

Waddington North Am., Inc. v. Sabert Corp.

United States District Court for the District of New Jersey

August 5, 2011, Decided; August 5, 2011, Filed

Civil Action No. 09-4883 (GEB)

Reporter

2011 U.S. Dist. LEXIS 86632; 2011 WL 3444150

WADDINGTON NORTH AMERICAN, INC., Plaintiff, v. SABERT CORPORATION, Defendant.

Notice: NOT FOR PUBLICATION

Prior History: Waddington North Am., Inc. v. Sabert Corp., 2011 U.S. Dist. LEXIS 29770 (D.N.J., Mar. 22, 2011)

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Judges: GARRETT E. BROWN, JR., UNITED STATES DISTRICT JUDGE.

Opinion by: GARRETT E. BROWN, JR.

Opinion

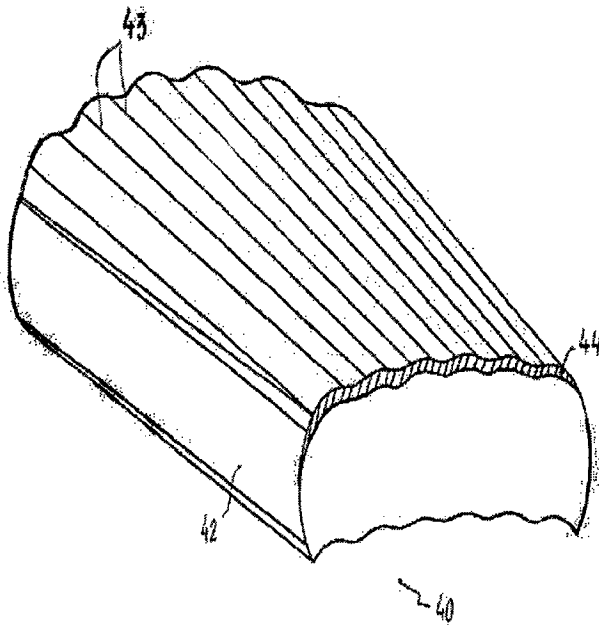
MEMORANDUM OPINION

BROWN, Chief Judge

This matter comes before the Court on two motions by Waddington North American ("WNA") for relief from a jury verdict that found that certain of Sabert's products did not infringe WNA's patent and invalidated several of its claims. WNA requests relief in the form of a motion for judgment *non obstante veredicto* ("JNOV") (Doc. No. 247), as well as a motion for a new trial (Doc. No. 248). Having considered the parties' submissions, and having determined that the misconduct of Sabert's counsel and witnesses was inexcusable and likely improperly influenced [*2] the jury's verdict, the Court grants the motion for a new trial pursuant to Federal Rule of Civil Procedure 59(a). However, despite this ruling, the Court concludes that had the misconduct not occurred, a properly instructed jury could have reasonably reached a verdict for either party except as to written description. Thus, the Court denies the motion for JNOV with respect to the infringement of claim 25 and invalidity based on obviousness, but grants it with respect to written description.

I. BACKGROUND

This is a patent infringement case involving metalized plastic cutlery. Plaintiff, Waddington North American, is the assignee of the single patent at issue, U.S. Patent No. 6,983,542 ("the '542 patent"), for among other things, plastic eating utensils covered with a thin metallic coating of stainless steel that gives them the appearance of real metal cutlery. (Compl. at ¶ 12; Doc. No. 1). As depicted in cross section in Figure 4 of the patent, a vapor deposition process covers the underlying plastic substrate with a thin metallic coating:



('542 patent, Fig. 4). The main difference between the diagram and the actual product is that that on the actual product the metallic coating is much [*3] thinner; it is only a few nanometers thick, far thinner than a human hair. Defendant Sabert Corporation originally produced similar utensils coated on both sides with stainless steel, but changed the product in an attempt to avoid infringement by using a titanium coating and making the plastic substrate opaque.

The claims at issue in this patent are not difficult to summarize. Claim 1 of the patent claims the following subject matter:

A metalized plastic food service item, comprising:

a plastic cutlery article having a display surface and an underside, said plastic cutlery article being adapted for placement on a table surface in a traditional table-setting presentation with said underside facing down towards said table surface and said display surface facing upwards; and

a thin metallic coating deposited on said display surface of said plastic cutlery article,

wherein said thin metallic coating is characterized by its suitability for food contact without an overcoat,¹ and is at least one of steel and stainless steel,

and wherein said thin metallic coating is of a sufficient thickness to impart a reflective metal-like appearance to the plastic cutlery article, to simulate genuine metal [*4] cutlery, said thickness being less than about 2000 nanometers and wherein said thin metallic coating is deposited by a vacuum deposition process.

(Reexamination Certificate, '542 patent, 1:25-1:44). Dependent claims 3, 35 and 12 narrow this claim by adding limitations requiring that the coating be less than "1000 nanometers in thickness," "about 200 nanometers in thickness" and that the vacuum deposition process be "sputtering deposition" respectively. Claim 38 is similar to claim 1 except that: (1) it does not require the metallic coating to be "suitable for food contact"; but (2) does require that it be produced "without an overcoat." An overcoat is a plastic coating deposited on top of the metal layer to act as a barrier between food and the metal layer.

Claim 25, the only claim asserted against Sabert's titanium cutlery, claims "a cutlery article for handling and consuming food, comprising[:]"

¹ An overcoat is a plastic coating deposited on top of the metal layer to act as a barrier between food and the metal layer.

a light transmitting plastic material and having a plurality of surfaces, wherein at least one surface amongst said plurality of surfaces is deposited with a thin metal layer [*5] suitable for food contact without an overcoat;

said thin metal layer being deposited by a sputter deposition process,

whereby a reflective metal-like appearance is imparted to at least a portion of said cutlery article, and said thin metal layer being less than about 2000 nanometers.

(Reexam Certificate at 2:44-54). This claim differs from claim 1 primarily in that it does not require the metal to be steel or stainless steel but does require the use of a "light transmitting plastic material."

A. The Parties' Contentions

WNA contended that Sabert's steel and titanium products infringed many of the claims of its patent. Most relevantly, WNA argued that Sabert's product infringed claim 25, despite the fact that Sabert's underlying plastic cutlery item was opaque, because it was made out of polystyrene. Polystyrene is light transmitting, and Sabert's underlying substrate is opaque because it adds "regrind" (essentially black recycled polystyrene) to the virgin polystyrene. Thus, WNA alleged that the "material" itself was clear even if the substrate was opaque.

Sabert contended that WNA's claims were invalid for a variety of reasons. In addition to alleging the claims were invalid based on lack [*6] of written description and indefiniteness, Sabert argued that the claims were invalid because they were obvious. Sabert's closest prior art reference was a product produced by Spir-It. The Spir-It products were plastic cutlery items with a thin coating of aluminum deposited by thermal vapor deposition and covered with an overcoat. Sabert maintained that this prior art reference, combined with several other references, made the case for obviousness. Sabert also contended that the claims were unenforceable based on WNA's inequitable conduct before the patent office.

B. The Court's Rulings

Prior to trial, the Court made several rulings in favor of WNA. First, early on, the Court granted WNA's motion to dismiss Sabert's assertion of unenforceability based on inequitable conduct. Second, when the Court construed the claims, it rejected Sabert's primary indefiniteness argument and adopted Plaintiff's construction of the term "a thin metallic layer . . . without an overcoat." (Doc. No. 113). In doing so, the Court refused to adopt Sabert's proposed construction that the term be limited to the metals specifically set forth in the specification. (*See* Doc. Nos. 56-1, 56-2 at 16-17).

Third, the [*7] Court granted WNA's motion for summary judgment that Sabert's steel cutlery infringed the patent and rejected one of Sabert's theories of invalidity as a matter of law. Fourth, the Court granted several of WNA's motions *in limine*, including, most importantly, WNA's motion to exclude the results of several foreign decisions that found that similar patents in those foreign countries were invalid. (Doc. No. 185; Doc. No. 188 at 70-72). Finally, because Mr. Sutton, Sabert's counsel, had again attempted to include allegations of his dismissed inequitable conduct claim, the Court struck those portions of the Proposed Final Pretrial Order.

C. Misconduct

The parties tried the case to a jury over a two-week period. During the case, Mr. Sutton and Sabert's witnesses repeatedly disregarded the orders and rulings set forth above, brought in improper evidence, made numerous arguments that were contrary to the law, denigrated the presumption of validity, and substituted leading questions for the testimony of Sabert's witnesses. Specifically:

- The Court excluded evidence that foreign tribunals had found the patent invalid because they were irrelevant and substantially prejudicial. The Court did so [*8] in a motion *in limine* and in several subsequent rulings during the trial. (Doc. Nos. 188 at 69-71, 185 at 2; 3/31/11 AM Sidebar tr. at 3-5). However, Mr. Sutton and a witness for Sabert disregarded these rulings and put the evidence before the jury. (*See* 3/31/11 AM tr. at 86-88, 138-139).
- The Court dismissed Sabert's inequitable conduct claim on the pleadings and reinforced this decision in pretrial hearings. (Doc. No. 99 at 9-15; 3/17/11 Pretrial tr. at 71; 3/21/11 Pretrial tr. at 62-65). However, Mr. Sutton and

witnesses for Sabert made repeated references to WNA "misleading" the PTO before the jury, which encouraged the jury to disregard the merits of the case and punish WNA for such conduct. (*See, e.g.*, 4/4/11 Am tr. at 15-16, 24; 4/5/11 PM tr. at 43).

- The Court ruled in its *Markman* Order and several times during the trial that the word "metal" covered titanium. (Doc. Nos. 113, 3/28/11 PM tr. at 5-8; 3/29/11 AM Sidebars tr. at 1-4). Despite such rulings, Mr. Sutton repeatedly made the noninfringement argument that titanium was not covered by the term "metal" because it was not one of the metals specifically mentioned in the patent. (*See* 3/28/11 AM tr. at 61, 63, 65-66; 3/29/11 [*9] AM tr. at 126-27; 3/29/11 PM tr. at 58-59; 4/5/11 PM tr. at 46-47).
- Mr. Sutton used a visual aid during his closing with a clear expression of his personal opinion of the merits of the case.
- Despite repeated objections, which were sustained, and several instructions from the Court, Mr. Sutton put on the majority of Sabert's case using leading questions. (*See, e.g.*, 3/31/11 PM tr. at 17-33, 37-40, 49-51, 104-115, 116-122, 4/1/11 AM tr. at 17-21).
- Mr. Sutton repeatedly argued that the presumption of validity did not apply in this case because there was prior art that the PTO did not consider. (*See, e.g.*, 3/28/11 AM tr. at 55-56).

After this conduct, which when combined occurred almost constantly throughout the trial, the jury returned an inconsistent verdict on lack of written description. The verdict also found that Sabert's titanium cutlery did not infringe the patent and that all of the claims were obvious.

II. DISCUSSION —MOTION FOR A NEW TRIAL

Mr. Sutton's conduct, in aggregate, created a reasonable probability that the jury was influenced by Mr. Sutton's improper conduct. While no party is entitled to a perfect trial, all parties before this Court are entitled to a fair trial. WNA [*10] did not receive a fair trial and thus, the Court must order the case to be retried. However, as discussed in Section III, the Court determines that absent such misconduct, the jury could have reasonably found in favor of either party on the issues of obviousness and the infringement of the titanium cutlery. Thus, except with respect to written description, the Court denies that motion.

A. Standard Of Review

Motions for new trials are governed by Federal Rule of Civil Procedure 59(a), which provides in pertinent part:

The court may, on motion, grant a new trial on some or all of the issues . . . for any reason for which a new trial has heretofore been granted in an action at law in federal court[.]

Several reasons justify granting a new trial, including: (1) when the jury's verdict is against the clear weight of the evidence and a new trial must be granted to prevent a miscarriage of justice, *Roebuck v. Drexel Univ.*, 852 F.2d 715, 717 (3d Cir. 1988); (2) when the verdict is internally inconsistent, *Malley-Duff & Assocs., Inc. v. Crown Life Ins. Co.*, 734 F.2d 133, 145 (3d Cir. 1984); and (3) when prevailing counsel committed misconduct and there is a "reasonabl[e] probabl[ity] that the verdict [*11] was influenced by prejudicial statements," *Greenleaf v. Garlock, Inc.*, 174 F.3d 352, 366 (3d Cir. 1999).²

The Third Circuit reviews a trial court's decision on a motion for new trial for abuse of discretion. *Montgomery County v. Microvote Corp.*, 320 F.3d 440, 445 (3d Cir. 2003). The discretion afforded to a trial court is particularly broad when the motion is based upon the misconduct of counsel because "in matters of trial procedure the trial judge . . . is in a far better position than [an appellate court] to appraise the effect of the improper argument of counsel." *Greenleaf*, 174 F.3d at 366 (internal quotations omitted).

² The Federal Circuit applies the law of the regional circuit in matters of procedure. *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1318 (Fed. Cir. 2009).

Where a motion alleges that the jury's verdict was against the clear weight of the evidence, the Court need not make all inferences in favor of the prevailing party. Indeed, there are situations where a judgment *non obstante veredicto* ("J.N.O.V") would be inappropriate but granting a new trial is within the discretion of the district court. *Fineman v. Armstrong World Indus. Inc.*, 980 F.2d 171, 211-212 (3d Cir. 1992).

B. [*12] Analysis

In exercising its discretion on this matter, the Court determines that a new trial is required based upon the transgressions of Sabert's counsel. While zealous advocacy can sometimes lead to minor misconduct that would not warrant a new trial, in this case the Court determines that the repeated misconduct of Sabert's counsel on a wide variety of fronts requires a new trial, particularly in light of the jury's inconsistent verdict. Prior to explaining the misconduct of Sabert's counsel, the Court notes that because of the repeated nature of Mr. Sutton's conduct, the Court can hardly assign blame to counsel for WNA for failing to object in every instance.

1. *The Failure to Object and the Court's Curative Instructions Did Not Cure Prejudice from the Misconduct of Counsel.*

Generally, individual elements of misconduct of counsel are insufficient to justify a new trial where they are not objected to or where the Court gives a curative instruction upon the request of counsel. In such cases, objections are either waived or juries are presumed to have followed the instructions of the Court. *Wilson v. Vermont Castings, Inc.*, 170 F.3d 391 (3d Cir.1991); *U.S. v. Riley*, 621 F.3d 312 (3d Cir. 2010). [*13] However, in cases where the misconduct at issue is substantial or repeated, such as this one, a new trial is warranted even if opposing counsel does not object to every single violation. See *Draper v. Airco, Inc.*, 580 F.2d 91 (3d Cir. 1978) (finding a closing prejudicial despite a curative instruction where there were several violations including improper references to defendant's wealth, personal opinion of the justness of the cause of action, and referring to information not in evidence); *Kiewit Sons' Co.*, 624 F.2d 749, 758-59 (6th Cir. 1980) (ordering a new trial despite the fact that the Court repeatedly gave curative instructions). In instances where misconduct is constant and repeated, counsel cannot object to every transgression — there are simply too many transgressions. Indeed, such constant misconduct puts opposing counsel in lose-lose situation requiring counsel to either object and be seen as combative, or allow the misconduct to continue. See *Straub v. Reading Co.*, 220 F.2d 177, 181 (3d Cir. 1955).

In this case, as mapped below, Mr. Sutton's misconduct was so constant and repeated that if WNA had objected to every issue, the stream of objections would have ground the proceeding [*14] to a halt, and given the jury the impression that counsel for WNA was angry, combative, and attempting to keep relevant evidence from it. Thus, counsel for WNA can hardly be faulted for failing to object to the thirtieth transgression of the day at trial. Indeed, the Court notes that WNA likely erred on the side of objecting frequently, so frequently that its proper objections likely prejudiced its position with the jury.

3. *Misconduct*

In this case, Sabert's counsel, Mr. Sutton, committed misconduct at trial that, when taken together created a reasonable probability that the verdict was influenced by the improper statements. See *Greenleaf v. Garlock, Inc.*, 174 F.3d 352, 366 (3d Cir. 1999). Sabert's counsel and witnesses put before the jury prejudicial evidence of foreign decisions invalidating the patent, made unwarranted accusations of misrepresentations by WNA to the PTO despite the fact that the court dismissed Sabert's inequitable conduct claims, Mr. Sutton gave his personal convictions about the merits of the case, argued that there was no presumption of validity, repeatedly disobeyed the rules against leading friendly witnesses, and improperly argued that titanium was not covered [*15] by claim 25's use of the word "metal." Each of these issues will be discussed in turn, and when taken together, the Court determines that there was a reasonable probability that the jury was influenced by the improper conduct of Mr. Sutton and Sabert's witnesses.

The violations were egregious and they were made far worse by the fact that in committing these violations Mr. Sutton repeatedly ignored the Court's rulings. The Court has seldom had an attorney before it who had as much difficulty following the Court's orders and rulings. A trial is not the Old West. There are rules, and attorneys are expected to follow them. The Court cannot reward a litigant who manifestly disregards those rules and express rulings of the Court based on either the effectiveness of opposing counsel or the proper instructions of this Court.

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