

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

NOVOZYMES A/S and NOVOZYMES
NORTH AMERICA, INC.,

Plaintiffs,

v.

DANISCO A/S, GENENCOR
INTERNATIONAL WISCONSIN,
INC., DANISCO US INC. and
DANISCO USA INC.,

Defendants.

ORDER

10-cv-251-bbc

A number of motions in limine are before the court before the start of the damages phase of trial. The parties have argued the motions and submitted supplemental briefs.

A. Defendants' Work on '026 Patent

The question is whether defendants may put in evidence of their work on their '026 patent in support of both the objective and subjective prongs of the willfulness showing. They argue that they should be able to do so because (1) the evidence shows proof that plaintiffs' '663 patent application did not put the world on notice that Novozymes had

invented a single substitution at position 239 of the BSG alpha-amylase and (2) it demonstrates that defendants did not try to hide the '663 application, because it listed it as prior art in the application that became the '026 patent.

This argument has some surface appeal, but it fades upon a closer review. The issue of willfulness goes only to defendants' actions *after* the issuance of the '726 patent in issue. What defendants' scientists did before then is irrelevant, as are any beliefs they held about whether a single glutamine substitution at position 239 was distinct from the invention disclosed in the '663 application. They were not qualified to make a decision about the legal implications of their beliefs. Those decisions could be made only by the company executives and their legal advisers and defendants are barred from putting in evidence of those decisions or the bases for them, because they have never disclosed the information to plaintiffs, as is their right. Having chosen to assert that right, defendants may not rely on any of the information to support their arguments.

On this issue it is worth noting that at the hearing, defendants' counsel noted repeatedly that plaintiffs had questioned 30(b)(6) witness Victoria Brewster for more than seven hours "about everything." Tr. trans. at 6-B-29. However, plaintiffs maintain that Brewster claimed the attorney-client privilege in response to questions about the decision to continue marketing the infringing products. Defendants do not deny that she took this position.

Because the scientific work on the '026 patent is irrelevant to the question of willfulness, I will grant plaintiffs' motion to exclude the testimony of Sandra Ramer regarding defendants' subjective beliefs relating to willful infringement, dkt. #769. As I have explained, as qualified as she is to speak about scientific matters, she is not in a position to speak about defendants' subjective beliefs about the legality of continuing to market their products after the '723 patent issued. Defendants have not suggested that she would know anything about the marketing decisions made by the company or the bases for these decisions.

One last point. Because the issuance of the '026 patent will not be the subject of any testimony by either Ramer or any company representatives and because it is irrelevant to anything remaining in issue whether defendants have their own valid patent, the parties are not to refer to the '026 patent in this phase of the trial.

B. Apportionment of Damages

Defendants contend that the work their scientists did on identifying the alpha-amylase variant at position 239 added value to the '726 patent and should be taken into consideration by the jury in determining plaintiffs' lost profits. In other words, the damages should be apportioned to reflect the added value they provided.

Again, this is an issue with some surface appeal that does not hold up to close

examination. This is not a case in which an extra feature adds value to a larger component; the '723 patent incorporates the entire invention, which is the GC358 starch hydrolyzing alpha-amylase variant. Westinghouse Electric & Manufacturing Co. v. Wagner Electric & Manufacturing Co., 225 U.S. 604 (1912), does not require a different outcome. The Supreme Court recognized in that case that a patent holder is entitled to all of the infringer's profits unless his patent created only a part of those profits. Those are not the facts in this case, in which the '723 patent claims the entirety of the invention: the S239 Q substitution in the GC358 alpha-amylase variant. The entire value of defendants' infringing sales of Spezyme Alpha derives from this invention; therefore plaintiffs are entitled to the full amount of whatever lost profits they are able to prove.

C. Collateral Products

The parties dispute plaintiffs' entitlement to damages in the form of lost profits from sales that they did not make of collateral products because defendants were selling the infringing Spezyme Alpha products. The only issue at this stage is whether plaintiffs are allowed to seek such damages. Rite-Hite Corp. v. Kelley Co., Inc., 56 F.3d 1538 (Fed. Cir. 1995), makes it clear that they are. Id. at 1548-49 (finding no "justification in the statute, precedent, policy, or logic to limit the compensability of lost sales of a patentee's device that directly competes with the infringing device if it is proven that those lost sales were caused

in fact by the infringement”).

ORDER

IT IS ORDERED that

1. Plaintiffs’ motion to preclude Dr. Sandra Ramer from testifying at this phase of the trial is GRANTED;

2. Defendants are precluded from making any reference to the ‘026 patent or to their work on it;

3. Defendants may not argue that plaintiffs’ lost sales should be apportioned to reflect defendants’ contribution to the value of the patent; and

4. Plaintiffs are entitled to seek damages in the form of lost profits from sales of collateral products even though they do not market a product that incorporates the invention in the ‘723 patent.

Entered this 25th day of October, 2011.

BY THE COURT:

/s/

BARBARA B. CRABB

District Judge