853 F.3d 1370
United States Court of Appeals, Federal Circuit.

REMBRANDT WIRELESS TECHNOLOGIES, LP, Plaintiff-Appellee
v.
SAMSUNG ELECTRONICS CO., LTD., Samsung Electronics America, Inc., Samsung Telecommunications America, LLC, Defendants-Appellants
Samsung Austin Semiconductor, L.L.C., Research in Motion Corporation, Research in Motion Ltd., Defendants

2016-1729
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Decided: April 17, 2017

Synopsis

Background: Patentee brought action against competitor for infringement of patents relating to system and method of communication in which multiple modulation methods were used to facilitate communication among plurality of modems that had previously been incompatible. The United States District Court for the Eastern District of Texas, No. 2:13-cv-00213-JRG-RSP, Roy S. Payne, United States Magistrate Judge, 2015 WL 604577, denied competitor's motion to exclude opinion of patentee's expert witness, and, J. Rodney Gilstrap, J., 2014 WL 3385125 and 2015 WL 627949, construed patents, 2015 WL 627971, denied competitor's motion for summary judgment, and, after jury verdict in favor patentee, 2016 WL 362540, denied competitor's motions for judgment as a matter of law (JMOL) or new trial on damages, 2016 WL 633909, or liability. Competitor appealed.

Holdings: The Court of Appeals, Stoll, Circuit Judge, held that:

[1] "modulation method of a different type" meant different families of modulation techniques;

[2] jury's presumed factual findings in support of verdict of nonobviousness were supported by substantial evidence;

[3] district court acted within its discretion in admitting testimony of patentee's damages expert regarding reasonable royalty rate;

[4] jury's damages award of $15.7 million for all of competitor's infringing sales was supported by substantial evidence; and

[5] patentee's disclaimer of claim embodied in unmarked product did not retroactively dissolve statutory obligation for patentee to mark product in order to recover damages for infringement occurring before it provided notice of infringement to competitor.

Affirmed in part, vacated in part, and remanded.

West Headnotes (19)

[1] **Patents**
Construction and Operation of Patents

Court of Appeals reviews claim constructions based solely on the intrinsic record de novo in patent infringement action.

Cases that cite this headnote

[2] **Patents**
Specifications and Drawings; Written Description

Patents
Rejection and Amendment of Claims; Prosecution History

While the specification is the principal source of the meaning of a disputed patent term, the prosecution history may also be relevant.

1 Cases that cite this headnote

[3] **Patents**
Radio and telecommunications equipment

Modulation method of a different type, in patent relating to system and method of communication in which multiple modulation methods were used to facilitate communication among plurality of

modems that had previously been incompatible, meant different families of modulation techniques, such as the frequency-shift keying (FSK) family of modulation methods and the quadrature amplitude modulation (QAM) family of modulation methods.

Cases that cite this headnote

[4] **Courts**
Particular questions or subject matter

Court of Appeals for the Federal Circuit would review the district court's post-trial denial of competitor's motion for judgment as a matter of law (JMOL) on issue of obviousness in patent infringement action under the law of the regional circuit, the Fifth Circuit, which required asking whether a reasonable jury would not have a legally sufficient evidentiary basis to find for the party on that issue. 35 U.S.C.A. § 103; Fed. R. Civ. P. 50(a)(1).

Cases that cite this headnote

[5] **Patents**
Obviousness; lack of invention

On de novo review of denial of motion for judgment as a matter of law (JMOL) on issue of obviousness, when a jury returns a general verdict regarding obviousness, a legal question with factual underpinnings, Court of Appeals, first presumes that the jury resolved the underlying factual disputes in favor of the verdict winner and leaves those presumed findings undisturbed if they are supported by substantial evidence; then court examines the legal conclusion de novo to see whether it is correct in light of the presumed jury fact findings. 35 U.S.C.A. § 103; Fed. R. Civ. P. 50(a)(1).

Cases that cite this headnote

[6] **Patents**
Radio and telecommunications equipment

Jury's presumed factual findings in support of verdict of nonobviousness, that prior art reference did not teach patent claim limitation for different types of modulation and that one of skill in the art would not have been motivated to combine prior art references, were supported by substantial evidence in action for infringement of patents relating to system and method of communication in which multiple modulation methods were used to facilitate communication among plurality of modems that had previously been incompatible; patentee's infringement expert testified that modulation methods discussed in one reference were not of different types because they had overlapping characteristics, and other reference suggested that protocol used in patent was inferior to protocol discussed in prior art. 35 U.S.C.A. § 103.

Cases that cite this headnote

[7] **Patents**
Construction and Operation of Patents

Sound patent claim construction need not always purge every shred of ambiguity, including potential ambiguity arising from the words a court uses to construe a claim term.

Cases that cite this headnote

[8] **Patents**
Combination of prior art references; "teaching, suggestion, or motivation" test

Patents
Teaching away from prior art reference

In determining whether patent is invalid as obvious in light of prior art, whether a prior art reference teaches away is doctrinally distinct from whether there is no motivation to combine prior art references. 35 U.S.C.A. § 103.

Cases that cite this headnote

[9] **Patents**
Profits and damages

Applying regional Fifth Circuit law, Court of Appeals for Federal Circuit would review for an abuse of discretion the district court's rulings on damages-related evidentiary disputes, in action for infringement of patents relating to system and method of communication in which multiple

modulation methods were used to facilitate communication among plurality of modems that had previously been incompatible.

Cases that cite this headnote

[10] **Evidence**
Damages

District court acted within its discretion in admitting testimony of patentee's damages expert regarding reasonable royalty rate, in action for infringement of patents relating to use of multiple modulation methods to facilitate communication among plurality of modems that had previously been incompatible; expert determined incremental value associated with implementing infringing functionality by comparing prices competitor had paid for chips with and without such functionality, for time period that had been suggested by chips' seller as most suitable, expert testimony in case indicated that major difference between the chips was incorporation of infringing functionality, and expert confirmed his proposed rate using relevant settlement between patentee and another infringer of patents at issue.

Cases that cite this headnote

[11] **Patents**
Profits and damages

Privileged Communications and Confidentiality
Trade secrets; commercial information

District court acted within its discretion in redacting settlement agreement and licensing agreement, used by patentee's damages expert to confirm his proposed reasonable royalty rate, to prevent exposing confidential business information and to avoid jury confusion, in action for infringement of patents relating to system and method of communication in which multiple modulation methods were used to facilitate communication among plurality of modems that had previously been incompatible.

Cases that cite this headnote

[12] **Patents**
Profits and damages

Jury's damages award of $15.7 million for all of competitor's infringing sales, was supported by substantial evidence in action for infringement of patents relating to system and method of communication in which multiple modulation methods were used to facilitate communication among plurality of modems that had previously been incompatible; jury's award fell within the $14.5–$31.9 million range suggested by patentee's damages expert.

Cases that cite this headnote

[13] **Patents**
Presentation and Reservation in Lower Court of Grounds of Review

Competitor preserved for appeal its challenge to patentee's recovery of pre-notice damages based on patentee's failure to mark products covered by a claim it later disclaimed, in action for infringement of patents relating to system and method of communication in which multiple modulation methods were used to facilitate communication among plurality of modems that had previously been incompatible; contrary to patentee's contention that competitor waived issue by not raising it at trial, district court ruled on this issue as a matter of law before trial and competitor continually objected to that legal ruling before the district court. 35 U.S.C.A. § 287.

Cases that cite this headnote

[14] **Patents**
Rights, Remedies, and Liabilities of Licensees

Patents
Notice or marking as prerequisite

Licensee who makes or sells a patented article does so for or under the patentee, thereby limiting the patentee's damage recovery, when the patented article is not marked, to infringement occurring after notice to infringer. 35 U.S.C.A. § 287(a).

4 Cases that cite this headnote

[15] **Patents**
Notice or marking as prerequisite

Patentee's disclaimer of claim embodied in unmarked product did not retroactively dissolve statutory obligation for patentee to mark product in order to recover damages for infringement occurring before it provided notice of infringement to competitor, in action for infringement of patents relating to system and method of communication in which multiple modulation methods were used to facilitate communication among plurality of modems that had previously been incompatible; allowing disclaimer to relieve patentee's marking obligation was irreconcilable with statute's purpose of protecting public's ability to exploit unmarked product's features without liability for damages. 35 U.S.C.A. §§ 253(a), 287(a); 37 C.F.R. § 1.321(a).

5 Cases that cite this headnote

[16] **Patents**
Notice or marking as prerequisite

Patentee's disclaimer of a patent claim cannot serve to retroactively dissolve the statutory requirement for the patentee to mark an article covered by the claim, which is necessary for a patentee to collect damages for infringement occurring prior to notice to the infringer. 35 U.S.C.A. §§ 253(a), 287(a); 37 C.F.R. § 1.321(a).

5 Cases that cite this headnote

[17] **Patents**
Briefs

Patentee did not waive argument on appeal that it could recover pre-notice damages for infringement of claims other than claim embodied in unmarked product, although patentee did not raise argument on appeal, where patentee raised argument in district court but district court declined to consider it, and argument was moot until reversal on appeal of district court's ruling that patentee's disclaimer retroactively dissolved marking requirement. 35 U.S.C.A. §§ 253(a), 287(a); 37 C.F.R. § 1.321(a).

1 Cases that cite this headnote

[18] **Patents**
In general; utility

US Patent 5,706,428. Cited as Prior Art.

Cases that cite this headnote

[19] **Patents**
In general; utility

US Patent 8,023,580, US Patent 8,457,228. Construed and Valid.

Cases that cite this headnote

***1373** Appeal from the United States District Court for the Eastern District of Texas in No. 2:13-cv-00213-JRG, Judge J. Rodney Gilstrap.

Attorneys and Law Firms

Michael F. Heim, Heim, Payne & Chorush, LLP, Houston, TX, argued for plaintiff-appellee. Also represented by Eric J. Enger, Miranda Y. Jones; Demetrios Anaipakos, Amir H. Alavi, Jamie Alan Aycock, Alisa A. Lipski, Ahmad, Zavitsanos, Anaipakos, Alavi & Mensing PC, Houston, TX.

Jesse J. Jenner, Ropes & Gray LLP, New York, NY, argued for defendants-appellants. Also represented by Douglas Hallward-Driemeier, Washington, DC; Gabrielle E. Higgins, East Palo Alto, CA; Brian P. Biddinger, Quinn Emanuel Urquhart & Sullivan, LLP, New York, NY.

***1374** Before Taranto, Chen, and Stoll, Circuit Judges.

Opinion

Stoll, Circuit Judge.

A jury found that Samsung infringed Rembrandt's asserted patents, which the jury also found not invalid over prior art cited by Samsung. The jury awarded Rembrandt $15.7 million in damages. After trial, Samsung moved for judgment as a matter of law on obviousness and damages, which the district court denied. Samsung appeals the district court's

denial of JMOL, as well as the district court's claim construction order and an order denying Samsung's motion to limit Rembrandt's damages for alleged failure to mark patented articles.

Because we agree with the district court's challenged claim construction and its denial of Samsung's JMOL motions, we affirm those decisions. We disagree, however, with the district court's denial of Samsung's motion based on the marking statute, and we vacate that decision and remand for proceedings consistent with this opinion.

BACKGROUND

Rembrandt Wireless Technologies, LP, sued Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., and Samsung Telecommunications America, LLC in the United States District Court for Eastern District of Texas on March 15, 2013 for infringement of two patents that share a specification: U.S. Patent No. 8,023,580 and a continuation patent, U.S. Patent No. 8,457,228. These patents claim priority to a provisional application filed on December 5, 1997, and relate to "a system and method of communication in which multiple modulation methods are used to facilitate communication among a plurality of modems in a network, which have heretofore been incompatible." '580 patent col. 2 ll. 17–20. The patents explain that in the prior art "a transmitter and receiver modem pair can successfully communicate only when the modems are compatible at the physical layer." *Id.* at col. 1 ll. 27–29. As a result, "communication between modems is generally unsuccessful unless a common modulation method is used." *Id.* at col. 1 ll. 45–47. Particularly with modems communicating via master/slave protocol, the patents explain that "[i]f one or more of the trib modems [slaves] are not compatible with the modulation method used by the master, those tribs will be unable to receive communications from the master." *Id.* at col. 1 ll. 58–61. To overcome the challenges described in the prior art, the patents propose using the first section of a transmitted message (the message "header") to indicate the modulation method being used for the substance of the message (the message "payload").

Claim 2 of the '580 patent, which is dependent upon claim 1, is representative:

> 1. A communication device capable of communicating according to a master/slave relationship in which a slave communication from a slave to a master occurs in response to a master communication from the master to the slave, the device comprising:
>
> a transceiver, in the role of the master according to the master/slave relationship, for sending at least transmissions modulated using at least *two types of modulation methods, wherein the at least two types of modulation methods comprise a first modulation method and a second modulation method, wherein the second modulation method is of a different type than the first modulation method*, wherein each transmission comprises a group of transmission sequences, wherein each group of transmission sequences is structured with at least a ***1375** first portion and a payload portion wherein first information in the first portion indicates at least which of the first modulation method and the second modulation method is used for modulating second information in the payload portion, wherein at least one group of transmission sequences is addressed for an intended destination of the payload portion, and wherein for the at least one group of transmission sequences:
>
> the first information for said at least one group of transmission sequences comprises a first sequence, in the first portion and modulated according to the first modulation method, wherein the first sequence indicates an impending change from the first modulation method to the second modulation method, and
>
> the second information for said at least one group of transmission sequences comprises a second sequence that is modulated according to the second modulation method, wherein the second sequence is transmitted after the first sequence.
>
> 2. The device of claim 1, wherein the transceiver is configured to transmit a third sequence after the second sequence, wherein the third sequence is transmitted in the first modulation method and indicates that communication from the master to the slave has reverted to the first modulation method.

Id. at col. 7 l. 53–col. 8 l. 24 (emphasis added to show dispute). Relevant here, the district court construed "modulation method [ ] of a different type" as "different families of modulation techniques, such as the FSK family of modulation methods and the QAM family of modulation methods." *Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, No.

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