

Cas 13-8c

Accounting for a Loss Contingency

M International (M) and W Inc. (W), a competitor of M, have been engaged in long-standing litigation over a specific patent infringement matter. Below is a summary timeline of specific events that have taken place related to this matter:

- In May 2021, W filed a claim against M for patent infringement.
- For the year ended December 31, 2021, management of M determined that a loss for this matter was probable and represented that the estimate of loss was in the range of \$15 million to \$20 million, with \$17 million being the most likely amount of loss within the range.
- A jury trial took place in September 2023.
- The jury reached a verdict on September 24, 2023, and a judgment was ordered in favor of W. The judgment required M to pay W \$18.5 million.
- In November 2023, M filed a Notice of Appeal with the Court of Appeals.
- In December 2024, the Court of Appeals issued a ruling in favor of M's appeal and reversed the lower court's ruling on the matter. This meant that the Court of Appeals overturned the jury verdict and the \$18.5 million judgment against M.
- On January 6, 2025, W filed a petition for a re-hearing before the same panel of appellate judges against the reversal of ruling by Court of Appeals.
- On February 10, 2025, the appellate judges declined the petition for a re-hearing.
- On February 28, 2025, management of M determined this matter was closed upon discussions with in-house legal counsel.