

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

OMEGA PATENTS, LLC,

Plaintiff,

v.

Case No: 6:13-cv-1950-Orl-40DCI

CALAMP CORP.,

Defendant.

ORDER

This cause is before the Court on the following:

1. Plaintiff's Motion for Entry of Final Judgment, Including Entitlement to Attorneys' Fees, Enhanced Damages, and Entry of a Permanent Injunction (Doc. 148), filed March 9, 2016;
2. Plaintiff's Renewed Motion to Award Prejudgment Interest (Doc. 154) filed March 18, 2016;
3. Defendant's Response in Opposition to Plaintiff's Renewed Motion to Award Prejudgment Interest (Doc. 166), filed April 4, 2016;
4. Defendant's Opposition to Plaintiff's Motion for Entry of Final Judgment, Including Entitlement to Attorneys' Fees, Enhanced Damages, and Entry of a Permanent Injunction (Docs. 169, 170), filed April 11, 2016;
5. Plaintiff's Notice of Filing Declarations (Doc. 187), filed April 28, 2016;
6. Defendant's Notice of Filing Responsive Declarations (Doc. 188), filed April 29, 2016;

7. Defendant's Notice of Supplemental Authority regarding Response in Opposition to Plaintiff's Motion for Entry of Final Judgment (Doc. 192), filed May 17, 2016;
8. Defendant's Notice of Grant of Reexamination of '885 Patent (Doc. 193), filed June 6, 2016;
9. Plaintiff's Notice of Supplemental Authority (Doc. 194), filed June 13, 2016;
10. Defendant's Response to Plaintiff's Notice of Supplemental Authority (Doc. 195), filed June 14, 2016;
11. Plaintiff's Response to Defendant's Notice of Supplemental Authority at Docket Number 192 (Doc. 198), filed July 19, 2016;
12. Defendant's Reply to Plaintiff's Response to Notice of Supplemental Authority (Doc. 199), filed July 22, 2016;
13. Defendant's Notice of Grant of Supplemental Authority (Patent Office Action) (Docs. 200, 201), filed August 30, 2016; and
14. Defendant's Notice of Supplemental Authority (Patent Office Action) (Doc. 202), filed September 19, 2016.

Upon due consideration, and after reviewing the pleadings and the transcript of the trial (Doc. 178–184) and the transcript of the post-trial motion's hearing (Doc. 196), Plaintiff's Motions for Entry of Final Judgement, Enhanced Damages, and Reasonable Attorneys' Fees are granted, and Plaintiff's motions for Permanent Injunction is denied.

I. BACKGROUND

Omega Patents, LLC ("Omega") brought the instant action against CalAmp Corp. ("CalAmp") and contends that CalAmp infringed the claims of U.S. Patent No. 6,346,876

(“the ‘876 Patent”)¹, U.S. Patent No. 6,756,885 (“the ‘885 Patent”)², U.S. Patent No. 7,671,727 (“the ‘727 Patent”)³, and U.S. Patent No. 8,032,278 (“the ‘278 Patent”)⁴ (collectively, the “patents-in-suit”).⁵ (Doc. 1). The trial of this matter commenced on February 16, 2016, and concluding on February 24, 2016, (Doc. 178–184), with the jury returning a verdict in favor of Omega in which they found that all of Omega’s asserted claims were valid and had been infringed upon by CalAmp’s accused devices: the LMU 3000, LMU 3030, LMU 3050, the V-Pod and the V-Pod 2. (Doc. 144, p. 1–6). The jury rejected the Defendant’s invalidity contentions and made three findings for Plaintiff on secondary considerations indicating nonobviousness. (*Id.* at pp. 7–9). Finally, the jury found Plaintiff had proven by clear and convincing evidence that CalAmp acted despite an objectively high likelihood that its actions infringed a valid patent and that this high likelihood of infringement was either known or so obvious that it should have been known to CalAmp. (*Id.* at pp. 9–10). The jury awarded damages in the amount of \$2,975.200. (*Id.* at p. 10).

Omega contends the Court should award reasonable attorneys’ fees pursuant to 35 U.S.C. § 285, enhanced damages pursuant to § 284, and a permanent injunction pursuant to § 283. (Doc. 148). CalAmp opposes the relief requested by Omega. (Doc. 169). The Court held oral argument on the post-trial motions on May 2, 2016. (Doc. 196).

¹ The jury found infringement of claims 1, 3, 4, 5, 12, 14, and 16. (Doc. 144, p. 2).

² The jury found infringement of claims 1, 2, 3, 12, and 14. (*Id.* at p. 3).

³ The jury found infringement of claims 1, 10, and 11. (*Id.* at p. 4).

⁴ The jury found infringement of claims 1–6, 8, 11–16, 18–19, and 21. (*Id.* at pp. 5–6).

⁵ The patents-in-suit relate to control systems for vehicles with a “data communication bus.” The term “data communication bus” has been previously construed by the Court to mean “wired connection for communication of digital messages among vehicle devices, with each message including one or more device addresses.” (Doc. 50, p. 25).

The parties subsequently submitted numerous pleadings consisting of supplemental authority and notices of *ex parte* reexamination by The Patent Office of the ‘278 patent, the ‘885 patent, and the ‘876 patent. (Docs. 198–202).

II. STANDARD

A. Enhanced Damages

When this litigation proceeded to trial, the issue of enhanced damages was governed by the two-step inquiry announced by the Federal Circuit in *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (*en banc*). Following oral argument on Omega’s motion for enhanced damages, the United States Supreme Court decided *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923 (2016). The Court in *Halo* rejects the *Seagate* two-part test for determining when a district court may increase damages pursuant to 35 U.S.C. § 284 as being inconsistent with the plain language of the statute. *Halo*, 136 S. Ct. at 1928. Following a historical exegesis of enhanced damages under the Patent Act, the Court concluded that “although there is ‘no precise rule or formula’ for awarding damages under § 284, a district court’s ‘discretion should be exercised in light of the considerations’ underlying the grant of that discretion.” *Halo*, 136 S. Ct. at 1932 (quoting *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014)).

The Court in *Halo* remarked that enhanced damages under patent law “should generally be reserved for egregious cases typified by willful misconduct.” *Halo*, 136 S. Ct. at 1934. The Court observed that “[t]he sort of conduct warranting enhanced damages has been variously described in our cases as willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate.” *Halo*,

136 S. Ct. at 1932. The Court rejected the heightened standard of proof provided for by the Federal Circuit in *Seagate* in favor of a preponderance of the evidence standard. *Halo*, 136 S. Ct. at 1934. The type of culpability that supports an award of enhanced damages is “measured against the knowledge of the actor at the time of the challenged conduct.” *Halo*, 136 S. Ct. at 1933.⁶ Once a jury determines that an infringer “is guilty of conduct upon which increased damages may be based [,] … the court then determines, exercising its sound discretion, whether, and to what extent, to increase the damages award given the totality of the circumstances.” *Jurgens v. CBK, Ltd.*, 80 F.3d 1566, 1570 (Fed. Cir. 1996). While a finding of willful infringement does not mandate the imposition of enhanced damages, once the finding is made “the court must explain its reasons for declining to award enhanced damages.” *Carnegie Mellon Univ. v. Marvell Tech. Group, Ltd.*, No. CIV.A. 09-290, 2014 WL 1320154, at *9 (W.D. Pa. Mar. 31, 2014), *rev'd in part on other grounds*, 807 F.3d 1283 (Fed. Cir. 2015).

B. Attorney’s Fees

The Supreme Court in *Octane Fitness* rejected the “more rigid and mechanical formulation” for determining when the district court may award reasonable attorney fees to the prevailing party in favor of the plain statutory text of § 285, which provides “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.” 35 U.S.C. § 285; *Octane Fitness*, 134 S. Ct. at 1755. An exceptional case is “simply one that stands out from others with respect to the substantive strength of a party’s litigating

⁶ The Court in *Halo* criticized, in pertinent part, the second prong of the *Seagate* test which allowed an infringer to escape enhanced damages by mustering a defense of invalidity or noninfringement at trial “even if [the infringer] did not act on the basis of the defense or was even aware of it.” *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1933 (2016).

position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.” *Octane Fitness*, 134 S. Ct. at 1756. The district court applies the preponderance of the evidence standard and considers the totality of the circumstances. The district court may consider a number of factors in determining whether to award fees, including: (1) whether the infringer deliberately copied the invention; (2) whether the infringer had a good faith basis for believing it did not infringe or that the patent was invalid; (3) the closeness of the case; (4) conduct of the party in litigation; (5) defendant’s relative size and financial condition; (6) the duration of the infringement; (7) remedial action by the defendant; (8) defendant’s motivation for harm, and (9) whether defendant attempted to conceal its misconduct. *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 827 (Fed. Cir. 1992).⁷

C. Permanent Injunction

The Supreme Court in *eBay Inc. v. MercExchange, L.L.C.*, 126 S. Ct. 1837, 1839 (2006), held that to obtain an injunction a party “must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.” The Federal Circuit subsequently held that *eBay* eliminates a presumption of irreparable injury to the patent holder after a judgment of infringement and of no invalidity is returned. *Robert Bosch LLC v. Pylon Mfg. Corp.*, 659 F.3d 1142, 1149 (Fed. Cir. 2011). Moreover, there must be a

⁷ The *Read* factors are equally applicable to the assessment of enhanced damages.

causal nexus between the irreparable injury and the patent infringement. *Apple Inc. v. Samsung Elecs. Co.*, 735 F.3d 1352, 1360 (Fed. Cir. 2013).

III. DISCUSSION

Mr. Flick, the inventor of the four patents at issue, met with representatives of CalAmp, including Mr. Gallin Chen, in 2009 at a trade show to discuss Omega's belief that CalAmp was infringing certain patents. (Doc. 179, 76:10-18). During this initial meeting, Mr. Chen expressed his view that the Omega patents were invalid, but he nonetheless requested a draft license agreement. (*Id.* at 78:1-11). Omega complied and sent CalAmp a license agreement that CalAmp rejected shortly thereafter, resulting in Omega filing suit against CalAmp on December 15, 2009.⁸ (*Id.*). Once litigation had commenced, Mr. Chen agreed to meet with Mr. Flick again at a trade show scheduled for January 2010. (*Id.* at 81:14-18). During the ensuing conversation, Mr. Chen represented to Omega that CalAmp did not program their products and any alleged infringement was caused by the end-user who programs the CalAmp devices. (*Id.* at 81:24– 82:13). Based upon this representation Mr. Flick stayed the litigation against CalAmp and sued two end users: Numerex and Sky Patrol. (*Id.*). Numerex quickly settled with Omega and entered into a licensing agreement. (*Id.* at 82:14-23). Sky Patrol, however, revealed that, contrary to Mr. Chen's representation, CalAmp was responsible for programming their offending devices.⁹ (*Id.* at 83:11–84:12). CalAmp subsequently settled with Omega and agreed to pay a royalty. (*Id.* at 84:13-21; Pl.'s Ex. 45).

⁸ The lawsuit filed by Omega in 2009 pertained to patents other than those at issue in the instant litigation.

⁹ The deposition of CalAmp engineer, Peter Hergesheimer, was played at trial, and Mr. Hergesheimer acknowledged that CalAmp programs LMUs for approximately 75% of their customers, contradicting Mr. Chen's claim that CalAmp sold a black box. Mr.

Against this backdrop, CalAmp introduced the accused devices in late 2011 or early 2012. (Doc. 182, 53:2-5). Prior to introducing the accused products, CalAmp's counsel, Mr. David Bailey, reviewed a number of patents held by the Plaintiff, including the '885 and '727 patents at issue in this litigation. (Pl.'s Ex. 39). At the same time counsel for Omega and for CalAmp engaged in discussions concerning Omega's "extensive patent portfolio" in the area of databus applications.¹⁰ (Pl.'s Ex. 34). It is, therefore, beyond dispute that CalAmp was fully aware of the Omega patents prior to introducing the accused products into the market.

Mr. Chen admitted on cross-examination that the LMUs and V-Pod and V-Pod2 were introduced as a direct result of consumer demand. (Doc. 182, 142:11-24). Mr. Chen explained that the LMUs connect to the vehicle data bus and read data from the bus. (*Id.* at 54:8-14). According to Mr. Chen, the LMU has a transmitter and a receiver, can read data from the vehicle data bus, can query a vehicle device for data, and can store the data received in response to the query. (*Id.* at 129:1-21). The '727 patent held by Omega, for example, claims a speed exceeded notification device for a vehicle comprising a "vehicle data communications bus" and "at least one vehicle device generating data related to vehicle speed on the" bus which determines when a vehicle's speed has exceeded a set threshold. (Joint Ex. 4, column 7, lines 4-17).

In an attempt to distinguish the LMU devices from the '727 patent, Mr. Chen testified that the LMU speed data is derived from the GPS module and not from the vehicle

Hergesheimer also testified that software is loaded on the LMU online, because that is more cost effective than loading it at the time of manufacture.

¹⁰ CalAmp engineer, Peter Hergesheimer, testified at trial via deposition that he did not design around the Omega patents.

bus.¹¹ (Doc. 182, 133:13-21). He added that the LMU has the capacity to read speed from the bus, but CalAmp does not allow this because speed data generated from GPS is more accurate. (*Id.*). However, Mr. Jerry Eidberger, a CalAmp field application engineer, testified via deposition that a substantial percentage of customers do in fact have the LMU programmed by CalAmp to read the speed from the bus. Additionally, CalAmp responded to Omega's First Set of Interrogatories, wherein Omega asks CalAmp to "identify all customers for whom CalAmp has loaded scripts for geofencing or speed alerts into an Accused Product" by providing a long list of customers for whom CalAmp has loaded scripts related to speed alerts, noting that "some scripts do not cause a speed exceeded notification." (Pl.'s Ex. 16). CalAmp's acknowledgement that some scripts do not cause a speed exceeded notification means that other scripts do provide the speed exceeded notification from the vehicle bus as opposed to the GPS. Mr. Chen's testimony wherein he flatly denies the LMU reads vehicle speed from the bus is clearly contradicted by CalAmp's interrogatory answers.

Mr. Andrews, CalAmp's retained expert, echoed this misrepresentation when he testified that the CalAmp devices obtain speed data from the internal GPS sensor as opposed to obtaining speed from the bus. (Doc. 182, 248:3-5; 249:1-5). On cross-examination, Mr. Andrews admitted that if the LMU is programmed to read speed from the data bus and make the threshold determination that the speed has been exceeded, the accused device infringes the '727 patent. (Doc. 183, 172:19-22). Either Mr. Andrews ignored CalAmp's answers to Omega's interrogatories in reaching his opinion that the

¹¹ The '727 patent indicates that it is an object of the invention "to provide a speed exceeded notification device which may be readily used in a vehicle including a data communications bus and related methods." (Joint Ex. 4, column 2, lines 38-40).

accused products do not infringe the '727 patent because speed is derived via GPS, or CalAmp withheld this information from its expert in order to obtain a non-infringement opinion. Either way, the testimony of Mr. Chen and Mr. Andrews provide substantial support for the jury's finding of willful infringement of the '727 patent, and this Court concurs in the jury's finding of willful infringement.

Further indicia of willful infringement by CalAmp is found in an e-mail sent by Mr. Chen to outside patent counsel, Mr. David Bailey¹², and senior vice president for corporate development, Mr. Garo Sarkissian. (Doc. 182, 112:13-19). On July 30, 2013, eight months after Omega instituted this lawsuit, Mr. Chen wrote to Messrs, Bailey, and Sarkissian and asked them to look at the '278 patent. (Pl.'s Ex. 48). Referring to claim 13 of the '278 patent, Mr. Chen wrote: "13 may relate to how we program a unit at the factory so it may be harder to avoid." (*Id.*). The '278 patent has as an object of the invention to "provide a multi-vehicle compatible tracking unit which may be used to control operable vehicle devices, and/or read information therefrom via the vehicle data communications bus." (Joint Ex. 5, column 2, lines 46-49). Clearly, Mr. Chen was concerned as late as July 30, 2013, that the accused devices infringe claim 13 of the '278 patent, as the jury ultimately found. His admission in this e-mail that the units are programmed at the CalAmp factory is further evidence that his trial testimony describing the LMU as a black box, programmed by the end-user, was false.

In the same e-mail, Mr. Chen predicts what will ultimately become a defense theory advanced at trial, when he writes: the '727 patent "can be avoided by using GPS speed,

¹² Mr. Bailey is an attorney practicing in the same firm as trial defense counsel. (Doc. 182, 144:20-25).

not vehicle bus received speed, for speeding alerts.” (Joint Ex. 5). It is difficult to ascribe a good faith basis for persisting at trial on the theory that the LMU determines speed from the GPS, as opposed to obtaining the data from the bus, when CalAmp’s supplemental response to Omega’s interrogatory, in which CalAmp admits to loading scripts for speed exceeded notification, was filed March 6, 2015—more two years after Mr. Chen suggested to his counsel and his colleague that using GPS speed will allow CalAmp to avoid the ‘727 patent. This email is consistent with an attempt to create a plausible defense at trial, perhaps in anticipation of the then-available *Seagate* enhanced damages analysis.¹³ That Mr. Chen continued to advance the GPS theory at trial and in view of CalAmp’s interrogatory answer demonstrates willful copying of Omega’s invention.

In an attempt to satisfy the *Seagate* two-part test at trial, Mr. Chen testified that prior to launching the accused devices, CalAmp investigated the vehicle data bus market. (Doc. 182, 55:21-24). Mr. Sarkissian directed Mr. Chen to search for prior art, resulting in Mr. Chen reviewing over 300 patents. (*Id.* at 57:12–58:2). Mr. Chen also stated that in late 2010, Mr. Sarkissian, Mr. Steven Moran (CalAmp’s general counsel), and he had received verbal opinions from Mr. Bailey that the accused products did not infringe existing patents. (*Id.* at 114:7-25; 117:7-12). Mr. Chen stated that he did not request Mr. Bailey to memorialize these oral opinions in writing until after the lawsuit was commenced by Omega. (*Id.* at 145:1-3). The defense marked for identification exhibits 71–74, which are opinion letters written by Mr. Baily as to each patent-in-suit, and each opinion letter is

¹³ The Supreme Court in *Halo* disapproved of the *Seagate* test in part because it allowed an infringer to “escape any comeuppance under § 284 solely on the strength of his attorney’s ingenuity.” *Halo*, 136 S. Ct. at 1933. Hence, opinion letters issued after-the-fact shed little light upon the infringer’s culpability which must be “measured against the knowledge of the actor *at the time* of the challenged conduct.” *Id.* [emphasis added].

dated June 27, 2014.¹⁴ (Def.’s Exs. 71–74). However, it is curious—assuming Mr. Bailey had vetted the accused products against existing patents back in 2010—that in July 2013 Mr. Chen highlighted the difficulty of avoiding claim 13 of the ‘278 patent and suggested that the ‘727 patent can be avoided by focusing upon GPS speed determination. If, in fact, counsel had vetted the accused devices and the Omega patents three years earlier, there is no reason for Mr. Chen to suggest a noninfringement theory to his counsel, nor is there any reason for Mr. Chen to be concerned over claim 13 of the ‘278 patent. The Court does not find the testimony of Mr. Chen or of Mr. Bailey credible on the issue of whether counsel had rendered legal opinions prior to the launch of the accused products in which he opined the accused products do not offend any patent held by Omega. Mr. Chen’s credibility is undermined by other evidence presented at trial¹⁵, and it is incomprehensible that counsel would refrain from issuing a written opinion of noninfringement or invalidity to his client at or near the time that CalAmp launched the accused products. No reasonable explanation for this highly unusual practice was offered by CalAmp or Mr. Bailey.

¹⁴ The Court sustained Omega’s objection to the admissibility of Mr. Bailey’s opinion letters on the grounds that the letters—offered during Mr. Chen’s testimony—constitute hearsay, and the letters confer expert testimony which was not properly disclosed by the Defense. However, the Court has considered the four opinion letters for purposes of the enhanced damages analysis. The Court is unaware of the substance of the verbal opinions allegedly offered by Mr. Bailey in 2010 prior to the launch of the accused products.

¹⁵ Mr. Chen testified via deposition that he removed information from the CalAmp website regarding the LMU devices to make it more difficult for Omega to identify infringement. (Pl.’s Ex. 48) (“We don’t want to make it easy for Omega to build their infringement case by just looking at the datasheets on our website. . . . the bigger hole is LMU 3000; it’s launched, mature and broadly integrated by multiple partners. We can bury (i.e. omit) the LMU3030 for now on open website.”).

The Court next considers whether this was a “close case” and whether CalAmp held a good faith belief the patents were not infringed or were invalid. CalAmp and their expert, Mr. Andrews, note that the Omega patents require the performance of a control function. (Doc. 182, p. 177:7-15; Doc. 195, p. 3). At trial Mr. Andrews defined “control function” as “a message on the bus that is going to control a device exhibiting a physical change in the device or the system.” (Doc. 182, 177:7-15). The notion that control function envisions a physical change is critical to the Defendant’s noninfringement arguments. Based upon the Court’s review of Mr. Andrew’s initial expert report, (Def.’s Ex. 38), this definition of control function does not appear in his original expert report. Mr. Andrews acknowledged on cross-examination that he did not apply the physical change qualifier to control function in his deposition. (Doc. 183, 103:10-14). Mr. Andrews explained that he had misspoken in his deposition when he failed to describe control function as requiring a physical change in the device or the system. (*Id.*). Mr. Andrews did, however, include in his rebuttal report the definition of control function as having the ability to enable a physical change in a device of the system; for example, locking a door, starting the engine, or turning on a light.” (Def.’s Ex. 47, pp. 11–12). The crux of the non-infringement defense is that the LMU merely sends a “query for data” and does not control a vehicle device. (Doc. 182, p. 177:20-22). Because the LMU does not control a vehicle device, Mr. Andrews argues the accused products cannot satisfy the multi-vehicle compatible controller claim in the patents. (*Id.* at 238:9-12; 238:25–239:6; 239:14–240:6). Accordingly, Mr. Andrews’ definition of control function as mandating a physical change precludes one from finding for Plaintiff Omega.

In order for Mr. Andrews' non-infringement argument to prevail, one must accept his opinion that the LMU is a passive device that uses the bus to request and receive data, but which does not "perform one or more control functions" with respect to the vehicle device. (Def.'s Ex. 47, p. 12; Doc. 182, 240:9-11). The difficulty lies in finding a basis for Mr. Andrews' interpretation of "control function." The Court construed the claim term "controller" to mean "electronic circuitry that performs one or more control functions." (Doc. 50, p. 24). The claim term "multi-vehicle compatible controller" was construed by the Court to mean "electronic circuitry that performs one or more control functions, and can operate with more than one vehicle." (*Id.*). The Court did not construe the term control function. CalAmp urged the Court to construe "function" as "[a]n operation of a vehicle device, such as remote starting the engine, remotely unlocking the vehicle doors, or changing the mode of a security system between armed and disarmed." (*Id.* at 18). But the Court observed: "The patent states the invention may be embodied in many different forms and should not be construed as limited to the illustrated embodiments set forth herein." (*Id.* at 18) (internal quotation marks and citations omitted). Accordingly, Mr. Andrews' interpretation of "control function" is not based upon the Court's claim construction. Similarly, nothing in any specification of the four patents-in-suit support Mr. Andrews' definition of "control function." (Joint Ex. 1-4; Doc. 183, 117:8-11; 118:1-6).

Mr. Andrews acknowledged that the microprocessor in the LMUs and the V-Pods sends a signal along the bus to the ECU and requests a response. (Doc. 183, 114:17–115:6). Omega's counsel engaged Mr. Andrews in the following colloquy:

Q: Let's say the ECU responds with the device code signal—that would be controlling the ECU, wouldn't it?

A: You're asking it for information. It's providing it back, yes.

Q: So that's a yes?

A: Okay.

(*Id.* at 118:9-24)

Q: And would you also agree with me ... that sending a signal and getting a response could be a control function?

A: Yes.

(*Id.* at 120:5-20)

Mr. Andrews admits that when the LMU seeks information from the ECU, the ECU must respond via the bus; however, he contends this is not a control function. (*Id.* at 143:1-6). Mr. Andrews argues that “one with ordinary skill in the art, in the automotive industry in telematics, would understand the difference between a command and a query.” (*Id.* at 116:7-10). It is Mr. Andrews’ contention that a command—or as he would call it a query—by the LMU that produces a mandatory response by the ECU does not meet the definition of controller and control function. The Defendant’s attempt to cast a mandatory response to a query as a passive act that falls short of a control function is unsupported by the record and was conspicuously absent from Mr. Andrews’ initial expert report. The emergence of this opinion late in the litigation is highly suspect, particularly when one considers that Mr. Andrews’ also opined that the LMU cannot infringe the ‘727 patent because the LMU only generates speed data from the GPS—which is clearly contradicted by CalAmp’s response to Omega’s interrogatories.

Mr. Andrews and counsel for CalAmp presented other non-infringement arguments at trial. However, the Court finds that these additional grounds—all of which were rejected by the jury—do not, giving the totality of the circumstances, mitigate against an award of enhanced damages and reasonable attorneys’ fees. For example, Mr.

Andrews took issue with whether signals were stored on the accused devices as required by the '885 patent. (Doc. 183, 122:6-9). However, on cross-examination, Mr. Andrews agreed that the LMU sends out signals and the ECU sends a response, “[a]nd those signals are stored on the controller.” (*Id.* at 123:7–124:9). Mr. Andrews admits the signals are stored on the LMU until the device is unplugged and re-plugged at which time it starts over. (*Id.* at 125:5-9). In fact, Mr. Andrews agrees the LMU is intended to be used in a manner that would store the CAN data and can be used in multiple vehicles. (*Id.* at 162:6-13).

CalAmp also presented invalidity defenses by identifying prior art that, when considered with SAE standards, rendered the patents obvious. In supplemental filings by the parties, the Court has been made aware that CalAmp sought *ex parte* reexamination of three of the patents-in-issue. The United States Patent and Trademark Office (“USPTO”) has reexamined the '278 patent¹⁶, (Doc. 192); the '885 patent¹⁷, (Doc. 193), and the '876 patent¹⁸, (Doc. 201). The USPTO rejected the pertinent claims of these three patents. While the USPTO issued Office Actions in *Ex Parte Reexamination* of the '278, '885, and '876 patents and rejected the relevant claims of these patents, the finding by the USPTO does not have preclusive effect as to the verdict rendered by the jury in the instant litigation unless the final USPTO decision is affirmed by the Federal Circuit before the jury’s verdict become final. *Fresenius USA, Inc. v. Baxter Inter., Inc.*, 721 F.3d 1330,

¹⁶ Omega’s response, including declarations from Mr. Suman, (Doc. 198-2), whose patent is being considered by the examiner as prior art, and Mr. McAlexander, (Doc. 198-3), demonstrates that the examination of '278 remains in a state of flux. (Doc. 198).

¹⁷ The USPTO rejected every claim of the '885 patent on anticipation and obviousness grounds. (Doc. 202, p. 1).

¹⁸ The USPTO rejected every claim of the '876 patent on anticipation and obviousness grounds. (Doc. 201, p. 2).

1346 (Fed. Cri. 2017). Accordingly, the Court is not bound by the examiner's non-final conclusions when determining whether the jury's verdict is supported by substantial evidence.

The Court recognizes that CalAmp does not suggest in their notices of supplemental authority that the non-final action of the PTO is outcome determinative. Rather, CalAmp cites to the examiner's findings to support the reasonableness of their reliance upon invalidity as a defense. The Court rejects CalAmp's position for a number of reasons. CalAmp's expert, Mr. Andrews, combined certain prior art, such as the Braitberg '497 patent, (Def. Ex. 10), with the Society of Automotive Engineers ("SAE") standard J1978, to predict the Omega '876 patent. (Doc. 182, 173:14–175:23; 178:8-15; 180:22–181:19). Mr. Andrews testified that "one of ordinary skill in the art [would] look to J1978 to determine how to connect the bus." (*Id.* at 184:13–18). However, Mr. Andrews, despite numerous questions posed on cross-examination, failed to articulate the motive for one of ordinary skill in the art to combine these references.¹⁹ The best Mr. Andrews could do in suggesting a motive to combine J1978 with Braitberg is that scan tools were being used at the relevant time; hence, one would know to combine SAE J1978 with Braitberg to make a device multi-vehicle compatible.²⁰ (Doc. 183, 149:21–150:3). Mr. Andrews applied the Braitberg reference to the '876 and '885 patents, (Doc. 182, p. 198:1-

¹⁹ "A party seeking to invalidate a patent on the basis of obviousness must demonstrate by clear and convincing evidence that a skilled artisan would have been motivated to combine the teachings of the prior art references to achieve the claimed invention, and that the skilled artisan would have had a reasonable expectation of success in doing so." *Kinetic Concepts, Inc. v. Smith & Nephew, Inc.*, 688 F.3d 1342, 1360 (Fed. Cir. 2012) (internal quotation marks omitted).

²⁰ Mr. Andrews admits that Braitberg does not provide multiple vehicle compatibility, a claim that is necessary to invalidate the Omega patents, so he adds SAE J1978. (Doc. 183, p. 130:6-10). Interestingly, Mr. Chen testified he was unaware of J1978.

20), and he applied J1978 to all four patents-in-suit. (*Id.* 250:1–270:19). The motive to combine prior art is critical to CalAmp’s invalidity defense, because Mr. Andrews could not find prior art that had all of the claims that Mr. Flick has in his patents. (*Id.* at 132:17–133:7). Mr. Andrews failed to provide more than a conclusory opinion that one of ordinary skill in the art at the relevant time would have known to look to SAE J1978 in combination with the various prior art references. In this regard, Mr. Andrews’ fails to assist the Defendant in carrying its burden of proof on invalidity.

In addition, the Court in *Halo* has eliminated the ability of an accused infringer to posit reasonable invalidity defenses which were not relied upon at the time the accused products were introduced into the market. *Halo*, 136 S. Ct. at 1933. Under *Seagate*, “the ability of the infringer to muster a reasonable (even though unsuccessful) defense at the infringement trial” was dispositive of the issue of enhanced damages. *Id.* Post-*Halo*, however, “culpability is generally measured against the knowledge of the actor at the time of the challenged conduct.” *Id.* There is no indication in the record that Mr. Andrews provided CalAmp his opinion on invalidity before the accused products went into production in 2011. While the opinion letters issued by Mr. Bailey as to the ‘885 patent refer to SAE J1978, J1979, (Def.’s Ex. 73), this letter was written in June 2014 long after infringement had begun. Thus, there is no record evidence that CalAmp had knowledge of the invalidity defense derived from the combination of prior art and SAE standards at the time of the challenged conduct.²¹ Since culpability is measured against the infringer’s

²¹ In fact, Mr. Chen filed for patent US 2010/0158211 on December 21, 2011, claiming “[s]ystems and methods in accordance with embodiments of the invention continuously collect information from vehicle devices via a vehicle data bus, store information in a database, and retrieve information from the database in response to requests from

knowledge at the time of the challenged conduct, the after-the-fact invalidity defense is of little merit in assessing enhanced damages.²²

The next *Read* factor directs the Court to consider the Defendant's size and financial condition. According to Omega's expert, Mr. Christian Tregillis, "CalAmp has sold over 245,000 units of the Accused Products, for over \$21.5 million from April 2011 through November 2014," (Pl.'s Ex. 65, p. 37), "earning over \$4.1 million in gross profits." (Pl.'s Ex. 65, p. 47). CalAmp is a publicly-traded corporation with over \$75 million dollars in earnings last year. (Pl.'s Ex. 65). While CalAmp argues that the accused products are low-margin products sold in an extremely competitive market, this misses the point. The overall financial health of the infringer is evaluated—not the net profit generated by the offending conduct—to "ensure that enhanced damages would not prejudice defendant's non-infringing business." *Powell v. Home Depot U.S.A., Inc.*, 715 F. Supp. 2d 1285, 1298 (S.D. Fla. May 28, 2010). The Defendant has the financial wherewithal to endure the sanction of enhanced damages and an award of reasonable attorneys' fees.

A closely related factor for the Court to consider is the duration of CalAmp's conduct. As previously discussed, CalAmp was well aware of Omega's patents since at least 2010. Rather than take a license, and choosing not to design around Omega's patents, CalAmp elected to sell infringing products and continues to do so to this day. CalAmp's motivation to engage in this behavior is obvious: their customers wanted this technology, and CalAmp wanted to provide it. Moreover, as previously discussed,

remote devices." (Pl.'s Ex. 14, Abstract). The patent issued June 21, 2012, and Mr. Chen did not disclose the prior art relied upon to invalidate Omega's similar patents.

²² Assuming CalAmp had knowledge of the invalidity defense at the relevant time, the Court would not reach a different conclusion, since the motive to combine the prior art with the SAE standards is deficient.

CalAmp attempted to conceal its infringement by misrepresenting to Omega that it only sold black boxes which were programmed by customers and by removing information from the CalAmp website to make discovery of infringement more difficult. These additional factors all weigh in favor of an award of enhanced damages and reasonable attorneys' fees.

Based upon the foregoing, the Court finds CalAmp willfully infringed the Omega patents-in-suit, further finding that the jury's finding of willful infringement is supported by substantial evidence. The Court independently reviewed the record evidence and finds an award of enhanced damages of threefold the actual damages and an award of reasonable attorneys' fees is supported by the evidence.²³

The Court turns now to Omega's request for a permanent injunction. Omega quotes Chief Justice Robert's concurring opinion in *eBay* wherein he remarks that from "at least the early 19th century, courts have granted injunctive relief upon a finding of infringement in the vast majority of patent cases." *eBay*, 126 S. Ct. at 1841. However, Justice Thomas speaking for the majority clarified that "the decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts, and that such discretion must be exercised consistent with traditional principles of equity, in patent disputes no less than in other cases governed by such standards." *Id.* As Justice Kennedy elaborates in his concurrence, "trial courts should bear in mind that in many instances the nature of the patent being enforced and the economic function of the patent holder

²³ The Court notes that even if the PTO's non-final action rejecting the relevant claims of the '885 and '876 patents are affirmed by the Federal Circuit, enhanced damages and reasonable attorneys' fees are appropriate for the willful infringement of the '727 and '278 patents—assuming the '278 patent survives reexamination.

present considerations quite unlike earlier cases.” *Id.* at 1842. Justice Kennedy cautions trial courts to use care in issuing permanent injunctions in the context of patent holders who primarily employ their patent to obtain licensing fees. *Id.* “When a patented invention is but a small component of the product the companies seek to produce and the threat of an injunction is employed simply for undue leverage in negotiations, legal damages may well be sufficient to compensate for infringement and an injunction may not serve the public interest.” *Id.*

Mr. Flick is a patent holder who presently generates revenue by licensing his patents; he no longer manufactures products. While Omega argues that it has maintained a restrictive licensing program of the patents-in-suit and has selectively licensed only a limited number of entities in the marketplace, (Doc. 148, p. 17), it is equally true that Omega was willing to license its patents to CalAmp. While Mr. Flick testified that Omega requires most licensees to transfer rights of improvements to Omega in order to strengthen its patents, it is clear that Omega does not require every licensee to agree to this term. In fact, the License Agreement entered into between Omega and CalAmp in relation to the products sold to SKYPATROL does not provide for assignment of improvements to Omega. (Pl.’s Ex. 88).

While cognizant of Omega’s contention that a compulsory licensing agreement does not make Omega whole, and recognizing the Court need not balance the hardships in cases of willful infringement²⁴, the Court finds that monetary damages are adequate to compensate Omega for the injury sustained by CalAmp’s infringement. Moreover, as

²⁴ *United States v. Marine Shale Processors*, 81 F.3d 1329, 1358 (5th Cir. 1996); see also *Windsurfing Int’l v. AMF, Inc.*, 782 F.2d 995, 1003 (Fed. Cir. 1986).

indicated by the declaration of Mr. Michael Zachan, CalAmp's Senior Vice President, a number of public safety, local government, and utility providers would be placed at a considerable disadvantage in the execution of their important duties if a permanent injunction issues. The Court agrees with Omega that the logistic and financial turmoil that befalls CalAmp should an injunction be ordered is of their own design. However, the collateral impact upon important public safety functions weighs against a permanent injunction.

For the foregoing reasons, the Court denies Omega's request for a permanent injunction, finding that the payment of customary licensing fees to Omega is adequate to protect the interests of Omega.

IV. CONCLUSION

For the aforementioned reasons, it is **ORDERED AND ADJUDGED** as follows:

1. Plaintiff Omega Patents, LLC's Motion for Entry of Final Judgement (Doc. 148) is **GRANTED**.
2. Plaintiff Omega Patents, LLC's Renewed Motion to Award Prejudgment Interest (Doc. 154) is **GRANTED**.
3. Plaintiff Omega Patents, LLC's Motion for Enhanced Damages (Doc. 148) is **GRANTED** and Plaintiff is awarded treble damages in the amount of eight million, nine hundred and twenty-five thousand and six hundred dollars (\$8,925,600).
4. Plaintiff Omega Patents, LLC's Motion for Entitlement to Reasonable Attorneys' Fees (Doc. 148) is **GRANTED**.

5. Plaintiff Omega Patents, LLC's Motion for Entry of a Permanent Injunction (Doc. 148) is **DENIED**.

DONE AND ORDERED in Orlando, Florida, on April 5, 2017.

Copies furnished to:

Counsel of Record
Unrepresented Parties