2022-1954 & 2022-2295

United States Court of Appeals for the Federal Circuit

INLINE PLASTICS CORP.,

Plaintiff-Appellant,

– v. –

LACERTA GROUP, LLC,

Defendant-Cross-Appellant.

On Appeals from the United States District Court for the District of Massachusetts in No. 4:18-cv-11631-TSH, Honorable Timothy S. Hillman, Judge

REPLY AND RESPONSE BRIEF FOR PLAINTIFF-APPELLANT

ERIK PAUL BELT
THOMAS F. FOLEY
MCCARTER & ENGLISH, LLP
265 Franklin Street
Boston, Massachusetts 02110
(617) 449-6500
ebelt@mccarter.com
tfoley@mccarter.com

DAVID SILVIA
JAMES M. BOLLINGER
MCCARTER & ENGLISH, LLP
One Canterbury Green
201 Broad Street
Stamford, Connecticut 06901
(203) 399-5900
dsilvia@mccarter.com
jbollinger@mccarter.com

Counsel for Plaintiff-Appellant

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REPLY IN SUPPORT OF APPEAL

SUMMARY OF ARGUMENT

The record demonstrates that the jury verdict invalidating five Inline patents must be vacated and remanded for a new trial because the jury instructions were flawed on every validity issue and unquestionably led to the wrong verdict. In *Baldwin*, the Supreme Court required that if any one of multiple theories was legally improper, the verdict must be vacated for a new trial. The record here is that all three validity theories were improperly charged. Lacerta's arguments in support of these flawed instructions do not change this conclusion.

First, Lacerta acknowledges that it never pursued a "written description" defense, either before or at trial, but insisted that the jury receive that charge anyway regardless of the confusion it would create.

Second, Lacerta's vague and last minute "indefiniteness" defense was improperly resurrected at trial as a new claim construction dispute—for the jury, no less—on the claim term "height" but was improperly based on reference to the Accused Containers. This defense should never have reached the jury.

Third, Lacerta effectively concedes that the jury instruction on obviousness was erroneous. Indeed, Lacerta's proposed instruction on objective indicia of non-obviousness effectively matched Inline's. But when the court rejected that agreed-to instruction, Lacerta stayed silent. On the other hand, and contrary to Lacerta's

argument, Inline did clearly and timely object and thus preserved its appeal on this issue.

JMOL on obviousness is also warranted because Lacerta's evidence failed to create a reasonable basis for the jury to find all five patents invalid. Lacerta's expert, Dr. MacLean, used the patent claims as a guide to cherry pick elements from the prior art but failed to provide any justification for combining those elements to form the claimed inventions. Dr. MacLean also failed to opine on the copious objective indicia evidence and improperly testified on the ultimate legal issue of obviousness.

Contrary to Lacerta's argument, *KSR* does not allow patent challengers to avoid providing a motive to combine and rebutting the objective indicia of non-obviousness. Lacerta failed to identify these missing mandatory proofs.

Finally, the jury's non-infringement verdict was based on an overly narrow claim construction and must be vacated. Lacerta's argument that the ordinary meaning of common terms are properly replaced with details of the preferred embodiment is contrary to law.

ARGUMENT IN REPLY ON APPEAL

I. JURY INSTRUCTIONS ON MULTIPLE IMPROPER THEORIES TAINTED THE JURY VERDICT FINDING PATENT INVALIDITY

The court instructed the jury on two of three invalidity theories that should never have been presented at trial. The third invalidity instruction, on obviousness/objective indicia, was fatally incomplete. These errors resulted in an

erroneous verdict of invalidity and, at a minimum, warrant a new trial. Lacerta fails to counter the record, controlling law, and this conclusion of error.

In particular, Lacerta *never presented a written description* defense in any pre-trial disclosure or at trial. It was a lone phantom claim, abandoned early, and should never have been given to the jury. Similarly, Lacerta's *indefiniteness* defense relied on previously waived claim constructions, undisclosed theories, and improper evidence based on the "accused product." Finally, Lacerta concedes the court's *objective indicia* instruction was incomplete. This last error effectively removed key evidence from the jury's review and also distorted its deliberations.

Because the jury instruction errors prevented any proper deliberation by the jury, this Court should vacate the jury's verdict invalidating five US patents.

A. The Court's Jury Instruction on Written Description Was Unwarranted

Under applicable local patent rules, Lacerta had to disclose its invalidity defenses well before trial. *See* D. Mass. L.R. 16.6(d)(4)(F) (requiring disclosure of "[a]ny asserted grounds of invalidity based on … indefiniteness …, or lack of enablement or written description"). The undisputed record reveals that Lacerta never presented a written description defense throughout the entire pre-trial process—not in its L.R. 16.6 disclosures, not in its expert reports, not in its claim construction briefs, and not in any other documents. Nor did Lacerta proffer evidence at trial on an alleged lack of written description.

The written description instruction was not harmless error. Due to the complexity of the issue, instructing the jury on written description likely misdirected the jury's deliberations—a risk magnified by linking the charge to a separate but similarly improper instruction on indefiniteness. 35 U.S.C. § 112 is nuanced and complex, with ample opportunity for misapplication by a court or jury.

Contrary to Lacerta's argument, Dr. MacLean never opined on written description at trial. As Lacerta concedes, the testimony it cites (Appx1841-1854) concerns indefiniteness, not written description. As such, Lacerta's reliance on *Sonix Tech. Co., Ltd. v. Publ'ns Int'l, Ltd.*, 844 F.3d 1370 (Fed. Cir. 2017) is misplaced. That case does not equate evidence on indefiniteness with evidence on the written description requirement. *Sonix* merely uses the term "written description" as a synonym for the "specification," rather than as shorthand for a §112 defense. *Id.*, 1378. The written description requirement complements *enablement* directed to effective disclosure within the specification. *Ariad Pharms., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1352 (Fed. Cir. 2010). In contrast, "indefiniteness" is focused on the clarity of the claims. *Nautilus, Inc. v. Biosig Instruments, Inc*., 572 U.S. 898 (2014).

Lacerta's misconception speaks volumes about the intricacies of these distinct defenses and highlights the potential for jury confusion. Lacerta's cited testimony has nothing to do with written description. Additionally, it should not have been allowed. See below at 5-12.

Finally, contrary to Lacerta's last argument, the fact that Lacerta proffered alternative invalidity theories does not moot the erroneous instruction. The *Baldwin* rule requires a new trial when one of several claims presented to the jury is legally defective. The First Circuit scrupulously applies the *Baldwin* rule. *See, e.g.*, *Cornwell Ent., Inc. v. Anchin, Block & Anchin, LLP*, 830 F.3d 18, 33 (1st Cir. 2016) (when "a single verdict question encompasses multiple [legal] theories, one of which is defective," under the First Circuit's "usual approach," "a new trial is usually warranted").[1] The mistaken written description instruction, combined with the other two improper validity instructions, adversely impacted the jury's deliberations and in all likelihood changed the verdict and outcome.

B. The Court Should Not Have Instructed the Jury on Indefiniteness

The court's indefiniteness jury instruction was improper for at least two reasons: First, Lacerta failed to properly plead the defense, present it in its invalidity contentions, or raise it during claim construction. Second, Lacerta failed to present a jury appropriate factual dispute on whether "hinge" height was indefinite. These errors were far from harmless because the jury returned a general verdict of

[1] Lacerta assertion of "harmless error," citing *Baron*, relies on a parsed quote (Op 39 n. 32) in which the critical passage is omitted: "….we could be *reasonably sure* that the jury in fact relied upon a theory with adequate evidentiary support." *Baron v. Suffolk Cnty. Sheriff's Dep't*, 402 F.3d 225, 244 (1st Cir. 2005) (citation omitted) (emphasis in original). No such reasonable assurances are found here.

invalidity.[2]

1. Lacerta Failed to Address Indefiniteness During Claim Construction

Lacerta cites no authority that excuses its *invalidity* disclosure obligations to reveal its indefinite defense; and offers no justification for dismissing the importance of addressing indefiniteness issues during claim construction. Indefiniteness is a question of law and resolved on the same intrinsic evidence—the claims, specification and file history—that governs claim construction. To permit a late challenge without justification, post-*Markman*, compels redundant, time-consuming, expensive mini-*Markman* hearings and orders. Lacerta cannot explain why it is appropriate here.

In fact, the circumstances justify the opposite outcome. The court's determination of infringement as a matter of law of '640 Patent claims, all of which include the "hinge height" limitation, demonstrates that claim construction was settled. Any ambiguity of scope would have precluded the court's literal infringement finding. By finding the claims infringed, "the trial court necessarily determined that the claim, as it construed it, satisfied § 112 ¶ 2 and was valid." *Liberty Ammunition, Inc. v. United States*, 835 F.3d 1388, 1397 n.5 (Fed. Cir. 2016).

Lacerta knew its opportunity to raise indefiniteness was at claim construction

[2] Lacerta's expert report also failed to disclose its trial indefiniteness theory. *See* below at 9-10.

and did so with other terms. But Lacerta failed to raise it then, or in opposition to Inline's motion for summary judgment of infringement, and the court's ruling is now law of the case. *Ethicon Endo–Surgery v. United States Surgical Corp.*, 149 F.3d 1309, 1315 (Fed. Cir. 1998). Lacerta's failures to raise "hinge height" before trial should have precluded its indefiniteness defense.

2. Lacerta Improperly Argued the Meaning of "Hinge Height" to the Jury

There may be factual issues regarding indefiniteness appropriate for the jury, but Lacerta raised none here. Lacerta's reliance on *Bombardier* is misplaced. *Bombardier* involved a specification replete with dimensional errors regarding the specific claim limitation "seat position" and whether a POSA would still be able to "design a 'seat position' for a standard rider despite the errors in the specification" was a factual dispute regarding the level of ordinary skill. *Bombardier Recreational Prod. Inc. v. Arctic Cat Inc.*, 785 F. App'x 858, 867 (Fed. Cir. 2019). In contrast, there were no errors in Inline's patents of that nature and no dispute for the jury regarding the level of skill in the art. Appx1733. Indeed, Lacerta acknowledged that for the "two pivot point" hinges disclosed in the patents in suit, a "POSA might be able to deduce that particular height." Appx1844.[3]

[3] As noted below at 9, Lacerta abandoned the dictionary-based two definitions of height argument, turning to the accused product for its new claim construction of height.

Unlike *Bombardier*, Lacerta's indefiniteness evidence relied on testimony directed to *accused products* having a hinge with a single pivot point and wedge-shape cross section. Neither *Bombardier*, nor any other precedent sanctions evidence of indefiniteness premised on the accused product.

3. Lacerta's Claim Construction Based on the Accused Products Is not Probative of Indefiniteness.

The parties agreed that the claim term "hinge height" had its ordinary meaning. Appx2217-2221. Lacerta expanded its non-infringement argument to assert that the claim scope of "hinge" was indefinite because the *accused product* had a variable height (or no height). Lacerta effectively argued the meaning of height was not its "ordinary meaning" but something very different based on an accused product's structure. Appx1844. Lacerta's new claim construction, based on the accused product, proposed two "hinge heights"—a zero height or infinite number of heights. This was not a proper issue for the jury on indefiniteness.

Lacerta's defends this testimony as an extrinsic battle of experts. This indefiniteness/claim construction issue masquerading as an non-infringement argument lacked any intrinsic or extrinsic evidentiary support. This Court has emphasized that mere expert testimony is not necessarily *extrinsic evidence*, particularly in circumstances as here, where the testimony lacks foundational facts:

> [a] party cannot transform into a factual matter the internal coherence and context assessment of the patent *simply by having an expert offer an opinion on it.* The internal coherence and context assessment of the

> patent, and whether it conveys claim meaning with reasonable certainty, are questions of law.

Teva Pharm. USA Inc. v. Sandoz, Inc., 789 F.3d 1335, 1342 (Fed. Cir. 2015)(emphasis added).

The only dispute between the experts was the construction of the term "height" given the intrinsic evidence. Lacking any extrinsic evidence on this term, claim scope was a question of law based on the intrinsic record. *Id.* at 1342 ("… conclusions of subjectivity and lack of an objective standard are not findings subject to clear error review; instead, they are conclusions relating to the meaning of the intrinsic evidence, and whether it conveys claim meaning with reasonable certainty").

Finally, Lacerta reliance on the disclosure in Dr. MacLean's expert report on *indefiniteness* is misplaced. The indefiniteness theory in Dr. MacLean's invalidity report actually argued that the term "height" is indefinite because this term has two possible definitions from the dictionary:

> "[a] height is typically defined as the vertical distance which measures how tall something is (i.e. the distance between "top" and "bottom"), or a distance above a level (e.g. the ground)."

Appx8257.

Under this Court's *O2 Micro* doctrine, however, this claim construction argument was for the court typically during the *Markman* claim construction proceedings. *See O2 Micro Int'l Ltd. v. Beyond Innovation Tech. Co.*, 521 F.3d 1351,

1359 (Fed. Cir. 2008). It was not appropriate for the jury and in fact Lacerta *never presented* testimony on *this two-definition/dictionary* theory.

Instead, at trial, Lacerta's expert relied on the *accused product*–an irrelevancy with respect to claim indefiniteness. *SmithKline Beecham Corp. v. Apotex Corp.*, 403 F.3d 1331, 1341 (Fed. Cir. 2005)("The test for indefiniteness does not depend on a potential infringer's ability to ascertain the nature of its own accused product to determine infringement, but instead on whether the claim delineates to a skilled artisan the bounds of the invention"). More specifically, Dr. MacLean testified that "when I have hinges of different configurations, *I mentioned the single hinge of the Lacerta products*, for example…" Appx1844. In the earlier testimony Dr. MacLean showed a CT scan of an Accused Container and testified: "I only have one singular pivot point … there is no height of the hinge at that location … By definition I can't give you a height definition. Appx1756-1757.

Indeed, *Nautilus* confirmed that whether a claim is indefinite turns on the view of a POSA based on the intrinsic record, recognizing that "*definiteness is to be measured as of the time of the patent application*." 572 U.S. at 899. The accused product here is not part of the intrinsic record and did not exist at time of the patent application.

Given the improper reliance on the accused product, the "hinge height" definitional dispute should never have been an issue submitted to the jury.

4. Allowing Infringement Evidence to be Commingled with Indefiniteness Arguments Caused Substantial Jury Confusion

When a close infringement issue exists, concurrent consideration of whether the disputed term was sufficiently definite risks serious jury confusion because the jury may conflate the infringement dispute with indefiniteness without delineating the evidence appropriate for each. Whether an imprecise limitation exists is a fundamental issue of law for the court, while the correspondence between a accused product and a patent claim is a question of fact for the jury. *Datamize, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1354 (Fed. Cir. 2005) ("indefiniteness does not depend on the difficulty experienced by a particular person in comparing the claims with the prior art or the claims with allegedly infringing products or acts") (abrogated on other grounds). The risk is that a close infringement question may taint an otherwise clearly defined claim in the jurors review.

To be sure, there is no "close question" regarding infringement in this case for the "hinge" limitation, as reflected in the court's resolution of infringement as a matter of law on summary judgment. But there is a reasonable risk that an indefiniteness ruling might result based on the infringement evidence where testimony is conflated on these issues. The risk remained in this case because the jury was not told the court's prior infringement ruling on the '640 Patent and thus may have thought the Accused Containers could have lacked a hinge. Indeed, Dr.

MacLean's indefiniteness testimony intermingled the two by expressly relying on his non-infringement testimony. Appx1841-1844 ("With respect to the height, it has a lot do with what we talked about yesterday."). Meanwhile, his non-infringement testimony alleged he "can't give you a height definition." Appx1756-1757.

C. Inline Preserved its Right to Appeal the Court's Legally Erroneous Jury Instruction on Objective Indicia of Non-obviousness.

Lacerta does not dispute that a jury instruction on objective indicia of non-obviousness was warranted and that the court's instruction failed to include several factors listed in its own proposed instruction. Lacerta seemingly only contests whether Inline properly preserved its right to appeal the erroneous jury instruction, and if so, whether the error was sufficiently prejudicial to warrant a new trial.[4] Op. 44, 48.

As detailed below, Inline timely objected to the jury instruction before the jury's deliberations. Moreover, Inline's defense to Lacerta's validity challenge was undeniably prejudiced by the court's failure to instruct the jury to consider all of the factors relevant to an objective considerations of non-obviousness.

The parties agree that Fed. R. Civ. P. 51 governs preservation of claims of

[4] Lacerta mistakenly argues that "plain error" review under Fed. R. Civ. P 51(d)(2) is the appropriate standard. Such a standard is only appropriate when a challenge to the jury instruction has not been preserved, as required by Rule 51(d)(1). That is not the case here.

error as to jury instructions. In accordance with Rule 51(c), Inline objected to the instruction, stating distinctly the matter objected to and the grounds for the objection. *See* Appx2201. Lacerta acknowledges Inline objected to the relevant instruction, but suggests, without legal support, that because it was one of eight objections identified by Inline, the court was not given proper notice of the objection or an opportunity to cure it. Neither contention is true.

Inline properly and timely objected to the court's instruction on objective indicia of non-obviousness. On February 17, 2022, the court instructed the parties to voice any objections to the jury instructions as delivered "tomorrow before the court gives the jury its final instructions on deliberations," after the court gave its instructions on the law. Appx1809. In accordance with this directive, and in compliance with Rule 51(c)(2)(B), Inline voiced eight objections it had to the jury instructions, including its objection to the instruction on objective indicia of non-obviousness. Appx2199-2201.[5] Thus, Inline preserved its right to appeal the deficient instruction on objective indicia of non-obviousness. Contrary to Lacerta's suggestion, Inline did not fail to provide the court with an opportunity to cure the issue. Op. at 44-45. The objection before the close of the jury instructions provided that opportunity. Nor was Inline obligated to request reconsideration of the

[5] No earlier objection was possible as the original instruction by the court was complete and included copying by others, licensing, and industry praise. These were later removed from the final draft. Appx11085-11086, Appx11111-11115.

objection in the middle of jury's deliberations.

While acknowledging that Inline voiced its objection to the court, Lacerta contends that Inline waived its right to appeal the erroneous instruction because it wasn't included in its motion for a new trial on validity. Contrary to Lacerta's argument that a party must raise the issue in post-trial briefing, the case on which Lacerta relies, *US v. Wasserson*, 418 F.3d 225 (3d Cir. 2005), does not stand for such a proposition. In *Wasserson,* the Third Circuit determined that a criminal defendant waived his right to appeal an error in the jury instructions because his counsel failed to object to the instruction **at trial and** did not file a post-trial motion for a new trial based on the erroneous jury instruction. *Id.* at 239-40. Having already identified its objection to the court at trial and prior to jury deliberations, Inline was not required to reassert its objection in a post-trial motion. *See Surprenant v. Rivas*, 424 F.3d 5, 15 (1st Cir. 2005) (an objection lodged when the trial court provided proposed instructions and took objections before charging the jury "preserves the underlying issue for appeal").

Lacerta concedes that the court's objective indicia instructions differed from the instructions proposed by either party but argues that the omission of several factors was not prejudicial to Inline. Op. 45. But a full review of secondary considerations of non-obviousness was an important part of Inline's validity argument, and the exclusion of multiple factors was highly prejudicial. This

included substantive evidence regarding licensing, industry praise, and copying. *See* Appx502-507, Appx5680-5683, Appx5670 (industry praise); Appx1238-1240 (licensing); Appx508-512, Appx5684-5692 (copying by others); Appx793-797, Appx811-813, Appx852-854, Appx859-860, Appx865-867 (copying by Lacerta); Appx794-798 (failure by others); (Appx4144-4147) (long-felt need). The court, however, failed to instruct the jury on these indicia of non-obviousness.

Undoubtedly, Lacerta was aware the instruction on objective indicia of non-obviousness was deficient. At no point did Lacerta inform the court that it agreed with Inline and the instruction was erroneous. Instead Lacerta stood silent and allowed an incomplete instruction to remain in place. By failing to instruct the jury on several factors of objective indicia, the court effectively removed key evidence presented at trial and distorted the jury's review during its deliberations. This Court has recognized that several of the factors omitted from the instruction could be important to the secondary considerations analysis. "Objective considerations such as failure by others to solve the problem and copying, may often be the most probative and cogent evidence of non-obviousness." *Advanced Display Systems, Inc. v. Kent State University*, 212 F.3d 1272, 1285 (Fed. Cir. 2000) (internal citation and quotation omitted). The failure to instruct the jury on all evidence of secondary considerations was an error that requires a new trial. *Allen v. Chance Mfg*. Co., 873 F.2d 465, 469–70 (1st Cir. 1989).

II. NO REASONABLE JURY COULD FIND INVALIDITY BECAUSE LACERTA FAILED TO OFFER LEGALLY SUFFICIENT EVIDENCE AND THE GENERAL VERDICT FORM CONFUSED THE JURY

Lacerta's evidence was insufficient to establish, by clear and convincing evidence, that the asserted patents were invalid under any of the three theories presented to the jury. With respect to its obviousness theory, for example, Lacerta lacked critical proofs for the multiple prior art combinations presented and offered no evidence rebutting Inline's compelling objective indicia of non-obviousness.

Further, Lacerta misstates this Court's standard of review of the jury verdict on invalidity. Because the court, over Inline's objections, provided a general verdict form, there is no basis to "presume that the jury resolved the underlying factual disputes in favor of the verdict," on obviousness because the jury was presented with three theories, each of which involved distinct and potentially conflicting facts. The *Baldwin* rule forecloses this presumption, particularly where, as here the theories before the jury were *legally* defective—a defect no jury could be expected to understand on its own. *See Cornwell*, 830 F.3d at 32.

A. Lacerta's Prior Art References and Expert Testimony on Obviousness Cannot Support an Obviousness Verdict

Lacerta's trial evidence relied on combinations of multiple references to disclose the claimed inventions in Inline's patents. In nearly every proposed combination, Lacerta required three, four, or five references to cover all the limitations in the challenged claims. Relying on multiple independent disclosures

to invalidate a single claim demands a more extensive presentation regarding the motivation necessary to justify the combinations. *See KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007).

Lacerta doesn't challenged that each of the references on which it relied was either cited during prosecution or cumulative of cited prior art. The examiner, given essentially the same prior art and evidence on which Lacerta relied at trial, found the claims to be patentable. Appx1879. Proof supporting the motivation to combine each reference in the proposed combination to fit the claims was thus mandatory. *See Innogenetics, N.V. v. Abbott Lab'ys*, 512 F.3d 1363, 1374 (Fed. Cir. 2008) ("[w]e must still be careful not to allow hindsight reconstruction of references to reach the claimed invention without any explanation as to how or why the references would be combined to produce the claimed invention."); *see also Ecolochem, Inc. v. Southern California Edison Co.*, 227 F.3d 1361, 1372 (Fed. Cir. 2000). As demonstrated below and previously (Br. 44-50), Lacerta's evidence failed as a matter of law.

B. Lacerta Failed to Prove a Motivation to Combine

Lacerta's expert, Dr. MacLean, did not opine on how or why the prior art could be combined. Rather, he merely identified features in different prior art references that formed an "inventory" of features but not coherent combinations. *See* Br. 25-26. Dr. MacLean testified only that it would be "a simple modification"

or just "making a cut" to combine and modify features but failed to provide a reasonable expectation of achieving a workable tamper evident / tamper resistant container from this inventory of disembodied features. *See* Appx1790-1791; Appx1827.

A technical expert must explain how a POSA "would have combined elements from specific references *in the way the claimed invention does*." *TQ Delta, LLC v. CISCO Sys., Inc.*, 942 F.3d 1352, 1360 (Fed. Cir. 2019) (emphasis in original) (citation omitted). Because Dr. MacLean failed to present such evidence, Lacerta's argument that the jury was entitled to "credit Dr. MacLean's testimony over Dr. Kazmer's" is meritless. Op., 22-23, "[C]onclusory expert testimony is inadequate to support an obviousness determination on substantial evidence review." *TQ Delta*, 942 F.3d at 1359.

Lacerta may not bolster Dr. MacLean's "inventory" approach by citing testimony of Inline's president and employees about the patented products. Indeed, "[t]he inventor's own path itself never leads to a conclusion of obviousness; that is hindsight." *Millennium Pharms., Inc. v. Sandoz Inc.*, 862 F.3d 1356, 1367 (Fed. Cir. 2017). Moreover, advantages achieved by the patented products *after* the fact are not evidence of motivation at the time of the invention. *KSR*, 550 U.S. at 420. Lacerta's evidence is untethered to the date of invention.

Lacerta's assertion that Dr. MacLean identified features of the claims in

various references is simply not enough. "[T]here is no basis for concluding that an invention would have been obvious solely because it is a combination of elements that were known in the art at the time of the invention." *Smiths Indus. Med. Sys., Inc. v. Vital Signs, Inc.*, 183 F.3d 1347, 1356 (Fed. Cir. 1999). As this Court has observed, "[s]uch short-cut logic would lead to the conclusion that any and all combinations of elements known in this broad field would automatically be obvious, without the need for any further analysis." *Securus Techs., Inc. v. Glob. Tel*Link Corp.*, 701 F. App'x 971, 977 (Fed. Cir. 2017).

Contrary to Lacerta's final argument, *KSR* did not eliminate the need for the types of proof required. *KSR* permits the legal conclusion of obviousness when proofs demonstrate the combination of known elements "does no more than yield predictable results." In this case, however, Lacerta offered no evidence that the claimed combination merely "yields predictable results" and offers no testimony in support of this final argument. *TriMed, Inc. v. Stryker Corp*., 608 F.3d 1333, 1341-42 (Fed. Cir. 2010). And, as discussed in the next section, objective indicia evidence in this case proves the contrary: the results were surprising and commercially successful.

C. Lacerta Failed to Rebut Evidence of Non-Obviousness

"Objective indicia of nonobviousness must be considered in every case where present." *Apple Inc. v. Samsung Elecs. Co.*, 839 F.3d 1034, 1048 (Fed. Cir. 2016)

"[E]vidence of secondary considerations may often be the most probative and cogent evidence in the record." *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538 (Fed. Cir. 1983); *see also InTouch Techs.*, 751 F.3d at 1353 (reversing judgment of invalidity where defendant failed to rebut secondary considerations evidence). Inline presented substantial evidence of secondary considerations that Lacerta did not refute, including massive sales growth of the product, long felt needs, failure of others, industry praise and awards, and copying by the accused infringer and others. Br. 9-13.

Lacerta did not contest the magnitude of the commercial success nor the nexus to the claimed features. Moreover, Lacerta did not provide any expert testimony concerning secondary considerations or nexus. Lacerta could not do so because it failed to cover that issue in its expert reports. Appx3193. Contrary to Lacerta's contention, its expert did not opine at trial that the "evidence of secondary considerations" was unpersuasive. All such testimony was *barred* at trial. *Id.*

Lacerta's suggestion that certain testimony undercut Inline's evidence of a nexus between the patents and commercial success is belied by the testimony. *See e.g.*, "tear strip" testimony (Appx3757).

Moreover, most of Lacerta's citations are irrelevant to the nexus issue. Lacerta's evidence focused on *Lacerta* and the alleged advantages of *Lacerta's Fresh N' Sealed products*. *See* Appx1397, Appx1402-1403, Appx1420, Appx1571-

1572, Appx7307-7310, Appx7568-7569. That evidence concerns events long after the technology was patented and established in the marketplace. *See* Appx7305-7310 (2018); Appx7560-7565 (2018); Appx7567-7569 (2018); Appx7579-7580 (2018); Appx7571 (2018). That evidence is irrelevant. Accordingly, Lacerta cannot rebut the presumption of nexus on this basis. *See Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1393 (Fed. Cir. 1988) (Accused infringer has burden to disprove nexus).

III. LACERTA DOES NOT DISPUTE THAT THE CLAIM CONSTRUCTION RESTRICTED THE CLAIMS TO THE PREFERRED EMBODIMENT

The court's claim construction departed from the ordinary meaning of common claim terms *multiple times*, presenting the jury with vastly different and more narrow claims. In particular, the court replaced the ordinary meaning of the claims with a narrowed compilation of specific structural features taken directly from the specification's preferred embodiments.

Lacerta repeatedly presented to the jury the patent *figures* representative of these features as the explicit limitations of the claims. Because the claims improperly required the accused product to be a replica of the preferred embodiment, the verdict denying infringement was improperly biased.

A. Both Parties Agreed on the Plain Meaning of "Bead" – a Meaning that the Court Discarded

Both parties agreed that the ordinary meaning of "upwardly projecting bead"

is the "raised portion of the upper peripheral edge" of the base. Br. 52-53; *see* Appx2415-2416. Lacerta does not contend that "bead" is a term of art or a term too complicated for the jury. Lacerta defends the court's claim construction with two arguments: Inline waived the "ordinary meaning" and the court's construction was "consistent" with embodiments in the specification.

As to alleged waiver, the record is clear that the construction Inline proposed was the "ordinary meaning" of "bead." Appx2259-2261. Indeed, Inline's proposed construction provided a recitation nearly identical to that noted above and agreed to by the parties: "a raised *molding formed* on the upper peripheral edge of the base portion." Appx2217. Using "molding" instead of "portion" here is a distinction without a difference.

Lacerta's second argument, that the court's construction is "consistent" with the specification, is not the test and cannot overcome the "heavy presumption" that the ordinary meaning controls. *Hill-Rom Servs., Inc. v. Stryker Corp.*, 755 F.3d 1367, 1371 (Fed. Cir. 2014). Lacerta concedes that the court's construction requires preferred features from the specification unmoored to any definitional requirements or disclaimers in the intrinsic record.

Contrary to Lacerta's argument, *ICU Med*. does not support the proposition that, when a single structural embodiment is disclosed, that structure trumps the ordinary meaning of the claims. This Court in *ICU Med* required the claim term

"spike" to be *pointed* because that was its ordinary meaning. *ICU Med., Inc. v. Alaris Med. Sys., Inc.*, 558 F.3d 1368, 1375 (Fed. Cir. 2009). Indeed, in rejecting the patentees' broader terminology, the Court emphasized that "… ICU offers no support from any intrinsic or extrinsic source in support of its claim that the ordinary meaning of spike would include a non-pointed structure such as a tube or a straw." *Id*. at 1375.

Lacerta's current argument is also contrary to well-settled law that claims are not "limited to devices operated precisely as a specification-described embodiment is operated" *SRI International v. Matsushita Electric Corp.*, 775 F.2d 1107, 1121 (Fed. Cir. 1985); *see also Phillips v. AWH Corp.*, 415 F.3d 1303, 1323 (Fed. Cir. 2005) ("[W]e have expressly rejected the contention that if a patent describes only a single embodiment, the claims of the patent must be construed as being limited to that embodiment").

Lacerta fails to identify intrinsic evidence mandating the multiple overlapping limitations imposed on the claims. Together with other construction errors (discussed previously and below), the court's overly narrowed construction of "bead" allowed Lacerta to anchor its expert testimony to the patent figures as *illustrations* of the court's claim construction and thereby gain a favorable verdict.

B. The Court's Disclaimer Ruling on "Hinder Access" and "Relatively Inaccessible" Was Unwarranted

The parties again do not dispute that "hinder access" and "relatively

inaccessible" are expressed in commonly understood words having no specialized meaning in this art. Yet, the court replaced these terms with wording that Lacerta argued to the jury required essentially a 100% inaccessible cover flange. Appx2176-2177.

Contrary to Lacerta's first argument, the court's disclaimer ruling was improper because there was no *unmistakable disavowal* or *expressions of manifest exclusion*. There can be no disclaimer of scope absent such manifest expressions or clear disavowals. Citing *On Demand Machine v Ingram Industries*, Lacerta wrongfully contends that use of one illustrative embodiment in the specification is a legal disclaimer of all other arrangements falling within the claim wording. This is not a recognized form of disclaimer and was not the holding in *On Demand,* where the Court instead narrowed the claim based on express distinguishing arguments during re-examination, 442 F.3d 1331, 1345 (Fed. Cir. 2006).

While it's possible for a specification to restrict claim scope, nothing in this case falls into that category. To the contrary, speaking in a positive way about the invention is insufficient to create a disclaimer; more is needed, such as express disparagement. *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1325 (Fed. Cir. 2002).

Contrary to Lacerta's second argument, the terms the court selected do not have the same meaning as the original claim wording. Lacerta illustrates its

argument by comparing "hinder" with "impede" and arguing that their meanings are not so different and do not "correlate to 100% inaccessible." The court, however, did not use "impede" alone but rather burdened it with additional requirements both directly: "Physically impede access" from "fingers or any other objects;" and indirectly, by extensive structural language used to replace "bead" and "configured to surround…" Shakespeare notwithstanding, by other names these roses do not smell as sweetly.

The court's usage of alleged synonyms of "hinder" highlights the risks of departing from the ordinary meaning without justification and resulted in far narrower limitations. For example, "block" and "impede" may be alternatives for "hinder" but are potentially more restrictive.[6]

> In fact, "hinder" was never so restricted by the specification:
>
> The position and upward extension of bead 34 is configured to *hinder* the *relatively easy method of removing a cover* from conventional containers ...

Appx93 ('003 patent – 6:5-8 (emphasis added)).

The specification used the term "hinder" to describe "access" to the cover

[6] "[B]lock implies complete obstruction to passage or progress…." and "**hinder stresses causing harmful or annoying delay or interference with progress**." *Hinder*, Merriam-Webster Thesaurus https://www.merriam-webster.com/thesaurus/hinder (last visited Feb. 23, 2023) (emphasis is original). Hinder captures "tamper-resistance" recited in the specifications, whereas "block" is more appropriate in a "tamper-proof" construction.

flange as "difficult," *id.*, but specifically in contrast to "the relatively easy method of removing a cover from conventional containers," *id.*, resulting in a "tamper resistant" cover (Appx94) – a well-understood concept in this art, different and less demanding than "tamper proof." Appx490-493; *see also* Appx1076. The court disregarded this guidance and Lacerta, in its Opposition, ignored it. Op. 55-57.

Lacerta's current contention that this encumbered "impede" is still equivalent to "hinder" is further undermined because Lacerta insinuated to the jury that 100% inaccessibility was required. Appx2176-2177. The combination of the court's constructions and Lacerta's insinuations made juror belief in such a requirement highly likely and prejudiced Inline.

C. Lacerta's Additional Multiple Definitions of "Hinge Height" Should Never Have Been Permitted Before the Jury.

As noted, the parties agreed and the court ruled that the ordinary meaning of "hinge height" would control.[7] Furthermore, applying this ordinary meaning, the court ruled that claims of the '640 Patent including limitations reciting "hinge height" were infringed as a matter of law. Appx2980, Appx2993-2995. Lacerta

[7] Lacerta misconstrues Inline's appeal by asserting Inline waived any interpretation of "hinge height" by the court. Inline sought and the court gave the term its ordinary meaning. Lacerta eventually advocated for a different construction long after claim construction, to support its late, multi-definitional "height" construction with its indefiniteness theory. *See* above at 8-10. In any event, this was not an issue for the jury.

failed to appeal that infringement ruling and it is thus "law of the case." *See United States v. Wallac*e, 573 F.3d 82, 88 (1st Cir. 2009)("a legal decision made at one stage of a … case, unchallenged in a subsequent appeal …, becomes the law of the case … and the aggrieved party is deemed to have forfeited any right to challenge that particular decision") (citation omitted).[8]

At trial however, Lacerta ignored the ordinary meaning and argued to the jury that hinge height had multiple meanings—none of which were "ordinary":

> So I have either -- under one interpretation, I have either a zero height; under this alternative interpretation, I have an infinite number of heights. And because of that dilemma, I can't say with certainty as one of skill in the art that the skirt height correlates with the height of the hinge.

Appx1758.

There was no evidence that either of Lacerta's two alternative definitions of "hinge height" corresponded to the *ordinary meaning* of this term or any part of the intrinsic record. Indeed, both definitions were taken from the *accused product*—an irrelevancy for claim construction. See above at 8-11. The objection to this testimony should have been sustained. Appx1758-1759. In contrast, Inline's expert offered a different ordinary meaning of "height:"

[8] Lacerta declined to address the court's summary judgment of infringement, citing *Aventis Pharma S.A. v. Hospira, Inc.*, 637 F.3d 1341, 1343-43 (Fed. Cir. 2011). However, this Court "require[s] parties to raise such arguments in their primary briefing." *Id*. at 1343.

> So the term "height" would be understood again by its plain and ordinary meaning in everyday use. So a person of ordinary skill in the art reading the patent would understand that height is defined in the vertical direction relative to gravity when the container is sitting flat on a surface.

Appx2021-2022.

Claim construction, of course, is for the court, not jury. The court, therefore, must intervene when two experts offer competing views regarding the "ordinary meaning" of a claim term. *See Core Wireless Licensing S.A.R.L. v Apple Inc.,* 899 F.3rd 1356, 1363 n.1 (Fed. Cir. 2018). "When the parties present a fundamental dispute regarding the scope of a claim term, it is the court's duty to resolve it." *O2 Micro*, 521 F3d. at 1362. [9]

D. The District Court's Errors of Law Were Not Harmless

The jury was asked to consider non-infringement arguments in conjunction with an indefiniteness theory – an invalidity theory based on arguments overlapping non-infringement arguments that Lacerta conflated, thus confusing the jury.

IV. THE COURT'S EVIDENTIARY ERRORS MATERIALLY PREJUDICED INLINE AND REQUIRE A NEW TRIAL

A. Permitting Lacerta's Expert to Testify on the Ultimate Question of Obviousness Was an Abuse of Discretion

Lacerta's expert should never have been permitted to opine on the ultimate

[9] Furthermore, Lacerta's "ordinary meaning" of hinge height is unwarranted because no POSA would consider the vertical dimension of a physical hinge *either zero or an infinite number of values*.

legal finding of obviousness. Appx1825-1826, Appx1839, Appx1841. "[W]here, as here, an expert purports to testify, not just to certain factual components underlying the obviousness inquiry, but to the ultimate question of obviousness, the expert must consider all factors relevant to that ultimate question." *InTouch Techs., Inc.*, 751 F.3d at 1352 n.8.

Lacerta's attempt to distinguish *InTouch* rests on a theory that Dr. MacLean considered secondary considerations. He did not. The evidence of "consideration" consists of one unsubstantiated response to a deposition question, not in his expert report or trial testimony. Appx11024.

Based on Dr. MacLean's admission that he did not address secondary considerations in his report and "didn't have an opinion," the court precluded him from offering an opinion on secondary considerations of non-obviousness at trial. Appx3193. Thus, it is incredible that Lacerta purports to distinguish *InTouch* on the basis that Dr. MacLean "considered secondary considerations." Dr. MacLean should have been precluded from testifying on the ultimate conclusion of invalidity for the reasons given in *InTouch*. *See* 751 F.3d at 1352 n.8.

Contrary to Lacerta's argument, Inline faced substantial prejudice when Dr. MacLean told the jury the patents were invalid, after counsel invoked his expertise:

> Q. Okay. And based on your analysis and experience did you form an opinion to a reasonable degree of certainty in your profession as to whether the asserted claims of the '003 patent are invalid or valid?

A. They are invalid.

Appx1791-1792; *see also* Appx1797 ("They are all invalid."); Appx1826 ("the '640 patent is invalid"); Appx1841 ("the asserted claims are invalid"). This Court has held that a witness's improper assertion of an obviousness opinion constituted "substantial prejudice" because "expert testimony on ultimate issues carries with it the potential to significantly impact a jury's decision." *See HVLPO2, LLC v. Oxygen Frog, LLC*, 949 F.3d 685, 688 (Fed. Cir. 2020). Importantly, the jury was not aware that Dr. MacLean rendered an opinion on the ultimate issue of obviousness without providing a complete review of all relevant factors, including objective indicia.

B. Admitting Evidence Relating to Lacerta's Patent Was an Abuse of Discretion

The court admitted Lacerta's patent into evidence based on a representation made by Lacerta's counsel that was proven untrue. Lacerta does not dispute that its damages expert did not consider its patent as part of its *Georgia-Pacific* factor analysis. Nor does Lacerta dispute that its patent was filed and issued many years after the patents-in-suit, making it irrelevant to willful infringement. No legal basis existed for admitting Lacerta's patent, particularly in view of the prejudice and jury confusion caused by such evidence.

Contrary to Lacerta's argument, Inline's attempt to mitigate the damage done by admission of the patent does not take away Inline's ability to challenge the evidence. *See Clark v. City of Los Angeles*, 650 F.2d 1033, 1038 (9th Cir. 1981)

("Reference to evidence admitted over a party's objection does not constitute a waiver of their original objection.").

CONCLUSION ON APPEAL

For the foregoing reasons, this Court should reverse the judgment of invalidity of Inline's patents or, alternatively, vacate the invalidity verdict and remand for a new trial on validity; reverse the court's claim construction of upwardly projecting "bead," "hinder access," "relatively inaccessible," and "configured to surround…."; and vacate the verdict of no infringement and remand for a new trial on infringement.

RESPONSE TO CROSS-APPEAL

STATEMENT OF ISSUES ON CROSS-APPEAL

Should this Court affirm the court because:

1) The court correctly allowed Inline to withdraw patent claims without prejudice where Lacerta did not object to withdrawal at trial.

2) The court correctly denied Lacerta's motion for an exceptional case finding where Lacerta failed to meet its burden.

SUMMARY OF ARGUMENT

This Court should affirm the court's judgment permitting Inline to withdraw patent claims without prejudice at trial, at least in view of Lacerta's statement that it did not object to the withdrawal and was not prejudiced.

This Court should affirm the court's denial of Lacerta's motion for exceptional case because Inline presented a good faith infringement theory, as recognized by the court, and litigated in a reasonable manner.

ARGUMENT ON CROSS-APPEAL

I. THE COURT CORRECTLY ALLOWED INLINE TO WITHDRAW PATENT CLAIMS WITHOUT PREJUDICE

In its infringement contentions served under D. Mass. LR 16.6(d)(1)(A), Inline asserted that Lacerta infringed 48 claims of the five patents-in-suit. Appx8536-8566. When it came time for trial, however, Inline reduced the number of claims to 24 for presentation purposes—*i.e.*, to avoid boring the jury. *See* Appx3250-3252.[10] Lacerta did not object at the charge conference, when Inline—at Lacerta's urging—asked the court to strike certain claims from the verdict form:

> MR. BELT: . . . For presentation purposes, we have decided not to assert in the trial certain claims, so I've deleted [from the draft verdict form] the ones we weren't asserting so that we're only presenting to the jury the ones that Dr. Kazmer discussed for infringement. . . .
>
> THE COURT: . . . As far is there any objection to them withdrawing the claims?
>
> MR. SCOTT: No, in fact, I requested that they do it on the record; that they are officially withdrawing.

[10] As one example, Inline originally asserted Claims 1, 3, and 5-8 of the '756 Patent but at trial asserted only Claims 1, 3, 6, and 7. In all, Inline withdrew Claims 6, 7, 9, 17-20, and 25 of the '003 Patent; Claims 4, 5, 7, 9, 18, 19, 21, and 23 of the '680 Patent; Claims 2, 3, and 5 of the '580 Patent; and Claims 5 and 8 of the '756 Patent. Appx3250-3252.

THE COURT: Okay, Okay.

MR. SCOTT: So we have no objection as to that, your Honor.

Appx1806.

The court correctly allowed Inline to withdraw those patent claims without prejudice. First, to the extent that Rule 41 applies, a dismissal is without prejudice unless the court states otherwise in its order. Fed. R. Civ. P. 41(a)(2). Here, the court did not state otherwise. Further, Lacerta stipulated to the dismissal. Thus, the dismissal is without prejudice because Lacerta agreed to the withdrawal without insisting that the dismissal be with prejudice. *See id*. at 41(a)(1).

Second, Lacerta has waived its appeal of this issue because, as seen above, it did not object to the withdrawal. *See Nalpropion Pharms., Inc. v. Actavis Lab'ys FL, Inc.*, 934 F.3d 1344, 1355 n.6 (Fed. Cir. 2019) (appellant waived claim construction argument by failing to request the construction from the district court); *Goulet v. New Penn Motor Exp., Inc.*, 512 F.3d 34, 44 (1st Cir. 2008) (appellant waived challenge to a jury instruction because it did not object at trial and, indeed, consented to the instruction at the time).

Finally, Lacerta's reliance on *Strub* and *Momenta* is misplaced. *Strub v. Axon Corp.*, 168 F.3d 1321 (Fed. Cir. 1998) is an unpublished decision from 1998 and is thus not citable as precedent (*see* Fed. R. App. 32.1(a)), although Lacerta cites it as precedent. In any event, *Strub* is distinguishable because, unlike Lacerta, the

appellant, Marburg, "clearly did not stipulate to the dismissal." 168 F.3d at *10.

Momenta Pharms., Inc. v. Teva Pharms. USA, Inc., No. 10-12079-NMG, 2014 WL 298027 (D. Mass. Jan. 24, 2014) is actually more helpful to Inline than to Lacerta. There, the trial court observed that, when faced with a motion to dismiss, the First Circuit holds that a court "should dismiss ***without prejudice*** unless the defendant will suffer legal prejudice as a result." 2014 WL 298027 at *2-3 (emphasis added). Further, "the prospect of a second suit or of the plaintiff obtaining a tactical advantage in the current suit does not, however, justify dismissing with prejudice." *Id*. Here, unlike the *Momenta* defendant, Lacerta itself requested the withdrawal of the patent claims. Thus, Lacerta cannot claim prejudice because withdrawal was its idea and it failed to object at the appropriate time.

II. THE COURT CORRECTLY DENIED LACERTA'S REQUEST FOR ATTORNEYS' FEES

A. Standard of Review

In "exceptional" cases, a court "may award reasonable attorney fees to the prevailing party." 35 U.S.C. § 285 (emphasis added). To be exceptional, a case must "stand[] out from others with respect to the substantive strength of a party's litigating position . . . or the unreasonable manner in which the case was litigated." *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014). Whether a case is "exceptional" is a "case-by-case exercise of [the district courts'] discretion, considering the totality of the circumstances." *Id*. The totality of the

circumstances in a Section 285 analysis includes the movant's litigation conduct. *Stone Basket Innovations, LLC v. Cook Med. LLC*, 892 F.3d 1175, 1181 (Fed. Cir. 2018) To prevail, a moving party must prove its entitlement by a preponderance of the evidence. *Octane Fitness*, 572 U.S. at 557.

"The trial judge [is] in the best position to understand and weigh" considerations such as the closeness of the case, the tactics of counsel, the conduct of the parties. *See, e.g., Univ. of Utah v. Max-Planck-Gesellschaft zur Foerderung der Wissenschaften e.V.*, 851 F.3d 1317, 1323 (Fed. Cir. 2017).

Awards under section 285 are limited to circumstances that are "uncommon," "rare," or "not ordinary." *Octane*, 572 U.S. at 554."[A]wards of attorney's fees in patent cases should be reserved for rare and unusual circumstances." "[F]ee awards are not to be used as a penalty for failure to win a patent infringement suit." *Spineology, Inc. v. Wright Med. Tech., Inc.*, 910 F.3d 1227, 1231 (Fed. Cir. 2018) (internal quotation omitted). "[T]he mere fact that the losing party made a losing argument is not a relevant consideration; rather, the focus must be on arguments that were frivolous or made in bad faith." *Stragent, LLC v. Intel Corp.*, No. 6:11-421, 2014 WL 6756304, at *4 (E.D. Tex. Aug. 6, 2014) (Dyk, J.).

B. Inline Presented a Good Faith Theory of Infringement

As the court recognized in its order denying Lacerta's request for an exception case determination, "Inline had a good faith theory of infringement." Appx31.

First, at summary judgment, Inline prevailed on infringement with respect to Claims 1, 2, 3, and 6 the '640 Patent. Appx2995. Moreover, the court denied Lacerta's motion for summary judgement of non-infringement. Appx2997. Indeed, the very argument that Lacerta now alleges Inline did not advance in good faith—that the Accused Product's angled upper peripheral rim provides an upwardly projecting bead—is a question the court concluded was a "matter of fact that should be decided by a jury." Appx2990.

The fact that Inline prevailed at summary judgment as to infringement of at least some claims should alone be sufficient to demonstrate that Inline had a reasonable, good faith basis underlying its infringement claims. Further, courts regularly find that denial of a defendant's summary judgment undercuts a claim of exceptionality. *See, e.g., Checkpoint Sys., Inc. v. All-Tag Sec. S.A.*, 858 F.3d 1371, 1376 (Fed. Cir. 2017) (denial of accused infringer's motion for summary judgment weighed against finding of exceptional case); *Sulzer Textil A.G. v. Picanol N.V.*, 358 F.3d 1356, 1370 (Fed. Cir. 2004) (same). Indeed, the denial of Lacerta's motion for summary judgment of non-infringement supports the reasonableness of Inline's infringement positions. *See ResQNet.com, Inc. v. Lansa, Inc.*, 594 F.3d 860, 875 (Fed. Cir. 2010).

Contrary to Lacerta's claim, the court did not apply a mechanical rule in rejecting its request for attorneys' fees that was based entirely on the denial of

Lacerta's summary judgment motion. In rejecting Lacerta's contention that Inline lacked a good faith infringement theory, the court also relied on its analysis that "a jury reasonably could have found that the accused products literally infringed the asserted claims." Appx31. Further, as discussed below, this was not the only basis for denying Lacerta's motion for an exceptional case determination. Clearly, a mechanical rule was not applied.

Lacerta's contention that Inline advanced a new and improper infringement theory at trial is not supported by the evidence. Indeed, the court rejected the argument these were new. Appx1109-1111; Appx1136-1137. In fact, much of the record Lacerta cites is directed to testimony from Dr. Kazmer that does not represent an infringement analysis or new evidence but rather commentary on features associated with the patented containers or the accused products. In that testimony on which Lacerta relies (Appx1079), Dr. Kazmer is not conducting an infringement analysis but is simply stating a fact about the construction of the patented containers.

Moreover, Lacerta's contention that the court's claim construction should have made Inline realize that its infringement case could not prevail is directly contradicted by the court's summary judgment determination that infringement was for the jury even under its claim construction. In any event, Inline did not pivot at trial and change its theory of infringement.

Lacerta's argument that Dr. Kazmer relied on doctrine of equivalents

arguments or testified in a manner that was inconsistent with the court's claim construction for the term "upwardly projecting bead" is at odds with the facts. Inline took great pains to make it clear that Dr. Kazmer offered a literal infringement opinion that was based upon application of the claim constructions. Indeed, in view of Lacerta's objections that Dr. Kazmer's testimony related to doctrine of equivalents or was inconsistent with the claim construction—objections that were overruled (Appx2020)—Dr. Kazmer clarified that he applied the constructions and found literal infringement.

For example, after Lacerta objected that Dr. Kazmer's testimony was somehow inconsistent with the court's claim construction for upwardly projecting bead, Inline presented the construction to Dr. Kazmer, Dr. Kazmer confirmed that he applied that construction in concluding that the limitation was met and thus pointed to the location of the upwardly projecting bead. Appx1109-1111. Lacerta did not object or move to exclude this testimony.

When Dr. Kazmer took the stand the following morning to continue his testimony, he re-oriented the jury by explaining where, in his opinion, the upwardly projecting bead was found and, after Lacerta's objection that this description of the product constituted a doctrine of equivalents theory, Dr. Kazmer confirmed that it is his opinion that the raised portion was literally present. Appx1136-1137.

Indeed, it is difficult to understand how Lacerta can persist in arguing that the

base portion does not literally feature a "raised portion of the upper peripheral edge that substantially surrounds the outer edge of the outwardly extending peripheral flange" when Lacerta's own product designers and expert admitted at trial that the top surface of the upper peripheral rim is angled such that the outer portion is higher than the lower portion. *See* Appx1847 (Dr. MacLean testifying that "the arrangements of the Lacerta products where you have the upper peripheral rim that is slightly angled"); *see also, e.g.*, Appx834; Appx847; Appx862; Appx870.

Although Lacerta persists in arguing that Dr. Kazmer's opening a container with his fingers is significant, the court made clear during claim construction that "[t]hat the upwardly projecting bead physically blocks access to the outwardly extending peripheral flange does not mean that access is impossible." Appx4. Further, the court "reject[ed] the suggestion that physically blocking access to something makes it 100% inaccessible." *Id*. Lacerta's arguments are inconsistent with the court's claim construction, not Inline's. In any event, that Lacerta disagrees with Inline's positions does not mean that Inline lacked a good faith infringement theory.

C. Inline Litigated in a Reasonable Manner

1. Inline Appropriately Narrowed the Claims Presented at Trial

Contrary to Lacerta's allegations, Inline's narrowing of the claims at trial is not an unreasonable action but rather an appropriate means of presenting a case while

respecting the jury's and court's time. Indeed, courts have observed that narrowing the number of asserted claims is "is not exceptional because the Court 'encourages and requires the parties to narrow their case for trial.'" *Innovation Scis., LLC v. Amazon.com, Inc.*, No. 4:18-CV-474, 2021 WL 2160521, at *2 (E.D. Tex. May 27, 2021). "The development, refining, and narrowing of a case as it proceeds to trial is never a perfect process." *Gigamon Inc. v. Apcon, Inc.*, No. 2:19-CV-00300-JRG, 2022 WL 949962, at *4 (E.D. Tex. Mar. 29, 2022). Moreover, Inline did not withdraw claims because it deemed its infringement arguments to be weak with respect to those claims. In fact, the withdrawn claims have similar scope and wording to those presented to the jury. The claims were withdrawn to reduce the length of Dr. Kazmer's testimony and to simplify the review for the jury.

During the testimony of Dr. Kazmer, Inline presented evidence as to infringement of six claims of the '003 Patent, nine claims of the '680 Patent; four claims of the '756 Patent, four claims of the '580 Patent and one claim of the '640 Patent. Appx1101-1123; Appx1134-1184.

As discussed above, Lacerta requested that Inline "officially withdraw[]" the claims that it was not asserting at trial. Appx1806. At the charge conference, Inline explained that it withdrew the other claims "for presentation purposes." *Id*. Because Lacerta asked Inline to withdraw the claims and did not object at the time to Inline's withdrawing the claims, the withdrawal cannot be considered unreasonable nor

grounds for an exceptional case determination.

In any event, withdrawing claims earlier would not have changed the issues to be prepared for trial. With one exception,[11] Dr. MacLean's non-infringement opinion relied on only three theories to rebut Inline's infringement arguments: (1) whether an upwardly projecting bead or upper peripheral edge substantially surrounds the peripheral flange; (2) whether the peripheral flange is accessible, and (3) whether the hinge has a height substantially equal to the height of the skirt. Appx8232-8257. None of these theories was affected by the withdrawn claims because the remaining claims recited the same or similar limitations. Likewise, Dr. MacLean did not present *any* prior art combinations in his invalidity opinions that were directed only to claims later withdrawn. Appx8261-8275. Every combination but one was directed to at least Claim 1 of the respective patent (*id.)*, and for each patent, Claim 1 was included at trial. The exception was a combination directed to Claims 17, 18, 25, and 27 of the '680 patent (Appx8264), but Claims 17, 25, and 27 were each included at trial.

Moreover, Lacerta took the same approach with respect to invalidity that it now complains about with respect to infringement. Lacerta served *1527 pages* of invalidity contentions featuring four or five prior art combinations for each of the

[11] Dr. MacLean also opined that parfait containers with a flat section are not "generally circular", as required by Claim 6 of the '003 Patent. There is no basis to believe that this issue required significant expert time.

Asserted Patents. Appx9156-9160. Dr. MacLean's report disclosed four combinations for the '003 Patent; five combinations of the '680 Patent; three combinations of the '756 Patent; three combinations for the '580 Patent; and four combination of the '640 Patent. Appx8261-8273. At trial, not only did Dr. MacLean limit his presentation to the same claims for which Inline argued infringement, he also eliminated 13 prior art combinations from his invalidity contentions. Lacerta never notified Inline of its intent to reduce the number of invalidity contentions presented to the jury from 19 to 6 (excluding improper "POSA knowledge" combinations).

Contrary to Lacerta's argument that the additional claims imposed an additional burden, Lacerta identified no significant substantive issues that were changed based on the withdrawal of those claims. Each of the key disputed issues from the withdrawn claims related to limitations found within the independent claims that were presented at trial, *e.g.*, the upper peripheral bead, substantially hindering access, etc. It's not as if Inline added *new* claims on the eve of trial or removed entire patents from its infringement claims. Rather, it reduced the number of patent claims, which should be applauded.

In denying Lacerta's request for an exceptional case determination, the court did not abuse its discretion. The court noted that "[b]ecause all 45 claims contained similar contested limitations, it is unclear how the litigation would have materially

differed had Inline withdrawn the 21 claims sooner." Appx32.

2. Inline's Calling Bruce Stein as a Witness in View of Another Witness's Unavailability Is not Improper Litigation Conduct

Inline did not renege on a pre-trial representation that one of the named inventors, Bruce Stein, was unavailable to testify at trial. In the years leading up to trial, Inline did not have any contact with Mr. Stein, a former employee. At the onset of trial, Inline understood that Mr. Stein was currently working for a competitor in Missouri. Moreover, Inline's motion to call a witness, Mr. Stein, live rather than by deposition, Appx3242-3248, which the court granted (Appx784) is not improper litigation practice. Nor was Mr. Boback's unavailability improper. Inline explained the circumstances by which Mr. Stein unexpectedly became available and Mr. Boback became unavailable, through no fault of Inline:

> So this issue just came to our attention really in the last few days. Mr. Stein is one of the inventors of the original patent, the '003 patent. We had planned to have Mr. Boback come and talk about the conception and the invention of the original patent. He was here in the -- the courtroom on Thursday waiting to go. The cross-examination of Mr. Orkisz took a little longer than expected, I think, and we were not able to reach [Mr. Boback].
>
> At the end of the day on Thursday, Mr. Boback informed us that he did not wish to return. He is beyond the subpoena power. He is retired. He has some health problems. He doesn't drive. He actually had to hitch a ride up here.
>
> So he told us he would think about it over the weekend. He confirmed to us that he does not wish to return.

Appx674.

> Mr. Stein, who lives in St. Louis, Missouri, had previously indicated that he did not want communications with Inline. But Inline learned over this weekend (February 5, to be exact) that Mr. Stein—the only other healthy inventor—is now willing to testify live. … On February 4, in view of the strong likelihood that Mr. Boback would refuse to return, Inline reached out to Mr. Stein and spoke with him on Saturday, February 5. Mr. Stein said that he was willing to come testify live.

Appx3244.

Lacerta objected to Mr. Stein testifying live on the bases that the deposition testimony had previously been designated and Inline had not previously secured Mr. Stein to testify. Appx675-677. The court observed that "a witness is now unavailable, and another one's available in that witness's place" and further offered Lacerta an extra day to prepare its cross-examination. Appx677. After considering Lacerta's opposition, the court granted Inline's motion, giving Lacerta the option of an extra day to prepare. Appx784. As such, Lacerta was not prejudiced.

3. Inline Had a Good Faith Validity Argument

Finally, while Lacerta has set forth various defenses, including invalidity arguments, it made no effort to bring the case to an earlier conclusion on the basis of invalidity, such as by moving for summary judgment of invalidity. Lacerta's failure to argue that Inline lacked a good faith basis to proceed *before* trial undercuts Lacerta's theory that Inline's decision to proceed was unreasonable. *See, e.g.*, *Stone Basket Innovations, LLC v. Cook Med. LLC*, 892 F.3d 1175, 1180–81 (Fed. Cir. 2018) (affirming finding of no exceptional case because, *inter alia*, "[defendant]

took no actions to ensure a rapid termination of the instant litigation ... [including that it] did not: (1) inform [plaintiff] that it believed the lawsuit to be frivolous or unfounded; [or] (2) demand that [plaintiff] drop the lawsuit or indicate that the asserted claims were 'clearly invalid'").

Against these circumstances, Lacerta argues that Inline's validity position was allegedly weak based on:

1. Arguments Inline made in 2006 to the USPTO with respect to the Menshen reference during the prosecution of only one of the 5 patents-in-suit; and
2. The description of the Menshen reference in Dr. Kazmer's report.

The statement Inline made to the USPTO in 2006 was based on a translation of the Menshen reference. The Menshen reference does not expressly recite what material the container is made from. Appx4149-4153. However, Menshen does state that "[k]nown containers of this type usually have a lid made of aluminum." *See* Appx7431. The arguments made by Inline's patent counsel were not made in an attempt to deceive the patent office, but were likely the result of a misinterpretation of the translation. More importantly, the claims of the patent-at-issue was not allowed based on this misstatement, but based on a Commercial Success Declaration (Appx4167-4171) and a Long Felt Need Declaration (Appx4144-4147) filed by Inline. The examiner allowed the claims based on those declarations.

Additionally, Dr. Kazmer did not switch validity theories by expressing his understanding that the Menshen reference most likely discloses an injection molded container. Appx2051. Dr. Kazmer consistently opined that the Menshen container was not suitable for combination with thermoformed containers. Specifically, in his validity report, Dr. Kazmer opined that "the materials and features of the Menshen design are not compatible with those of Guillin EP." Appx8151; *see also* Appx8154. Kazmer's testimony at trial was consistent. He explained that the Menshen container has a geometry that could not be made by **thermoforming**. Appx2040 (emphasis added). Thermoforming is a very different manufacturing process from other techniques for making plastic parts, such as injection molding or extruding. He concluded "it's literally impossible to basically combine that Menshen structure with Guillin E.P. and provide or arrive at a single-piece thermoformed container." Appx2052. Accordingly, Dr. Kazmer's arguments were consistent with his report and represent a reasonable approach to distinguishing the prior art. A patentee's "reasonable attempts to distinguish the [prior art] from the claimed invention" do not support an award of fees. *Ultravision Techs., LLC v. GoVision, LLC*, No. 2:18-00100, 2021 WL 5154156, at *4 (E.D. Tex. Sept. 24, 2021).

The purported inconsistency Lacerta relies upon is the identification of the material used in Menshen. It is undisputed that Menshen does not disclose the material out of which its container is made. As noted above, Menshen does state

"[k]nown containers of this type usually have a lid made of aluminum." Appx7431. At the time of his report, Dr. Kazmer stated "Menshen states that its container is aluminum." Appx8149. Upon further review of Menshen, Dr. Kazmer determined that the container is most likely injection molded and so testified at trial. Appx2051. Lacerta had the opportunity to raise the issue with Dr. Kazmer during his cross-examination—and did. Appx2055-2056. As explained above, Kazmer's testimony was consistent with the explanation in his report that Menshen's design was incompatible were thermoforming. *Id.* Accordingly, there is no change in the substance of the argument.

In any event, even if Dr. Kazmer's explanation is considered to be inconsistent, it still remains that Inline understood the combination of Guillin EP and Menshen to be incompatible and insufficient to invalidate the '640 Patent, at least for the reasons explained by Dr. Kazmer during his testimony. Accordingly, Inline acted reasonably in assuming the '640 Patent was valid and seeking to enforce it at trial. In any event, the issue has nothing to do with the validity of the other asserted patents.

The trial judge is in the best position to weigh considerations such as the closeness of the case, the tactics of counsel, the conduct of the parties, and any other factors that may contribute to a fair allocation of the burdens of litigation. As the court correctly concluded, this case did not stand out from others with respect to the

substantive strength of Inline's litigating position nor did Inline litigate in an unreasonable manner. In fact, after presiding over the nearly three-week trial and after thanking and dismissing the jury the trial judge remarked " [i]f I live to be a million, I'm never going to pick them right." Appx2215. This comment at a minimum suggests that Inline's infringement and validity positions were reasonable. The court most certainly did not abuse its discretion in denying Lacerta's request for an exception case determination.

CONCLUSION ON CROSS-APPEAL

For the foregoing reasons, this Court should affirm the court's judgment of dismissal without prejudice of claims dropped at trial and denial of Lacerta's motion for a finding of exceptional case.

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Respectfully submitted,

/s/ David J. Silvia

David J. Silvia
James M. Bollinger
McCarter & English, LLP
201 Broad Street
Stamford, CT 06901
Phone: (203) 399-5900
Fax: (203) 399-5800
dsilvia@mccarter.com
jbollinger@mccarter.com

Erik Paul Belt
Thomas F. Foley
McCarter & English, LLP
265 Franklin Street
Boston, MA 02110
Phone: (617) 449-6500
Fax: (617) 443-6161
ebelt@mccarter.com
tfoley@mccarter.com

Counsel for Plaintiff-Appellant

FORM 19. Certificate of Compliance with Type-Volume Limitations **Form 19**
July 2020

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATIONS

Case Number: 2022-1954 & 2022-2295

Short Case Caption: Inline Plastics Corp. v Lacerta Group, LLC

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Name: David J. Silvia