

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

DEPUY SYNTHES PRODUCTS, LLC, :

Plaintiff, :

v. :

GLOBUS MEDICAL, INC., :

Defendant. :

C.A. No. 11-652-LPS

REDACTED - PUBLIC VERSION

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MEMORANDUM OPINION

March 25, 2014
Wilmington, Delaware.

Levin P. Stark

STARK, U.S. District Judge:

The Court held a ten-day jury trial in this patent infringement action in June 2013. At the conclusion of the trial, the jury returned a verdict for Plaintiff DePuy Synthes Products, LLC (“Synthes”), finding U.S. Patent Nos. 7,875,076; 7,862,616; and 7,846,207 valid and infringed by Defendant Globus Medical, Inc.’s (“Globus”) three accused products. (D.I. 322) Now pending before the Court are Synthes’ Motion for Attorneys’ Fees Under 35 U.S.C. § 285 (D.I. 340), Motion for a Permanent Injunction and Destruction of Infringing Products (D.I. 356), Motion for an Accounting and Determination of an Ongoing Royalty Rate (D.I. 357), and Motion for Prejudgment and Postjudgment Interest (D.I. 358), as well as Globus’ Motion for Attorneys’ Fees (D.I. 370).¹ For the reasons set forth below, the Court will deny each party’s motion for attorneys’ fees, deny Synthes’ Motion for a Permanent Injunction and Destruction of Infringing Products, grant in part and deny in part Synthes’ Motion for an Accounting and Determination of an Ongoing Royalty Rate, and grant Synthes’ Motion for Prejudgment and Postjudgment Interest.

I. BACKGROUND

Synthes filed this patent infringement action against Globus on July 22, 2011.² (D.I. 1) The patents-in-suit relate to medical devices called “inter-vertebral implants” and methods of implanting such devices between adjacent vertebrae in spinal fusion procedures. (*See id.* at 2-4)

¹Globus also filed a Renewed Motion for Judgment as a Matter of Law, Or in the Alternative, for a New Trial. (D.I. 371) That motion is the subject a separate Memorandum Opinion.

²The action was actually filed by Synthes USA, LLC; Synthes USA Products, LLC; and Synthes USA Sales, LLC. (*See* D.I. 1) However, on February 8, 2013, the parties executed a joint stipulation, later entered as an order, by which Synthes USA, LLC agreed to dismiss with prejudice all claims and defenses asserted by Synthes USA Products, LLC and Synthes USA Sales, LLC. (D.I. 130) Thereafter, on February 15, 2013, DePuy Synthes Products, LLC was substituted as plaintiff for the lone remaining plaintiff in the case, Synthes USA, LLC. (D.I. 157)

On February 13, 2013, the parties filed motions for summary judgment. (D.I. 133, 138, 146) At the May 14, 2013 Pretrial Conference, the Court addressed these motions and set forth its decisions in an Order the following day. (Transcript of Pretrial Conference (D.I. 288) (hereinafter "Pretrial Tr."); D.I. 268) The Court granted Synthes' Motion for Summary Judgment that the Asserted Patents are Not Invalid as Anticipated [by Certain Prior Art] and granted in part Globus' Motion for Partial Summary Judgment – denying that motion with respect to noninfringement and invalidity for obviousness, but granting the motion with respect to Synthes' allegation that Globus willfully infringed the patents-in-suit. (D.I. 268 at ¶¶ 4-5) The Court also denied Synthes' Motion for Summary Judgment of Infringement of Claims 1, 3 and 5 of U.S. Patent No. 7,862,616. (*Id.* at ¶ 3)

As already noted, following trial the jury returned a verdict for Synthes, finding the patents-in-suit valid and infringed by Globus' three accused products, and awarding Synthes royalty damages of \$16,001,822.25, based on a fifteen percent royalty rate. (D.I. 322) Upon receiving the jury's verdict in favor of Synthes on all claims of infringement, validity, and damages, the Court entered judgment on June 24, 2013. (D.I. 329) Thereafter, on July 2, 2013, Synthes filed a Motion for Temporary Restraining Order and Preliminary Injunction. (D.I. 333) The Court denied that motion on August 22, 2013. *See Depuy Synthes Prods., LLC v. Globus Med., Inc.*, 2013 WL 4509655, at *1 (D. Del. Aug. 22, 2013).

The parties later filed numerous other post-trial motions. On July 8, 2013, Synthes filed a Motion for Attorneys' Fees Under 35 U.S.C. § 285. (D.I. 340) Then, on July 22, 2013, Synthes filed a Motion for a Permanent Injunction and Destruction of Infringing Products (D.I. 356), Motion for an Accounting and Determination of an Ongoing Royalty Rate (D.I. 357), and Motion

for Prejudgment and Postjudgment Interest (D.I. 358). On August 1, 2013, Globus filed its Motion for Attorneys' Fees. (D.I. 370) Briefing on the motions was completed by September 5, 2013. (See D.I. 402)

II. LEGAL STANDARDS

A. Motions for Attorneys' Fees

The award of attorneys' fees is discretionary with the trial court, and is to be awarded only after a finding that a case was "exceptional." See *Stevenson v. Sears, Roebuck & Co.*, 713 F.2d 705, 712–13 (Fed. Cir. 1983); 35 U.S.C. § 285 ("The court in exceptional cases may award reasonable attorney fees to the prevailing party."). The Federal Circuit has made clear that attorneys' fees should be awarded only in "limited circumstances" and are not to become an "ordinary thing in patent litigation." *Forest Labs., Inc. v. Abbott Labs.*, 339 F.3d 1324, 1329 (Fed. Cir. 2003).

In undertaking a Section 285 inquiry, the Court focuses in particular on the actual conduct of the parties during the course of litigating or prosecuting the patent. See *Lightwave Technologies, Inc. v. Corning Glass Works*, 1991 WL 4737, at *13 (S.D.N.Y. Jan. 16, 1991). Courts have identified certain conduct as "exceptional:" "inequitable conduct before the PTO; litigation misconduct; vexatious, unjustified, and otherwise bad faith litigation; [filing of] a frivolous suit or willful infringement." *Edwards Lifesciences AG v. Corevalve, Inc.*, 2011 WL 446203, at *13 (D. Del. Feb. 7, 2011) (internal quotation marks omitted); see also *Standard Oil Co. v. Am. Cyanamid Co.*, 774 F.2d 448, 455 (Fed. Cir. 1985) ("Other exceptional circumstances include willful infringement, misconduct during litigation, vexatious or unjustified litigation, or a frivolous suit"). However, as the Federal Circuit has cautioned, "[i]n evaluating the frivolity of

particular arguments made during the course of the litigation, the arguments must be shown to be at least objectively unreasonable.” *Highmark, Inc. v. Allcare Health Mgmt. Sys., Inc.*, 687 F.3d 1300, 1316 (Fed. Cir. 2012).

B. Motions for a Permanent Injunction and Destruction of Infringing Products

Under the Patent Act, “[t]he several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.” 35 U.S.C. § 283. The party requesting a permanent injunction has the burden of showing that: (1) it has suffered an irreparable injury; (2) remedies available at law are inadequate to compensate for that injury; (3) considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) the public interest would not be disserved by a permanent injunction. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006). “While the right to exclude is the essence of the concept of property, district courts are, nevertheless, given broad discretion under 35 U.S.C. § 283 . . . to determine whether the facts of a case warrant the grant of an injunction and to determine the scope of the injunction.” *Joy Techs. Inc. v. Flakt, Inc.*, 6 F.3d 770, 772 (Fed. Cir. 1993).

C. Motions for an Accounting and Determination of an Ongoing Royalty Rate

Under 35 U.S.C. § 284, a party prevailing on a claim of patent infringement is entitled to damages in an amount “no . . . less than a reasonable royalty for the use made of the invention by the infringer.” 35 U.S.C. § 284; *see also Finjan Inc. v. Secure Computing Corp.*, 626 F.3d 1197, 1212 (Fed. Cir. 2010). Such damages may be based upon sales made prior to the court entering a judgment, but not considered in the calculation at that time. *See Finjan*, 626 F.3d at 1212. They

may also include sales made after the court enters its judgment. *See id.* at 1212-13. The determination of an ongoing royalty rate, including whether it should be increased beyond the jury's verdict, is a matter within the district court's discretion. *See Paice LLC v. Toyota Motor Corp.*, 504 F.3d 1293, 1314-15 (Fed. Cir. 2007).

D. Motions for Prejudgment and Postjudgment Interest

“As a general matter, prejudgment interest should ordinarily be awarded in patent cases to provide patent owners with complete compensation.” *LG Display Co., Ltd. v. AU Optronics Corp.*, 722 F. Supp. 2d 466, 475 (D. Del. 2010). The Court has broad discretion to select the prejudgment interest rate to be applied, and the Federal Circuit has held that application of the prime rate is appropriate even if there is no evidence that the patent holder borrowed at the prime rate. *See Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 939 F.2d 1540, 1545 (Fed. Cir. 1991). Postjudgment interest shall be awarded at the rate provided in 28 U.S.C. § 1961(a). *See LG Display*, 722 F. Supp. 2d at 475.

III. DISCUSSION

A. Motions for Attorneys' Fees

1. Synthes' Motion for Attorneys' Fees

In support of its Motion for Attorneys' Fees Under 35 U.S.C. § 285, Synthes points to numerous instances of what it labels “litigation misconduct” engaged in by Globus during the course of the instant litigation. (D.I. 364 at 2) Some of the more serious accusations leveled by Synthes are that Globus: “misrepresented numerous critical facts in discovery,” “repeatedly maintained baseless arguments,” and “made numerous representations throughout trial that contradicted the facts in the case, the Court's prior rulings, and Globus' earlier representations to

the Court.” (*Id.* at 3, 5-6)

The Court does not agree with Synthes. As to Synthes’ assertion that Globus misrepresented numerous critical facts in discovery, the Court finds that Globus’ actions, while not always laudable, were most often reasonable under the circumstances. (*See* D.I. 386 at 16-20) For example, in addressing Synthes’ allegation that Globus withheld information regarding its redesigned products, Globus noted that it produced non-email documents regarding that topic, and that when Synthes later moved to compel production of related email, the Court concluded that it was “not an easy dispute” and only granted “some limited e-mail discovery.” (*Id.* at 19 (citing D.I. 105 at 25-26)) In the Court’s view, Globus’ discovery-related actions do not, individually or collectively, rise to the level of “exceptional” such that attorneys’ fees are warranted.

Second, as to Synthes’ claim that Globus repeatedly maintained baseless arguments, the Court again finds that Globus’ actions were not “exceptional.” Synthes’ contentions that Globus “[m]aintained [b]aseless [i]nvalidity and [n]on-[i]nfringement [p]ositions [t]hroughout the [c]ase,” including anticipation defenses that “were not even close to meritorious” (D.I. 364 at 16-17), are unpersuasive. The Court addressed Globus’ claim construction, noninfringement and invalidity positions at the Pretrial Conference and found them to be not unreasonable (even when Globus did not ultimately prevail). For instance, the Court stated:

Defendant’s claim construction positions, although largely not adopted, were in no respect unreasonable. Defendant’s noninfringement position[s], particularly to the extent tied to their not unreasonable claim construction positions, were also not unreasonable. Even on the assumption that the Court would adopt many of Synthes’

constructions, Globus had some bases to move for summary judgment of noninfringement, which again shows a not unreasonable defense.

Defendant's invalidity positions, particularly [even] as they now exist given the Court's adoption of many of Synthes' proposed constructions, [are] also not unreasonable. All of that makes it plain to the Court . . . that Globus' [post-suit] conduct has not been objectively unreasonable.

(Pretrial Tr. at 132-33) Many of Globus' positions the Court addressed at the Pretrial Conference are the same positions which Synthes now argues are "baseless." The Court's view expressed at the Pretrial Conference has not changed. *See generally Highmark*, 687 F.3d at 1316 (concluding that when a court "evaluat[es] the frivolity of particular arguments made during the course of the litigation, the arguments must be shown to be at least objectively unreasonable").

Third, as to Synthes' claim that Globus made representations at trial that contradicted the Court's prior rulings or Globus' earlier representations to the Court, Synthes acknowledges that some of the statements to which it points were already the subject of curative instructions at trial. (See D.I. 364 at 10-12 (citing Transcript of Jury Trial (D.I. 346-355) (hereinafter "Trial Tr.") at 2149-53)) Illustrative of such statements is a comment made by Globus' counsel during closing arguments regarding the Court's interpretation of a particular claim term, about which Globus admits it "misspoke." (D.I. 386 at 8) The Court addressed at trial other of Synthes' allegations about "repeated misrepresentations" (D.I. 364 at 14-15) and rejected them. (See Trial Tr. at 2039-40 (permitting Globus to present its interpretation of "non-metallic material" limitation, despite Synthes' protests that Globus' argument had already been rejected by Court); *id.* at 2119-20 (rejecting Synthes' request to reopen evidence due to statement made by Globus' counsel

regarding its redesigned products, as Court believed jury did not “[take] from [that statement] what [Synthes is] suggesting”)) Thus, much of what Synthes complains about was already dealt with at trial, the Court already provided adequate relief, and these events do not make this case “exceptional.” Moreover, Globus properly places its comments within the context of a legally and factually complex trial in which the Court was required to construe claim terms as late as during the trial’s final days. (*See* Trial Tr. at 1923-25) Indeed, as Globus notes, the Court acknowledged that the question of how Globus’ counsel could present some of these issues at trial was a “difficult” one, and “some leeway” was necessary. (*Id.* at 2076-77)

In sum, the Court does not find that this case, and particularly Globus’ conduct, was “exceptional.” Accordingly, Synthes’ Motion for Attorneys’ Fees Under 35 U.S.C. § 285 is DENIED.

2. Globus’ Motion for Attorneys’ Fees

In Globus’ Motion for Attorneys’ Fees (D.I. 370), Globus argues that it is entitled to attorneys’ fees under 35 U.S.C. § 285 because “Synthes’ allegation that Globus willfully infringed [the patents-in-suit] was brought in bad faith . . . [and] Synthes maintained its willfulness allegation even after . . . it became clear that [the allegation] lacked any merit.” (*Id.* at 1) Globus relies primarily on the Court’s ruling on Globus’ Motion for Partial Summary Judgment, which the Court granted with respect to Synthes’ allegation that Globus willfully infringed the patents-in-suit. (*Id.* at 1, 3-6 (citing D.I. 268 at ¶ 4)) Particularly critical to Globus’ arguments here are the statements made by the Court during the Pretrial Conference, in which the Court said that Globus’ noninfringement positions were “not unreasonable,” Globus’ pre-suit conduct was “objectively reasonable,” and Globus’ post-suit conduct was not “objectively

unreasonable.” (*Id.* at 4 (citing Pretrial Tr. at 132-33))

Although Synthes’ claim of willful infringement was ultimately unsuccessful, this alone does not establish that Synthes acted in bad faith. *See Brooks Furniture Mfg., Inc. v. Dutailier Int’l, Inc.*, 393 F.3d 1378, 1384 (Fed. Cir. 2005). More importantly, the Court’s determination that Synthes could not prevail on its willful infringement claim does not logically lead to the conclusion that Globus, therefore, should receive attorneys’ fees; the Court did not state that Synthes’ willfulness allegation was itself unreasonable.³ *See generally Highmark*, 687 F.3d at 1316. Indeed, the jury’s verdict cuts strongly against a finding that Synthes engaged in improper conduct, as the jury found that Globus’ products infringed the asserted claims and rejected Globus’ invalidity arguments. (*See* D.I. 321; D.I. 387 at 9-10) Synthes’ conduct is plainly not the type of “exceptional” conduct that should give rise to the awarding of attorneys’ fees.⁴ Accordingly, Globus’ Motion for Attorneys’ Fees is DENIED.

B. Synthes’ Motion for a Permanent Injunction and Destruction of Infringing Products

The Court next addresses Synthes’ Motion for a Permanent Injunction and Destruction of Infringing Products. (D.I. 356) Previously, on July 2, 2013, Synthes filed a Motion for Temporary Restraining Order and Preliminary Injunction. (D.I. 333) The Court denied that motion on August 22, 2013. *See Depuy Synthes Prods.*, 2013 WL 4509655, at *1. For some of

³Globus also moves for attorneys’ fees under Federal Rule of Civil Procedure 11. (D.I. 370 at 1) As the Court rejects Globus’ argument that Synthes lacked a good faith basis for alleging (and maintaining a claim for) willful infringement, it need not further analyze any aspect of Globus’ Rule 11 claim.

⁴Given the Court’s other conclusions, it is not necessary to wade into the parties’ dispute as to whether Globus is properly viewed as a “prevailing party” under 35 U.S.C. § 285. (*See* D.I. 387 at 1-2, 4-7; D.I. 399 at 2-4)

the same reasons that the Court denied Synthes' earlier motion for a preliminary injunction, Synthes' request for a permanent injunction also fails.

To obtain a permanent injunction, the requesting party must prove that remedies available at law are inadequate to compensate it for its injury. *See eBay*, 547 U.S. at 391. In the Court's opinion denying a preliminary injunction, the Court concluded that "Synthes may be adequately compensated through a reasonable royalty." *Id.* at *2. In doing so, the Court rejected Synthes' argument that its patented products can act as "door openers" to other new products, and thus Synthes is losing opportunities to convert surgeons to its new product lines. *See id.* Synthes' Motion seeking a permanent injunction only reargues this point, providing no additional support. (D.I. 361 at 12-13) The affidavit submitted by a Synthes employee is a recitation of the affidavit Synthes submitted with its Motion for Temporary Restraining Order and Preliminary Injunction. (*Compare* D.I. 337 with D.I. 368) The Court carefully considered this affidavit previously and concluded that it did not support a finding that remedies available at law are inadequate to compensate Synthes for its injury. *See Depuy Synthes Prods.*, 2013 WL 4509655, at *2 (citing to and discussing affidavit). Synthes has provided no basis for the Court to change its view.

Synthes makes persuasive arguments regarding some of the other permanent injunction factors, particularly regarding the balance of hardships between Synthes and Globus and the public interest. However, Synthes has not met the entirety of its burden, so a permanent injunction is not appropriate.⁵ *See S.O.I.TEC Silicon On Insulator Techs., S.A. v. MEMC Elec.*

⁵As to the irreparable injury factor, Synthes points to *Apple Inc. v. Samsung Elecs. Co., Ltd.*, 735 F.3d 1352 (Fed. Cir. 2013) ("*Apple III*"), a Federal Circuit decision issued after the Court's ruling on a preliminary injunction. (D.I. 408) *Apple III* calls into question some of the Court's earlier conclusions regarding the causal nexus requirement. The Court's earlier opinion cited another Federal Circuit case for the proposition that "[s]ales lost to an infringing product

Materials, Inc., 2011 WL 2748725, at *21-22 (D. Del. July 13, 2011) (denying motion for permanent injunction where some, but not all, of the relevant factors weighed against it). Having rejected Synthes' request for a permanent injunction, the Court will also deny the more serious remedy of ordering Globus to destroy the infringing products. Accordingly, Synthes' Motion for a Permanent Injunction and Destruction of Infringing Products is DENIED.

C. Synthes' Motion for an Accounting and Determination of an Ongoing Royalty Rate

The Court next addresses Synthes' Motion for an Accounting and Determination of an Ongoing Royalty Rate. (D.I. 357) Synthes seeks an award of additional damages to account for infringing sales⁶ that were not part of the royalty base that the parties presented to the jury. (D.I. 362 at 1) For sales made from August 1, 2012 through June 30, 2013, Synthes seeks damages applying the 15% royalty rate awarded by the jury. (*Id.* at 2; D.I. 321) For any post-June 30, 2013 sales, Synthes asks that Globus be required to provide it with records sufficient to identify infringing sales within 15 days after the close of the calendar quarter in which those sales were made. (D.I. 362 at 6) For such post-verdict sales, Synthes seeks to apply an ongoing royalty rate of 25%. (*Id.*) Globus does not dispute that Synthes is entitled to damages for sales made from

cannot irreparably harm a patentee if consumers buy that product for reasons other than the patented feature.” *Deputy Synthes Prods.*, 2013 WL 4509655, at *2 (quoting *Apple, Inc. v. Samsung Elecs. Co., Ltd.*, 678 F.3d 1314, 1324 (Fed. Cir. 2012)). *Apple III*, however, concluded that a party seeking a permanent injunction need not “show that a patented feature is the sole reason for consumers' purchases.” *Apple III*, 735 F.3d at 1364. Even if the required showing as to the irreparable injury factor has been altered in light of *Apple III*, the Court's finding that Synthes failed to meet its burden is unchanged.

⁶The sales at issue relate to products that Globus manufactured in the United States but sold to foreign markets. (See D.I. 362 at 3; D.I. 383 at 2) The parties are in agreement that such products, generally, are infringing products for which Synthes may obtain damages. (See D.I. 362 at 3 n.1 (citing 35 U.S.C. § 271(a)))

September 1, 2012 through June 30, 2013. (D.I. 400 at 2) Globus argues, however, that Synthes should not be entitled to damages for sales made in August 2012 because Synthes obtained that month's sales data in discovery but failed to include that data in the economic analysis presented at trial. (D.I. 383 at 12-13) For post-June 30, 2013 sales, Globus argues that ordering it to provide detailed sales records on a quarterly basis would be "both premature and unfair." (*Id.* at 13) As for the ongoing royalty rate, Globus argues that the Court "should apply no more than the [15%] rate used by the jury." (*Id.* at 4)

The Court agrees with Synthes that it should receive damages for Globus' sales in August 2012. Synthes explains that its failure to present that month's data at trial was an "innocent oversight," arising from a decision by its damages expert to calculate damages only through July 31, 2012. (D.I. 400 at 3 n.3) As Synthes observes, Globus does not contend that the August 2012 sales were qualitatively different from the sales that were presented at trial as the basis for the jury's damages award. (*Id.* at 2) Nor does Globus dispute the accuracy of the sales data. (*Id.* at 3 (citing D.I. 385 at 4)) Indeed, Globus fails to demonstrate that it would suffer any unfair prejudice from the inclusion of the August 2012 sales in the accounting of damages, and its legal citations purportedly supporting why Synthes should be precluded from an accounting of those sales (*see* D.I. 383 at 13 (citing Fed. R. Civ. P. 26 & 37(c))) are unpersuasive.

Globus' contention that requiring it to provide detailed sales records on a quarterly basis for post-June 2013 sales would be "both premature and unfair" is based on the possibility that it might prevail on its Renewed Motion for Judgment as a Matter of Law, Or in the Alternative, for a New Trial. (D.I. 383 at 13) ("Renewed Motion") This argument is moot in light of the Court's ruling today, by separate Memorandum Opinion and Order, to deny Globus' Renewed Motion.

While Globus also claims that it would be “very disruptive and burdensome” to provide the requested sales data within 15 days of the conclusion of each quarter, and provides a declaration to support this assertion (*see id.* (citing Declaration of Chad R. Glerum (“Glerum Decl.”) D.I. 384 at ¶ 8)), Globus fails to propose what it would consider to be a reasonable reporting obligation. Under the circumstances, which include that Globus is a public company that provides quarterly financial statements to investors (*see* D.I. 400 at 3), the Court will grant Synthes’ request and require Globus to provide detailed sales records of the relevant products on a quarterly basis within 15 days after the close of the calendar quarter.

Turning to the ongoing royalty rate to be applied to post-June 30, 2013 sales, the Federal Circuit has stated, “There is a fundamental difference . . . between a reasonable royalty for pre-verdict infringement and damages for post-verdict infringement.” *Amado v. Microsoft Corp.*, 517 F.3d 1353, 1361 (Fed. Cir. 2008) (internal citation omitted). One component of this difference is the “change in the parties’ bargaining positions, and the resulting change in economic circumstances.” *Id.* at 1362.

To support its requested 25% ongoing royalty rate, Synthes relies on the declaration of its economic expert, Dr. Richard Gering. (D.I. 362 at 7-9 (citing Declaration of Richard J. Gering, Ph.D., CLP (“Gering Decl.”) D.I. 366 at ¶¶ 9-31)) Dr. Gering’s analysis “starts with the 15% jury verdict royalty.” (Gering Decl. at ¶ 12) He then asserts that at the original hypothetical negotiation (i.e., the hypothetical negotiation that would have occurred in December 2010 and that formed the basis of Dr. Gering’s trial testimony), Globus’ “next best alternative” would have been to redesign the infringing products rather than negotiate for a license. (*Id.* at ¶ 13) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Dr. Gering opines that for the current hypothetical negotiation Globus' "next best alternative has changed."⁷ (*Id.* at ¶¶ 17, 19) In Dr. Gering's view, Globus' actions demonstrate that Globus has a need for the infringing products, thereby weakening its bargaining position and justifying a 25% ongoing royalty rate. (*Id.* at ¶¶ 27-28)

Dr. Gering's original hypothetical negotiation, as presented at trial, [REDACTED]

[REDACTED] (Trial Tr. at 1118, 1159) As Globus argues, "the 'acceptability' of Globus' redesigned products was already considered by the jury when it adopted Dr. Gering's analysis at trial." (D.I. 383 at 7) The Court is not persuaded that the

[REDACTED] that, here, justifies the increased post-verdict royalty rate to the full extent requested by Synthes. *See Amado*, 517 F.3d at 1362. The Court believes some increase is justified and, hence, will apply an ongoing royalty rate of 18%.⁸

⁷The Gering Declaration also discusses other economic costs factoring into his analysis, such as: (1) Globus' roll-out costs in developing and launching the redesigned products; (2) opportunity costs Globus would incur should it not take a license from Synthes; and (3) the economic impact to Globus as a result of impaired relationships with surgeons who use its products. (Gering Decl. at ¶¶ 20-22) Each of these factors was also discussed in Dr. Gering's trial testimony and formed part of the basis for his opinion to apply a 15% royalty rate. (Trial Tr. at 1118, 1154-55, 1158-59)

⁸In the Court's view, neither party presents an analysis that sufficiently accounts for the differences (or lack thereof) between those factors pertinent to the original hypothetical negotiation and those pertinent to the post-verdict hypothetical negotiation. The Court's 18%

Accordingly, Synthes' Motion for an Accounting and Determination of an Ongoing Royalty Rate is GRANTED IN PART, in that Synthes shall be awarded damages to account for infringing sales made from August 1, 2012 through June 30, 2013, using the 15% royalty rate awarded by the jury, and that Globus shall be required to provide Synthes with records sufficient to identify infringing sales within 15 days after the close of the calendar quarter in which those sales were made, and the motion is DENIED IN PART, in that for any post-June 30, 2013 sales, the ongoing royalty rate shall be 18%.

D. Synthes' Motion for Prejudgment and Postjudgment Interest

In Synthes' Motion for Prejudgment and Postjudgment Interest (D.I. 358), Synthes seeks prejudgment interest at the prime rate, compounded quarterly, and postjudgment interest at a rate in accordance with 28 U.S.C. § 1961(a). (D.I. 363 at 2) Globus argues that prejudgment interest is not appropriate; if it is awarded, Globus asks that it be at the three-month Treasury Bill ("T-bill") rate, which is lower than the prime rate. (D.I. 382 at 1) Globus agrees that postjudgment interest is mandated at a rate determined by 28 U.S.C. § 1961(a). (See D.I. 401 at 1) Thus, the dispute between the parties is whether to award prejudgment interest and, if so, at what rate.

Globus argues that because Synthes allegedly delayed throughout the process of patent prosecution, and during that time Globus invested "significant resources" in bringing the accused products to market, "equitable principles dictate that an award of prejudgment interest is not appropriate." (D.I. 382 at 1-2) According to Globus, it could "have invested its capital elsewhere" during Synthes' alleged delays, had Synthes "promptly obtained the broader patent

figure is based on the Court's conclusion that Synthes is entitled to some elevated ongoing royalty rate as a result of the post-verdict changes to the parties' hypothetical bargaining positions, but not the full 66% increase (from 15% to 25%) that Synthes seeks.

claims it asserted in this case, or even notified Globus of its putative patent rights.” (*Id.* at 3) As Synthes points out in its Reply Brief, however, this argument is both unsupported by Globus’ legal citations and somewhat counterintuitive. (D.I. 401 at 2) Globus’ cases address why a court may reject a request for prejudgment interest when a plaintiff delays in prosecuting a *lawsuit*, not prosecuting a patent. (*See* D.I. 382 at 7) Unlike, perhaps, delay in pursuing litigation, delay in prosecuting a patent might help an accused infringer, as it may shorten the period for which such an infringer is liable for damages. (D.I. 402 at 3-4) In any event, the Court is unpersuaded by Globus’ arguments that prejudgment interest is not appropriate here.⁹ Accordingly, the Court turns to the question of what interest rate should be used to calculate prejudgment interest in this case.

In arguing for interest at the T-bill rate (D.I. 382 at 3), Globus primarily relies upon its argument that Synthes “fail[ed] to provide proof” establishing “the amount of interest that would have been accrued.” (*Id.*) Synthes cites again to the declaration of its economic expert, Dr. Richard Gering, to explain why an award at the prime rate is both “appropriate” and “conservative.” (D.I. 363 at 4 (citing Gering Decl. at ¶¶ 32-38)) Dr. Gering asserts that the prime rate “generally reflects the borrowing costs of large businesses like [Synthes] . . . and thus is a good estimate of the cost to [Synthes] of not having access to the damages award during the infringement.” (Gering Decl. at ¶ 33) Also, Synthes cites to some evidence that it invested in its own company during the relevant period, investments that, according to Dr. Gering, yielded an average return of approximately nine percent, a rate almost three times larger than the prime rate.

[REDACTED] (See D.I. 401 at 5)

(D.I. 363 at 4; Gering Decl. at ¶¶ 36, 39)

While it is not necessary that a “patentee demonstrate that it borrowed at the prime rate in order to be entitled to prejudgment interest at that rate,” *Uniroyal*, 939 F.2d at 1545, Synthes has nevertheless provided some evidence that the prime rate is appropriate here. Globus’ arguments in support of the T-bill rate are, in comparison, far more speculative and conclusory. (See D.I. 382 at 15) The Court concludes that prejudgment interest should be calculated using the prime rate, compounded quarterly. See *Edwards Lifesciences*, 2011 WL 446203, at *13; *LG Display Co.*, 722 F. Supp. 2d at 475; see also (D.I. 363 at 5 (calculating prejudgment interest to which Synthes is entitled using prime rate figure)). Accordingly, Synthes’ Motion for Prejudgment and Postjudgment Interest is GRANTED.

IV. CONCLUSION

For the foregoing reasons, the Court will deny each party’s motion for attorneys’ fees (D.I. 340, 370), deny Synthes’ Motion for a Permanent Injunction and Destruction of Infringing Products (D.I. 356), grant in part and deny in part Synthes’ Motion for an Accounting and Determination of an Ongoing Royalty Rate (D.I. 357), and grant Synthes’ Motion for Prejudgment and Postjudgment Interest (D.I. 358). An appropriate Order follows.

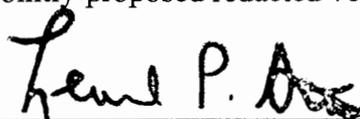
**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

DEPUY SYNTHES PRODUCTS, LLC,	:	
	:	
Plaintiff,	:	
	:	
v.	:	C.A. No. 11-652-LPS
	:	
GLOBUS MEDICAL, INC.,	:	
	:	
Defendant.	:	

ORDER

At Wilmington, this 25th day of March, 2014, for the reasons set forth in the Memorandum Opinion issued this date, **IT IS HEREBY ORDERED** that:

- (1) Synthes' Motion for Attorneys' Fees Under 35 U.S.C. § 285 (D.I. 340) is **DENIED.**
- (2) Synthes' Motion for a Permanent Injunction and Destruction of Infringing Products (D.I. 356) is **DENIED.**
- (3) Synthes' Motion for an Accounting and Determination of an Ongoing Royalty Rate (D.I. 357) is **GRANTED IN PART** and **DENIED IN PART.**
- (4) Synthes' Motion for Prejudgment and Postjudgment Interest (D.I. 358) is **GRANTED.**
- (5) Globus' Motion for Attorneys' Fees (D.I. 370) is **DENIED.**
- (6) Because the Memorandum Opinion has been filed under seal, the parties shall submit, no later than **March 27, 2014**, a jointly-proposed redacted version.



UNITED STATES DISTRICT JUDGE