

PACKET INTELLIGENCE LLC v. NETSCOUT SYSTEMS, INC., Appeal No. 2022-2064 (Fed. Cir. May 2, 2024). Before Lourie, Hughes, and Stark. Appealed from E.D. Tex. (Judge Gilstrap).

Background:

In Packet's patent infringement action against Netscout, the district court held that Netscout infringed the asserted claims, those claims were not invalid, and Packet was entitled to \$3.5 million in pre-suit damages, \$2.25 million in post-suit damages, \$2.25 million in enhanced damages for willful infringement and a royalty of 1.55% for future infringement. Netscout appealed the judgment to the Federal Circuit, which reversed the pre-suit damages but affirmed the judgment in all other respects. The case was remanded to recalculate the enhanced damages and royalty.

Meanwhile, Packet had sued other companies on the same patents, which resulted in *inter partes* reviews (IPRs) of those patents. The PTAB issued final written decisions invalidating all claims of the patents that were the basis of the cause of action against Netscout. Packet appealed the PTAB decisions.

On remand Netscout filed a motion to dismiss or stay until Packet's appeal is resolved. The district court denied Netscout's motion and entered an amended final judgment that eliminated the pre-suit damages, reduced the enhanced damages to \$1.1 million, and reduced the royalty to 1.355%. Netscout appealed the amended final judgment to the Federal Circuit arguing that, if the Federal Circuit affirms the PTAB decision in the co-pending appeal from the IPRs, such affirmance should have an immediate effect on this case, leaving Packet unable to collect any outstanding damages award as there would be no cause of action left. Packet argued that the issues of infringement and validity were already sufficiently final and thus should not be affected by the PTAB's decision or the Federal Circuit's affirmance.

Issue/Holding:

Was this case sufficiently "final" to be immune from the PTAB's invalidity decisions? No, the Federal Circuit affirmed the PTAB in a separate opinion and on the same day issued this opinion vacating the district court's amended final judgment and instructing the case to be dismissed as moot.

Discussion:

The Federal Circuit lays out a clear binary standard for determining sufficient finality of a case in terms of being immune from the PTAB's parallel unpatentability decisions. For a case to be sufficiently final, there must be a final judgment "that ends the litigation on the merits and leaves nothing for the court to do but execute the judgment" (emphasis added). The question is not one of degree but is a "yes/no" analysis; is there, post-mandate, anything left to do other than execute the judgment? If the answer is yes, the case is not final and is not immune to the impact of subsequent developments as to validity of patents. Here, while the case was on remand, the court had to remove the pre-suit damages and recalculate the enhanced damages as well as the royalty, which were clearly "more than nothing but execute the judgment."