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DISTRICT COURT CASES

Judge Grants New Trial, Vacating $533 Million Verdict against Apple

A Texas federal court vacated a $533 million verdict against Apple in favor of Smartflash because of an improper jury instruction related to damages.

The decision comes out only days after Judge Rodney Gilstrap of the Eastern District of Texas set aside the jury's determination of willful infringement, for which Smartflash argued that damages amounted to a trebled $1.6 billion. In his July 2 order, the court stated that "no reasonable jury could have concluded that Apple's infringement was willful."

On July 7, the court agreed with Apple's argument that a new trial on damages was warranted in light of an instruction the court provided to the jury. Judge Gilstrap stated that "the confusion created by the instruction . . . warrants a new trial on damages in this case." The court explained that in view of "clarity of post-trial hindsight," the court's instruction created a skewed damages model for the jury. The court did note, however, that although the instruction was not an incorrect statement of law, it was inapplicable to the facts of the case.

The court also noted that it had separate concerns about Smartflash's damages model, which was "inextricably intertwined with issues of liability and infringement." The court stated that in the new trial, it anticipated Smartflash would present a different damages model to the jury. Accordingly, the court vacated the $533 million damages finding by the jury, and ordered a new trial.

Smartflash LLC v. Apple Inc., No. 6:13-cv-447-JRG (E.D. Tex. July 7, 2015) (Gilstrap, J.).

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PATENT TRIAL AND APPEAL BOARD

Obtaining Discovery Regarding Real Parties-in-Interest at the PTAB

The Patent Trial and Appeal Board (PTAB) recently issued a decision demonstrating the type of showing a party must make to obtain discovery regarding the real parties-in-interest in an *inter partes* review. In *Coalition for Affordable Drugs II LLC v. NPS Pharms., Inc*., the patent owner sought to obtain documents, interrogatory responses, and a deposition to determine whether additional parties-in-interest should have been named in the petition. The board considered the patent owner's request in light of five factors: (1) whether there is more than a possibility that something useful will be discovered, (2) that the requests don't seek the other party's litigation positions, (3) the ability to get the information through other means, (4) whether the discovery requests are easily understandable, and (5) the requests are not overly burdensome.

The board found most of the patent owner's requests to be unduly broad and encompassed information whose usefulness was only speculative. For example, one request would have required the petitioner to provide the name and address of every one of its investors, shareholders, trustees, officers, and directors. The board denied these requests because "it is insufficient for the patent owner to merely establish the possibility of finding something useful." Nevertheless, the board allowed discovery of agreements that would allow another party to control any aspect of the *inter partes* review or to review papers filed in the proceeding. The board found that this narrow, highly-relevant inquiry sufficiently met the five factors set forth above.

Coalition for Affordable Drugs II LLC v. NPS Pharms., Inc., IPR 2015-00990, Paper No. 14 (PTAB July 2, 2015).

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