IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

OPTIS WIRELESS TECHNOLOGY, LLC, OPTIS CELLULAR TECHNOLOGY, LLC, PANOPTIS PATENT MANAGEMENT, LLC, UNWIRED PLANET, LLC, UNWIRED PLANET INTERNATIONAL LIMITED, *Plaintiffs*, v. APPLE INC., *Defendant.*	§ § § § § § § § § § § § § § §	CIVIL ACTION NO. 2:19-CV-00066-JRG

ORDER

Before the Court is Defendant Apple Inc.'s ("Apple") Motion for New Trial On All Issues Due to Improper Preclusion of Evidence of Plaintiff's FRAND Obligation (the "Motion for New Trial"). (Dkt. No. 549.) In the Motion for New Trial, Apple requests a new trial under Federal Rule of Civil Procedure 59, arguing that the verdict is not fair, reasonable, and non-discriminatory ("FRAND") in accordance with the contractual terms surrounding the asserted standard essential patents ("SEPs"). Having considered the Motion for New Trial and for the reasons set forth herein, the Court is of the opinion that the Motion should be **GRANTED-IN-PART** and **DENIED-IN-PART**.

I. Background

Plaintiffs Optis Wireless Technology, LLC; Optis Cellular Technology, LLC; PanOptis Patent Management, LLC; Unwired Planet, LLC; and Unwired Planet International Limited ("UPIL") (collectively, "Optis") filed the above-captioned case against Apple on February 25,

2019, asserting infringement of seven patents under the laws of the United States. (Dkt. No. 1 ¶ 1.) Prior to trial, two of the asserted patents were dropped by Optis. The Court conducted a jury trial with respect to the remaining five patents (U.S. Patent No. 8,019,332; U.S. Patent No. 8,385,284; U.S. Patent No. 8,411,557; U.S. Patent No. 9,001,774; and U.S. Patent No. 8,102,833 (collectively, the "Asserted Patents")) from August 3, 2020 through August 11, 2020. (Dkt. Nos. 460, 461, 466, 474, 482, 485, 486.) On August 11, 2020, the jury returned a verdict that Apple willfully infringed certain claims of the Asserted Patents. (Dkt. No. 483.) The jury awarded $ 506,200,000 as a reasonable royalty for such infringement. (*Id*.)

The Court entered Final Judgment on February 25, 2021, memorializing the jury's findings but electing not to enhance damages for willful infringement under 35 U.S.C. § 284. (Dkt. No. 544.)

a. FRAND Litigation History

Optis filed its First Amended Complaint on May 13, 2019. (Dkt. No. 26.) As a part thereof, Optis set forth that the Asserted Patents were SEPs, and alleged that the original assignees of the SEPs—including LG, Panasonic, Ericsson, and Samsung—offered licenses under FRAND terms consistent with their obligations as part of the European Telecommunications Standards Institute's ("ETSI") standard-setting organization, thereby forming a FRAND contract under French law.[1] (Dkt. No. 26 ¶¶ 136–141.) It is uncontested that the Asserted Patents are FRAND-encumbered SEPs. (*See* Dkt. No. 1 ¶ 22–36; Dkt. No. 360 at 17; Dkt. No. 549 at 5.) Optis alleged that Apple's bad faith conduct and holdout during pre-suit negotiations caused Apple to forfeit any FRAND defense. (Dkt. No. 360 at 5.)

[1] Optis argued that under French law, the existence of a FRAND contract triggered a duty by Apple to negotiate in good faith. (Dkt. No. 436 at 39:1–40:8; Dkt. No. 169 at 18.)

In Count VIII of its First Amended Complaint, Optis alleged that "[t]here is a dispute between the Plaintiffs and Apple concerning whether the Plaintiffs' history of offers to Apple for a global license to the Plaintiffs' essential patents complies with Plaintiffs' commitment to license their essential patents on FRAND terms and conditions pursuant to ETSI and ETSI's IPR Policy." (Dkt. No. 26 ¶ 143.) Count VIII sought "[a] declaration that Plaintiffs, in their history of negotiations with Apple in regard to a global license to the Plaintiffs' essential patents, have negotiated in good faith and otherwise complied with FRAND . . . ." (Dkt. No. 26 at 109.) Apple filed a Motion to Dismiss Count VIII of Plaintiffs' Complaint for Lack of Subject Matter Jurisdiction (Dkt. No. 16), which the Court granted-in-part and denied-in-part. (Dkt. No. 102.) The Court granted the motion and dismissed "any portion of Count VIII that seeks a declaration that Plaintiffs have complied with their obligations under foreign laws or as they relate to foreign patents, or that Apple may not raise a FRAND defense in a foreign jurisdiction." (*Id*. at 6.) The Court explained that "[l]ike claims for foreign patent infringement, claims asking the Court to pass upon foreign obligations under foreign laws related to foreign patents are best left to the courts of those foreign countries." (*Id*.) However, the motion was denied "as to Plaintiffs' request to declare the parties' rights with respect to U.S. patents or under U.S. state or federal law," which the Court declined to dismiss. (*Id*. at 9.) Nevertheless, the Court cautioned that "[w]hether or not Plaintiffs can prove these allegations in a manner sufficient to allow this Court to issue declaratory relief is a separate issue more appropriately analyzed under Rule 56 or at trial." (*Id*. at 8.) The Court further concluded that it "remains under 'a continuing obligation to examine the basis of [its] jurisdiction' and will not issue an advisory opinion if it becomes clear that there is no justiciable controversy before the Court." (*Id*. (citation omitted).)

b. Pretrial Proceedings

During pretrial proceedings before the Court, Optis deliberately elected to try what remained of its declaratory judgment claim to the bench, not the jury. Apple raised no objection to this decision. In the Joint Pretrial Order, the parties included "Plaintiffs' claim for a declaratory judgment" as an "issue[] to be tried to the Court in a bench trial immediately following the jury trial." (Dkt. No. 360 at 4.) The Court confirmed this fact with both sides on July 27, 2020 at the pretrial conference:

> THE COURT: Let me ask my question again. When you filed your most recently amended complaint, you inserted Count 8 that sought declaratory relief to find that Optis had complied with its FRAND obligation and that Apple had acted in bad faith and engaged in holdout. You sought a declaratory judgment to that effect. Did you then at the time of that amendment intend to try that issue to the jury or to the bench?
>
> [Optis's Counsel] MR. SHEASBY: No, Your Honor, it was our expectation that we try it to the bench.

(Dkt. No. 435 at 54:17–55:1; *see also* Dkt. No. 436 at 60:22–62:15 (Apple's counsel explaining that the issue of Plaintiff's FRAND compliance should be tried to the bench).)

Nonetheless, during trial Optis sought to separate the issue of its own FRAND compliance from the alleged misdeeds by Apple which Optis alleged caused Apple to forfeit its right to raise a FRAND defense. (Dkt. No. 435. at 55:5–62:23.) Under the guise of evidence relevant to willful infringement, Optis argued that evidence of Apple's bad faith and holdout during pre-suit negotiations should still be presented to the jury. (*Id*. at 67:12–68:6.) Specifically, despite the existence of a non-disclosure agreement covering licensing negotiations between the parties, Optis sought to introduce evidence from internal Apple documents showing that Apple's representations during negotiations were inconsistent with Apple's own licensing practices. (*See* Dkt. No. 436 at 36:2–23.) The Court rejected Optis's attempt to have it both ways—*i.e.*, to use FRAND as both a sword (in the jury trial against Apple) and a shield (in a subsequent bench trial as to Optis's own

conduct). (Dkt. No. 435 at 55:5–62:23.) However, doing so necessarily meant that the jury was not presented with evidence regarding Optis's FRAND commitment or whether the requested reasonable royalty was FRAND-compliant. (*See* Dkt. No. 435 at 56:10–58:9.)

c. Bench Trial

Following the jury trial, on August 11, 2020, the Court conducted a bench trial regarding the issues of Optis's Count VIII and Apple's waiver defense. (Dkt. No. 487.) Having previously dismissed Optis's Count VIII as to foreign patents (Dkt. No. 102), the Court analyzed the evidence presented for any offers relating solely to U.S. patents. (Dkt. No. 538 at CL7.) The Court found that "Optis never made an offer specifically for or limited to its U.S. Patents," and accordingly declined to exercise jurisdiction over Count VIII. (*Id*. at CL4, CL7.) The Court further held that by failing to raise a counterclaim or affirmative defense, Apple waived its right to challenge the verdict as noncompliant with FRAND. (*Id*. at CL8.) Finally, the Court held that Apple failed to show the Asserted Patents were unenforceable due to late disclosure to the ETSI standard-setting organization. (Dkt. No. 538.)

II. Applicable Law

A new trial may be granted on all or part of the issues on which there has been a trial by jury for "any reason for which a new trial has heretofore been granted in an action at law in federal court." Fed. R. Civ. P. 59(a). Notwithstanding the broad sweep of Rule 59, "courts do not grant new trials unless it is reasonably clear that prejudicial error has crept into the record or that substantial justice has not been done, and the burden of showing harmful error rests on the party seeking the new trial." *Metaswitch Networks Ltd. v. Genband US LLC*, No. 2:14-CV-00744, 2017 WL 3704760, at *2 (E.D. Tex. Aug. 28, 2017); *Erfindergemeinschaft UroPep GbR v. Eli Lilly & Co.*, 276 F. Supp. 3d 629, 643 (E.D. Tex. 2017). "A new trial may be granted, for example, if the

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