

District of New Jersey Denies Settling Parties' Joint Request To Vacate Judgment Entered Following Jury Trial and Verdict

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In a recent opinion, the United States District Court for the District of New Jersey considered whether to grant a joint request by settling parties to vacate the Court's Judgment stemming from a jury trial and verdict in favor of plaintiffs. While the appeal of the Court's Judgment and its Orders on post-trial motions was still pending, the parties reached a settlement of all issues in dispute between them, and jointly submitted to the Court a proposed Stipulation and Order that, among other things, sought to vacate the Court's Judgment "and all Orders, decisions, and findings underlying such judgment or merged therein." Relying on "principles emanating" from earlier decisions by the Supreme Court and Third Circuit Court of Appeals, the Honorable Renée Marie Bumb, U.S.D.J., denied the joint request to vacate the Court's Judgment.

In *Eagleview Technologies, Inc., et al. v. Xactware Solutions, Inc., et al.*, 15-7025-RMB-SAK, plaintiffs brought suit against defendants for infringement of patents regarding processes that are applied to data derived from aerial imagery of roofs, which ultimately generate a roof report. Slip op. (Nov. 10, 2021) at 1-2. On September 26, 2019, after years of litigation and a two-week jury trial, the jury found that defendants willfully infringed plaintiffs' patents and awarded plaintiffs \$125 million in lost profits damages. *Id.* at 2. Judge Bumb entered Judgment in favor of plaintiffs on the same day as the jury verdict, and also issued a Temporary Restraining Order. On October 18, 2019, the Court granted plaintiffs' Motion for a Permanent Injunction.

Defendants subsequently appealed to the Federal Circuit. While the appeal was pending, plaintiffs filed a Motion for an Order to Initiate Contempt Proceedings and for a Temporary Restraining Order. Judge Bumb concluded that plaintiffs had made a *prima facie* showing of contempt and permitted the parties to conduct expedited discovery. *Id.* at 3. Then, on November 5, 2021, the parties advised the Court that they had reached a settlement fully resolving the case. As a result of the settlement, the parties jointly moved to dismiss the appeal, which the Federal Circuit granted on November 9, 2021. The parties also jointly submitted to the District Court a proposed Stipulation and Order that sought to: (1) vacate the Court's Judgment and all Orders, decisions, and findings underlying such judgment or merged therein; (2) vacate the Court's Permanent Injunction and all Orders, decisions, and findings underlying such judgment or merged therein; (3) dismiss, with prejudice, all claims, counterclaims, and defenses in the case; and (4) terminate the contempt proceedings initiated by plaintiffs. *Id.* at 4.

In light of the parties' settlement, Judge Bumb dismissed the pending contempt motion and terminated the contempt proceedings; vacated the Court's Permanent Injunction; and dismissed without prejudice all claims, counterclaims, and defenses. Although not addressed in the parties'

motion, Judge Bumb also dismissed as moot plaintiffs’ pending Motion for Attorneys’ Fees, Costs, and Interest. *Id.* at 5-6.

However, the Court denied the parties’ request to vacate the Court’s Judgment and all orders, decisions, and findings underlying the Judgment and Permanent Injunction. In denying the request, Judge Bumb relied upon a nearly identical case, *Argentum Medical, LLC v. Noble Biomaterials*, Civ. No. 3:08-1305, 2014 WL 4351531 (M.D. Pa. Sept. 2, 2014), in which the district court denied the parties’ request to vacate a prior judgment following settlement. The district court in *Argentum* noted that “the Supreme Court has expressly considered the question as to ‘whether appellate courts in the federal system should vacate civil judgments of subordinate courts in cases that are settled after appeal is filed or certiorari sought’ and provided an answer ‘in a unanimous opinion, [that] might fairly be stated as generally no.’” *Id.* at 6-7 (citation omitted). Moreover, Judge Bumb reasoned that “the Third Circuit has clearly ‘voiced [its] opposition to settlements conditioned on nullification of judgments for money damages,’ but does ‘perm[i]t the practice when the trial court’s injunctive order imposed a legal bar to settlement.’” *Id.* at 7 (citations omitted). Although exceptional circumstances may justify vacatur of a judgment pursuant to Rule 60(b)(6), the Court was not persuaded that exceptional circumstances existed in this case to warrant vacatur. Judge Bumb drew a distinction “between judgments that impose a legal bar to settlement and those that do not – and finds that such distinction is consistent with the prong in Fed. R. Civ. P. 60(b)(5) that allows the Court to vacate a judgment when ‘applying it prospectively is no longer equitable.’” *Id.* Judge Bumb indicated that the continued enforcement of the Permanent Injunction, for instance, was incongruous with the parties’ settlement, but the Court’s Judgment and underlying decisions did not impose such a barrier.

Lastly, the Court found that “[t]he public interest is best served by the finality of judgments.” *Id.* at 8. As Judge Bumb recognized, “[w]hile a jury verdict alone has little or no precedential value, the integrity of all decisions in this court would be weakened by allowing unsuccessful parties to erase unfavorable legal outcomes by striking a deal with the other side after the fact.’ Moreover, vacatur of the Court’s Judgment ‘would trivialize the significant judicial resources dedicated to this litigation, including the services rendered by the . . . members of the jury that considered this case.’ Simply put, a jury verdict is no fiction that the parties can later purport never happened.” *Id.* at 8 (citations omitted).

A full copy of the Court’s November 10, 2021 opinion is attached.