

Survey Evidence Not Appropriately Focused on the Patented Technology May Be Excluded from a Patent Damages Evaluation

LES Insights
June 6, 2011



John C. Paul
202.408.4109



D. Brian Kacedon
202.408.4301

Susan Y. Tull
202.408.4489

Recently, the Court of Appeals for the Federal Circuit as well as the U.S. District Courts have been more closely scrutinizing the testimony of experts charged with determining damages for patent infringement. The result has been that certain tools that experts have historically relied on to determine damages have become either more difficult to use (for example, comparable licenses or the entire market value rule) or outright forbidden (for example, the 25% rule). Because of these changes, experts have begun looking for different tools to determine an appropriate damages measure. One "new" tool that has sparked much interest is the use of survey evidence to measure the value of a patented invention. Surveys have frequently been used in other types of litigation, such as antitrust or trademark litigation, but are less common in patent litigation.

Because such survey evidence has frequently not been used in patent litigation, there has been less guidance from the courts as to what is required for such surveys to be admissible. In *Fractus, S.A. v. Samsung Electronics Co., Ltd.*,¹ Civ. No. 6:09-cv-203-LED-JDL (E.D. Tex. Apr. 29, 2011), the Eastern District of Texas excluded survey evidence from a patent damages calculation. The court found the survey evidence was not sufficiently tied to the patent-at-issue or the patented technology, but rather addressed the market as a whole. Because the surveys risked confusing the jury and resulting in an excessive damages award, the court excluded that evidence.

The *Fractus* Decision

In *Fractus*, the dispute centered on the plaintiff's reliance on survey expert witnesses to determine damages for infringement of its patent relating to internal cell phone antennas. *Fractus* had commissioned two expert witnesses to perform two surveys assessing the value of internal antennas used in cell phones. The first expert's survey was intended to determine the value to consumers of incorporating internal, as opposed to external, antennas in cell phones. The second expert's survey was intended to determine the relative importance of internal antennas in cell phones to consumers. Even though the asserted patent covered only one type of internal cell phone antenna and did not purport to cover all internal cell phone antennas, neither survey focused on the specific type of internal antenna in the patent.

Samsung moved to exclude evidence relating to testimony by the survey experts. The court granted the motion, reasoning that the

surveys failed to assess how consumers valued the purported advantages of the technology in the asserted patent, instead only estimating the perceived value to consumers of cell phones with any internal antennas.

Citing the Federal Circuit's decision in *ResQNet.com, Inc. v. Lansa*, 594 F.3d 860, 869 (Fed. Cir. 2010), the court noted that admitting the survey evidence "risk[ed] compensation for infringement that punishes beyond the reach of the statute" and failed to "tie proof of damages to the claimed invention's footprint in the market place." Rather than focus on the value of the specific type of internal antenna claimed by the asserted patent, the surveys assessed the valuation of a far broader market. The district court found the surveys only confused the issues before the jury, and excluded them accordingly.

Strategy and Conclusion

1. **When obtaining survey evidence for patent damage calculations, be sure the survey specifically targets the claimed technology.** Do not poll consumers on the value of an entire market or product line if that entire market or product line is not claimed by the asserted patents. If the scope of the asserted patents is in dispute when survey evidence needs to be collected, obtain valuation surveys of varying scope to increase the possibility of some surveys being admitted at trial.
2. **When defending against survey evidence in a patent litigation, consider whether the survey questions were targeted to the appropriate technology.** Overly broad survey evidence that fails to address the advantages of the patented technology may be excluded.

Endnotes

¹ *Fractus, S.A. v. Samsung Electronics Co., Ltd.*, Civ. No. 6:09-cv-203-LED-JDL (E.D. Tex. Apr. 29, 2011): A download of the case is available from Pacer.

Copyright © Finnegan, Henderson, Farabow, Garrett & Dunner, LLP. This article is for informational purposes, is not intended to constitute legal advice, and may be considered advertising under applicable state laws. This article is only the opinion of the authors and is not attributable to Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, or the firm's clients.