



Previous Patent Infringement Contentions and Expert Testimony May Inform the Scope of Subsequent Allegations

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In 2016, Oyster Optics, LLC (“Oyster”) brought patent infringement actions against Fujitsu Limited (“Fujitsu”), Fujitsu Network Communications, Inc. (FNC), Alcatel-Lucent USA, Inc. (ALU), and Cisco Systems, Inc. (“Cisco”) in the Eastern District of Texas, alleging infringement of U.S. Patent No. 7,620,327 (“the ’327 Patent”). The ’327 Patent is directed to transceiver cards for sending and receiving data over a fiber optic network, and Oyster’s allegations against Fujitsu and FNC were directed towards Fujitsu’s modulators and integrated receivers, among other products. Oyster’s actions against ALU and Cisco were based on their sales of products which contained Fujitsu modulators and receivers. The ALU and Cisco actions were eventually consolidated with Oyster’s action against FNC.

In 2018, Oyster settled its action against FNC, and entered into the Oyster/Fujitsu Agreement (“Agreement”). By the terms of the Agreement, Oyster agreed to release “FNC, Fujitsu, and their Affiliates” from claims of patent infringement of the ’327 Patent. Additionally, the Agreement extended Oyster’s release to FNC’s customers for claims of infringement of the ’327 Patent directed towards “Licensed Products,” a term defined by the Agreement as products “made, sold, imported, or distributed by FNC, [Fujitsu], or their Affiliates.” The definition of Licensed Products further clarified that it did not prevent Oyster from exercising its patent rights directed towards Licensed Products not substantially embodying the essential features of the ’327 Patent. The Agreement also granted Fujitsu, FNC, and their Affiliates a forward-looking license to the ’327 Patent.

As a result of the Agreement, ALU and Cisco moved for summary judgement, arguing that the Agreement released them—as customers of FNC/Fujitsu—of all claims of infringement directed to products containing Fujitsu modulators and receivers. The district court granted the motion, reasoning that the Agreement’s provision regarding Oyster’s ability to exercise its patent rights against products not substantially embodying the essential features of the ’327 Patent applied only to the forward-looking license and not to the release of infringement claims. The district court also held, in the alternative, that the Agreement released ALU and Cisco from liability because the accused ALU and Cisco products embodied the essential features of the ’327 Patent.

The Federal Circuit resolved the appeal on the basis of the district court’s alternative ruling. Hence, the primary question on appeal was whether the Fujitsu modulators and receivers incorporated into the accused ALU and Cisco products substantially embodied the essential features of the ’327 Patent. Oyster argued that the Fujitsu modulators and receivers did not substantially embody the essential features of the ’327 Patent because the claims of the ’327 Patent were directed to a transceiver card, requiring components in addition to a modulator and a receiver. Furthermore, Oyster contended that its allegations of infringement against Fujitsu and FNC directed to modulators and receivers were based only on indirect infringement. The Federal Circuit, however, upheld the district court’s holding that the accused ALU and Cisco products did indeed substantially embody the essential features of the ’327 Patent. The Federal Circuit reached this conclusion based on Oyster’s previous infringement contentions and expert testimony, which repeatedly alleged infringement of the ’327 Patent by the Fujitsu modulators and receivers. For example, Oyster specifically named the Fujitsu modulators and receivers as products accused of infringing the ’327 Patent in previous litigation, and Oyster’s expert gave testimony on Fujitsu modulators and receivers to the same effect.

Oyster Optics, LLC v. Alcatel-Lucent USA, Inc., 2019-1255, 2019-1257 (Fed. Cir. May 27, 2020).

Practice Tip: A party’s allegations, infringement contentions, and expert testimony regarding patent infringement may be used by a court to define or limit the scope of different allegations across related litigations. Thus, when litigating the same patent against different parties, practitioners should be cognizant that infringement allegations made in one proceeding may inform a court’s determinations in related or subsequent proceedings.

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