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Fed. Circ. Partly Stays SynQor's Converter Ban

By Erin Coe

Law360, New York (April 13, 2011) -- The Federal Circuit stayed part of a permanent injunction Monday against Artesyn Technologies Inc. and others from making and selling high-efficiency power converters used in computerized equipment following a jury's \$95 million award in SynQor Inc.'s patent infringement suit.

Artesyn, Bel Fuse Inc., Cherokee International Corp. and others urged the U.S. Court of Appeals for the Federal Circuit to place a stay on the ban entered by a Texas district court while they appeal the ruling, but the appeals court put the ban on hold for only some of their customers. The companies argued a stay of the injunction was needed to allow end customers Cisco Systems Inc., Juniper Networks Inc., Fujitsu Ltd., Cray Inc., Radisys Corp. and Enterasys Networks Inc. to transition to noninfringing products.

The Federal Circuit found a stay was warranted for the banned converters sold to Radisys and Enterasys because SynQor did not currently make and sell a suitable replacement for those customers' products.

The Federal Circuit concluded that a partial stay was appropriate for Cisco, which had been supplied with enjoined bus converters from all of the appellants. Records showed SynQor's bus converters accounted for more than 67 percent of Cisco's disclosed U.S. sales of end products at issue, but SynQor did not produce at least 32 models of converters used by Cisco, the appeals court said.

However, the court held that the appellants failed to demonstrate a need for a stay on the banned converters to Cray, Juniper and Fujitsu. It pointed out that the defendants' expert testified an alternative existed for Cray and Juniper, noted the record showed SynQor asked for but never received the full specification to establish whether a substitute for Fujitsu could be provided and said it appeared there was an insignificant distinction between converters.

The Federal Circuit said the stay would end when SynQor provides a qualified replacement, on Sept. 30 when a noninfringing converter is supposed to be available or when the appeals court makes a final determination in the case — whichever happens first.

"SynQor looks forward to promptly working with Cisco and other end customers affected by the injunction to fill their needs for unregulated and semiregulated bus converters used in intermediate bus converter architectures in the United States," SynQor President and CEO Martin F. Schlecht said.

An attorney representing Artesyn did not return a call seeking comment.

On Jan. 24, Judge T. John Ward of the U.S. District Court for the Eastern District of Texas enjoined the defendants from making and selling unregulated and semiregulated bus converters in the U.S. and from infringing or inducing infringement of one or more of SynQor's five patents. But the judge allowed the defendants to continue to sell their products for use outside the U.S.

A jury on Dec. 21 awarded SynQor \$95 million in damages, finding the defendants' products infringed one or more of its patents, and handed it damages for lost profits and for a reasonable royalty on all sales of the infringing products through October. Defendants included Astec America Inc., Delta Electronics Inc., Lineage Power Corp., Murata Electronics North America Inc. and Power-One Inc.

Boxborough, Mass.-based SynQor filed suit in 2007, asserting five patents that cover a type of highly efficient power converters used in routers, servers, switches and supercomputers.

The patents-in-suit are U.S. Patent Numbers 7,072,190; 7,272,021; 7,269,034; 7,558,083; and 7,564,702.

SynQor is represented by Sidley Austin LLP.

The appellants are represented by Finnegan, Locke Lord Bissell & Liddell LLP, Kennedy Clark & Williams PC, Vasquez Benisek & Lindgren LLP and Fish & Richardson PC.

The case is SynQor Inc. v. Artesyn Technologies Inc. et al.; case numbers 11-1191, 11-1192, 11-1193 and 11-1194; in the U.S. Court of Appeals for the Federal Circuit.

--Additional reporting by Roxanne Palmer. Editing by Eydie Cubarrubia.
