages with respect to the ’973 and ’933 patents.

BACKGROUND

We limit our discussion to the patents relevant to this appeal: the ’973 patent, the ’933 patent, and the ’236 patent. Warsaw owns the ’973 patent and the ’933 pa-

tent. The '973 patent claims oversized spinal implants. The '933 patent claims methods and devices for retracting tissue to create a working channel for minimally invasive spinal surgery. NuVasive owns the '236 patent, which relates to neuromonitoring during surgery.

On October 6, 2008, Warsaw and MSD filed a complaint against NuVasive, alleging infringement of the '973 and '933 patents. NuVasive counterclaimed, asserting infringement of the '236 patent. At trial, Warsaw asserted claims 24, 41, 42, 57, and 61 of the '973 patent and claims 21, 57, and 66 of the '933 patent. NuVasive asserted claims 1, 5, and 9 of the '236 patent. On September 20, 2011, the jury found that the asserted claims of the '973 patent were not invalid (infringement was not in dispute), that the asserted claims of the '933 patent were infringed under the doctrine of equivalents (validity was not in dispute), and that the asserted claims of the '236 patent were infringed (validity was not in dispute). The jury awarded damages for each.

After trial, Warsaw filed motions seeking supplemental damages and a permanent injunction with respect to the '973 and '933 patents, and a motion for judgment as a matter of law ("JMOL") or a new trial with respect to the jury's finding of infringement of the asserted claims of the '236 patent. NuVasive also moved for JMOL or a new trial, challenging the jury's finding of no invalidity of the asserted claims of the '973 patent, infringement of the asserted claims of the '933 patent, and Warsaw's entitlement to lost profits. The district court denied the motions for JMOL or a new trial and denied Warsaw's requests for supplemental damages and a permanent injunction for infringement of the '973 and '933 patents. The court set ongoing royalty rates.

Warsaw appealed, arguing that the district court erred in denying supplemental damages to compensate for NuVasive's infringement between the close of discovery and trial and in declining to award a higher ongoing royalty rate. Warsaw also argues that the district court erred in determining that MSD infringed the '236 patent. NuVasive cross-appealed, challenging the determinations that the asserted claims of the '973 patent were not invalid, the determination that NuVasive infringed the asserted claims of the '933 patent, and the damages calculation for infringement of the asserted claims of the '973 and '933 patents.

We have jurisdiction pursuant to 28 U.S.C. § 1295. We review denials of motions for judgment as a matter of law de novo. See *Revolution Eyewear, Inc. v. Aspex Eyewear, Inc.*, 563 F.3d 1358, 1370 (Fed. Cir. 2009); *Janes v. Wal-Mart Stores, Inc.*, 279 F.3d 883, 886 (9th Cir. 2002). We review the district court's claim construction under the standard set forth in *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, No. 13-854, slip op. at 13 (Jan. 20, 2015). We review underlying factual determinations concerning extrinsic evidence for clear error. *Id.* at 12. We review intrinsic evidence and the ultimate construction of the claim de novo. *Id.* Infringement is a question of fact, *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 469 F.3d 1005, 1013 (Fed. Cir. 2006), reviewed for substantial evidence. *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Drilling USA, Inc.*, 699 F.3d 1340, 1356–57 (Fed. Cir. 2012). We review damages determinations by the court for “an erroneous conclusion of law, clearly erroneous factual findings, or a clear error of judgment amounting to an abuse of discretion.” *Micro Chem., Inc. v. Lextron, Inc.*, 318 F.3d 1119, 1122 (Fed. Cir. 2003) (internal quotation marks, citation omitted).

DISCUSSION

I. Invalidity and Infringement

We address first the arguments with respect to the district court's liability determinations as to the asserted claims of the '973, '933, and '236 patents.

A. '973 Patent Invalidity

The '973 patent claims are directed to oversized spinal implants capable of lateral insertion. The human spine has a series of stacked vertebrae. In between each vertebrae is a disk, which is composed of spongy material and provides flexibility to the spine. Prior to the invention, implants were typically smaller than the size of the corresponding vertebrae and were inserted either anteriorly or posteriorly, i.e., from the front or back, rather than the side. The claims of the '973 patent disclosed an oversized spinal implant capable of lateral insertion. The oversized implant arguably provided more stability than the smaller implants, and the lateral directionality of the insertion arguably made the surgery safer. Although claim 35 is not asserted, most of the asserted claims depend from claim 35,¹ and NuVasive appears to argue that the invalidity of the asserted claims turns on the invalidity of claim 35. Claim 35 covers:

A translateral spinal implant for insertion from the lateral aspect of the spine in the disc space between two adjacent vertebrae, said implant having

¹ Claim 24 depends from independent claim 1; claims 41, 42, and 57 depend from independent claim 35; and claim 61 is an independent claim.

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