

**FEDERAL CIRCUIT SUMMARY FOR WEEK ENDING JULY 7, 2023**

**Inguran, LLC v. ABS Global, Inc., No. 2022-1385, (July 5, 2023) (precedential, 3–0)**  
U.S. Patent No. 8,206,987 (the '987 patent; assigned to Inguran LLC)

**Key points:**

When induced infringement was not (and could not have been) asserted in a prior action for direct infringement:

- A claim for induced infringement may be brought in a later action.
- A judgment addressing direct infringement in the prior action (a) is not a basis for precluding a claim for induced infringement in a later action, and (b) may not be construed to cover induced infringement in the prior action.

**Facts/Background:** The '987 patent is directed to a method for sorting bull sperm cells according to a specific DNA characteristic to preselect the gender of the animal's offspring. **ABS I** – In 2014, ABS filed an antitrust lawsuit against Inguran LLC (d/b/a STGenetics or "ST") in the Western District of Wisconsin. In a counter-claim, ST asserted **direct infringement** of the '987 patent (35 U.S.C. § 271(a)). The district court entered judgment for infringement and granted ST an ongoing royalty "per straw of sexed semen sold by ABS that was processed with the infringing GSS technology ... in the United States." The Seventh Circuit affirmed and remanded. **ABS II** – In 2017, ST filed a patent infringement lawsuit asserting several additional patents against ABS, which was consolidated with the remand of ABS I. During trial, ST learned that ABS had begun selling and licensing the GSS System to third parties and teaching them how to produce their own sexed straws. The district court entered judgment for infringement and granted an ongoing royalty and supplemental damages for sexed semen straws processed by foreign ABS licensees and imported for sale in the United States. **ABS III** – In 2020, ST filed another patent infringement suit against ABS, asserting, *inter alia*, **induced infringement** of the '987 patent (35 U.S.C. § 271(b)) based on ABS's selling or licensing GSS machines to domestic third parties. ABS filed a motion to dismiss the induced infringement claims on the ground that the claims were precluded by the judgment in ABS I. The district court agreed and dismissed the action, construing the scope of its prior judgment addressing direct infringement to include induced infringement – "...the [ABS I] judgment is reasonably interpreted to cover straws produced by third parties using GSS technology as licensed by ABS." This appeal followed.

**Holding:** Reversed. ST challenged the district court's finding that the judgment in ABS I precluded ST's induced infringement claims in ABS III (asserting that direct and induced infringement are separate and distinct causes of action involving different infringing acts), and the district court's interpretation of the scope of its order regarding the ongoing royalty.

The Federal Circuit found that ST did not assert an induced infringement claim in ABS I, and noted that such a claim would have been speculative at that time. The Federal Circuit then held that the induced infringement claim is not precluded by the direct infringement claim in ABS I because the claims are not based on the same transactional facts. In other words, ST needed to adduce different facts to support an induced infringement claim (which came to light during discovery in ABS II). The Federal Circuit further held that the direct infringement judgment in ABS I cannot reasonably be expanded to cover actions of third party licensees of the GSS System.