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Patent Litigants Should Be Vigilant After Rare Retrial Order

By **Ranganath Sudarshan and Yuval Mor** (April 13, 2023, 2:15 PM EDT)

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On Jan. 23, after a jury verdict of noninfringement and invalidity, U.S. District Judge Mark Scarsi for the Central District of California took the rare step of ordering a new trial under Rule 59(a)(1) of the Federal Rules of Civil Procedure in the case of Pavemetrics Systems Inc. v. Tetra Tech Inc.

In this case, Pavemetrics was the declaratory judgment plaintiff and Tetra Tech was the declaratory judgment defendant and patent holder.

Judge Scarsi's new trial order found that "repeated misconduct" by Pavemetrics' counsel permeated the "entire proceeding" and likely affected the jury's verdict on invalidity as well as noninfringement.[1]

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Among the improper arguments was Pavemetrics' suggestion during closing argument that "this was a trial about corporate greed instead of sales allegedly constituting patent infringement."[2]

The new trial order in Pavemetrics is unusual. Motions for a new trial in patent disputes are infrequently granted — only 37 have been granted in full out of 439 in the last decade.[3] And of these 37, only a handful involve attorney misconduct.

The rare instances in which attorney misconduct results in a new trial typically involve an attorney's improper introduction of inadmissible evidence or invitation of serious legal error, rather than the type of improper thematic argument at issue in Pavemetrics.

Regardless, in an era of increased politicization of the patent system, the Pavemetrics case offers important lessons to patent litigators litigating jury trials.

New Trial Standard Under Rule 59

Per Rule 59 of the Federal Rules of Civil Procedure, a "court may, on motion, grant a new trial on all or some of the issues ... for any reason for which a new trial has heretofore been granted in an action at law in federal court." The rule does not specify which reasons warrant a new trial; considerable discretion is afforded to the trial court.

In the Ninth Circuit, where Pavemetrics was decided, courts may grant new trials "if the verdict is contrary to the clear weight of the evidence, is based upon false or perjurious evidence, or to prevent a miscarriage of justice."[4]

The Pavemetrics Case

Judge Scarsi's order relied on a finding that Pavemetrics' counsel "encouraged the jury [to] look outside the trial record and decide the case based on societal impacts" and criticized numerous statements made during counsel's closing argument, including that Tetra Tech "want[s] to control the market ... want[s] to increase prices [and] want[s] inflation."[5]

The ruling also cited statements by Pavemetrics' counsel and testimony from Pavemetrics' expert implying that Tetra Tech's expert was "careless" in his analysis, which contradicted Judge Scarsi's prior rulings on this subject.[6]

The U.S. District Court for the Central District of California also noted counsel's statements improperly characterizing Tetra Tech's use of the discovery process as "overly aggressive."[7] This misconduct, coupled with the resulting numerous objections and curative instructions, "led to a fundamentally unfair proceeding."[8]

When Does Attorney Misconduct Warrant a New Trial?

As noted above, it is a rare occasion when a court grants a new trial in a patent case based on an attorney's thematic argumentation. Instead, attorney misconduct more typically rises to the level of warranting a new trial, i.e., results in a miscarriage of justice or a verdict against the weight of the evidence, where it involves counsel's introduction of highly prejudicial inadmissible evidence or where counsel invites significant legal error.

For instance, the presentation of references that do not in fact qualify as prior art to the jury in an attempt to show obviousness may result in a new trial, as seen in Network-1 Technologies Inc. v. Hewlett Packard Company.[9] As for legal error, courts have, for example, granted new trials where counsel presented incorrect infringement theories to the jury, as seen in Sprint Communications Company LP v. Comcast IP Holdings LLC.[10]

One of the rare cases in recent years when a new patent trial was granted based on improper thematic argumentation was Carrier Corporation v. Goodman Global Inc.

There, the court "reluctantly" granted a motion for new trial where an attorney stated during closing argument that the clear and convincing standard for invalidity is the "exact same standard ... to terminate someone's parental rights, meaning that that level of proof is required to take away someone's kid."[11] Even here, such conduct did not alone suffice to warrant a new trial[12]. The ruling also relied on counsel having presented an infringement theory during closing that the parties agreed to omit from the case.[13]

The standard treatment of new trial motions based on alleged improper thematic argument is typified by the recent case of Voxer Inc. v. Meta Platforms Inc., where on Feb. 21, U.S. District Judge Lee Yeakel of the Western District of Texas denied Meta's motion for a new trial based on opposing counsel having referred to the social media giant as "Big Brother" and having suggested that Facebook was "spying on its users."[14]

Voxer defeated Meta's motion in part by characterizing its thematic statements as mere "forceful closing arguments" and noting the U.S. District Court for the Western District Of Texas' instructions that "jurors should not be influenced by passion, prejudice, or sympathy in their deliberations."[15]

It is also notable that courts have been cautious in ordering new trials based on alleged invocation of racial, religious or ethnic prejudices. New trial motions based on these types of accusations are particularly inflammatory and will likely result in denial, if not worse, where the record does not include unmistakable substantiation for such an argument.

For example, in Freshub Inc. v. Amazon.com Inc., the counsel for plaintiffs alleged that the defendants "played on the stereotype of greedy Jewish executives of an Israeli company allegedly taking advantage of U.S. companies, to trigger religious biases and deepen the 'us vs. them' nationalistic divide in the minds of the jurors."[16]

Finding that the plaintiff's "inflammatory allegations are nothing but baseless attacks on the integrity of this Court and the reputation of Defendants' counsel," U.S. District Judge Alan Albright of the Western District of Texas denied the motion for new trial and imposed sanctions on the attorneys who signed it.[17]

The defendants in Trustees of Boston University v. Everlight Electronics Company Ltd. were likewise unsuccessful in moving for a new trial based on an allegation that plaintiff's counsel invoked an improper "us vs. them" argument.

There, the plaintiff argued that the jury should award higher royalties than those contained in an existing license between the plaintiff and an American company because the defendants were "Taiwanese companies, who literally were going to be taking away American jobs ... and competing directly with American industry."[18]

In holding that the statements were not prejudicial enough to warrant a new trial, the court noted plaintiff's stated preference for licensing its patents to local companies for business reasons, e.g., the same laws, language, time zone and business practices, and the policies underlying the Bayh-Dole Act.[19]

Compare the above cases with Commil USA, LLC v. Cisco Systems Inc., which serves to show that if a new trial is warranted on "us versus them" arguments, the attorney behavior at issue is truly egregious.

In that case, defense counsel commented on Commil's witness of the Jewish faith not eating pork — a comment the court described as "inexplicable" — and later, in appealing to the jury's role as "truth-seekers," counsel likened the proceeding to the trial of Jesus.[20] The court concluded that, even where no objections were made, the defendant's statements taken together prejudiced the jury's verdict by employing an "us vs. them mentality — i.e., 'we are Christian and they are Jewish.'"[21]

The Upshot of Pavemetrics

In a time of increased political attention to the patent system, Pavemetrics serves as a good reminder that litigants should remain vigilant about arguments that frame an infringement case in a way that does not fairly reflect the dispute at hand.

First and foremost, counsel should avoid arguments that cross the line of zealous advocacy into the territory of distracting and prejudicial argument.

Counsel faced with prejudicial thematic argument should object in a timely manner. In Pavemetrics, Judge Scarsi noted the synergistic effect of the improper argumentation coupled with the resulting objections and curative instructions, which "likely amplified the adversarial tone of the trial."[22]

Of course, counsel should also keep in mind the conventional wisdom that repeated objections, particularly during closing argument, can alienate the jury — in other words, only object if necessary and appropriate.

Nonmovants defending against accusations of improper thematic argumentation should take note of the plaintiff's successful argument in Voxer, referenced above. The lesson from Voxer is that there is a high bar to succeeding in a new trial motion, and courts are generally inclined to find, where possible, that "[t]he jury carefully ruled based on ample evidence."[23]

As such, nonmovants would do well to remind courts that a new trial is an extraordinary remedy and that even "forceful" argumentation seldom arises to the level of a miscarriage of justice.

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[1] 2023 WL 1836331, at *2, *5 (C.D. Cal. Jan. 23, 2023).

[2] Id. at *4.

[3] Docket Navigator Motion Success Report, https://search.docketnavigator.com/patent/search/patent_motion_success_by_year (Type of Document: "Motion for New Trial"; Document Filing Date: On or after February 1, 2013).

[4] Molski v. M.J. Cable, Inc., 481 F.3d 724, 729 (9th Cir. 2007). This standard is comparable to those used in other circuits. E.g., Parra v. Interstate Express, Inc., 2022 WL 421411 (5th Cir. Feb. 11, 2022) ("[A] new trial is warranted [where] 'the verdict is against the weight of the evidence, the damages awarded are excessive, the trial was unfair, or prejudicial error was committed in its course.'") (quoting Smith v. Transworld Drilling Co., 773 F.2d 610, 613 (5th Cir. 1985)); Radwan v. Carteret Bd. of Educ., 62 Fed. Appx. 34, 37 (3d Cir. 2003) ("A district court may grant a new trial if it is required to prevent injustice or to correct a verdict that was contrary to the weight of the evidence.").

[5] 2023 WL 1836331, at *3.

[6] Id. at *2–*3.

[7] Id. at *4.

[8] Id.

[9] 2021 WL 1941693, at *4 (E.D. Tex. May 7, 2021). Similarly, the Pavemetrics decision was based in part on counsel's proffering of stricken expert testimony. 2023 WL 1836331, at *3.

[10] 2015 WL 4720576, at *11 (D. Del. Aug. 7 2015) (granting motion for a new trial where counsel's infringement theory, later conceded as incorrect in post-trial motion practice, "unfairly influenced the verdict"). The court also granted a motion for judgment as a matter of law under Fed. R. Civ. P. 50(b) on non-infringement. Id. at *8.

[11] 162 F. Supp. 3d 345, 368–69 (D. Del. 2016).

[12] Nor did it in Pavemetrics, for that matter, as seen above.

[13] Id.

[14] Case No. 1:20-cv-00655-LY, Doc. #380 (W.D. Tex. Feb. 21, 2023); Id., Doc. #350.

[15] Id., Doc. #359 (W.D. Tex. Nov. 21, 2022).

[16] 576 F. Supp. 3d 458, 465 (W.D. Tex. 2021).

[17] Id. at 466–67.

[18] 2016 WL 3962826, at *12 (D. Mass. July 22, 2016).

[19] Id. The Bayh-Dole Act precludes small businesses or nonprofits from granting exclusive licenses unless "products embodying the subject invention . . . will be manufactured substantially in the United States. 35 U.S.C.A. § 204.

[20] 2010 WL 11484496, at *2 (E.D. Tex. Dec. 29, 2010).

[21] Id.

[22] 2023 WL 1836331, at *5.

[23] Case No. 1:20-cv-00655-LY, Doc. #359, at 1 (W.D. Tex. Feb. 21, 2023).