



Archetype IP

Federal Circuit Friday

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On April 28, the Federal Circuit decided *Nichia Corp. v. Everlight Americas, Inc. et al.*, a case involving, among other things, claim interpretation where a claim term or phrase is not used in the specification and the effect of a patent owner's licensing on entitlement to a permanent injunction.

Claim Interpretation

The claims described the relationship between an electrical lead and a surface of a resin using the term “planar” while the specification described the relationship in terms of the two structures being “in a substantially same plane.” Everlight argued that the difference between the claim language and the specification language indicated that there was a difference in meaning, such that the claim required that there be “no measurable surface variation” between the lead and the resin surface. The district court disagreed and construed “planar” to have the same meaning as “in a substantially same plane.”

The Federal Circuit *affirmed*, acknowledging that “in some patents, a distinction between terms may imply a difference in meaning” but declining to adopt hard-and-fast rule that “if different words are used in the claim and specification, then we must read that distinction as an intended difference.”

Effect of Licensing on Injunction

Although the district court found that Everlight infringed Nichia's patents, it declined to grant a permanent injunction because Nichia failed to demonstrate that Everlight's infringement had caused, and would continue to cause, irreparable harm. The district court cited, among other things, Nichia's prior licensing of the patent, which it viewed as suggesting lack of irreparable harm.

The Federal Circuit *affirmed*, finding that although “evidence of licensing activities cannot establish a lack of irreparable harm per se, that evidence can carry weight in the irreparable-harm inquiry.” The Federal Circuit explained that the fact of prior licensing, the identity of the licensee, and the effect of the license on the market were relevant considerations, and that Nichia's licensing of “significant competitors” who posed “major threats” to Nichia's flagship products and the effect of those licenses in making available “multiple low-priced non-infringing alternatives” supporting the finding of lack of irreparable harm.

In sum:

- Licensing does not per se preclude irreparable harm.
- The nature of the licenses, the identity of the licensees, and the effect of the licenses on the market all affect whether there is irreparable harm and provide potentially fact-intensive bases for advocacy on both sides.