

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

CORDIS CORPORATION,)
)
 Plaintiff,)
)
 v.) Civ. No. 03-027-SLR
)
 BOSTON SCIENTIFIC CORPORATION)
 and SCIMED LIFE SYSTEMS, INC.,)
)
 Defendants.)

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MEMORANDUM OPINION

Dated: June 3, 2005
Wilmington, Delaware


ROBINSON, Chief Judge

I. INTRODUCTION

On January 13, 2003, plaintiff Cordis Corporation ("Cordis") filed this patent infringement action against defendants Boston Scientific Corporation and Scimed Life Systems, Incorporated (collectively "BSC") alleging infringement of U.S. Patent No. 4,739,762 ("the '762 patent") by BSC's EXPRESS and TAXUS EXPRESS stents. (D.I. 1) On March 5, 2003, BSC answered and counterclaimed against Cordis, asserting, among other things, that Cordis was not entitled to damages based on its claims. (D.I. 26) On August 2, 2004, Cordis filed an amended complaint alleging BSC's LIBERTE stent infringed the '762 patent and U.S. Patent No. 5,895,406 ("the '406 patent"). (D.I. 161) On August 18, 2004, BSC answered the amended complaint and again counterclaimed that Cordis was not entitled to damages. (D.I. 163)

This court has jurisdiction over this matter pursuant to 28 U.S.C. § 1331. Pending before the court is BSC's motion for summary judgment that Cordis is not entitled to lost profits damages based upon the alleged infringement of the '762 patent by a drug-eluting stent. (D.I. 221)

II. BACKGROUND

In 1998, Cordis sued BSC alleging infringement of the '762 patent by BSC's NIR stent. See Cordis Corp. v. Boston Scientific Corp., 97-550-SLR (D. Del.). A trial was held in 2000; upon

appeal, the Federal Circuit affirmed in part, reversed in part and remanded the case and a subsequent trial was held in March 2005. Id.; Cordis Corp. v. Medtronic AVE, Inc., 339 F.3d 1352 (Fed. Cir. 2003).

Cordis now alleges BSC's TAXUS, EXPRESS and LIBERTE stents infringe the '762 patent.¹ Cordis claims it is entitled to lost profits associated with the sales of its CYPHER drug-eluting stent. According to Cordis, it has lost valuable market share to the allegedly infringing TAXUS drug-eluting stent. Cordis alleges its lost profits as of November 2004 were \$844 million. (D.I. 257 at 2)

III. STANDARD OF REVIEW

A court shall grant summary judgment only if "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). The moving party bears the burden of proving that no genuine issue of material fact exists. See Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 586 n.10 (1986). "Facts that could alter the outcome are 'material,' and disputes are 'genuine' if evidence exists from which a rational person

¹It is undisputed that Cordis currently licenses the '762 patent to competitors.

could conclude that the position of the person with the burden of proof on the disputed issue is correct." Horowitz v. Fed. Kemper Life Assurance Co., 57 F.3d 300, 302 n.1 (3d Cir. 1995) (internal citations omitted). If the moving party has demonstrated an absence of material fact, the nonmoving party then "must come forward with 'specific facts showing that there is a genuine issue for trial.'" Matsushita, 475 U.S. at 587 (quoting Fed. R. Civ. P. 56(e)). The court will "view the underlying facts and all reasonable inferences therefrom in the light most favorable to the party opposing the motion." Pa. Coal Ass'n v. Babbitt, 63 F.3d 231, 236 (3d Cir. 1995). The mere existence of some evidence in support of the nonmoving party, however, will not be sufficient for denial of a motion for summary judgment; there must be enough evidence to enable a jury reasonably to find for the nonmoving party on that issue. See Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 249 (1986). If the nonmoving party fails to make a sufficient showing on an essential element of its case with respect to which it has the burden of proof, the moving party is entitled to judgment as a matter of law. See Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986).

IV. DISCUSSION

To recover lost profits damages, a patentee must show a reasonable probability that, "but for" the infringement, it would have made the sales that were made by the infringer. Rite-Hite

Corp. v. Kelley Co., Inc., 56 F.3d 1538, 1545 (Fed. Cir. 1995) (citations omitted). The Federal Circuit has not adopted any one method for proving "but for" causation; a patentee may use "any method of showing, with reasonable probability, an entitlement to lost profits "but for" the infringement." Micro Chem., Inc. v. Lextron, Inc., 318 F.3d 1119, 1121 (Fed. Cir. 1995) (citations omitted). Most commonly, patentees use the Panduit test to show causation. Id.

Under the Panduit test, the patentee must prove: (1) demand for the patented product;² (2) absence of acceptable non-infringing substitutes; (3) manufacturing and marketing capability to exploit the demand; and (4) the amount of the profit it would have made.³ Panduit Corp. v. Stahlin Bros. Fibre Works, Inc., 575 F.2d 1152 (6th Cir. 1978).

A patentee need not negate every possibility that a purchaser might have bought a product other than its own. Rite-Hite, 56 F.3d at 1545. To the contrary, so long as the patentee

²Assuming that the accused drug-eluting stent infringes the '762 patent, then there is evidence of a demand for the patented product, as both companies sell drug-eluting stents. See Smithkline Diagnostics, Inc. v. Helena Lab. Corp., 926 F.2d 1161, 1165 n.3 (Fed. Cir. 1991) (stating that sales of an infringing product is sufficient evidence of demand for the patented product).

³The parties do not dispute at bar whether or not Cordis could prove the amount of profit it would have made, so this factor is not addressed in this memorandum opinion.

establishes each of the Panduit factors, the court may reasonably infer that the claimed lost profits were caused by the infringing sales. Id. Thus, by satisfying the Panduit test, the patentee establishes its prima facie case with respect to "but for" causation. The burden, in turn, shifts to the alleged infringer to show that the inference is unreasonable for some or all of the lost sales.

For the purposes of this summary judgment motion, the court assumes that the accused drug-eluting stent infringes the '762 patent and, as such, a drug-eluting stent is an appropriate patented product under the '762 patent. Based on this assumption and the evidence of record, the court concludes there is not an acceptable noninfringing alternative to the patented product. In order to be an acceptable noninfringing alternative, a product must have all the advantages of the patented product. See Standard Havens Prod., Inc. v. Gencor Indust., Inc., 953 F.2d 1360, 1373 (Fed. Cir. 1991) ("A product . . . which lacks the advantages of the patented product can hardly be termed a substitute acceptable to the customer who wants those advantages."); Smithkline Diagnostics, Inc. v. Helena Lab. Corp., 926 F.2d 1161, 1166 (Fed. Cir. 1991) ("products without such features would obviously not be **acceptable** noninfringing substitutes"). Therefore, an acceptable noninfringing alternative must be another drug-eluting stent. The parties do

not dispute that there are no other drug-eluting stents on the market, as the only drug eluting stents are the CYHPER and TAXUS stents.

BSC argues that one of the '762 licensees could make a noninfringing drug-eluting stent and, therefore, there is the possibility of a noninfringing alternative. "[T]o be an acceptable non-infringing substitute, [however,] the product or process must have been available or on the market at the time of infringement.'" Grain Processing Corp. v. Am. Maize-Products Co., 185 F.3d 1341, 1349 (Fed. Cir. 1999) (emphasis in original) (citation omitted). The ability to make a noninfringing alternative alone is not enough to render such a substitute "available" for lost profits purposes. See Micro Chem. Inc. v. Lextron, Inc., 318 F.3d 1119, 1123 (Fed. Cir. 2003) (citing Grain Processing Corp., 185 F.3d at 1346). Therefore, the fact that a licensee could make a drug-eluting stent does not mean that there are noninfringing alternatives available on the market. Assuming, then, that the TAXUS stent infringes the '762 patent, there are no noninfringing alternatives.

With respect to Cordis' ability to meet market demands, BSC argues that Cordis cannot meet half of the market demand, much less all of the demand. Cordis has put forth evidence that its suppliers could increase their production of stents and it could increase its coating of stents to meet market demand. (D.I. 257,

Ex. 3 at 61, 71-73, 91-93, 111) Therefore, Cordis' ability to meet demand is still a disputed fact.

Because Cordis has shown that there are disputed material issues of fact with respect to the Panduit factors, BSC's motion for summary judgment is denied.

V. CONCLUSION

For the reasons stated, BSC's motion for summary judgment of no lost profits (D.I. 221) is denied. An order consistent with this memorandum opinion shall issue.

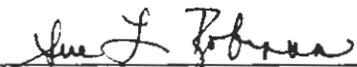
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O R D E R

At Wilmington this *3d* day of June, 2005, consistent with
the memorandum opinion issued this same day;

IT IS ORDERED that BSC's motion for summary judgment of no
lost profits based on the Palmaz '762 patent (D.I. 221) is
denied.



United States District Judge