IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

GENBAND US LLC, Plaintiff, v. METASWITCH NETWORKS CORP., METASWITCH NETWORKS LTD, Defendants.	§ § § § § § § § § §	CIVIL ACTION NO. 2:14-CV-33-JRG

ORDER

Before the Court are the following motions filed by Plaintiff Genband US LLC and Defendants Metaswitch Networks Ltd. and Metaswitch Networks Corp. (collectively, "Metaswitch"): (1) Genband's Renewed Motion for Judgment as a Matter of Law as to Metaswitch's License Defenses (Dkt. No. 496); and (2) Metaswitch's Rule 59 Motion for a New Trial on Damages (Dkt. No. 564). For the reasons set forth below, each of these motions is **DENIED**.

Also before the Court is Genband's motion for leave to file excess pages or, in the alternative, to file a shorter reply in support of Genband's Renewed Motion for Judgment as a Matter of Law as to Metaswitch's License Defenses. (Dkt. No. 533.) The motion is **GRANTED-IN-PART** and **DENIED-IN-PART**. The Court declines to grant a page limit extension and instead allows Genband to file the ten-page Reply as filed at Dkt. No. 533-1.

I. APPLICABLE LAW

A. Applicable Law Regarding Fed. R. Civ. P. 50

Upon a party's renewed motion for judgment as a matter of law following a jury verdict,

the Court asks whether "the state of proof is such that reasonable and impartial minds could reach the conclusion the jury expressed in its verdict." Fed. R. Civ. P. 50(b); *Am. Home Assur. Co. v. United Space Alliance*, 378 F.3d 482, 487 (5th Cir. 2004). "The grant or denial of a motion for judgment as a matter of law is a procedural issue not unique to patent law, reviewed under the law of the regional circuit in which the appeal from the district court would usually lie." *Finisar Corp. v. DirectTV Group, Inc.*, 523 F.3d 1323, 1332 (Fed. Cir. 2008). "A JMOL may only be granted when, 'viewing the evidence in the light most favorable to the verdict, the evidence points so strongly and overwhelmingly in favor of one party that the court believes that reasonable jurors could not arrive at any contrary conclusion.'" *Versata Software, Inc. v. SAP Am., Inc.*, 717 F.3d 1255, 1261 (Fed. Cir. 2013) (quoting *Dresser-Rand Co. v. Virtual Automation, Inc.*, 361 F.3d 831, 838 (5th Cir. 2004)).

Under Fifth Circuit law, a court is to be "especially deferential" to a jury's verdict, and must not reverse the jury's findings unless they are not supported by substantial evidence. *Baisden v. I'm Ready Productions, Inc.*, 693 F.3d 491, 499 (5th Cir. 2012). "Substantial evidence is defined as evidence of such quality and weight that reasonable and fair-minded men in the exercise of impartial judgment might reach different conclusions." *Threlkeld v. Total Petroleum, Inc.*, 211 F.3d 887, 891 (5th Cir. 2000). A motion for judgment as a matter of law must be denied "unless the facts and inferences point so strongly and overwhelmingly in the movant's favor that reasonable jurors could not reach a contrary conclusion." *Baisden* 393 F.3d at 498 (citation omitted). However, "[t]here must be more than a mere scintilla of evidence in the record to prevent judgment as a matter of law in favor of the movant." *Arismendez v. Nightingale Home Health Care, Inc.*, 493 F.3d 602, 606 (5th Cir. 2007).

In evaluating a motion for judgment as a matter of law, a court must "draw all reasonable

inferences in the light most favorable to the verdict and cannot substitute other inferences that [the court] might regard as more reasonable." *E.E.O.C. v. Boh Bros. Const. Co., L.L.C.*, 731 F.3d 444, 451 (5th Cir. 2013) (citation omitted). However, "[c]redibility determinations, the weighing of the evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge." *Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 150 (2000). "[T]he court should give credence to the evidence favoring the nonmovant as well as that 'evidence supporting the moving party that is uncontradicted and unimpeached, at least to the extent that that evidence comes from disinterested witnesses.'" *Id.* at 151 (citation omitted).

B. Applicable Law Regarding Fed. R. Civ. P. 59

Under Federal Rule of Civil Procedure 59(a), a new trial can be granted to any party after a jury trial on any or all issues "for any reason for which a new trial has heretofore been granted in an action at law in federal court." Fed. R. Civ. P. 59(a). In considering a motion for a new trial, the Federal Circuit applies the law of the regional circuit. *z4 Techs., Inc. v. Microsoft Corp.*, 507 F.3d 1340, 1347 (Fed. Cir. 2007). "A new trial may be granted, for example, if the district court finds 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." *Smith v. Transworld Drilling Co.*, 773 F.2d 610, 612–13 (5th Cir. 1985). "The decision to grant or deny a motion for a new trial is within the discretion of the trial court and will not be disturbed absent an abuse of discretion or a misapprehension of the law." *Prytania Park Hotel, Ltd. v. General Star Indem. Co.*, 179 F.3d 169, 173 (5th Cir. 1999).

II. ANALYSIS

A. Genband's Motion for New Trial

i. Exclusion of Certain Demonstratives

Metaswitch contends that it is entitled to a new trial because the Court erroneously construed the claim term "command" in a supposed "in-chambers claim construction ruling." (Dkt. No. 564 at 1.) In fact, the Court did not construe to the term "command." Rather, the Court merely applied its previous construction of "telephony device" to exclude certain Metaswitch demonstratives. The mere fact that "command" was given its plain and ordinary meaning does not prevent the Court from ensuring that expert witnesses do not give testimony in contravention with the analysis contained *throughout* the claim construction order.

Even if the exclusion of certain demonstratives can be recast as a form of claim construction, the Court's guidance was not erroneous. A close reading of the specification makes clear that the term "command" does not necessarily exclude "invite messages." (*See* '279 Patent at 9:21–28.) Since the Court clearly has broad latitude in determining whether to permit the presentation of demonstratives to the jury, and because the Court's guidance with regard to the term "command" was consistent with both the claim construction order and the language of the patents in question, the Court finds no basis to grant Metaswitch a new trial.

ii. Severance of the Non-Patent Counterclaims

Metaswitch next contends that the Court erred in severing its non-patent counterclaims. Though the breach of contract claims were severed, the jury nevertheless heard evidence concerning Genband's FRAND license defenses. The jury apparently rejected these defenses. While the Court will withhold opinion on the applicability of preclusion doctrines to other pending disputes between these parties, severance of Metaswitch's breach-of-contract counterclaims is well within the Court's inherent power to efficiently manage its docket and did not deprive Metaswitch of its Seventh Amendment right to trial by jury.

iii. Alter-Ego Instructions

Metaswitch next contends that it is entitled to a new trial on damages and licensing issues because the Court did not instruct the jury about the law of corporate alter ego. However, Metaswitch never included proposed instructions on this issue in its timely filings with the Court as required by Federal Rule of Civil Procedure 51(a)(1). (*See* Dkt. No. 451 at 33–35.) "Failure to present a specific written instruction to the trial court bars [a] subsequent complaint on appeal that the instruction was not given." *Kanida v. Gulf Coast Med. Personnel LP*, 363 F.3d 568, 580 (5th Cir. 2004). Moreover, Metaswitch does not contend that it could not have reasonably anticipated the alter-ego issue arising at trial, as to warrant an untimely request for an appropriate instruction. For this reason alone, there is no basis to grant a new trial.

Even if Metaswitch had provided an adequate alter-ego instruction in its timely filings with the Court, the Court is not required to include instructions on issues that lack evidentiary support. *See Trans-Am Steel Corp. v. J. Rich Steers, Inc.*, 670 F.2d 558, 562 (5th Cir. 1982). Here, the Court finds that there was not sufficient evidence presented at trial to pierce to corporate veil between NNCSI and the parent Nortel Network Ltd. Accordingly, the Court correctly excluded the alter-ego theory from the final jury charge.

iv. Scope of Genband's Contractual Obligations

Metaswitch next contends that it is entitled to a new trial because the Court instructed the jury that the CableLabs, IETF, and ITU agreements may apply to one or more claims without applying to any other claims. The thrust of Metaswitch's argument is that the contractual obligation in question applied on a patent-by-patent basis, not a claim-by-claim basis. However at least two of the agreements in question support Genband's position that any license obligation applies on a claim-by-claim basis. First, the CableLabs IPR Agreement addresses this issue in

terms of "Licensed Claims," thus suggesting licenses were granted on a claim-by-claim basis (Dkt. No. 496-3.) Second, the ITU Declarations suggest that any license obligations extend only to "items that have been patented" and "whose use would be required to implement ITU-T Recommendations." (Dkt. No. 496-4,5.) Since some claims in a patent may be required to implement ITU-T Recommendations while other claims in the same patent are not required, the language of the agreement suggests that the license obligations apply on a claim-by-claim basis. Accordingly, the Court's instructions on this issue were not erroneous.

v. Mr. Bakewell's Testimony

Finally, Metaswitch contends that it is entitled to a new trial on damages because Mr. Bakewell impermissibly relied on opinions offered by Dr. Beckmann in order to formulate his damages model. As a threshold matter, the Court finds that Metaswitch waived this issue by failing to object to Mr. Bakewell's testimony at trial on this ground.

However, even if Metaswitch had stated a timely objection, Mr. Bakewell appropriately relied on the technical opinions of Dr. Beckmann. Indeed, damages experts in patent trials routinely rely on technical experts to provide critical background information about the relevant technology, including whether there are non-infringing alternatives. This course of action is specifically permitted by Federal Rule of Evidence 703, which states that "[a]n expert may base an opinion on facts or data in the case that the expert has been made aware of . . . . If experts in the particular field would reasonably rely on those kinds of facts or data in forming an opinion on the subject, they need not be admissible for the opinion to be admitted.

The Court finds that Mr. Bakewell properly relied on the opinions of Dr. Beckmann. It is of no moment that such out-of-court conversations between the experts would constitute hearsay. Not every item relied on by an expert need be admitted or even admissible. If Metaswitch

believed that Mr. Bakewell's testimony lacked the requisite foundation, it could have raised an objection with the Court or addressed this perceived issue through rigorous cross examination. It did neither.

B. Metaswitch's License Defenses

Genband renews its Motion for Judgment as a Matter of Law on Metaswitch's license defenses. (Dkt. No. 496; *see* Dkt. No. 453.) Genband requests judgment that, as a matter of law, Metaswitch is not entitled to a license to any asserted claim on FRAND, royalty-free, or any other terms based on an alleged obligation to license made to a standard setting organization, including CableLabs, IETF, and ITU. (Dkt. No. 496 at 23.)

In defending against Genband's claims for patent infringement, Metaswitch argued to the jury that it was entitled to a royalty-free or FRAND license to four of the seven asserted Genband patents. After considering the evidence presented at trial, the jury returned a verdict in favor of Genband, awarding total damages of $8,168,400. Notwithstanding a verdict in its favor, Genband now moves the Court to find that Metaswitch's license defenses fail as a matter of law.

The Court sees no basis to enter judgment as a matter of law in favor of Genband when the jury already returned a verdict in Genband's favor. Indeed, Genband even argues that the verdict necessarily "shows that the jury rejected Metaswitch's license defenses in their entirety. (Mot. at 1.) While Federal Rule of Civil Procedure 50(b) permits Genband to request entry of judgment "notwithstanding an adverse jury verdict," it does not allow Genband to seek advisory opinions from the Court on issues it has already prevailed on. *Johnson v. New York, N.H. & H.R. Co.*, 344 U.S. 48, 51 (1952). As the Advisory Committee Notes to Rule 50(b) state, "a jury verdict for the moving party moots the issue." Fed. R. Civ. P. 50 Advisory Committee Note, 1991 Amendment to Subdivision (b).

Even if the Court were inclined to consider the underlying merits of Genband's motion (it is not), it is unclear what relief Genband seeks. Granting the motion would not alter any aspect of the verdict, nor would it provide a basis for a new trial on damages. Federal courts are not empowered to issue advisory rulings and "are without power to decide questions that cannot affect the rights of litigants in the case before them." *North Carolina v. Rice*, 404 U.S. 244, 246 (1971).

III. CONCLUSION

For the reasons set forth above, Genband's Renewed Motion for Judgment as a Matter of Law as to Metaswitch's License Defenses (Dkt. No. 496) and Metaswitch's Rule 59 Motion for a New Trial on Damages (Dkt. No. 564). For the reasons set forth below, each of these motions is **DENIED**.

So ORDERED and SIGNED this 29th day of September, 2016.

RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE