

**2019-1246, 2019-1247**

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**UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

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POWER INTEGRATIONS, INC.

*Plaintiff-Cross-Appellant,*

v.

FAIRCHILD SEMICONDUCTOR INTERNATIONAL, INC.  
AND FAIRCHILD SEMICONDUCTOR CORPORATION

*Defendants-Appellants.*

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APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF  
DELAWARE IN CASE No. 04-CV-1371, JUDGE LEONARD P. STARK

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**POWER INTEGRATIONS' OPENING BRIEF**

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Frank E. Scherkenbach  
Fish & Richardson P.C.  
One Marina Park Drive  
Boston, MA 02110-1876  
(617) 542-5070

John Thornburgh  
Fish & Richardson P.C.  
12390 El Camino Real  
San Diego, CA 92130  
(856) 678-5070

Howard G. Pollack  
Michael R. Headley  
Neil Warren  
Fish & Richardson P.C.  
500 Arguello Street, Suite 500  
Redwood City, CA 94063  
(650) 839-5070

April 12, 2019

**CERTIFICATE OF INTEREST**

Counsel for Plaintiff-Cross-Appellant certifies the following:

1. Full name of every party represented by me is:

Power Integrations, Inc.

2. Name of the real party in interest represented by me is:

Power Integrations, Inc.

3. Parent corporations and publicly held companies that own 10% or more of stock in the party:

BlackRock, Inc.

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (including those who have not or will not enter an appearance in this case) are:

FISH & RICHARDSON P.C.: Frank. E. Scherkenbach, Howard G. Pollack, Michael R. Headley, Neil A. Warren, John W. Thornburgh, Craig E. Countryman, Jonathan J. Lamberson, Michael J. Kane, Douglas E. McCann, Joseph B. Warden, William J. Marsden,\* Tamara D. Fraizer,\* Kyle W. Compton,\* David J. Miclean,\* Gina M. Steele,\* Sean P. Hayes,\* Desa L. Burton,\* John D. Hamann,\* John Horvath,\*; and Abrams & Bayliss LLP: John M. Seaman.

(\*no longer with the firm).

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. *See* Fed Cir. R. 47.4(a)(5) and 47.5(b): *Power Integrations, Inc v. Fairchild Semiconductor et al.*, USDC-D. DE Case 04-1371-LPS.

Dated: April 12, 2019

Respectfully submitted,

By: /s/ Frank E. Scherkenbach

Frank E. Scherkenbach  
FISH & RICHARDSON, P.C.  
One Marina Park Drive  
Boston, MA 02110-1876  
(617) 542-5070  
*scherkenbach@fr.com*

**ATTORNEYS FOR PLAINTIFF-CROSS-  
APPELLANT  
POWER INTEGRATIONS, INC.**

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**STATEMENT OF RELATED CASES**

This is an interlocutory appeal from *Power Integrations, Inc v. Fairchild Semiconductor et al.*, USDC-D. DE Case 04-1371-LPS. Before the interlocutory appeal, this case was on remand from Federal Circuit Appeal Nos. 2011-1218 and 2011-1238. *See Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, 711 F.3d 1348 (Fed. Cir. 2013) (Lourie, O'Malley, REYNA). Counsel is unaware of any other pending case that will directly affect or be directly affected by this court's decision in this pending appeal.



**STATEMENT OF JURISDICTION**

The district court has jurisdiction under 28 U.S.C. § 1338(a). The district court entered the order at issue on October 11, 2018, and certified it for interlocutory review under 28 U.S.C. § 1292(b). Appx6-7.

Power Integrations timely filed its petition for leave to appeal to this Court on October 23, 2018. *See* Case No. 19-102, ECF 2; 28 U.S.C. § 1292(b); Fed. R. App. P. 5(a)(2). This Court granted the parties leave to appeal and cross-appeal on December 3, 2018. *See* Case No. 19-102, ECF 17. This Court has jurisdiction pursuant to 28 U.S.C. § 1292(b)-(c).

## INTRODUCTION

In this case, Fairchild deliberately copied Power Integrations' patented technology, willfully infringed its patents, and used the resulting products to steal PI's largest customer, Samsung. Before Fairchild's infringement, it was undisputed that PI had one hundred percent of Samsung's relevant business and that Samsung would not have bought Fairchild's chips if Samsung could not have sold the power supplies built around them in the United States. Fairchild's infringement thus cost PI tens of millions in lost profits, as found by the Jury using the *Panduit* test.

Fairchild's thesis on this appeal is that PI can recover only *de minimis* damages for Fairchild's egregious conduct because this Court should re-affirm its decision in *Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, 711 F.3d 1348 (Fed. Cir. 2013) ("*Power Integrations I*") that worldwide lost profits are not recoverable, as a matter of law, notwithstanding the Supreme Court's contrary holding in *WesternGeco LLC v. ION Geophysical Corp.*, 138 S. Ct. 2129 (2018) ("*WesternGeco II*").

This Court should instead reverse *Power Integrations I*. The Supreme Court's rationale in *WesternGeco II* is fully applicable here, and reinstating the Jury's damages verdict in this case would not cause any extraterritorial application of U.S. law. PI is *not* asking this Court to expand the definition of infringement, or

to award damages for acts that do not infringe a U.S. patent. Most of Fairchild's brief—along with *amicus* Intel's—is a strawman.

This Court should affirm the district court's order finding that *WesternGeco II* overruled *Power Integrations I*. On the cross-appeal, the Court should reinstate the Jury's vacated damages verdict. At a minimum, the Court should permit a new damages trial that takes into account *WesternGeco II*.

**STATEMENT OF THE ISSUES**

1. Whether the district court correctly held that *Power Integrations I* is inconsistent with the Supreme Court's ruling in *WesternGeco II*.
2. (On the cross-appeal) Whether the district court erred in denying PI's motion to reinstate the Jury's damages verdict in this case.
3. (On the cross-appeal) Whether this Court's statements in *Power Integrations I* regarding inducement are rendered moot if the portions of this Court's opinion regarding extraterritorial damages are vacated.

## STATEMENT OF THE CASE

### I. THE PARTIES

During the time period covered by this case, Power Integrations and Fairchild were both U.S. semiconductor companies, with headquarters in Silicon Valley and Portland, Maine, respectively. Fairchild has since been acquired by ON Semiconductor, headquartered in Phoenix, Arizona.

Power Integrations is a recognized innovator in the field of power conversion. For the last thirty years it has been the leading developer and supplier of the chips that make modern power supplies—used to charge phones and other products—small, light, and energy efficient.

Fairchild is PI's main competitor. In this case, as recounted by this Court, "Fairchild competed with Power Integrations by reverse engineering and copying of Power Integrations' products. One Fairchild engineer testified to 'looking at the circuit' of the '876 Patent while developing the accused products." *Power Integrations I*, 711 F.3d at 1369. Moreover, "[t]he record indicates that Fairchild fostered a corporate culture of copying, which was not limited to the '876 Patent." *Id.* The district court also described Fairchild's misconduct in this case as "industrial stalking": "reviewing Power Integrations data sheets, reverse engineering its products, and emulating its marketing collateral, not to avoid infringement and design around the patented features which would have been

legitimate competitive behavior, but rather to copy them in violation of Power Integrations' patent rights." Appx2169.

Because of Fairchild's extensive infringement of PI's rights, PI has sued Fairchild in multiple cases. Fairchild has been found guilty of willfully infringing PI's patents in three of these cases, including this one,<sup>1</sup> and has been found to have infringed a total of seven PI patents. To date, however, Fairchild has not paid any damages for its conduct.

## II. THE TRIAL IN THIS CASE

In 2004, Power Integrations sued Fairchild for infringement of four U.S. patents related to power supplies for electronic devices: U.S. Patents 6,249,876, 6,107,851, 6,229,366, and 4,811,075. Appx2026-2031. Following bifurcation of infringement and damages from validity, juries returned two verdicts in favor of PI, one finding that Fairchild had willfully infringed and that damages were \$33,981,781, and another finding that the patents were valid. Appx1922-1928, Appx2093-2096.

PI's damages were based on evidence that it lost profits *worldwide* due to Fairchild's infringement *in the United States*. This was because U.S. infringement was required for Fairchild to enter the market *at all*; customers such as Samsung

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<sup>1</sup> On remand in this case, the district court reinstated its willfulness ruling. Appx2182-2204.

were not interested in buying chips that they could not incorporate in products to sell in the United States. *E.g.*, Appx549-550 at 319:11-320:4, Appx981-983 at 751:7-753:20, Appx998 at 768:4-24, Appx1039-1040 at 809:22-810:14. Indeed, before Fairchild's U.S. infringement, PI supplied 100% of the chips for use in Samsung Wireless cell phone chargers, and but for Fairchild's U.S. infringement, Fairchild could not have displaced these sales or forced PI to reduce its prices. Appx838-844 at 608:19-614:8, Appx888-894 at 658:1-13, 659:1-664:2, Appx977-978 at 747:15-748:21, Appx981-983 at 751:7-753:20, Appx1039-1040 at 809:22-810:16. Thus, through its infringement, Fairchild was able to enter a market in which it did not previously compete. *Id.*; Appx839-840 at 609:21-610:15. Moreover, U.S. activity was required for Fairchild to win Samsung's business: Fairchild manufactured infringing chips in the United States specifically to meet the needs of Samsung Wireless cell phone subcontractors. Appx1002-1004 at 772:23-773:15, Appx1254 at 1023:4-16. Fairchild also offered infringing products to Samsung with the involvement of its U.S. sales force. Appx889-894 at 659:1-664:2, Appx1000 at 770:13-19. By offering and selling infringing products to Samsung, Fairchild captured a large percentage of business previously held by Power Integrations. Appx838-841 at 608:19-611:8, Appx888 at 658:1-13, Appx977-978 at 747:15-748:21. Fairchild's infringement directly displaced PI sales and also caused PI to drastically reduce its own prices on the chips it sold for

Samsung chargers. Appx889-894 at 659:1-664:2, Appx1039-1040 at 809:22-810:16, Appx981-983 at 751:7-753:20, Appx839-844 at 609:24-614:8.

The Jury was instructed on the *Panduit* factors for lost profits, as well as the requirement for “but for” causation. *E.g.*, Appx1906 at 1675:1-13. The Jury then awarded damages as follows: \$14,981,828 in lost profits due to lost sales; \$1,952,893 in past lost profits due to price erosion; \$13,018,379 in future lost profits due to price erosion; and a lump-sum reasonable royalty of \$4,028,681 for other sales, for a total of \$33,981,781 in damages. Appx1927.

### **III. THE FIRST APPEAL**

Post-trial, Fairchild moved for remittitur, arguing that the law excluded recovery of any portion of PI’s foreign losses. Appx2102. In response, PI argued that “damages adequate to compensate for the infringement” under § 284 is broadly inclusive: “Congress sought to ensure that the patent owner would in fact receive full compensation for any damages [the complainant can prove] he suffered as a result of the infringement.” Appx2140, *citing General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 654-55 (1983). The district court (Farnan, J.) disagreed and granted remittitur, reducing damages to \$6,116,720.58 based on evidence that “18% of Fairchild’s infringing products are imported into the United States.” Appx1934-1941.



In more detail, in response to Fairchild’s remittitur motion, the district court held that “[i]t is well-established that our patent laws only operate domestically, such that the use of a patented article outside the United States does not constitute an act of infringement, and *a patentee has no right to compensation for the profit or advantage derived from such foreign use.*” Appx1936 (emphasis added), *citing Microsoft Corp. v. AT&T Corp.*, 127 S. Ct. 1746, 1758 (2007) and *Brown v. Duchesne*, 60 U.S. 183, 195-196 (1856). Applying this rule to the facts of the case, the district court went on to hold:

Power Integrations contends that based on Fairchild’s infringement in the United States, it was foreseeable that Power Integrations would lose sales worldwide. The weakness of Power Integrations’ argument is that the worldwide sales measure of damages encompasses Fairchild’s activities outside the United States which cannot be considered infringing under *Microsoft*.

Appx1938. The Court also noted that PI’s damages expert, Mr. Troxel, admitted that his damages calculations included foreign sales of products that were not manufactured or directly offered for sale in the U.S. Appx1938-1939. However, given its view of the law, the court did not credit Mr. Troxel’s main point: that these foreign sales would not have occurred *but for* Fairchild’s U.S. infringement. *Compare* Appx1106-1107 at 876:24-877:5 (“It was based on infringement in the U.S., but the damages then occurred because they lose the sales worldwide.”); *see also* Appx1039-1040 at 809:22-810:16.

The district court then considered whether the evidence supported any damages award. It held that PI's allegation of induced infringement supported an award equal to 18% of the Jury's verdict since there was evidence that 18% of the infringing products were imported into the United States. Appx1939-1941. It therefore awarded remittitur damages of \$6,116,720.58. Appx1941-1942.

On appeal, before addressing the remittitur, this Court first "consider[ed] whether the jury's original damages award has a valid basis in law." *Power Integrations I*, 711 F.3d at 1370. Based on the presumption against extraterritoriality, it held that the answer was no. It framed the issue as follows: "Power Integrations argues that it was foreseeable that Fairchild's infringement in the United States would cause Power Integrations to lose sales in foreign markets. Thus, Power Integrations argues, the law supports an award of damages for the lost foreign sales which Power Integrations would have made but for Fairchild's domestic infringement." *Id.* The court disagreed, stating the law does not provide "compensation for a defendant's foreign exploitation of a patented invention, which is not infringement at all." *Id.* at 1371, *citing Brown*, 60 U.S. at 195. It further explained:

Power Integrations' "foreseeability" theory of worldwide damages sets the presumption against extraterritoriality in interesting juxtaposition with the principle of full compensation. Nevertheless, Power Integrations' argument is not novel, and in the end, it is not persuasive. Regardless of how the argument is framed under the facts

of this case, the underlying question here remains whether Power Integrations is entitled to compensatory damages for injury caused by infringing activity that occurred outside the territory of the United States. The answer is no. *Power Integrations is incorrect that, having established one or more acts of direct infringement in the United States, it may recover damages for Fairchild's worldwide sales of the patented invention because those foreign sales were the direct, foreseeable result of Fairchild's domestic infringement.*

*Id.* (emphasis added). Thus, this Court held that the district court correctly found the Jury's verdict "contrary to law." *Id.* at 1372.

After rejecting the Jury's verdict solely due to alleged extraterritoriality, this Court then considered whether the evidence supported the district court's remittitur damages award that was based on an 18% importation rate. The Court concluded that PI had failed to provide sufficient evidence to support an 18% importation rate for the infringing products. *Id.* at 1374-76 ("we hold that the district court erred in relying on Dr. Troxel's inherently speculative 18% figure"). It therefore vacated the remittitur and remanded for a new trial on damages. *Id.* at 1376, 1381.

In the course of discussing damages, the Court made statements suggesting that PI had failed to prove inducement. *E.g., id.* at 1377 ("As we have already concluded, the record contains insufficient evidence to support Fairchild's liability for induced infringement."). However, in context, these statements appear to be a shorthand cross-reference to the Court's actual finding: "For the reasons above, we find that Power Integrations adduced insufficient evidence of induced infringement

to sustain the district court's award of damages under that theory." *Id.* at 1376.

That is, the Court found that the district court's *damages* award depended on proof of an 18% importation rate that PI had failed to prove.

Notably, this Court was not asked to decide, and did not decide, whether the record supported a finding of *any* inducement, and no JMOL on inducement was granted. This conclusion is compelled by the question that Fairchild actually presented on appeal:

Did the district court err *in awarding Power Integrations 18% of the jury's damages* award (a) based on the wholly speculative and inadmissible testimony of Power Integrations' expert; (b) absent evidence of a single, specific instance of direct infringement; (c) absent evidence of the requisite mental state for induced infringement; and (d) given evidence of acceptable noninfringing alternatives which precluded an award of lost profits and price erosion damages?

Appx2330 (emphasis added). Based on this question, this Court's opinion nowhere addresses whether a reasonable jury could have found *any* inducement. Such a holding would also have been inconsistent with Fairchild's admission that *some* of its accused products were imported into the United States by its customers; the only dispute was how many. As PI highlighted in its opening brief during the previous appeal, Fairchild's head of sales Tom Beaver admitted that Samsung and other Fairchild customers did import into the United States, even if the exact amount was not quantified:

Q. What you're really saying it's not that we don't know these products are sold in the U.S., we just don't know exactly how many; right?

A. That's right.

Appx2457-2458, citing Appx1246 at 1015:2-20; *see also* Appx1239 at 1008:6-8, Appx1245-1246 at 1014:3-1015:20.

#### IV. **WESTERNGECO AND THIS APPEAL**

This Court's decision in *Power Integrations I* led directly to its decision in *WesternGeco*. In the latter case, patentee WesternGeco sought to recover damages for infringing exports of patented components. *WesternGeco L.L.C. v. ION Geophysical Corp.*, 791 F.3d 1340, 1343-44 (Fed. Cir. 2015) ("*WesternGeco I*"). If WesternGeco had merely sought direct damages on those infringing sales, the case would have been uncontroversial since Section 271(f) makes exporting components an act of U.S. infringement. However, WesternGeco's more lucrative business was providing consulting services abroad, so to be made whole it sought damages for *foreign service contracts* that were lost as the foreseeable result of infringing U.S. exports. *Id.* at 1349. Relying on *Power Integrations I*, this Court held that WesternGeco's claim was contrary to law:

The leading case on lost profits for foreign conduct is *Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, 711 F.3d 1348 (Fed. Cir. 2013). There, the patentee, a chip supplier, lost contracts to supply a prospective customer with computer chips in the United States and abroad because the accused infringer became a competitor for such contracts *as a result of the U.S. infringing sales*. If the accused infringer had been precluded from U.S.

infringement, the patentee alleged that the accused infringer could not have competed for the contracts which *necessarily involved supplying chips both in the United States and abroad*. The patentee argued that it should recover world-wide lost profits. *We rejected that argument*: “[Our patent laws] do not thereby provide compensation for a defendant’s foreign exploitation of a patented invention, which is not infringement at all.” *Power Integrations*, 711 F.3d at 1371.

*WesternGeco I*, 791 F.3d at 1350 (emphasis added). In short, this Court concluded, “[u]nder *Power Integrations*, WesternGeco cannot recover lost profits resulting from its failure to win foreign service contracts, the failure of which allegedly resulted from ION’s supplying infringing products to WesternGeco’s competitors.” *Id.* at 1351.

The Supreme Court reversed. It held that the “overriding purpose” of 35 U.S.C. § 284, the patent damages statute, is to “affor[d] patent owners complete compensation” for infringements. 138 S. Ct. at 2137, citing *General Motors* (as had PI). It further held that since the underlying infringement statute, section 271(f), “vindicat[es] domestic interests,” “the lost-profits damages that were awarded to WesternGeco were a domestic application of § 284.” *Id.* at 2138. It explained:

Here, the damages themselves are merely the means by which the statute achieves its end of remedying infringements. Similarly, ION is mistaken to assert that this case involves an extraterritorial application of §284 simply because “lost-profits damages occurred extraterritorially, and foreign conduct subsequent to [ION’s] infringement was necessary to give rise to the injury.” *Those overseas events were merely incidental to the infringement.*

In other words, they do not have “primacy” for purposes of the extraterritoriality analysis.

*Id.* (internal citation omitted, emphasis added).

Following *WesternGeco II*, Power Integrations asked the district court (Stark, J.) to apply the Supreme Court’s rationale to this case. Appx2005-2017; Appx2018-2025. PI argued that the effect of *WesternGeco II* on this case was profound: Section 271(a) “vindicates domestic interests” no less than Section 271(f), so the Supreme Court’s rationale is fully applicable. Appx2015. Moreover, under PI’s primary damages theory, it would not matter what percentage of Fairchild products were imported into the United States. *Id.*; Appx2023. PI’s main argument was that Fairchild could not have sold *any* of its accused products, *worldwide*, if they were not eligible for importation into the U.S. That means Fairchild’s infringement cost PI worldwide lost profits. It also means that the whole issue of importation rate would not have been relevant if PI had prevailed on the extraterritoriality issue. *Id.*

Construing PI’s request as a motion under Rule 60(b)(6), the district court granted-in-part and denied-in-part Power Integrations’ request. First, the district court agreed with Power Integrations that the Supreme Court’s decision in *WesternGeco II* implicitly overruled this Court’s decision in *Power Integrations I*:

In the Court’s view, the Supreme Court’s *WesternGeco II* decision implicitly overruled the Federal Circuit’s *Power Integrations*

opinion. The Supreme Court’s analysis of the patent damages statute, § 284, has equal applicability to the direct infringement allegations pending here, as governed by § 271(a), as it did to the supplying a component infringement claims at issue in *WesternGeco II*, which were governed by § 271(f)(2). Fairchild has identified no persuasive reason to conclude that the interpretation of § 284 should differ here from what was available in *WesternGeco II* just because the type of infringing conduct alleged is different. Instead, as Power puts it, “Section 271(a) ‘vindicates domestic interests’ no less than Section 271(f).” (D.I. 977 at 2) (quoting *WesternGeco II*, 138 S. Ct. at 2138). Moreover, the Federal Circuit’s *WesternGeco I* decision was based almost entirely on the Federal Circuit’s *Power Integrations* decision. It logically follows that when the Supreme Court expressly overruled *WesternGeco I* it also implicitly overruled *Power Integrations*.

Appx2-3. The district court therefore ruled that Power Integrations would be permitted to seek worldwide lost profits in the remand trial. Appx4. However, the district denied PI’s request to reinstate the original Jury damages verdict and held that *WesternGeco II* did not affect this Court’s earlier rulings on induced infringement. Appx4, Appx7.

The district court then entered an order containing its rulings and certified that entire order for interlocutory appeal under 28 U.S.C. § 1292(b) so that this Court could review for itself the effect of *WesternGeco II* on *Power Integrations I*. Appx6-7.



### **STANDARD OF REVIEW**

PI largely agrees with the standard of review stated by Fairchild. The district court's order granting relief under Rule 60(b) is reviewed for abuse of discretion. *Browder v. Dir., Ill. Dept. of Corrections*, 98 S. Ct. 556, 560 n.7 (1978). Application of the Court's prior mandate "is properly considered a question of law, reviewable *de novo*." *Laitram Corp. v. NEC Corp.*, 115 F.3d 947, 950 (Fed. Cir. 1997). However, Fairchild is mistaken in invoking the JMOL standard because no relevant JMOL was granted in this case (*e.g.*, on inducement). Finally, Fairchild fails to mention one important standard of review: Extraterritoriality is a pure question of law, reviewed *de novo*. *E.g.*, *North Dakota v. Heydinger*, 825 F.3d 912, 919 (8th Cir. 2016)

## SUMMARY OF THE ARGUMENT

***Impact of WesternGeco II on Section 271(a):*** The rationale of the Supreme Court’s decision in *WesternGeco II* is fully applicable to 35 U.S.C. § 271(a) because the focus of Section 271(a)—even more than Section 271(f)—is on infringement *in the United States*. If such U.S. infringement *actually causes* damages abroad, as it did here, the Supreme Court’s holding is binding.

***Public Policy:*** This Court is not free to disregard the Supreme Court’s holding in *WesternGeco II* for policy reasons, but the concerns of Fairchild (and *amicus* Intel) are greatly exaggerated. PI is not seeking to expand the definition of infringement, and *WesternGeco II*’s effect on damages is self-limiting because it will be rare that parties can prove that U.S. infringement causes foreign harm.

***Impact of WesternGeco II on this Case:*** *WesternGeco II* completely changes the outcome of this case. The Jury’s original verdict was vacated solely for extraterritoriality reasons inconsistent with *WesternGeco II*, so it should be reinstated. Inducement is not relevant because the Jury’s verdict is supported by its finding of direct infringement, and the Court would never have reached the issue of whether PI proved a particular importation rate if it had not sustained the district court’s extraterritoriality ruling. In addition, the Court’s actual holding on inducement is much narrower than Fairchild says: the Court merely held that PI

failed to prove *damages* for inducement *based on an 18% importation rate*. PI's primary damages argument does not depend on importation rate.

***Relief Sought:*** The Court should affirm the district court's conclusion regarding the impact of *WesternGeco II* on this case, but should go farther and reinstate the Jury's damages verdict. At a minimum, PI should be entitled to a new trial on damages that is fully consistent with *WesternGeco II*.

## ARGUMENT

### **I. THIS COURT SHOULD APPLY *WESTERNGECO* TO 35 U.S.C. § 271(A) AND THIS CASE**

#### **A. The Rationale of *WesternGeco II* Applies to § 271(a)**

The Supreme Court’s analysis in *WesternGeco II* is fully applicable to this case. First, the Supreme Court held that the damages statute, § 284, does not *itself* impose territorial limitations. 138 S. Ct. at 2137. Instead, its “overriding purpose” is to “affor[d] patent owners complete compensation” for infringements. *Id.*, citing *General Motors*, 461 U.S. at 655. This part of the Supreme Court’s ruling is directly applicable to this case.

Next, the Supreme Court held that the extraterritoriality analysis for § 284 turns on the underlying infringement statute. 138 S. Ct. at 2137. In *WesternGeco*, that statute was § 271(f)(2), and the Supreme Court found that § 271(f)(2) “focuses on domestic conduct” and “vindicates domestic interests” because it prohibits supplying components “in or from the United States” with the intent that they “will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States.” *Id.* at 2137-38.

As the district court held, the underlying infringement statute at issue in this case, § 271(a), “vindicates domestic interests” no less than Section 271(f). Appx3. Indeed, Section 271(a) is even more focused on U.S. conduct than Section 271(f)

since it requires actual infringement *in the United States*. 35 U.S.C. § 271(a) (“whoever without authority makes, uses, offers to sell, or sells any patented invention, *within the United States* or imports *into the United States* any patented invention during the term of the patent therefor, infringes the patent”) (emphasis added). This Court also drew on the similarity between Sections 271(f) and (a) in extending *Power Integrations I* to the facts of *WesternGeco* in its now-reversed opinion:

It is clear that under § 271(a) the export of a finished product cannot create liability for extraterritorial use of that product. The leading case on lost profits for foreign conduct is [*Power Integrations I*]. . . . *WesternGeco* argues that *Power Integrations* applies to infringement under § 271(a)-(b), not infringement under § 271(f). *WesternGeco*’s argument misunderstands the role of § 271(f) in our patent law. . . . A construction that would allow recovery of foreign profits would make § 271(f), relating to components, broader than § 271(a), which covers finished products.

*WesternGeco I*, 791 F.3d at 1350-51. In addition, the Supreme Court noted the link to *Power Integrations I* in reversing *WesternGeco I*: “The Federal Circuit had previously held that § 271(a), the general infringement provision, does not allow patent owners to recover for lost foreign sales. *See id.* at 1350–1351 (citing *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, 711 F.3d 1348 (C.A. Fed. 2013)).” 138 S. Ct. at 2135.

Commentators have also observed that the rationale of *WesternGeco* likely reaches all of Section 271. *E.g.*, Appx2218-2219 (“The court’s holding focuses on

lost profits damages and § 271(f)(2) infringement. The analysis, however, does not depend specifically on either of these. Instead, the analysis suggests more generally that a patent owner can recover damages of any form under § 284 based on foreign activities arising from infringement of any form under § 271. . . . Now that the Supreme Court has agreed in *WesternGeco*, *Power Integrations* is likely open to challenge.”).

Furthermore, Fairchild is wrong to suggest that Section 271(f) is somehow more focused on *foreign* conduct than Section 271(a) is. While Section 271(f) does involve exports, Section 271(a) expressly covers “import[s].” In addition, it is well established that inducement liability under Section 271(b) can be premised on foreign conduct that *causes* direct infringement in the United States. *E.g.*, *Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, 843 F.3d 1315, 1332-35 (Fed. Cir. 2016) (“*Power Integrations II*”) (“Power Integrations presented substantial evidence that Fairchild took affirmative acts to induce third parties to import its controller chips into the United States.”).

It also bears repeating that *WesternGeco II* permitted damages for “lucrative foreign surveying contracts.” 138 S. Ct. at 2139. The Supreme Court did not limit damages to the infringing activities expressly mentioned in Section 271(f)—exporting components from the United States or even assembling them abroad. Instead, it permitted lost profits for entirely foreign service contracts where the

only connection between those losses and U.S. infringement was the fact that U.S. infringement *caused* the losses.

Thus, there can be no question the Supreme Court’s holding in *WesternGeco* applies to Section 271(a). *Power Integrations I* is no longer good law.

**B. Application of *WesternGeco II* to this Case Will Not Extend U.S. Law Abroad or Cause Adverse Consequences**

This Court is not free to disregard the Supreme Court’s ruling in *WesternGeco II* for policy reasons, but much of Fairchild’s brief, and almost all of *amicus* Intel’s brief, are directed at strawmen policy concerns.

For example, both Fairchild and Intel argue that PI is seeking to extend U.S. infringement law to foreign acts. This is incorrect. PI is not advocating any change to what constitutes infringement of a U.S. patent, and the district court did not so hold.

PI also does not seek damages for “conduct occurring wholly abroad,” as Fairchild argues (at 40). To the contrary, PI seeks damages for harm that is the foreseeable and but-for result of *U.S. infringement*, as made clear by this Court’s opinion in *Power Integrations I*. 711 F.3d at 1371 (“Power Integrations is incorrect that, having established one or more acts of direct infringement in the United States, it may recover damages for Fairchild’s worldwide sales of the

patented invention *because those foreign sales were the direct, foreseeable result of Fairchild's domestic infringement.*") (emphasis added).

Fairchild and Intel's worries about international comity are also greatly exaggerated. The present case is a dispute *between two U.S. companies*, and *amicus* Intel is another U.S. company. No foreign company—or foreign country—has filed an *amicus* brief expressing concern about international comity.

Intel is also wrong that the district court's decision in this case disrupts "settled expectations." *Power Integrations I* was the first case to impose an absolute bar on recovery of foreign losses caused by U.S. infringement, and *WesternGeco II* merely returned the law to where it was before. Any "expectations" to the contrary were short-lived. For example, during the previous appeal, PI relied upon *King Instruments Corp. v. Perego*, 65 F.3d 941, 947 (Fed. Cir. 1995) for the proposition that "Section 284 imposes no limitation on the types of harm resulting from infringement that the statute will redress. The section's broad language awards damages for any injury as long as it resulted from the infringement." PI also cited *General Motors*, 461 U.S. at 654-55, and *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 507 (1964). The Supreme Court in turn relied upon *General Motors* and *Aro* in deciding *WesternGeco II*:

Under § 284, damages are "adequate" to compensate for infringement when they "plac[e] [the patent owner] in as good a position as he would have been in" if the patent had not been



infringed. *General Motors Corp.*, *supra*, at 655, 103 S. Ct. 2058. Specifically, a patent owner is entitled to recover “the difference between [its] pecuniary condition after the infringement, and what [its] condition would have been if the infringement had not occurred.” *Aro Mfg. Co.*, *supra*, at 507, 84 S.Ct. 1526.

138 S. Ct. at 2139.

Fairchild and Intel’s briefs are also long on soundbites from various cases but short on detailed comparison of the *facts* of those cases to the present dispute. No cited case—other than *WesternGeco*—resembles this case. That is, no other case holds that a U.S. patent owner may not recover full compensation for foreseeable harm *actually caused* by U.S. infringement.

In addition, application of *WesternGeco II* to cases like the present one will necessarily be rare and self-limiting. Proof of but-for causation and lost profits is *hard*. Lost profits cases themselves are rare, and proof that U.S. infringement causes foreign lost profits will be harder still. Intel’s speculation that U.S. research and development might be found both an infringement and a cause of foreign damages is unlikely—and has nothing to do with the facts of this case.

Section 271(a) also presents no more risk of duplicative recovery than Section 271(f). For example, U.S. exports might infringe Section 271(f) while the resulting foreign imports infringe a corresponding foreign patent. Rules against duplicative recoveries must be used to prevent double recoveries—but again that has nothing to do with this case.

Finally, it should be noted that most of the damages at issue in this case are lost profits, but the Jury also awarded a reasonable royalty of approximately \$4 million for other sales. While Fairchild has not raised this issue here and did not raise it in *Power Integrations I*, *amicus* Intel argues that *WesternGeco II* should not apply to reasonable royalties. That is a mistake. *WesternGeco II* should be read to preclude any *absolute bar* to consideration of foreign sales in the context of a reasonable royalty—so long as damages are based on U.S. infringement. Here, the reasonable royalty was based on how the hypothetical negotiation would proceed in the face of PI's *expected* losses from U.S. infringement, Appx1054-1055 at 824:13-825:6, Appx1060-1061 at 830:9-831:6, so the same rationale as lost profits applies. Calculating a reasonable royalty in this manner does not raise international comity concerns since patentees still have to prove that damages represent reasonable compensation *for U.S. infringement*, just as they have to prove that worldwide lost profits (if any) are actually caused by U.S. infringement.

Thus, Fairchild and Intel raise no valid policy reason to construe *WesternGeco II* narrowly.

### **C. The District Court Order at Issue Was Procedurally Proper**

To the extent that Fairchild argues that the district court erred procedurally in holding that *WesternGeco II* overrules *Power Integrations I*, that objection is misplaced. This Court has recognized that a change of law represents an exception

to the mandate rule. *E.g.*, *Banks v. U.S.*, 741 F.3d 1268, 1276 (Fed. Cir. 2014) (“Under the mandate rule, a court below must adhere to a matter decided in a prior appeal unless . . . controlling authority has since made a contrary and applicable decision of the law”). The Supreme Court has also held that change of law permits the district court to act without requiring recall of the appellate mandate and that “[t]he appellate-leave requirement adds to the delay and expense of litigation and also burdens the increasingly scarce time of the federal appellate courts.” *Standard Oil Co. v. U. S.*, 429 U.S. 17, 19 (1976).

In any event, since the district court certified its order for interlocutory review by this Court, this Court may also recall and modify the mandate, and it should do so to insure consistency with *WesternGeco II*. *E.g.*, *Thompson v. Shinseki*, 462 Fed. Appx. 946 (Fed. Cir. 2011) (vacating order denying recall of mandate due to intervening Supreme Court decision).

Finally, to the extent Fairchild suggest that the Supreme Court’s denial of *certiorari* in this case is significant, it overlooks the discretionary nature of *certiorari*. As the Supreme Court has “often stated,” the “denial of a writ of *certiorari* imports no expression of opinion upon the merits of the case.” *Teague v. Lane*, 489 U.S. 288, 296 (1989), quoting *United States v. Carver*, 260 U.S. 482, 490 (1923) (Holmes, J.).

**II. ONCE THIS COURT’S EXTRATERRIORITY RULINGS IN *POWER INTEGRATIONS I* ARE VACATED, ITS RULINGS ON IMPORTATION RATE ARE MOOT, AND THE JURY’S VERDICT SHOULD BE REINSTATED**

**A. The Jury’s Damages Verdict Was Vacated Solely for Alleged Extraterritoriality**

The sole reason that the district court originally vacated the Jury’s damages verdict in this case was alleged extraterritoriality. Appx1936-1939 (“a patentee has no right to compensation for the profit or advantage derived from such foreign use”). The sole reason that this Court upheld that judgment was also alleged extraterritoriality. 711 F.3d at 1371 (“*Power Integrations* is incorrect that . . . it may recover damages for Fairchild’s worldwide sales of the patented invention *because those foreign sales were the direct, foreseeable result of Fairchild’s domestic infringement.*”).

Therefore, if PI is correct that *Power Integrations I* is inconsistent with *WesternGeco II*, this Court should reinstate the Jury’s verdict.

**B. This Court Did Not Disturb the Jury’s Causation Finding**

Contrary to Fairchild’s assertions, *Power Integrations I* contains absolutely no holding that PI failed to prove that U.S. infringement *caused* foreign damages. To the contrary, the Court’s decision proceeds from the opposite premise: “[T]he underlying question here remains whether *Power Integrations* is entitled to compensatory damages for injury *caused* by infringing activity that occurred

outside the territory of the United States. The answer is no.” 711 F.3d at 1371 (emphasis added). To be sure, the Court also stated that “the entirely extraterritorial production, use, or sale of an invention patented in the United States is an independent, intervening act that, under almost all circumstances, cuts off the chain of causation initiated by an act of domestic infringement.” *Id.* at 1371-72. But this was part of the Court’s extraterritoriality analysis, and is plainly inconsistent with *WesternGeco II*, which again approved damages for foreign service contracts—that is, wholly foreign *use* of components exported from the United States. 138 S. Ct. at 2139. According to the Supreme Court, foreign damages that are the foreseeable result of U.S. infringement *are* recoverable, and foreign activity *does not break* the chain of causation. This Court in *WesternGeco I* also acknowledged that PI had proven causation: “[In *Power Integrations I*], the patentee, a chip supplier, lost contracts to supply a prospective customer with computer chips in the United States and abroad *because* the accused infringer became a competitor for such contracts *as a result of the U.S. infringing sales.*” 711 F.3d at 1350.<sup>2</sup>

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<sup>2</sup> Thus, even the question presented by Fairchild is mistaken. *See* Fairchild Brf. at 2 (characterizing *Power Integrations I* as holding “Power Integrations may not recover damages from foreign sales under 35 U.S.C. § 271(a) where those foreign sales were not the direct, foreseeable result of domestic infringement”). That is the opposite of what *Power Integrations I* held.

In addition, *Power Integrations I* nowhere mentions the Jury's presumed finding of but-for causation; certainly, it contains no holding that this fact finding was unsupported by substantial evidence. See *Power Integrations I*, 711 F.3d at 1377 (“we must ‘presume[ ] the existence of fact findings implied from the jury’s having reached that verdict’”), citing *Starceski v. Westinghouse Elec. Corp.*, 54 F.3d 1089, 1100 (3d Cir.1995); Appx1906 at 1675:1-13 (jury instruction on but-for causation); Appx1927 (Jury finding lost profits).

In any event, substantial evidence supports the Jury's verdict. Before Fairchild's infringement, Power Integrations supplied 100% of the controllers used worldwide in Samsung cellphone chargers. Appx834-840 at 604:12-610:18, Appx885-886 at 655:15-656:7. Through its infringement, Fairchild took approximately 40% of that business by October 2006, accounting for approximately \$10,000,000 in annual sales. Appx550:5-552:9, Appx583:2-585:7, Appx838:19-840:18, Appx888 at 658:1-24, Appx965-969 at 735:5-739:13; Appx2243, Appx2247; Appx2276, Appx2280; Appx586-587 at 356:14-357:2. The Jury also heard evidence that PI lost worldwide profits due to Fairchild's U.S. infringement because it would have been impossible to enter the market at all without being able to sell products for the U.S. With regard to the main customer for the infringing Fairchild products, Samsung, veteran industry analyst Shawn Slayton testified: “Common Sense says that Samsung, a multinational firm is not

going to buy a part and put it into a certain device and then have to [make] that device with a [SKU] that [this] device can only go outside the U.S. because it has an infringing part, and these electronics can go to the U.S. because they don't have any infringing parts. That would be very inefficient. You would just get rid of the infringing part. . . . I don't believe Samsung will knowingly purchase its parts that infringe U.S. intellectual property.” Appx981-983 at 751:23-753:20. A former Fairchild employee, Hubertus Engelbrechten, also testified that “our intention was always to have products for [the] global marketplace,” including the United States, as evidenced, for example, by Fairchild's efforts to meet the U.S. Energy Star standard. Appx998 at 768:4-24. In light of this evidence, PI's damages expert concluded that Fairchild's *U.S.* infringement caused *worldwide* damages. Appx1106-1107 at 876:24-877:5 (“It was based on infringement in the U.S., but the damages then occurred because they lose the sales worldwide.”); *see also* Appx1039-1040 at 809:22-810:16.

A reasonable jury could have accepted this evidence, and the jury in this case *did* accept it. Now that the law has been clarified, Fairchild may not disturb the verdict or the fact-findings underlying it under the doctrine of appellate waiver. *Skretvedt v. E.I. DuPont De Nemours*, 372 F.3d 193, 203 (3rd Cir. 2004) (“We have consistently rejected such attempts to litigate on remand issues that were not

raised in a party's prior appeal and that were not explicitly or implicitly remanded for further proceedings.”).

Contrary to Fairchild's assertion,<sup>3</sup> *Power Integrations I* also nowhere mentions proximate cause. Even so, proximate cause is also readily established since PI's losses were the foreseeable result of Fairchild copying PI's patented technology and stealing PI's customers who required the ability to sell in the U.S. As Fairchild has admitted, “[p]roximate cause requires only some direct relation between the injury asserted and the injurious conduct....” Appx2215, quoting *Staub v. Proctor Hosp.*, 562 U.S. 411, 419 (2011). Sitting *en banc*, this Court also adopted the proximate cause standard of common law torts in *Rite-Hite Corp. v. Kelley Corp.*:

We believe that under § 284 of the patent statute, the balance between full compensation, which is the meaning that the Supreme Court has attributed to the statute, and the reasonable limits of liability encompassed by general principles of law can best be viewed in terms of reasonable, objective foreseeability. If a particular injury was or should have been reasonably foreseeable by an infringing competitor in the relevant market, broadly defined, that injury is generally compensable absent a persuasive reason to the contrary. . . . Being responsible for lost sales of a competitive product is surely foreseeable; such losses constitute the full compensation set forth by Congress, as interpreted by the Supreme Court, while staying well within the traditional meaning of proximate cause.

56 F.3d 1538, 1546-47 (Fed. Cir. 1995). PI has more than satisfied that standard.

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<sup>3</sup> See Fairchild Brf. at 23 (“*Power Integrations I*'s no-proximate-causation holding still stands”).



**C. This Court’s Holding on Importation Rate and Inducement Is No Longer Relevant**

Fairchild argues that this Court found no inducement in *Power Integrations I*. That is both irrelevant and incorrect. It is irrelevant because, as detailed above, this Court decided whether the Jury’s damages award was inconsistent with the presumption against extraterritoriality before it considered whether the district court’s remittitur award (for inducement) was proper. *Power Integrations I*, 711 F.3d at 1370. If the Court had found the Jury’s verdict lawful, as it should have under *WesternGeco II*, it would never have even reached the remittitur or inducement.

Inducement is also irrelevant because at trial PI introduced substantial evidence that Fairchild’s *direct* infringement was a but-for cause of PI’s worldwide lost profits, and this Court noted that the Jury’s damages award could be based on its direct infringement finding. *See Power Integrations I*, 711 F.3d at 1376 (“the verdict form did not specify whether the jury’s award was based on a finding of direct infringement, infringement by inducement, or both”). For example, U.S. activity was required for Fairchild to win Samsung’s business: Fairchild manufactured infringing chips in the United States specifically to meet the needs of Samsung Wireless cell phone subcontractors. Appx1002-1003 at 772:23-773:15, Appx1004 at 774:12-23, Appx1254 at 1023:4-16. And Fairchild offered infringing

products to Samsung with the involvement of its U.S. sales force. Appx889-894 at 659:1-664:2, Appx1000 at 770:13-19.

Fairchild is also wrong that the Court actually found no inducement. As detailed in the Statement of the Case, the Court's broader statements about inducement are a shorthand for its actual holding: that PI failed to prove *damages* for inducement *based on an 18% importation rate*. 711 F.3d at 1376 (“Accordingly, the amount of the district court's remittitur is not supported by substantial evidence, and we hold that the district court erred in relying on Dr. Troxel's inherently speculative 18% figure. For the reasons above, we find that Power Integrations adduced insufficient evidence of induced infringement to sustain the district court's award of damages under that theory.”). Indeed, the Court's entire discussion of PI's alleged failure of proof related to the importation rate. *Id.* at 1374-76. There is no suggestion anywhere that the Court held that PI failed to prove inducement in any other way, and *JMOL was never granted on inducement*.

In addition, notwithstanding the *dicta* quoted by Fairchild, the issue before the Court was whether the evidence supported the district court's remittitur damages award that was based on an 18% importation rate. As detailed in the Statement of the Case, the Court was not asked to decide, and did not decide, whether the record supported a finding of *any* inducement. It merely decided

whether the record supported the remitted damages award. This conclusion is compelled by the question that Fairchild actually presented on appeal, Appx2330, and also by the unrebutted evidence that Fairchild's customers imported the accused products into the United States; the only dispute was how many. Appx1246 at 1015:2-20. That evidence was before this Court, Appx2457-2458, so if the Court had really meant to find no inducement because there was no evidence of *any* imports, it would have needed to reconcile this admission, which it never mentions. Instead, this Court simply held that PI's evidence of an 18% *importation rate* was insufficient to support the district court's remittitur of the damages amount. *Power Integrations I*, 711 F.3d at 1376.

But once again, *WesternGeco II* changes everything. Under PI's primary damages theory, *it would not matter what percentage of Fairchild products were ultimately imported into the United States*. PI's main argument was that Fairchild could not have sold *any* of its accused products, *worldwide*, if they were not capable of being sold and used in the U.S.—either through direct sales or importation into the U.S. That means Fairchild's infringement cost PI worldwide lost profits. It also means that the whole issue of importation rate would not have been relevant if the Court had not first ruled as it did regarding extraterritoriality.

**D. The Court Did Not Sustain Any Other Objections to Mr. Troxel's Testimony**

Contrary to Fairchild's argument, the Court expressly did *not* decide whether Fairchild's other criticisms of Mr. Troxel's damages testimony warranted a new trial. *Power Integrations I*, 711 F.3d at 1374 ("In view of our other holdings in this case, we do not find that the district court's decision to admit Dr. Troxel's testimony warrants a new trial.") The Court held only that Mr. Troxel's opinion regarding importation rate was unreliable. 711 F.3d at 1376.

**E. The Jury's Verdict Should Be Reinstated**

If this Court finds that *WesternGeco II* overruled *Power Integrations I* with respect to extraterritoriality, it should reinstate the Jury's damages verdict in this case for three reasons.

First, the Court decided whether the Jury's damages award was inconsistent with the presumption against extraterritoriality *before* it considered whether the district court's remittitur award was proper. *Power Integrations I*, 711 F.3d at 1370. If the Court had found the Jury's verdict lawful, as it should have, it would never have reached the remittitur.

Second, the Court found that the Jury's damages award was supported by its undisturbed finding of direct infringement, making inducement irrelevant:

Where, as here, the jury returns a general verdict, we must "presume[ ] the existence of fact findings implied from the jury's

having reached that verdict.” Infringement and damages are findings of fact, and we review a jury’s findings on both issues for substantial evidence. Here, *we must presume that the jury’s original \$33 million award was based on a finding of direct infringement*, and we must honor[] the jury’s determination of damages to the extent supported by substantial evidence.

*Power Integrations I*, 711 F.3d at 1377 (internal citations omitted). Apart from extraterritoriality, the Court made no finding that the jury’s award for direct infringement was not supported by substantial evidence, so it should be honored.

Finally, even if inducement remains relevant, the Court’s holding with respect to inducement in *Power Integrations I* is not relevant under *WesternGeco II*. The Court held that PI failed to prove an 18% importation rate. However, under *WesternGeco II*, an importation rate is not required because PI was entitled to seek worldwide damages.

For all of these reasons, this Court should reinstate the Jury’s damages verdict.<sup>4</sup>

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<sup>4</sup> PI notes that one of the patents-in-suit, the ’366 patent, was dismissed without prejudice in 2017, many years after the Jury’s verdict. Appx2175. If the Jury’s verdict is reinstated, the parties and the district court have not yet considered whether or how this dismissal might retroactively affect the verdict. That should be the subject of remand. If the district court finds that damages solely attributable to infringement of the ’366 patent should be subtracted, that can be accomplished through a straightforward accounting by the district court. The ’366 patent was not a basis for PI’s lost profits award in this case, and PI’s expert quantified the amount of reasonable royalty for the ’366 patent alone. Appx1927; Appx1064 at 834:20-21.

**F. At a Minimum, This Court Should Permit a New Trial on Damages That Is Consistent with *WesternGeco II***

If this Court does not reinstate the Jury’s verdict, it should at least affirm the district court’s order permitting PI “to seek recovery of worldwide damages” during a new trial. Appx4.

In addition, the Court should vacate the portion of its mandate limiting the new trial to “damages for Fairchild’s direct infringement that is supported by substantial evidence in the existing record.” 711 F.3d at 1377. This ruling was unusual—parties are typically permitted to conduct further discovery and even obtain new expert opinions on remand, to account for the Court’s legal rulings—and the Court’s limitation on new evidence would be especially unfair in light of *WesternGeco II*. PI should be permitted to supplement the record to conform its proofs to the requirements of that case.

Indeed, it is apparent that Fairchild plans to rely upon the Court’s narrow mandate to limit PI to *de minimis* damages for Fairchild’s egregious “industrial stalking.” *E.g.*, Brf. at 5 (arguing that actionable sales are limited to \$765,724). It is hard to reconcile Fairchild’s argument with this Court’s comments about Fairchild’s culpability, not to mention this Court’s holdings in later cases refusing to award zero damages. *E.g.*, *Apple v. Motorola*, 757 F.3d 1286, 1327-28 (Fed. Cir. 2014) (reversing summary judgment of no damages).

The Court should also not limit damages in a new trial to direct infringement. As discussed above, the Court in *Power Integrations I* simply held that PI failed to prove an importation rate sufficient to support damages for inducement. PI should be free to pursue worldwide damages for inducement so long as its theory does not depend on unreliable evidence of an importation rate.<sup>5</sup>

### **CONCLUSION**

This Court should affirm the district court's ruling that *WesternGeco II* overrules this Court's prior ruling on extraterritoriality. However, this Court should reverse the district court's refusal to reinstate the original Jury's damages verdict. At a minimum, this Court should affirm the district court's order permitting a new trial on worldwide damages, but in that case, PI should be permitted to supplement the record to meet the proof requirements of *WesternGeco II*; it should also be permitted to seek worldwide damages for both direct and induced infringement; and it should be permitted to engage a new damages expert.

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<sup>5</sup> On a practical note, Mr. Troxel has retired, so PI should also be permitted to engage a new damages expert.

Dated: April 12, 2019

Respectfully submitted,

By: */s/ Frank E. Scherkenbach*

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Frank E. Scherkenbach  
FISH & RICHARDSON, P.C.  
One Marina Park Drive  
Boston, MA 02110-1876  
(617) 542-5070  
*scherkenbach@fr.com*

**ATTORNEYS FOR PLAINTIFF-CROSS-  
APPELLANT  
POWER INTEGRATIONS, INC.**



**CERTIFICATE OF SERVICE AND FILING**

I hereby certify that I electronically filed the foregoing document using the Court's CM / ECF filing system on April 12, 2019. All counsel of record were served via CM / ECF on April 12, 2019.

Dated: April 12, 2019

Respectfully submitted,

By: /s/ Frank E. Scherkenbach

Frank E. Scherkenbach  
FISH & RICHARDSON, P.C.  
One Marina Park Drive  
Boston, MA 02110-1876  
(617) 542-5070  
*scherkenbach@fr.com*

**ATTORNEYS FOR PLAINTIFF-CROSS-  
APPELLANT  
POWER INTEGRATIONS, INC.**

**CERTIFICATE OF COMPLIANCE**

The undersigned attorney certifies that the foregoing document complies with the type-volume limitation set forth in Fed. R. App. P. 27. The relevant portions of the brief, including all footnotes, contain 8345 words, as determined by Microsoft Word.

Dated: April 12, 2019

Respectfully submitted,

By: /s/ Frank E. Scherkenbach

Frank E. Scherkenbach  
FISH & RICHARDSON, P.C.  
One Marina Park Drive  
Boston, MA 02110-1876  
(617) 542-5070  
*scherkenbach@fr.com*

**ATTORNEYS FOR PLAINTIFF-CROSS-  
APPELLANT  
POWER INTEGRATIONS, INC.**