

2019-2286

In the
United States Court of Appeals
for the
Federal Circuit

LUBBY HOLDINGS LLC, VAPOROUS TECHNOLOGIES, INC.,
Plaintiffs-Appellees

v.

HENRY CHUNG,
Defendant-Appellant

*Appeal from a Decision of the United States District Court for the Central District of California,
Case No. 2:18-cv-00715-RGK-JC · Honorable R. Gary Klausner, United States District Judge*

**COMBINED PETITION OF PLAINTIFFS-APPELLEES
LUBBY HOLDINGS, LLC AND VAPOROUS TECHNOLOGIES, INC.
FOR PANEL REHEARING AND REHEARING EN BANC**

DANIEL C. CALLAWAY
ERIK C. OLSON
FARELLA BRAUN + MARTEL LLP
235 Montgomery Street, 17th Floor
San Francisco, California 94104
(415) 954-4400 Telephone
(415) 954-4480 Facsimile
dcallaway@fbm.com
eolson@fbm.com

*Counsel for Plaintiffs-Appellees,
Lubby Holdings, LLC and
Vaporous Technologies, Inc.*

October 15, 2021



CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rule 47.4, counsel for Plaintiffs-Appellees certifies the following:

1. The full name of every party represented by us is: Lubby Holdings, LLC; Vaporous Technologies, Inc.

2. The names of the real parties in interest represented by us are: Lubby Holdings, LLC; Vaporous Technologies, Inc.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of any party represented by us are: None.

4. The names of all law firms and the partners or associates that appeared for the parties represented by us in the trial court, or are expected to appear in this Court (and who have not or will not enter an appearance in this case) are:

ADLI LAW GROUP PC: Dariush G. Adli, Drew Harris Sherman

EICHENSTEIN LAW FIRM: Joshua H. Eichenstein

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)) are: None.

6. All information required by Federal Rule of Appellate Procedure 26.1(b) and (c) that identifies organizational victims in criminal cases and debtors and trustees in bankruptcy cases: Not applicable. Plaintiffs-Appellees are nongovernmental entities and this is not a criminal or bankruptcy proceeding.

Dated: October 15, 2021

/s/ Erik Olson
Erik Olson
Attorney for Plaintiffs-Appellees
Lubby Holdings, LLC; Vaporous
Technologies, Inc.

TABLE OF CONTENTS

	<u>Page</u>
STATEMENT OF COUNSEL	1
I. BACKGROUND	3
II. THE POINTS OF LAW OR FACT OVERLOOKED OR MISAPPREHENDED BY THE PANEL AND ARGUMENTS IN SUPPORT OF REHEARING OR REHEARING <i>EN BANC</i>	7
A. The Majority Erroneously Required an Unqualified Charge of Infringement For Actual Notice, Contrary to <i>Minks</i> and <i>SRI</i> , Resulting In An Unjustifiable Windfall to Chung.	7
B. Contrary to <i>Arctic Cat</i> and Supreme Court Precedent, the Majority Eviscerates the Infringer’s Initial Burden of Production To Introduce Evidence Showing Unmarked Products Practicing the Asserted Patent Sold in the United States.....	12
III. CONCLUSION.....	20

TABLE OF AUTHORITIES

FEDERAL CASES	Page(s)
<i>Amsted v. Buckeye Steel Castings Co.</i> , 24 F.3d 178 (Fed. Cir. 1994)	7,8
<i>Arctic Cat Inc. v. Bombardier Recreational Prod. Inc.</i> , 876 F.3d 1350 (Fed. Cir. 2017)	<i>passim</i>
<i>In re Cyclobenzaprine Hydrochloride Extended-Release Capsule Pat. Litig.</i> , 676 F.3d 1063 (Fed. Cir. 2012)	13
<i>Dir., Off. of Workers’ Comp. Programs, Dep’t of Lab. v. Greenwich Collieries</i> , 512 U.S. 267 (1994).....	13
<i>DSW, Inc. v. Shoe Pavilion, Inc.</i> , 537 F.3d 1342 (Fed. Cir. 2008)	10
<i>First Nat’l Mortg. Co. v. Fed. Realty Inv. Tr.</i> , 631 F.3d 1058 (9th Cir. 2011)	10
<i>Fortinet, Inc. v. Sophos, Inc.</i> , No. 13-CV-05831-EMC, 2015 WL 5971585 (N.D. Cal. Oct. 14, 2015)	12,13
<i>Freeny v. Fossil Group</i> No. 2:18-CV-49, 2019 WL 8688587 (E.D. Tex. July 24, 2019).....	15,16,18
<i>Funai Elec. Co. v. Daewoo Elecs. Corp.</i> , 616 F.3d 1357 (Fed. Cir. 2010)	14
<i>Gart v. Logitech, Inc.</i> , 254 F.3d 1334 (Fed. Cir. 2001)	8
<i>Hoover Co. v. Bissell Inc.</i> , 38 F. Supp. 2d 519 (N.D. Ohio 1999)	10
<i>K-TEC, Inc. v. Vita-Mix Corp.</i> , 696 F.3d 1364 (Fed. Cir. 2012)	8,9

Microsoft Corp. v. I4I Ltd. P’ship,
564 U.S. 91 (2011).....13

Minks v. Polaris Indus., Inc.,
546 F.3d 1364 (Fed. Cir. 2008)7,8,9,10

Molski v. M.J. Cable, Inc.,
481 F.3d 724 (9th Cir. 2007)10

Pavo Solutions v. Kingston Technology
No. 814-CV-01352JLSKES, 2019 WL 4390573 (C.D. Cal. June
26, 2019)15,18

Sanofi-Synthelabo v. Apotex, Inc.,
470 F.3d 1368 (Fed. Cir. 2006)11

Sealant Systems International v. TEK Global,
No. 5:11-CV-00774-PSG, 2014 WL 1008183 (N.D. Cal. Mar. 7,
2014), *aff’d in part, vacated in part, rev’d in part*, 616 F. App’x
987 (Fed. Cir. 2015).....12,18

SRI Int’l, Inc. v. Advanced Tech. Lab’ys, Inc.,
127 F.3d 1462 (Fed. Cir. 1997)7,8,9,11

Ultra-Mek v. United Furniture,
No. 1:18-CV-281, 2021 WL 1195977 (M.D.N.C. Mar. 30, 2021)14,15,17

FEDERAL STATUTES

35 U.S.C.6

35 U.S.C.
§ 287.....*passim*

35 U.S.C.
§ 287(a)9,12,15,18

FEDERAL RULES AND REGULATIONS

Fed. R. Evid
602, 901.....18
802.....18

STATEMENT OF RELATED CASES

None.

STATEMENT OF COUNSEL

Based on my professional judgment, I believe this appeal requires an answer to the following precedent-setting questions of exceptional importance:

1. Did the panel err in failing to recognize that Lubby provided Chung a qualified charge of infringement at the time they ended their collaboration on the products claimed in the ‘284 patent, which is sufficient to provide actual notice of infringement to Chung under 35 U.S.C. § 287(a), and in erroneously conflating the standard for notice of infringement under Section 287 with an unqualified charge of infringement sufficient to confer declaratory judgment jurisdiction over Lubby, contrary to *Minks v. Polaris* and *SRI v. Advanced Technology*?

2. Does the alleged infringer’s “burden of production” under *Arctic Cat* require it to specifically allege which of the patentee’s products it believes practice the asserted patent and were sold in the United States unmarked and make a showing at trial with admissible evidence supporting the allegation?

Based on my professional judgment, I believe the panel decision is contrary to the following decisions of the Supreme Court of the United States or the precedents of this court: *Microsoft Corp. v. I4I Ltd. P’ship*, 564 U.S. 91 (2011); *Dir., Off. of Workers’ Comp. Programs, Dep’t of Lab. v. Greenwich Collieries*, 512 U.S. 267 (1994); *Arctic Cat Inc. v. Bombardier Recreational Prod. Inc.*, 876 F.3d 1350 (Fed. Cir. 2017); *In re Cyclobenzaprine Hydrochloride Extended-*

Release Capsule Pat. Litig., 676 F.3d 1063 (Fed. Cir. 2012); *Minks v. Polaris Indus., Inc.*, 546 F.3d 1364 (Fed. Cir. 2008); *SRI Int'l, Inc. v. Advanced Tech. Lab'ys, Inc.*, 127 F.3d 1462, 1470 (Fed. Cir. 1997); *Gart v. Logitech, Inc.*, 254 F.3d 1334 (Fed. Cir. 2001); and *K-TEC, Inc. v. Vita-Mix Corp.*, 696 F.3d 1364 (Fed. Cir. 2012).

Dated: October 15, 2021

/s/ Erik Olson
Erik Olson
Attorney for Plaintiffs-Appellees
Lubby Holdings, LLC; Vaporous
Technologies, Inc.

I. BACKGROUND

J. Christian Rado, named inventor of U.S. Patent No. 9,750,284, entitled “Personal Vaporizer,”¹ owner of Plaintiff-Appellee Lubby Holdings LLC, and CEO of Plaintiff-Appellee Vaporous Technologies, Inc.², and Defendant-Appellant Henry Chung signed two nondisclosure agreements to protect Rado’s disclosure of his anti-leaking technology claimed in the ‘284 patent to Chung. Appx633-635 at 136:21-138:7; Appx611-612 at 114:1-115:20. After Rado and Chung signed the initial NDA, Rado

started telling [Chung] about the invention, and I told him that I would follow up that week with the drawings ... Henry said, “Wow. With your knowledge and your understanding of these products” – “I can take you to China and show you the other factories, and you can have these things manufactured.”

Id. “We talked about putting together a – some agreements that would define our business relationship as we were getting ready to manufacture some of these new tech products that I designed....” *Id.*

The technology Rado disclosed to Chung under their NDA was the same anti-leak technology covered by the ‘284 patent, and Rado told Chung “multiple

¹ ““Personal vaporizers are handheld devices that vaporize a vaporizing medium such as a liquid solution or a wax.’ ‘284 patent col. 1 ll. 17–18. The ‘284 patent relates to personal vaporizers that ‘will resist leaking, particularly during periods of nonuse.’ *Id.* col. 1 l. 65.” Panel Majority Opinion (“Op.”) at 2.

² Lubby and Vaporous are referred to collectively as “Lubby.”

times” during their collaboration that he had a pending patent application on the technology. Appx799 at 123:7-19, Appx802-804 at 126:6-128:3. The ‘284 patent claims “an electrically conductive check valve [that] blocks vaporizing media from leaking out of air intake apertures during periods of nonuse, and delivers electric power to a heating element during use.” Appx8 at Abstract; *see also* Appx624-628 at 127:4-131:10. Chung testified that he was not aware of any vaporizers with an electrically conductive check valve before he met Rado, and was not aware of any since meeting Rado that were not produced by him or Rado. Appx844 at 168:6-17. Chung admitted that Rado told him about “the patented technology” in October 2015 “when we signed the supplier agreement” “and consulting agreement and nondisclosure agreement at that time.” Appx849 at 173:2-13. Chung admitted that he traveled with Rado to China twice “to produce products.” Appx781 at 105:9-15. Chung admitted that he worked with Rado on “the atomizer we have in question.”³ Appx781 at 105:16-23.

Under the supply agreement, Chung agreed to purchase from Lubby vaporizers incorporating “Vaporous technology/patents.” Appx614 at 117:1-15; Appx633-635 at 136:21-138:7; Appx654-656 at 157:23-159:8; Appx659-660 at 162:20-163:6; Appx778-779 at 102:19-103:4; Appx1001-1005 at ¶ 3. Chung

³ An atomizer is part of a personal vaporizer and may comprise an electrically conductive check valve. Appx39 at claims 1, 10.

admitted that he purchased products from Rado that incorporated Rado's "anti-leaking technology." Appx778 at 102:3-17.

The parties eventually ended their collaboration. Chung admitted that he and Rado "had a dispute back ... at the end, and the dispute is whether ... the products follow his patent or my patent." Appx779 at 103:3-21. Rado told Chung that "he could not use [Rado's] patented technology" after their collaboration ended but eventually discovered that Chung continued to do so. Appx804 at 128:9-15. Specifically, Chung sold tens of thousands of vaporizers to two parties that were copies of Rado's designs incorporating the '284 patent's technology that Rado had disclosed to Chung. Appx620-624 at 123:18-127:3. Chung "[a]dmit[ted] as to having notice of the issuance of the '284 patent" "since before the lawsuit was filed." Appx73 at ¶ 57; Appx133 at ¶ 57.

Lubby sued Chung for infringement of the '284 patent. At trial, Chung introduced no evidence of any Lubby product that Chung believed practiced the '284 patent and was sold in the United States unmarked with the '284 patent's number. The jury returned a verdict holding Chung liable for direct infringement and awarded Lubby damages of \$863,936.10. Op. at 2-3.

On appeal, this Court unanimously affirmed the jury's finding of Chung's direct infringement. Op. at 5. However, the panel majority held that Lubby was not entitled to damages on Chung's infringing units sold prior to the filing of the

complaint because it found that Chung had met his initial burden of production “to articulate the products [he] believes are unmarked ‘patented articles’ subject to [35 U.S.C.] § 287[(a)],” by pointing to a “J-Pen Starter Kit” in a pleading filed the day before trial and because “Lubby presented no evidence that the identified product did not practice the patent or that it marked the products it actually sold and thus failed to establish that it marked the products as required by § 287.” Op. at 7-8. The majority also found that Lubby did not provide Chung with actual notice of infringement under Section 287 prior to the filing of the complaint. Op. at 8-10. The majority remanded the case to the district court to determine a reasonable royalty for Chung’s infringing units sold after the complaint was filed. Op. at 9-10.

Judge Newman issued an opinion concurring in the affirmance of Chung’s direct infringement, but dissenting from the majority’s rejection of the jury’s damages verdict. “This theory ignores Chung’s admitted knowledge, for *these parties had been collaborators in connection with this invention. Rado testified that when the collaboration ended he told Chung not to infringe, and Chung acknowledged this warning.*” Op. of Newman, J., concurring in part, dissenting in part (“Diss.”) at 2 (emphasis added). “There is no sound basis for this court’s appellate discard of the jury’s verdict.” *Id.*

II. THE POINTS OF LAW OR FACT OVERLOOKED OR MISAPPREHENDED BY THE PANEL AND ARGUMENTS IN SUPPORT OF REHEARING OR REHEARING *EN BANC*.

A. The Majority Erroneously Required an Unqualified Charge of Infringement For Actual Notice, Contrary to *Minks* and *SRI*, Resulting In An Unjustifiable Windfall to Chung.

The majority finds that Lubby never “notified Mr. Chung of ‘[an] activity that is believed to be an infringement’ before the filing of the lawsuit.” Op. at 9. This was because, according to the majority, the evidence did not show “[an] affirmative communication of a *specific* charge of infringement by a *specific* accused product or device.” *Id.* (quoting *Arctic Cat*, 950 F.3d at 864 (quoting *Amsted v. Buckeye Steel Castings Co.*, 24 F.3d 178, 87 (Fed. Cir. 1994))). These findings are factually and legally erroneous, conflating the standard for notice under Section 287 with that for declaratory judgment jurisdiction.

A jury is “permitted to find [actual] notice [under section 287] prior to the date [the plaintiff] discovered [the defendant’s] infringement.” *Minks v. Polaris Indus., Inc.*, 546 F.3d 1364, 1376 (Fed. Cir. 2008). In *Minks*, “[a]s a long time customer of” plaintiff’s exclusive licensee of the asserted patent, defendant “knew of” the patent. *Id.* at 1377. Further, plaintiff had “specifically communicated his belief [to defendant before plaintiff knew of defendant’s infringing product] that reverse speed limiters sensing engine speed and a DC input infringe the [asserted] patent.” *Id.* “Under our case law, [plaintiff] made a qualified charge of

infringement when he informed [defendant] that reverse speed limiters that sensed engine speed and a DC input infringe the [asserted] patent,” even though plaintiff did not *name* a specific product. *Id.* at 1376. “[I]n the context of this ongoing relationship between the parties, knowledge of a specific infringing device is not a legal prerequisite to [an actual notice] finding.” *Id.* at 1377. Accordingly, “the requirement of ‘a specific charge of infringement’ set forth in *Amsted* does not mean the patentee must make an ‘unqualified charge of infringement.’” *Gart v. Logitech, Inc.*, 254 F.3d 1334, 1346 (Fed. Cir. 2001). “Although there are numerous possible variations in form and content, the purpose of the actual notice requirement is met when the recipient is notified, with sufficient specificity, that the patent holder believes that the recipient of the notice may be an infringer.” *SRI Int’l, Inc. v. Advanced Tech. Lab’ys, Inc.*, 127 F.3d 1462, 1470 (Fed. Cir. 1997). “If a patentee’s initial notice is sufficiently specific to accuse one product of infringement, ensuing discovery of other models and related products may bring those products within the scope of the notice.” *K-TEC, Inc. v. Vita-Mix Corp.*, 696 F.3d 1364, 1379 (Fed. Cir. 2012) (internal quotation marks and citation omitted).

Here, as in *Minks*, Lubby provided, at a minimum, a qualified charge of infringement when Rado told Chung that if he used the vaporizer technology that Rado had disclosed to him as part of their collaboration, then Chung will infringe Lubby’s patent. Appx804 at 128:9-15. Lubby’s supply and nondisclosure

agreements with Chung recognized the threat that Chung “may be an infringer” should their collaboration end and Chung copy Lubby’s patented technology. The fact that Lubby provided actual notice in anticipation of potential future infringement rather than after Lubby discovered Chung’s infringement does not negate that Lubby satisfied section 287(a) by identifying the patented technology and telling Chung that he could not copy it. *Minks*, 546 F.3d at 1369, 1376-77; *see also SRI*, 127 F.3d at 1470 (relief sought “does not defeat actual notice”). Given the “ongoing relationship between” Lubby and Chung for the manufacture of the patented technology, “knowledge of a specific infringing device is not a legal prerequisite to [an actual notice] finding.” *Minks*, 546 F.3d at 1376; *see also* Diss. at 3 (discussing evidence of parties’ collaboration).

Although Lubby’s notice was directed to Lubby’s product that Chung helped to manufacture, that does not prevent Chung’s accused devices copying the patented technology of those products from coming within the scope of the initial notice. *K-TEC*, 696 F.3d at 1379. Chung testified of “a dispute” as to whether Lubby’s patent covered “the products,” which shows he understood that Rado made a specific charge that selling copies of the technology Rado disclosed to him would infringe Lubby’s patent. Appx779 at 128:9-15; *see also* Diss. at 2 (“Rado testified that when the collaboration ended he told Chung not to infringe, and Chung acknowledged this warning.”)). “When one acknowledges ... that the

adversary is claiming infringement, the law most certainly does not compel the patent owner to repeat it more explicitly.” *Hoover Co. v. Bissell Inc.*, 38 F. Supp. 2d 519, 525 (N.D. Ohio 1999) (collecting cases).

Whether these facts constitute actual notice of infringement was a question for the jury. *Minks*, 546 F.3d at 1377. The jury here awarded damages, based on the evidence and argument presented at trial. Diss. at 3. The dissent correctly notes that in reviewing a motion for judgment as a matter of law – the basis for Chung’s Section 287 appeal (Op. at 6) – the reviewing court must “view the evidence in the light most favorable to the party in whose favor the jury returned a verdict and draw all reasonable inferences in its favor.” Diss. at 4 (quoting *First Nat’l Mortg. Co. v. Fed. Realty Inv. Tr.*, 631 F.3d 1058, 1067 (9th Cir. 2011)). “It is not the appellate role to act as factfinder on appeal.” *Id.* A jury’s verdict must be accepted unless “the record contains no evidence in support of the verdict.” *Id.* (quoting *Molski v. M.J. Cable, Inc.*, 481 F.3d 724, 729 (9th Cir. 2007)). The evidence here supports a finding of actual notice of infringement to Chung under *Minks*, yet the majority erroneously re-weighs the evidence to conclude otherwise. *Id.* at 3-4.

The majority decision also does not serve “[t]he purpose of the notice requirement [which] is to provide protection against deception by unmarked patented articles. The idea is to prevent innocent infringement.” *DSW, Inc. v. Shoe*

Pavilion, Inc., 537 F.3d 1342, 1348 (Fed. Cir. 2008) (internal quotation marks and citations omitted). This is not a case of innocent infringement by some unsuspecting member of the public, some stranger to Lubby, Rado, or the ‘284 patent, deceived by an unmarked product. Rather, this is a case of knowing, direct infringement by the patentee’s former business collaborator in the manufacture of the patented technology. To absolve Chung for Lubby’s pre-suit damages on these facts does not advance the policy behind the notice requirement, but rather provides a windfall to the worst kind of infringer: a former collaborator on the patented technology turned pirate.

If the facts of this case are insufficient to find actual notice under Section 287, then a contract manufacturer could pirate its client’s patented products with impunity, knowing that it could continue without liability for damages until the client sent a letter naming the product. By that point, the infringer may have already irreversibly eroded the price for the patented product. *See Sanofi-Synthelabo v. Apotex, Inc.*, 470 F.3d 1368, 1382 (Fed. Cir. 2006) (irreversible price erosion may constitute irreparable harm).

Yet that is the result the majority condones. The majority ruling effectively conflates actual notice under Section 287 with an unqualified charge of infringement that would confer declaratory judgment jurisdiction over the patentee. But that is contrary to this Circuit’s law. *SRI*, 127 F.3d at 1470 (“The criteria for

actual notice under § 287(a) are not coextensive with the criteria for filing a declaratory judgment action.”).

B. Contrary to *Arctic Cat* and Supreme Court Precedent, the Majority Eviscerates the Infringer’s Initial Burden of Production To Introduce Evidence Showing Unmarked Products Practicing the Asserted Patent Sold in the United States.

In *Arctic Cat*, this Court held that “*an alleged infringer* who challenges the patentee’s compliance with § 287 *bears an initial burden of production* to articulate the *products it believes are unmarked* ‘patented articles’ subject to § 287.” *Arctic Cat*, 876 F.3d at 1368 (emphases added). The alleged infringer’s production must “put the patentee on notice that he or his authorized licensees sold specific unmarked products which the alleged infringer believes practice the patent.” *Id.*

In reaching this rule, this Court relied on the district court cases *Sealant Systems International v. TEK Global* and *Fortinet v. Sophos*. *Id.* In *Sealant* the district court reasoned:

In this case, [the alleged infringer] has not produced sufficient evidence that [the patentee] or its predecessor-in-interest triggered the obligations housed within the marking statute. [The patentee] thus did not have to comply with Section 287. ... [¶] [The alleged infringer] did not ... present *admissible evidence* that the [patentee’s] kit was sold in the U.S., embodied the claims of the [asserted] patent, or was not marked.

No. 5:11-CV-00774-PSG, 2014 WL 1008183, at *30-31 (N.D. Cal. Mar. 7, 2014), *aff'd in part, vacated in part, rev'd in part*, 616 F. App'x 987 (Fed. Cir. 2015) (emphasis added).

Similarly, in *Fortinet*, the alleged infringer's expert testified in his report that some of the patentee's unmarked products practiced three claims of two asserted patents, and the district court found that this evidence met the alleged infringer's burden of production under Section 287. *Fortinet, Inc. v. Sophos, Inc.*, No. 13-CV-05831-EMC, 2015 WL 5971585, at *5–6 (N.D. Cal. Oct. 14, 2015).

These rulings are consistent with the Supreme Court's and this Court's precedent that a "burden of production" requires a party to come forward with admissible *evidence* in support of its position. "[T]he 'burden of production' [] specif[ies] which party must come forward with evidence at various stages in the litigation." *Microsoft Corp. v. I4I Ltd. P'ship*, 564 U.S. 91, 100 n.4 (2011). The "burden of production" is "a party's obligation to come forward with evidence to support its claim." *Dir., Off. of Workers' Comp. Programs, Dep't of Lab. v. Greenwich Collieries*, 512 U.S. 267, 272 (1994) (emphasis added); *see also In re Cyclobenzaprine Hydrochloride Extended-Release Capsule Pat. Litig.*, 676 F.3d 1063, 1078 (Fed. Cir. 2012) (quoting *I4I*, 564 U.S. at 100 n.4).

Accordingly, in *Arctic Cat*, although this Court did not “determine the minimum showing needed to meet the initial burden of production,” 876 F.3d at 1368, it required a “showing” nonetheless:

At trial BRP [alleged infringer] introduced the licensing agreement between Honda and Arctic Cat [patentee] showing Honda’s license to practice “Arctic Cat patents that patently cover Arctic Cat’s Controlled Thrust Steering methods, systems and developments.” ... BRP identified fourteen Honda PWCs from three versions of its Aquatrax series sold between 2002 and 2009. ... BRP’s expert testified that he “review[ed] information regarding those models” and believed if BRP’s OTAS system practiced the patents, so did Honda’s throttle reapplication system in the Aquatrax PWCs. ... This was sufficient to satisfy BRP’s initial burden of production.

Id.

Thus, the alleged infringer has an initial “burden of production” to make a “showing” “at trial” with admissible evidence of the “products it believes are unmarked ‘patented articles’ subject to § 287.” *Id.*; see also *Funai Elec. Co. v. Daewoo Elecs. Corp.*, 616 F.3d 1357, 1374 (Fed. Cir. 2010) (marking statute applies to products sold in the United States). The alleged infringer does not have merely a burden to *plead* the patentee’s products it believes practice the asserted patent and were sold unmarked in the United States, but also an *evidentiary* burden to make a “showing” supporting the allegation.

Decisions applying *Arctic Cat* recognize these requirements. In *Ultra-Mek v. United Furniture*, the court held that the defendants had not “properly challenged Plaintiff’s compliance with § 287” where they “fail[ed] to actually

allege that any products were unmarked” and only asserted that the plaintiff had not presented evidence demonstrating compliance with section 287(a). No. 1:18CV281, 2021 WL 1195977, at *10 (M.D.N.C. Mar. 30, 2021).

In *Pavo Solutions v. Kingston Technology*, the court found that the alleged infringer did not meet its burden of production because it “failed to produce *any* admissible evidence that identifies specific products that it believes should have been marked and were sold or offered for sale in the United States.” No. 814CV01352JLSKES, 2019 WL 4390573, at *3 (C.D. Cal. June 26, 2019). The court rejected the alleged infringer’s reliance on screenshots from the Wayback Machine, which “purport[ed] to show that five USB-drives (that [the alleged infringer] claims were licensed pursuant to the Licensing Agreement) were on sale on December 24, 2008.” *Id.* The court found this evidence insufficient to meet the infringer’s burden of production because the screenshots (1) could not verify the date of the product images, (2) did not show that the products could be purchased, and (3) were not supported by testimony establishing a proper foundation as to their veracity. *Id.*

An alleged infringer also fails to meet its burden of production where it does not provide timely notice. The court in *Freeny v. Fossil Group* found that the defendant “failed to meet its initial burden of production to identify specific products that were allegedly made or sold unmarked in non-compliance with §

287(a)” because the defendant waited “until its rebuttal expert report to identify specific products that it believed should have been marked.” No. 2:18-CV-00049-JRG, 2019 WL 8688587, at *3 (E.D. Tex. July 24, 2019).

Here, the panel majority holds that Chung met his burden of production via objections he made the day prior to trial, in which he raised

the issue of whether Lubby’s products were properly marked as required by 35 U.S.C. § 287. In his objection, Mr. Chung specifically pointed to the J-Pen Starter Kit product as listed on Lubby’s website, which did not include a patent number. Mr. Chung met his initial burden of production in his objection by pointing to Lubby’s J-Pen Starter Kit product....


Op. at 7.

This holding is error, for Chung’s objections do not meet *Arctic Cat’s* burden of production. All his counsel states in his objections is:

Exhibit C shows Plaintiff’s “compliance” with § 287. This is the only evidence, among the 35 pages produced by Plaintiffs, that is relevant to the “notice/patent marking” inquiry under section 287. At the lower-right corner of the screen shot, a vague but still discernable “US and International Patents Pending” announcement can be seen.

Appx1228. Chung’s counsel’s Exhibit C is a page with the below image:

■ <https://shop.vaporous.com/collections/kits/products/j-pen-kt-wax>



J-PEN STARTER KIT

\$65.00

ADD TO CART

The J-Pen is powered by the highest grade Lithium Ion 650mAh triple adjusted battery. 5 clicks to change settings from off, blue (3.1-3.2V), white (3.5-3.6V), red (4.1-4.15V) and comes with a 420mAh USB SuperCharger 420mAh with overcharge protection and Titanium tool.

What's included:

- Vaporous Mouthpiece*
- Dual Coil Deep Dish Atomizer (Ceramic core)*
- Dual Coil Deep Dish Atomizer (Quartz core)*
- Vaporous Flow Series 650mAh Adjustable Temperature Battery**
- Vaporous Titanium Tool
- Vaporous Travel Tin
- Wireless USB charger**

* US and International Patents Pending
 ** One year warranty on battery and USB charger

f Share t Tweet p Pin It

Appx1258. Nowhere in Chung’s objections does he allege that he believes that the J-Pen Starter Start Kit practices any claim of the ‘284 patent and was sold in the United States unmarked. Thus, they do not meet his “initial burden of production to articulate the products [he] believes are unmarked ‘patented articles’ subject to § 287.” *Arctic Cat*, 876 F.3d at 1368 (emphasis added). They are just a statement that Lubby has not complied with Section 287. That is insufficient. *Ultra-Mek*, 2021 WL 1195977, at *10.

Further, Chung's objections are not "admissible evidence that identifies specific products that [he] believes should have been marked and were sold or offered for sale in the United States." *Pavo*, 2019 WL 4390573, at *3; *see also Arctic Cat*, 876 F.3d at 1367 (citing *Sealant*). Chung's Exhibit C is undated inadmissible hearsay and cannot show that the J-Pen Starter Kit was on sale in the United States after the issuance of the '284 patent and before this lawsuit was filed. Fed. R. Evid. 802. It also does not show that the products can be purchased in the United States. Even assuming it shows Lubby's website, it may only allow purchase of the J-Pen Starter Kit in other countries. Chung provides no testimony establishing a proper foundation for the image's veracity. Fed. R. Evid 602, 901.

Chung also failed to timely meet his burden of production by failing to provide notice of the unmarked products until the day before trial. By waiting to identify unmarked products until then, Chung denied Lubby the opportunity to develop evidence and expert testimony regarding its compliance with section 287(a), and so Chung failed to meet his burden. *Freeny*, 2019 WL 8688587, at *3.

Finally, "Assertion that Chung had no knowledge of infringement was not presented at the trial." Diss. at 4. Nor did Chung make any showing *at trial* that the J-Pen Starter Kit practiced the '284 patent and was sold in the United States during the relevant period. Such a showing *at trial* is fundamental to the alleged infringer's "initial burden of production." *See Arctic Cat*, 876 F.3d at 1368.

Indeed, requiring the alleged infringer to go first *at trial* with evidence of the products that it believes were unmarked patented articles sold in the United States limits the universe of products that the patentee must prove *at trial* do not practice the patent or, if they did, were in fact marked. Because the infringer must use its own trial time to put forward its allegations and evidence of unmarked patented articles, it is likely to focus on only the products it truly believes, and has evidence to show, were unmarked.

If allowed to stand, the majority decision eviscerates *Arctic Cat*'s initial burden of production on the alleged infringer altogether and undermines its purpose, which is to avoid a "large scale fishing expedition and gamesmanship." *Arctic Cat*, 876 F.3d at 1368. There would be nothing to stop an alleged infringer from making a vague statement about the patentee's "compliance with § 287" in any pleading at any point in the litigation, and listing all of the patentee's products, or attaching hearsay webpages of them. The patentee would then be put to the burden of wasting valuable trial time proving either that all of its products did not practice the asserted patent, or if they did, were marked with the asserted patent's number, on pain of reversal of a jury's damages award in this Court – the very "gamesmanship" *Arctic Cat*'s burden of production is meant to prevent.

III. CONCLUSION

For the foregoing reasons, Lubby respectfully requests that the panel rehear this appeal or that the Court consider this appeal *en banc*.

Dated: October 15, 2021

/s/ Erik Olson
Erik Olson
Attorney for Plaintiffs-Appellees
Lubby Holdings, LLC; Vaporous
Technologies, Inc.

ADDENDUM

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

**LUBBY HOLDINGS LLC, VAPOROUS
TECHNOLOGIES, INC.,**
Plaintiffs-Appellees

v.

HENRY CHUNG,
Defendant-Appellant

2019-2286

Appeal from the United States District Court for the
Central District of California in No. 2:18-cv-00715-RGK-
JC, Judge R. Gary Klausner.

Decided: September 1, 2021

DANIEL C. CALLAWAY, Farella Braun & Martel LLP,
San Francisco, CA, argued for plaintiffs-appellees. Also
represented by NADIA ARID, ERIK C. OLSON.

WILLIAM B. CHADWICK, Kimball Anderson, Salt Lake
City, UT, argued for defendant-appellant. Also repre-
sented by ROBERT AYCOCK; JOSEPH PIA, Pia Hoyt, Salt Lake
City, UT; JEN-FENG LEE, LT Pacific Law Group LLP, City
of Industry, CA.

Before NEWMAN, DYK, and WALLACH, *Circuit Judges*.

Opinion for the court filed by *Circuit Judge* DYK.

Opinion concurring in part and dissenting in part filed by
Circuit Judge NEWMAN.

DYK, *Circuit Judge*.

Henry Chung appeals a judgment of the United States District Court for the Central District of California, finding that Mr. Chung was liable for infringing U.S. Patent No. 9,750,284 (the “284 patent”) and awarding damages of \$863,936.10. Although we conclude that there was evidence to support the jury’s verdict that Mr. Chung directly infringed the ’284 patent, the district court erred in awarding damages for the sales of infringing products prior to the commencement of this action, which is the date Mr. Chung received actual notice of the ’284 patent under 35 U.S.C. § 287. As a result, we affirm in part, reverse in part, and remand for a new trial to determine the number of infringing products sold after the commencement of this action and for the determination of a reasonable royalty rate for the sale of these units.

BACKGROUND

Lubby Holdings, LLC is the owner of the ’284 patent, titled “Personal Vaporizer.” “Personal vaporizers are handheld devices that vaporize a vaporizing medium such as a liquid solution or a wax.” ’284 patent col. 1 ll. 17–18. The ’284 patent relates to personal vaporizers that “will resist leaking, particularly during periods of nonuse.” *Id.* col 1 l. 65. Vaporous Technologies, Inc. is a nonexclusive licensee of the ’284 patent. On January 26, 2018, Lubby

Holdings and Vaporous Technologies (collectively, “Lubby”) sued Mr. Chung for infringement.¹

Beginning on May 7, 2019, the district court held a three-day jury trial. Each party presented evidence. During trial, Mr. Chung moved for judgment as a matter of law under Federal Rule of Civil Procedure 50(a) as to damages, arguing that Lubby did not meet its burden to prove that it complied with 35 U.S.C. § 287’s marking requirement. The court took the motion under submission but did not issue a ruling. The jury ultimately returned a verdict finding Mr. Chung liable for direct infringement of the ’284 patent and awarding Lubby \$863,936.10 in reasonable royalty damages. After trial, Mr. Chung renewed his motion for judgment as a matter of law under Rule 50(b). In a brief order, the district court denied Mr. Chung’s renewed motion, finding that “there was sufficient evidence to support the jury’s verdict at the close of trial.” J.A. 3.

Mr. Chung also moved for a new trial under Rule 59(a). In his Rule 59(a) motion, Mr. Chung argued that the verdict of liability was against the clear weight of the evidence. The district court denied the motion with minimal explanation.

Mr. Chung appeals. We have jurisdiction under 28 U.S.C. § 1295(a)(1).

¹ In its complaint, Lubby also sued DeepVapes Inc., which did not appear in this action. The judgment purports to award relief against DeepVapes as well as Mr. Chung. DeepVapes did not appeal. We do not consider the status of the judgment against DeepVapes. Additionally, Lubby sued Ming Chen, an individual, whom the district court dismissed at trial.

DISCUSSION

I

Mr. Chung first argues that there was no evidence in the trial record to support the jury's verdict that he directly infringed the '284 patent. Because Mr. Chung did not properly raise the issue of his direct infringement liability in his Rule 50(a) motion and raised it only in his Rule 59(a) motion, we evaluate this issue under the substantially constrained abuse-of-discretion standard of review applicable to Rule 59(a) motions. *See Desrosiers v. Flight Int'l of Fla. Inc.*, 156 F.3d 952, 956–57 (9th Cir. 1998). “[W]here the basis of a Rule 59 ruling is that the verdict is not against the weight of the evidence,” we will reverse the jury's finding of infringement “only where there is an *absolute absence of evidence* to support the jury's verdict.” *Kode v. Carlson*, 596 F.3d 608, 612 (9th Cir. 2010).

There is evidence to support the jury's verdict finding that Mr. Chung was liable for direct infringement of the '284 patent under 35 U.S.C. § 271(a). Lubby presented evidence to establish that Mr. Chung made, offered to sell, and sold personal vaporizer devices accused of infringing the '284 patent. *See, e.g.*, J.A. 762:23–763:7 (Mr. Chung testifying that he designed the accused products); *id.* at 769:24–770:13 (Mr. Chung testifying that he sold the accused products through his company); *id.* at 851:13–15 (Mr. Chung testifying that he made the decision to sell the accused products through his company); *id.* at 851:16–17 (Mr. Chung again testifying that he designed the accused products).

Mr. Chung argues that he cannot be liable for infringement based on acts that he took on behalf of his company, Esquire Distribution Inc., unless Lubby established that it was appropriate to pierce the corporate veil, and he argues that Lubby presented no evidence to support piercing the corporate veil. But that is not the standard. Corporate

officers can be personally liable for their own acts of infringement, even if those acts were committed in their corporate capacity. In *Wordtech Systems, Inc. v. Integrated Networks Solutions, Inc.*, 609 F.3d 1308 (Fed. Cir. 2010), we stated that “the ‘corporate veil’ shields a company’s officers from personal liability for direct infringement that the officers commit in the name of the corporation, unless the corporation is the officers’ ‘alter ego.’” *Id.* at 1313. But, as we emphasized in *Global Traffic Technologies LLC v. Morgan*, 620 F. App’x 895 (Fed. Cir. 2015), “[w]e do not believe this statement represents a departure from the traditional rule that a person is personally liable for his own tortious actions, even if committed as a corporate officer.” *Id.* at 908 n.6 (citing *United States v. Trek Leather, Inc.*, 767 F.3d 1288, 1299 (Fed. Cir. 2014)). “Instead, we interpret *Wordtech* as reinforcing the rule that a corporate officer—or perhaps only a corporate owner—cannot be found derivatively liable for *the corporation’s infringement* without piercing the corporate veil.” *Id.* (internal citation omitted); see also *Astronet Techs., Inc. v. BAE Sys., Inc.*, 802 F.3d 1271, 1279 (Fed. Cir. 2015) (explaining that, while piercing the corporate veil is appropriate for questions of derivative liability, “veil-piercing standards do not govern the separate issue of direct liability for one’s own wrongful acts, as the governing law defines those wrongs”). The fact that Mr. Chung may have acted on behalf of his corporation does not excuse him from individual liability. Given the evidence that Mr. Chung sold the allegedly infringing products and the deferential standard of review, we must uphold the jury’s verdict that Mr. Chung is personally liable for direct infringement of the ’284 patent.

II

Mr. Chung next argues that the record lacks substantial evidence to support the jury’s damages verdict. He contends that the jury’s “damages verdict cannot stand because there is no evidence that Lubby complied with the

marking and notice requirements under 35 U.S.C. § 287.” Appellant’s Br. 49.² Mr. Chung properly preserved and raised this issue in his Rule 50 motions. A denial of a motion for judgment as a matter of law is reviewed de novo. *Greisen v. Hanken*, 925 F.3d 1097, 1107 (9th Cir. 2019).

“Pursuant to 35 U.S.C. § 287(a), a patentee who makes or sells a patented article must mark his articles or notify infringers of his patent in order to recover damages.” *Arctic Cat Inc. v. Bombardier Recreational Prods. Inc.*, 876 F.3d 1350, 1365 (Fed. Cir. 2017). “If a patentee who makes, sells, offers for sale, or imports his patented articles has not ‘given notice of his right’ by marking his articles pursuant to the marking statute, he is not entitled to damages before the date of actual notice.” *Id.* at 1366 (quoting *Dunlap v. Schofield*, 152 U.S. 244, 248 (1894)).

Lubby argues that Mr. Chung did not meet his initial burden of production to point to products that he believed

² 35 U.S.C. § 287(a) provides, in pertinent part:

Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them, or importing any patented article into the United States, may give notice to the public that the same is patented, either by fixing thereon the word “patent” or the abbreviation “pat.”, together with the number of the patent In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.

were sold unmarked. “The patentee bears the burden of pleading and proving he complied with § 287(a)’s marking requirement.” *Id.* “The burden of proving compliance with marking is and at all times remains on the patentee.” *Id.* at 1367. However, “an alleged infringer who challenges the patentee’s compliance with § 287 bears an initial burden of production to articulate the products it believes are unmarked ‘patented articles’ subject to § 287.” *Id.* at 1368. We have emphasized that “this is a low bar.” *Id.* As we have explained, “[t]he alleged infringer need only put the patentee on notice that he or his authorized licensees sold specific unmarked products which the alleged infringer believes practice the patent. The alleged infringer’s burden is a burden of production, not one of persuasion or proof.” *Id.* But “[o]nce the alleged infringer meets its burden of production, . . . the patentee bears the burden to prove the products identified do not practice the patented invention.” *Id.*

Mr. Chung met his burden of production under *Arctic Cat* “to articulate the products [he] believes are unmarked ‘patented articles’ subject to § 287,” *id.* Lubby did not disclose its damages computation as required by Federal Rule of Civil Procedure 26(a)(1)(A)(iii) until May 6, 2019, the day prior to trial. That same day, Mr. Chung objected to Lubby’s damages computation, including raising the issue of whether Lubby’s products were properly marked as required by 35 U.S.C. § 287. In his objection, Mr. Chung specifically pointed to the J-Pen Starter Kit product as listed on Lubby’s website, which did not include a patent number. Mr. Chung met his initial burden of production in his objection by pointing to Lubby’s J-Pen Starter Kit product, clearing *Arctic Cat*’s “low bar” to put Lubby “on notice that [it] . . . sold specific unmarked products which [Mr. Chung] believes practice the patent.” *Id.* After Mr. Chung’s objection, Lubby “b[ore] the burden to prove the products identified do not practice the patented invention.” *Id.* Lubby

presented no evidence that the identified product did not practice the patent or that it marked the products it actually sold and thus failed to establish that it marked the products as required by § 287. It can recover damages only for the period that it provided actual notice to Mr. Chung.

Lubby established only that Mr. Chung was actually notified of infringement of the patent as required by § 287 as of the filing of the lawsuit on January 26, 2018. *See* 35 U.S.C. § 287(a) (“Filing of an action for infringement shall constitute . . . notice.”).

In response, Lubby argues that Mr. Chung had actual notice prior to the filing of the lawsuit because Mr. Chung admitted in his answer “that he had notice of the issuance of the ’284 patent.” Appellee’s Br. 57. Mr. Chung’s admission that he had notice that the ’284 patent issued does not equate to actual notice under § 287. “For purposes of section 287(a), notice must be of ‘the infringement,’ not merely notice of the patent’s existence or ownership.” *Amsted Indus. Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 187 (Fed. Cir. 1994).

Lubby also argues that, because Mr. Chung was on notice of the ’284 patent and of his own infringing activity before the filing of the lawsuit, it is entitled to damages from earlier sales. As we have long explained, “the actual notice requirement of § 287(a) is satisfied when the recipient is informed of the identity of the patent and the activity that is believed to be an infringement, accompanied by a proposal to abate the infringement, whether by license or otherwise.” *SRI Int’l, Inc. v. Advanced Tech. Labs., Inc.*, 127 F.3d 1462, 1470 (Fed. Cir. 1997). “It is irrelevant [under § 287] . . . whether the defendant knew of the patent or knew of his own infringement. The correct approach to determining notice under [§] 287 must focus on the action of the patentee, not the knowledge or understanding of the infringer.” *Amsted*, 24 F.3d at 187.

Lubby does not point to any evidence that it notified Mr. Chung of “[an] activity that is believed to be an infringement” before the filing of the lawsuit. *SRI*, 127 F.3d at 1462. Lubby argues that its witnesses testified that, before the patent issued, (a) Mr. Chung “signed nondisclosure agreements of July and October 2015,” Appellee’s Br. 57; (b) “the agreements pertained to the underlying technology in Lubby’s December 2014 patent application,” *id.* at 57–58; and (c) at that time, J. Christian Rado, the owner of Lubby Holdings and CEO and president of Vaporous, “told [Mr.] Chung that he could not use the technology in the ’284 patent,” *id.* at 58. Lubby also argues that it presented other evidence that established that Mr. Chung sold infringing units after the patent issued. The cited testimony and evidence do not show that Lubby (through Mr. Rado or otherwise) provided Mr. Chung “[an] affirmative communication of a *specific* charge of infringement by a *specific* accused product or device.” *Arctic Cat*, 950 F.3d at 864 (emphases added) (quoting *Amsted*, 24 F.3d at 187). Damages thus can only be awarded for infringing units sold after the filing of the lawsuit. The district court erred in not entering a judgment as a matter of law that Mr. Chung was not liable for damages prior to the filing of the lawsuit.

Without citing to any evidence presented at trial, Mr. Chung argues that, following the filing of the lawsuit, there is only evidence that he sold infringing products for seven days, which totaled to 408 units. While that may be true, the only evidence of infringing sales presented at trial were two sales summaries, which listed cumulative sales over two time periods: (1) March 1, 2016, through February 1, 2018; and (2) September 6, 2017, through February 1, 2018. Both of these summaries include sales for the period prior to the filing of the lawsuit and do not break out sales in a way that establishes the number of sales that occurred for the period following the filing of the lawsuit. We thus remand for a new trial to determine the number

of sales made by Mr. Chung following the filing of the complaint and the damages award appropriate for Mr. Chung's sale of these infringing units.³

CONCLUSION

In sum, we affirm the district court's denial of Mr. Chung's Rule 59(a) motion concerning the jury's verdict that Mr. Chung directly infringed the '284 patent, reverse the district court's denial of Mr. Chung's Rule 50(b) motion for the units sold prior to the filing of the complaint, and remand for a new trial to determine the number of sales made by Mr. Chung following the filing of the complaint and the amount of a reasonable royalty associated for these units.⁴

AFFIRMED IN PART, REVERSED IN PART, AND REMANDED

COSTS

No costs.

³ Mr. Chung also argues that the damages award included sales made prior to the issuance of the '284 patent. We have no need to address this argument given our holding that damages are unavailable with respect to sales before the filing of the suit, and the filing of the suit occurred after patent issuance.

⁴ Given the reversal and the likelihood that the royalty computation in any new trial will be different, we do not address Mr. Chung's objection to the previous royalty computation.

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

**LUBBY HOLDINGS LLC, VAPOROUS
TECHNOLOGIES, INC.,**
Plaintiffs-Appellees

v.

HENRY CHUNG,
Defendant-Appellant

2019-2286

Appeal from the United States District Court for the Central District of California in No. 2:18-cv-00715-RGK-JC, Judge R. Gary Klausner.

NEWMAN, *Circuit Judge*, concurring in part, dissenting in part.

The jury found that U.S. Patent No. 9,750,284 (“the ‘284 patent”) is valid and is infringed by defendant Henry Chung; the jury assessed damages. I join the court’s affirmation of the verdict of infringement. However, I respectfully dissent from the court’s rejection of the jury’s damages verdict.

The issue of damages was tried to the jury, on the evidence and arguments presented by the parties. The district court sustained the verdict, for it was supported by

substantial evidence.¹ There is no sound basis for this court's appellate discard of the jury's verdict.

DISCUSSION

The e-cigarette device of the '284 patent is the invention of Christian Rado, the owner of Lubby Holdings LLC and Vaporous Technologies, Inc. (collectively "Lubby"). In evidence at the trial were Henry Chung's business records of his relationship with Rado and between their companies, the parties' confidentiality agreements concerning this invention, and documentation of Chung's importations and sales of this e-cigarette device, showing Chung's costs and profits. This information was validated by Chung in his testimony at the trial.

Nonetheless, my colleagues discard the jury's damages verdict, on the theory that Chung did not have notice of infringement until he was served with the complaint in the district court action. On this ground, my colleagues hold that there can be no liability for infringement before the date of service.² This theory ignores Chung's admitted knowledge, for these parties had been collaborators in connection with this invention. Rado testified that when the collaboration ended he told Chung not to infringe, and Chung acknowledged this warning.

¹ *Lubby Holdings, Inc. v. Chung*, No. 2:18-cv-00715-RGK-JC, 2019 WL 4284507 (C.D. Cal., June 17, 2019); *Lubby Holdings, Inc. v. Chung*, No. 2:18-cv-00715-RGK-JC, 2019 WL 8105375 (C.D. Cal., July 12, 2019).

² At the trial, Chung's defense to infringement was that he did not personally infringe; only his company infringed. The jury's finding of personal liability is not negated by my colleagues.

The jury was told of the collaboration between Rado and Chung, their two Supply Agreements, a Consulting Agreement, two Confidentiality Agreements, and the manufacturing arrangements involving Chung's contacts in China – all for the e-cigarette device of Rado's '284 patent. When the collaboration ended, Rado told Chung not to infringe, and Chung nonetheless did so. This testimony and evidence was before the jury, in examination and cross examination; the jury found liability and awarded damages measured as a royalty on Chung's sales.

By post-trial motion Chung argued that Lubby had not complied with the marking statute, 35 U.S.C. § 287; the district court stated that absence of marking was not established because no insufficiently marked product was identified in Chung's pre-trial Answer or Memorandum of Contentions of Fact and Law. The district court held that the damages verdict was supported by substantial evidence.

The panel majority holds that Chung did not have notice of infringement and cannot be liable for damages until he was served with the complaint. However, "as an appellate court, it is beyond our role to reweigh the evidence or consider what the record might have supported, or investigate potential arguments that were not meaningfully raised." *Apple, Inc. v. Samsung Elecs. Co., Ltd.*, 839 F.3d 1034, 1062 (Fed. Cir. 2016). The essence of jury trial is that the parties choose how to present their case to the jury, and the jury's verdict is reviewed on the record of the trial. *See Sage Prod's, Inc. v. Devon Indus., Inc.*, 126 F.3d 1420, 1426 (Fed. Cir. 1997) ("[A]ppellate courts do not consider a party's new theories, lodged first on appeal. If a litigant seeks to show error in a trial court's overlooking an argument, it must first present that argument to the trial court.").

In evidence were Chung's business records, which Chung ratified at trial, showing the high profit margin for

this product. Chung's records showed sales of at least 36,453 units of this device. Trial Ex. 201 (Appx1053). These sales were the basis for the calculation of damages of \$863,936.10. At the trial Chung argued for a lower royalty rate, and Rado emphasized the high profits for this device. *See Avetek Danmark A/S v. CMI USA Inc.*, 852 F.3d 1352, 1362 (Fed. Cir. 2017) ("We have explained that a patent owner would be 'unlikely' to be 'interested in' accepting a royalty rate lower than its profit margin on the patented products.").

It is the jury's role to weigh the evidence and argument and apply the law as instructed on the law. The court, in post-trial review of the jury verdict, must "view the evidence in the light most favorable to the party in whose favor the jury returned a verdict and draw all reasonable inferences in its favor." *First Nat'l Mortg. Co. v. Fed. Realty Inv. Tr.*, 631 F.3d 1058, 1067 (9th Cir. 2011). It is not the appellate role to act as factfinder on appeal. "We affirm unless there is a clear showing of an absolute absence of evidence to support the jury's verdict." *Duff v. Werner Enters., Inc.*, 489 F.3d 727, 730 (5th Cir. 2007).

A jury's verdict must be accepted unless "the record contains no evidence in support of the verdict." *Molski v. M.J. Cable, Inc.*, 481 F.3d 724, 729 (9th Cir. 2007) (quoting *Farley Transp. Co. v. Santa Fe Trail Transp. Co.*, 786 F.2d 1342 (9th Cir. 1985)). The panel majority now discards the trial procedure, and devises a new theory whereby the court excuses all infringing activity occurring before the filing of the district court complaint. No jury instruction was given on my colleagues' theory of absence of notice of infringement. *See Robert Bosch LLC v. Pylon Mfg. Corp.*, 659 F.3d 1142, 1154 n.5 (Fed. Cir. 2011) ("[E]videntiary objections not raised before the trial court are deemed waived...").

Assertion that Chung had no knowledge of infringement was not presented at the trial. A motion to alter a

jury verdict can be granted only when “the evidence, construed in the light most favorable to the nonmoving party, permits only one reasonable conclusion, and that conclusion is contrary to the jury’s verdict.” *Pavao v. Pagay*, 307 F.3d 915, 918 (9th Cir. 2002). “To the extent that there were conflicts in the evidence, neither the trial court upon motion for judgment n.o.v. nor the appellate court may substitute its choice of result for that of the jury.” *Brooktree Corp. v. Advanced Micro Devices, Inc.*, 977 F.2d 1555, 1580 (Fed. Cir. 1992) (“Applying the standard of appellate review of a jury award of damages, the jury’s finding must be upheld unless the amount is ‘grossly excessive or monstrous,’ clearly not supported by the evidence, or based only on speculation or guesswork.”) (citing *Los Angeles Mem’l Coliseum Comm’n v. Nat’l Football League*, 791 F.2d 1356, 1360 (9th Cir. 1986)).

From my colleagues’ contrary rulings, I respectfully dissent.

CERTIFICATE OF COMPLIANCE

Counsel for Plaintiffs-Appellees hereby certifies that:

1. The brief complies with the type-volume limitations of Federal Rules of Appellate Procedure 35(b)(2)(A) and 40(b)(1) because exclusive of the exempted portions under Federal Rule of Appellate Procedure 32(f) and Federal Circuit Rule 32(b)(2) it contains 3,898 words as counted by the word processing program used to prepare the brief; and

2. The brief complies with the type face requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type-style requirements of Federal Rule of Appellate Procedure 32(a)(6) because it has been prepared using Microsoft Office Word 365 in a proportionally spaced type face: Times New Roman, font size 14.

Dated: October 15, 2021

/s/ Erik Olson

Erik Olson

Attorney for Plaintiffs-Appellees
Lubby Holdings, LLC; Vaporous
Technologies, Inc.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing COMBINED PETITION OF PLAINTIFFS-APPELLEES LUBBY HOLDINGS, LLC AND VAPOROUS TECHNOLOGIES, INC. FOR PANEL REHEARING AND REHEARING EN BANC was served upon registered counsel by operation of the Court's CM/ECF system on this 15th day of October, 2021.

Dated: October 15, 2021

/s/ Erik Olson _____
Erik Olson
Attorney for Plaintiffs-Appellees
Lubby Holdings, LLC; Vaporous
Technologies, Inc.