

TOP (3) TEN

JURY VERDICTS OF 2008

\$192 MILLION

Ala. inventor wins \$192 million verdict

By Nora Lockwood Tooher
Staff writer

A chemist who accused a global chemical corporation of stealing his hazardous waste recycling idea won a \$192 million verdict in state court in Alabama – one of the largest individual verdicts in the state's history.

Sven Peter Mannsfeld, 72, a German-born scientist who worked at Degussa Corp. for more than 30 years, came up with an ingenious idea to take a hazardous waste used in phenol manufacturing and turn it into a valuable raw material used to make carbon black, a key ingredient in tire manufacturing.

He claimed that executives at INEOS Phenol – an international chemical company with a plant in Alabama – stole his idea. In 1999, they started to patent it throughout the world without his knowledge.

In 2004, Mannsfeld discovered his idea was being used under patents in Germany, Belgium, the European Union and the U.S.

He sued INEOS Phenol and its executives for violating Alabama's trade secrets law.

During a two-week trial, corporate documents and testimony from more than 20 witnesses supported Mannsfeld's claim that he came up with the concept of transforming hazardous waste into a lucrative product.

"The internal documents clearly reflected that our man was the inventor and the genius behind the whole thing," said co-lead plaintiff's counsel George W. "Skip" Finkbohner III.

"Our argument was that they took it and destroyed his ability to use it because it was a trade secret," he explained.

Corporate documents and testimony during the trial convinced jurors that Mannsfeld – not the INEOS executives who patented the idea – was the brain behind the invention.

The patents listed five inventors, four of whom are still living. Each of the four who had identified themselves as the inventors of the patent admitted during the trial that he had "no conception of the use of this waste as carbon black feedstock [raw material]," Finkbohner said.



"That was pretty powerful evidence," he commented.

The 12 jurors voted unanimously in favor of Mannsfeld and awarded him \$25.1 million for past damages and \$167.38 million in future damages through 2025.

'Touchstone of inventorship'

Finkbohner and the plaintiff's trial team had to overcome several major hurdles to convince jurors of the validity of Mannsfeld's claims.

One of those challenges was explaining how Mannsfeld's concept qualified as a trademark-worthy invention.

During his opening statement, Finkbohner explained how "conception is the touchstone of inventorship."

As he told the jury: "Mr. Ferris came up with the conception of the Ferris wheel. Mr. Ferris didn't build the first Ferris wheel, but he was the inventor of the Ferris wheel."

Unlike a Ferris wheel, however, Mannsfeld's invention was abstract; it was his idea to take phenol residue and modify it so that it could be used as carbon black feedstock.

Finkbohner spent much of his opening statement explaining Mannsfeld's inven-

tion: "Peter Mannsfeld had an ingenious new concept to take a hazardous waste that costs millions of dollars a year to dispose of and tweak it in ways known to chemical scientists, and then use it, in fact, sell it for millions of dollars each year as a valuable feedstock to make carbon black, which is what's used to make tires."

Testimony from chemical experts during the trial buttressed Mannsfeld's claim that his concept was both unique and valuable.

"The scientific community had looked for a different way to use this waste, and nobody came up with this use that Peter put to it," Finkbohner explained.

Discovery involved unearthing documents both in the U.S. and Europe, and deposing scientists throughout the world.

Expert witnesses included Don Allan, a chemical engineer who helped build two phenol plants for Shell, who testified that he had never heard of phenol waste as a feedstock before being shown documents in the case.

Finkbohner read jurors

Allan's testimony that when he first saw the concept, he said, "Oh, crap."

"Why?" he was asked.

"Well, we missed it. We did the evaluations several years ago to figure out a way to improve our cost structure and take care of hazardous waste."

"Do you think it was ingenious?"

"Yes."

Defense experts argued that the defendants came up with the idea of removing salt from the phenol residue, which was one step in the process. But the plaintiff's experts explained that desalting oil has been part of the phenol industry for years.

"There's nothing magical about it," Finkbohner explained.

German law applied

Another challenge was explaining that although Mannsfeld was employed by Degussa, a sister company of INEOS, the invention belonged to him, not to his employer.

Mannsfeld had started working for Degussa in Germany in the early 1960s and rose to become president

of the company. His contract said that any invention he had would be governed by German law.

That meant that if an employee came up with an invention, the employee owned it.

The judge agreed that German contract law should apply and provided instructions to the jury based on that determination.

The actual civil claim, however, dealt with violation of Alabama law, which sets penalties for misappropriations of trade secrets.

The final hurdle was calculating damages. A forensic accountant helped jurors calculate the savings on hazardous waste disposal, plus carbon black feedstock sales through 2025.

Finkbohner said the decision to compute the amount of damages 17 years into the future was "deemed economically conservative and well within the expected useful life of the invention."

Questions or comments can be directed to the writer at: sylvia.hsieh@lawyersusaonline.com

AT-A-GLANCE

Verdict: \$192 million in compensatory damages.

State: Alabama

Type of case: Violation of Alabama Trade Secrets Act and unjust enrichment

Status: Upheld Jan. 16, 2009 by Alabama Circuit Judge Robert Smith

Case name: *Mannsfeld v. Ineos Phenol*

Date: Oct. 17, 2008

Plaintiff's attorney: George W. Finkbohner and Robert Cunningham Jr. of Cunningham Bounds in Mobile, Ala.; Victor T. Hudson and William W. Watts III of Hudson & Watts in Mobile, Ala.; David A. Bagwell of Fairhope, Ala.

Defense attorney: James C. Grant of Alston & Bird in Atlanta; Sara Shia of Alston & Bird in New York; James C. Johnston of Johnston Druham in Mobile, Ala.