Volvo Prevails At Fed. Circ. In Car Seat IP Row

By Aebra Coe

Law360, New York (May 15, 2015, 3:10 PM ET) -- Volvo Car Corp. snagged a victory on Friday when the Federal Circuit affirmed a lower court’s order throwing out a patent holder’s child safety seat lawsuit in which the federal court later granted the automaker’s bid for nearly $1 million in attorneys’ fees.

In an order unaccompanied by an opinion, the Federal Circuit flat-out rejected Lugus IP LLC’s arguments that a New Jersey federal judge erred by ruling Volvo did not infringe its child safety seat patent. After the lower court’s ruling on infringement, the same judge said the litigation had “no reasonable basis” and ordered Lugus to fork over $927,727.95 to cover the costs the automaker, represented by Latham & Watkins LLP, incurred litigating the suit.

“I definitely think this will deter plaintiffs from filing frivolous or nuisance patent suits because now they realize that even though they're not subject to typical counterclaims, they do face exposure the longer they force defendants to litigate a case,” said Latham partner Matthew Moore, who argued the case before the Federal Circuit.

The $1 million in fees could have been substantially more had the federal district court not allowed Volvo to file an early summary judgment motion before full discovery, said Moore, global co-chairman of Latham’s intellectual property practice.

“The court managed the case in a very efficient way by allowing this unconventional early summary judgment motion for noninfringement in a way that, even though we were awarded attorneys’ fees, proved efficient for the plaintiff, the defendant and court,” he said.

Originally filed in Virginia in 2011, the suit alleges Volvo infringed U.S. Patent Number 5,806,926 through its integrated booster seats. The ‘926 patent, invented by a bus driver and later transferred to Lugus’ ownership, covers a “child safety seat that automatically converts to an adult seat when not in use by a child,” according to court documents.

In July, Senior U.S. District Judge Joseph E. Irenas granted Volvo’s motion for summary judgment, finding that its booster seats — children’s safety seats built into adult car seats — do not "automatically retract" in the ways that the patent describes. The decision came following claim construction in the case.

The automaker filed a post-judgment motion on Aug. 22, 2014, asking the judge to declare the suit exceptional and to award it attorneys’ fees, which was granted March 27.
“Because plaintiff had no objectively reasonable basis to contend that defendants’ manually operated seat infringed upon plaintiff’s patent, the court finds this case to be exceptional ... and in its discretion, awards attorneys’ fees to defendants,” Judge Irenas wrote in his March order.

Counsel for Lugus did not immediately respond to a Friday request for comment.

The plaintiff is represented by William H. Trousdale and Brian M. English of Tompkins McGuire Wachenfeld & Barry LLP and John R. Fuisz and Sudip Kundu of the Fuisz-Kundu Group LLP.

Volvo is represented by Arnold B. Calmann and Jakob Halpern of Saiber LLC and Matthew J. Moore, Jonathan D. Link and Gabriel Bell of Latham & Watkins LLP.

The case is Lugus IP LLC v. Volvo Car Corp. et al., case number 14-1743, in the U.S. Court of Appeals for the Federal Circuit.

--Additional reporting by Lisa Ryan. Editing by Christine Chun.

Correction: An earlier story and headline misrepresented which federal court ruling was affirmed by the Federal Circuit. The error has been corrected.

All Content © 2003-2015, Portfolio Media, Inc.