

Acumed LLC v. Stryker Corp.

No. 08-1124, Fed. Cir. (Mayer, Lourie,* Gajarsa)

A plaintiff's past willingness to license its patent is not sufficient per se to establish lack of irreparable harm [for purposes of considering injunctive relief] if a new infringer were licensed. Adding a new competitor to the market may create an irreparable harm that the prior licenses did not.

On December 30, 2008, the Federal Circuit affirmed the district court's permanent injunction against Stryker for infringement of U.S. Patent 5,472,444, which related a proximal humeral nail (PHN). The Federal Circuit stated:

[A] patentee must satisfy the well-established four-factor test for injunctive relief before a court may grant a permanent injunction: (1) that [the plaintiff] has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. . . .

The essential attribute of a patent grant is that it provides a right to exclude competitors from infringing the patent. In view of that right, infringement may cause a patentee irreparable harm not remediable by a reasonable royalty. While the fact that a patentee has previously chosen to license the patent may indicate that a reasonable royalty does compensate for an infringement, that is but one factor for the district court to consider. The fact of the grant of previous licenses, the identity of the past licensees, the experience in the market since the licenses were granted, and the identity of the new infringer all may affect the district court's discretionary decision concerning whether a reasonable royalty from an infringer constitutes damages adequate to compensate for the infringement. The district court here weighed these factors and determined [that] money damages constituted adequate compensation only for Stryker's past infringement and that no adequate remedy at law existed for Stryker's future infringement. . . .

A plaintiff's past willingness to license its patent is not sufficient per se to establish lack of irreparable harm if a new infringer were licensed. Adding a new competitor to the market may create an irreparable harm that the prior licenses did not. In this case, the fact that Acumed licensed the '444 patent under two particular sets of circumstances does not mean that the district court abused its discretion in not holding that Acumed must now grant a further license to Stryker and receive only a royalty as compensation.

[T]he district court did not abuse its discretion in determining that the balance of hardships tips in favor of Acumed. As a preliminary matter, the balance considered is only between a plaintiff and a defendant, and thus the effect on customers and patients alleged by Stryker is irrelevant under this prong of the injunction test. We also see no abuse of discretion in the court's decision not to

consider Stryker's expenses in designing and marketing the T2 PHN, since those expenses related to an infringing product. Similarly, we see no abuse of discretion regarding the court's discussion of the straight nail alternative. The court acknowledged that the straight nail was not presently offered in the United States, but characterized Stryker's decision that it was not "feasible to offer a straight-nail design in the United States" as a business decision that did not "tip the balance of hardships in Defendants' favor." We do not believe the court erred in considering Stryker's decision on this point, especially since the evidence regarding the medical desirability of a curved nail was equivocal. Accordingly, we see no abuse of discretion in the court's treatment of the balance of hardships between Stryker and Acumed.

[T]he district court did not abuse its discretion in concluding that "there is not sufficient objective evidence of any public-health issue in the form of screw back-out problems with the [Acumed PHN] Polarus product to find that public interest would be disserved by a permanent injunction." [W]e do not believe that the district court abused its discretion by assuming that physicians could choose noninfringing alternatives to the Polarus. Stryker concedes that the licensed Zimmer nail and a Synthes nail would still be available alternatives. Because the court did not find Stryker's public health argument persuasive, it did not have to state explicitly that the available alternatives to the Polarus also did not suffer from screw back-out problems. To find otherwise would be to require the court to acknowledge the non-existence of a problem of which the court had already found there was insufficient evidence.

For the foregoing reasons, we also find no abuse of discretion regarding the final factor of the injunction test. We acknowledge that in another case, the public interest factor may so strongly weigh against enjoining the infringer that an injunction would be inappropriate. However, this is not such a case. The district court was in the best position to assess the credibility of the witnesses and affiants and to weigh the evidence to determine whether enjoining Stryker would cause a public health problem. On this record, we conclude that the district did not abuse its discretion because it performed the required analysis, and in so doing, committed no legal error and made no clearly erroneous factual findings.

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