

Honeywell \$46.58 Million Jury Verdict Overturned

Thursday, August 17, 2006 — A federal judge has overturned a \$46.58 million jury verdict in a patent infringement case from 2001 over aircraft power unit systems.

Honeywell International Inc. sued Hamilton Sundstrand, a division of United Technologies Corp., over two patents used in auxiliary power units that the companies both sold to Airbus S.A.S.

In a 10-day trial in 2001 before the United States District Court for the District of Delaware, a jury found that Hamilton had infringed on Honeywell's patents. Honeywell asked for treble damages, which the court denied.

Hamilton appealed to the Federal Circuit. On June 2, 2004, the Federal Circuit remanded the case back to the lower court because the jury verdict was flawed.

The lower court ruling on Monday formally vacated the 2001 jury verdict and entered judgment in favor of Hamilton Sundstrand Corp.

The case is also a major setback for accomplished IP attorney Robert Krupka of Kirkland & Ellis, who represented Honeywell. Krupka is perhaps best known for negotiating the largest settlement in patent history, \$1.35 billion, for his client Gary Michelson in a case against Medtronic Sofamor Danek Inc.

The lower court ruled that Honeywell was barred from claiming infringement because of prosecution history estoppel, which means that because Honeywell made amendments to the patent claims while it was trying to obtain a patent, Honeywell can't claim infringement on the issue of doctrine of equivalents.

According to court documents, Hamilton moved for summary judgment on the issue of doctrine of equivalents before the case reached the point of a jury trial, arguing that the amendments to the patent claims during prosecution amounted to a narrowing amendment.

The motion was denied, but on appeal, the Federal Circuit ruled that the amendments did narrow the claims, and "thus raised a rebuttable presumption that Honeywell surrendered the doctrine of equivalents," the decision said. "This court's instructions on remand are to determine whether Honeywell can overcome that presumption."

Honeywell failed to rebut the presumption of surrender, the court ruled.

Hamilton Sundstrand, based in Windsor Locks, Conn., had sales of \$3.6 billion last year. Honeywell International, based in Morristown, NJ, had sales of \$27.65 billion.

In a similar case, Honeywell lost a patent suit against Hamilton Sundstrand in July 2005, seeking \$35 million. A jury rejected claims that Hamilton infringed a patent on starting turbine engines, instead ruling that the patent was invalid.

Honeywell's lawsuit, filed against Hamilton Sundstrand Corp. in 2003, asserted that the UTC subsidiary infringed a patented system for starting an aircraft's auxiliary power unit.

The company's damages estimate was based mainly on royalties from a potential \$1 billion contract Hamilton won in 1999 for auxiliary power units and other gear on Brazil's Empresa Brasileira de Aeronautica SA's Embraer 170 and 190 commuter jets.

Hamilton's attorneys told the jury that the company developed its own starters and that Honeywell was merely trying to thwart competition with its patent infringement suit.

Attorney Chris Lind said Honeywell's damage request was "speculative" and based on estimated sales to Embraer "30 years out into the future."

Honeywell and Hamilton are the only suppliers in the market for auxiliary power units installed on modern airliners.

Auxiliary power units are mounted in the tail sections of commercial aircraft. They supply cabin air and electrical power before the main engines are started.

The patents in question are U.S. Patents No. 4,380,893 and 4,428,194.

The case in the matter is Honeywell International Inc. v. Hamilton Sundstrand Corp., case no. 99-309-GMS in the United States District Court for the District of Delaware.

Hamilton Sundstrand was represented by Barlit Beck Herman Palenchar & Scott in Chicago; Cleary, Gottlieb, Steen & Hamilton LLP in New York; and The Bayard Firm in Wilmington, Del.

Honeywell International was represented by Kirkland & Ellis in New York; and Morris, Nichols, Arsht & Tunnell LLP in Wilmington, Del.

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