

## ALERT

## Federal Circuit Patent Bulletin: *Stryker Corp. v. Zimmer, Inc.*

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March 25, 2015

*"Only if the patentee establishes [the] 'threshold objective standard' does the inquiry then move on to whether 'this objectively-defined risk (determined by the record developed in the infringement proceeding) was either known or so obvious that it should have been known to the accused infringer.'"*

On March 23, 2015, in *Stryker Corp. v. Zimmer, Inc.*, the U.S. Court of Appeals for the Federal Circuit (Prost,\* Newman, Hughes), on a panel rehearing, replaced its December 19, 2014 opinion and affirmed-in-part, reversed-in-part, vacated-in-part, and remanded the district court judgment, inter alia, that Zimmer willfully infringed U.S. Patents No. 6,022,329, No. 6,179,807, and No. 7,144,383, which related to pulsed lavage devices. The Federal Circuit stated:

To establish willful infringement, the patentee has the burden of showing "by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent." "The state of mind of the accused infringer is not relevant to this objective inquiry." Only if the patentee establishes this "threshold objective standard" does the inquiry then move on to whether "this objectively-defined risk (determined by the record developed in the infringement proceeding) was either known or so obvious that it should have been known to the accused infringer." We have held that objective recklessness, even though "predicated on underlying mixed questions of law and fact, is best decided by the judge as a question of law subject to de novo review."

The district court failed to undertake an objective assessment of Zimmer's specific defenses to Stryker's claims. Instead, the district court's analysis of objective reasonableness summarily asserted that the "jury heard testimony" that Zimmer "all but instructed its design team to copy Stryker's products." The district court further concluded that the "pioneering" nature of Stryker's inventions and the secondary considerations of non-obviousness "made it dramatically less likely that Zimmer's invalidity arguments were reasonable."

An objective assessment of the case shows that Zimmer presented reasonable defenses to all of the asserted claims of Stryker's patents. First, with respect to the '329 patent, the motor in the Zimmer's Pulsavac Plus is located in the nub at the rear of the barrel of its pistol-shaped device. Stryker's infringement case relied on first persuading the district court to broadly construe the claim term "handle" to include the barrel of a pistol-shaped device—even though the patent specification only describes the handle and barrel separately. Then, Stryker had to persuade the jury that the barrel nub was a part of the device "designed to be held by hand," even in light of prosecution history in which Stryker distinguished between the location of the motor in the handle as opposed to the barrel. Though Stryker ultimately prevailed, Zimmer's arguments were not unreasonably founded on the plain meaning of "handle" in the context of a pistol-shaped device, the specification's exclusive disclosure of pistol-shaped devices, and the prosecution history—all on which it could have relied to provide notice of what the patent claims covered.

Second, with respect to the '807 patent, the specification only disclosed female nozzles on the front end of the device and male nozzles on the removable tip, which would be consistent with the claim requiring that the front end "receive" the tip. Zimmer's devices had the exact opposite configuration: tapered male nozzles on the front end and female nozzles on the tip. Furthermore, the prior art Var-A-Pulse devices included all of the asserted claims' limitations except one. In light of the district court's claim construction, Stryker's defense to Zimmer's argument relied on persuading the jury that even though the tip's nozzles could fit into the handpiece and be held in place through friction with internal housing grooves, that did not mean they were "secured or fastened." Again, though Stryker prevailed, Zimmer's defenses were not unreasonable.

Third, with respect to the '383 patent, Zimmer's obviousness argument relied on a combination of references that was also raised by a PTO examiner during Stryker's prosecution of a related patent application—in an office action that occurred during discovery in this litigation. Zimmer's reliance on this combination was not without reason, in particular since the references related to pressured water irrigation systems used in hospitals and clinics. Therefore, even if Zimmer's defenses failed at trial, it still made a reasonable case that the '383 patent's asserted claims were obvious and thus invalid. In sum, we find that Zimmer's defenses to the infringement of each patent claim that Stryker asserted were not objectively unreasonable, and, therefore, it did not act recklessly.

As the court reversed the district court's determination of willful infringement, and the district court's award of attorneys' fees was based on that determination, we vacate the district court's grant of attorneys' fees. However, because there exist further allegations of litigation misconduct in this case and because the standard for finding an exceptional case has changed since the district court issued its finding regarding attorneys' fees, we remand this issue for further consideration by the district court.