

Uncorroborated Testimony by Creator of Prior Art System Fails To Demonstrate Date of Availability

Network-1 Sec. Sols., Inc. v. Hewlett-Packard Co., 6-13-cv-00072 (E.D. Tex. May 7, 2021)

By: Lisa Holubar & Nick Wheeler | May 14, 2021

On remand from the Federal Circuit (the “CAFC”), the Eastern District of Texas (“the district court”) granted-in-part Network-1 Technologies, Inc.’s (“Network”) Motion for Judgment as a Matter of Law (“JMOL”) or New Trial because Hewlett-Packard Company, Hewlett Packard Enterprise Company (jointly “HP”) could not corroborate the testimony of the system’s creator as to the public availability of the system to prove that the system was prior art.

In 2011, Network brought a patent infringement case against HP for allegedly infringing claims in U.S. Patent No. 6,218,930 (the “’930 patent”) relating to power over ethernet. At trial, HP argued the ’930 Patent was invalid as obvious through the combination of four references: (1) the Fisher system, (2) the Fisher patents, (3) Woodmas and (4) Chang. The jury found HP did not infringe and that the ’930 Patent was obvious. After trial, the district court denied Network’s motion for a new trial on infringement but granted its request for JMOL on validity. In granting Network’s JMOL, the district court held HP did not show the Fisher system was prior art when it failed to corroborate the testimony of the system’s creator. On appeal, the CAFC vacated and remanded the district court’s judgment on non-infringement by holding the district court misconstrued a claim term. The CAFC also vacated and remanded the district court’s decision granting Network’s JMOL on validity.

On remand the district court examined whether Network’s JMOL or new trial should be granted. Network made three arguments for a new trial: (1) evidence of the Fisher system should have been excluded and its inclusion prejudiced Network; (2) the jury’s verdict was against the weight of the evidence; and (3) HP made improper closing arguments. The district court only discussed ground one and held a new trial was warranted because Network was substantially prejudiced by the Fisher system’s creator testimony and the Fisher system at trial. The district court stated that the obviousness finding based on the Fisher system or the creator’s testimony was “legally inadequate” as HP did not corroborate the testimony to prove the system was publicly available before the priority date of the ’930 Patent. Additionally, HP did not appeal the district court’s finding regarding the testimony as to the availability date of the Fisher system. The district court found that any relevance the Fisher system may have had as to the level of ordinary skill in the art was outweighed by the prejudicial effect of the Fisher system. HP also argued that the three remaining references rendered the ’930 Patent obvious. The district court rejected this argument as HP only provided one obviousness ground which was the combination of all four references. The district court noted that HP only presented the one obviousness combination to the jury and that HP heavily relied on the Fisher system throughout the trial.

Regarding Network’s JMOL arguments, the district court stated a new trial was appropriate rather than judgment in Network’s favor on invalidity because the CAFC ordered a new trial for infringement and a new trial would be fairer to both parties. In the future, parties who are unsure about the public availability date of a potential piece of prior art should not rely solely on the testimony of the prior art’s creator for evidence of the date of public availability. Instead, a party must be prepared to independently corroborate the public availability date of the prior art.