

Judge Albright Grants Increased Amount of Ongoing Royalties for Post-Judgment Infringement

FEBRUARY 13, 2023

On January 31, 2023, Judge Albright granted Plaintiffs NCS Multistage Inc. and NCS Multistage LLC's (collectively, "NCS") Motion for Award of Ongoing Royalties for Post-Judgment Infringement.

On April 8, 2020, NCS filed its Complaint against Defendant Nine Energy Service, Inc. ("Nine"), alleging infringement of U.S. Patent No. 10,465,445 ("the '445 patent"), a patent claiming a system and method for sealing well casings, by Nine's Breakthru Casing Flotation Devices. The Court held a jury trial from January 18, 2021 to January 21, 2021. The jury returned a unanimous verdict for NCS, awarding \$486,400 to compensate NCS for Nine's past infringement. On June 3, 2022, the Court issued its Final Judgment, finding NCS should be awarded the jury's damages verdict of \$486,400. On July 1, 2022, NCS filed its Motion.

In its Motion, NCS asked for an award of \$1,000 per unit. It started by calculating the jury's awarded royalty rate by dividing the award (\$486,400) by number of units sold (608), resulting in \$800 per unit. NCS then contended that the jury decided Nine owed NCS \$800 per unit to arrive at the total damages amount, emphasizing that this "even number" calculation supported its theory. NCS then justified its increase to \$1,000 for three reasons: (1) NCS's expert offered trial testimony that supported a \$1,000-per-unit amount; (2) the jury's verdict altered the parties' bargaining power, giving NCS a stronger bargaining position; and (3) a recent license showed that the cost of obtaining a license to the '445 patent continues to increase.

Nine contested this increased award, first by including projected sales into the number of unit sales, thus lowering the per-unit award to \$750.62. It contested any reliance on the \$800-per-unit amount based on its round amount, considering "juries are not required to award round numbers per-unit." Nine objected to NCS's arguments for two more reasons: (1) NCS's calculations did not consider "the infringer's likelihood of success on appeal," and (2) the recent license NCS used as evidence of increasing cost was excluded at trial.

The Court found NCS was entitled to the increased amount of \$1,000 per unit. First, the Court was not convinced by Nine's calculation of \$750.62, "especially when considering the math required to get to that number," so it found NCS was entitled to at least \$800 per unit. Then, while agreeing with Nine that NCS should not rely on the recent license, the Court still found that NCS presented sufficient evidence at trial that it was entitled to \$1,000 per unit, and that the jury verdict in NCS's favor did increase NCS's bargaining power.

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