

- Fonar Corporation V General Electric Company
- US patent 4871966-Fonar dealt with the use of MRI technique to obtain multiple image slices at different angles in a single scan ie the Multi-Angle Oblique (MAO) imaging. Advantage: Shorter imaging time, more scans/patients per day

# Fonar V GE-Facts

- US patent 3789832 also to Fonar using NMR imaging to detect cancer by measuring electron spin relaxation times  $T_1$  and  $t_2$  in the sample tissue and then comparing with the standard values in normal and cancerous tissue of the same type.
- Method claims 1-11, Apparatus claims 12-16

# Fonar V GE-Facts

- Fonar sued GE for infringement of these two patents asserting infringement of claims 1,2,3,4,5 and 12 of the '966 patent and claims 1 and 2 of the '832 patent.
- Fonar also sued Hitachi for infringement, but Hitachi reached an out of court settlement with Fonar

# Fonar V GE-Facts

- The jury at the Eastern District of New York gave a verdict finding that the claims we not invalid and were infringed by GE. Compensation awarded was:
- \$2,78,25,000 as lost profits on 75 machines of the 600 MRI machines GE sold
- \$3,41,25,000 as reasonable royalty on sales of remaining 525 machines.

# Fonar V GE-Facts

- GE appealed against this judgment
- Court awarded Fonar prejudgment interest and entered a final award against GE of \$6,84,21,726

# Federal Curt proceedings

- The `996 patent did satisfy the best mode requirement and information provided for anyone trained in the art to practise the invention.
- There is direct infringement of the `996 patent by GE

# The Fonar lapses

- Though Fonar`s patent had expired for a short period due to failure to pay maintenance fee the lapse period did not apply to GE which had infringed since 1995 and did not first begin infringing during the lapse period.
- The machines that GE serviced were not recoverable before Fonar gave notice to GE. So, GE did not induce infringement of the `996 patent

# Federal Curt proceedings

- There was evidence that GE machines performed equivalent step (b) and step (c) of claim 1 of the '832 patent and hence the '832 patent is infringed by GE. The court reinstated the 3,50,00,000 as reasonable royalty damages for GE's infringement of the '832 patent.
- GE was finally ordered to pay \$ 128.7 million (\$110.5 as damages and rest as interest )



# Lessons learnt

- Fonar is strongly innovative led and IPR sensitized organization.
- They draft their patent with extreme care since they involve complex convergence technologies.
- Despite this, they failed to pay maintenance fee. Leading to lapse of patent rights for a short duration

# Lessons learnt

- Foanr also failed to mark “patent pending” which helped GE escape the charge of “including infringement” while servicing their instruments.
- However, its technical and legal teams worked in coordination to develop and evolve a litigation strategy which won them the case.

## Lessons learnt

- It may be noted that Fonar`s annual turnover was only \$17 million. But it won an infringement of \$128.7 million.
- The exact amount obtained from Hitachi is not known, though substantial