
Settlement Agreement Renders Case Moot, Plain and Simple

Serta Simmons Bedding, LLC v. Casper Sleep Inc., No. 2019-1098, 2020 WL 717771
(Fed. Cir. Feb. 13, 2020)

By: Barry Irwin & Adam Reis | February 21, 2020

The Federal Circuit recently vacated an order granting summary judgment of non-infringement on the grounds that a settlement agreement executed shortly before the order mooted the case. The Federal Circuit concluded that continuing obligations of the parties, as set forth in the settlement agreement, did not preclude this result.¹

In late 2017, Serta Simmons Bedding, LLC et al. (“Serta”) sued Casper Sleep Inc. (“Casper”) asserting infringement of several patents covering mattresses including a channel and methods for forming it. Casper eventually filed three motions for summary judgment of non-infringement, each directed to a different product or method accused on infringement. Before a ruling had been issued on the motions for summary judgment, the parties entered into a settlement agreement requiring Casper to pay Serta \$300,000 within ten days, cease manufacturing within one month, and cease sales and advertising within two months. The settlement agreement also provided the parties would file a motion to stay the case pending settlement and a motion to dismiss the action within five days of Casper’s payment. All in all, the settlement agreement contained standard provisions regarding the future performance of the parties to fully effectuate the agreement.

The day they executed the settlement agreement, the parties filed their joint notice of settlement and motion to stay the action. Two days later, the Court issued an order granting Casper’s motions for summary judgment of non-infringement. Casper then told Serta it would not make the required payment, taking the position that the settlement agreement was now “null and void.” Serta filed motions to vacate the summary judgment order and enforce the settlement agreement on the grounds that the settlement agreement rendered the case moot. The District Court denied both motions, finding that the parties did not intend to immediately dismiss the case, as evidenced by the required future performance, and that it lacked jurisdiction to enforce the settlement agreement once the summary judgment order issued dismissing the case. Casper then moved for fees and costs based on Serta’s allegedly inappropriate litigation strategy prior to settlement; the district court also denied that motion on the grounds that the case was not “exceptional.” The parties filed cross appeals.

The Federal Circuit tersely reversed, finding that Circuit Court precedent, including that of the Federal Circuit, was clear that the execution of an enforceable settlement agreement renders a case moot despite contemplating future performance by the parties. Because the Federal Circuit vacated the summary judgment order, it held the district court will have jurisdiction to enforce the settlement agreement moving forward. As for Casper’s request for fees and costs, the Federal Circuit denied Casper’s request because, given the vacatur of the summary judgment order, Casper was not a prevailing party and the settlement agreement plainly required the parties to bear their own costs and fees.

¹ *Serta Simmons Bedding, LLC v. Casper Sleep Inc.*, No. 2019-1098, 2020 WL 717771, at *3–5 (Fed. Cir. Feb. 13, 2020).