IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

BRUNSWICK CORPORATION, **Plaintiff,**	)	
v.	)	**Civil Action No. 1:22-cv-00108**
VOLVO PENTA OF THE AMERICAS, LLC, **Defendant.**	)	

ORDER

This matter is before the Court on the parties' joint motion to vacate the Memorandum Opinion and Order issued on November 10, 2022. The parties have submitted a brief in support of their motion and did not notice a hearing. Accordingly, the matter is ripe for disposition. For the reasons that follow, the joint motion must be denied.

I.

A brief overview of the relevant background of this case is necessary. Early last year, on February 1, 2022, Plaintiff Brunswick Corporation filed a complaint against Defendant Volvo Penta of the Americas, LLC, alleging patent infringement. Specifically, plaintiff alleged that five of its patents relating to vessel automation were infringed by defendant. After receiving an extension, defendant moved to dismiss plaintiff's complaint, arguing that each of the five allegedly infringed patents was an invalid abstract idea under the Supreme Court's decision in *Alice Corp. Pts. Ltd. v. CLS Bank Int'l*, 573 U.S. 208 (2014). The motion was fully briefed, and an oral argument was telephonically held on June 24, 2022. Following that oral argument, an Order issued requesting further briefing. *See* Dkt. 30. Then, another oral argument was held on July 28, 2022 regarding the supplemental briefing.

On November 10, 2022, a Memorandum Opinion and Order issued granting defendant's

motion to dismiss. *See* Dkts. 45 & 46. The Memorandum Opinion was comprehensive—spanning 37 pages—and reasoned that the asserted patents were, in fact, invalid under *Alice*.

Plaintiff thereafter noticed an appeal. While the appeal was pending, the parties reached a settlement agreement regarding this case and several other cases. The parties then filed this joint motion to vacate. Notably, the settlement agreement is not contingent upon vacatur of the Memorandum Opinion and Order; the parties agreed that the settlement agreement will stand without regard to the disposition of the pending motion.

II.

Federal Rule of Civil Procedure 60(b)(6) provides that a district court "may relieve a party or its legal representative from a final judgment, order, or proceeding for . . . any [] reason that justifies relief." Rule 60(b)(6), Fed. R. Civ. P. When a district court is asked to vacate an Order due to the parties' settlement, it may do so only where there are "exceptional circumstances." *U.S. Bancorp. Mortg. Co. v. Bonner Mall P'ship*, 513 U.S. 18, 29 (1994) (holding that a court of appeals may vacate a district court's order upon "exceptional circumstances" when the parties settle); *Hartford Cas. Ins. Co. v. Crum & Forster Specialty Ins. Co.*, 828 F.3d 1331, 1334 (11th Cir. 2016) (holding that the "exceptional circumstances" test also governs whether a *district court* should vacate an order due to a settlement agreement).

The First, Second, and Eleventh Circuits have held that district courts must "determine the propriety of granting vacatur by weighing the benefits of settlement to the parties and to the judicial system (and thus to the public as well) against the harm to the public in the form of lost precedent." *Hartford Cas. Ins. Co.*, 828 F.3d at 1136; *see also Motta v. Dist. Dir. of INS.*, 61 F.3d 117, 118 (1st Cir. 1995) (applying the same test); *Major League Baseball Properties, Inc. v. Pacific Trading Cards, Inc.*, 150 F.3d 149, 151 (2d Cir. 1998) (same). For purposes of this analysis, no two cases

are the same.

The exceptional-circumstances test, applied here, points persuasively to the conclusion that the Memorandum Opinion and Order here must not be vacated. To begin with, unlike *Hartford Cas. Ins. Co.*, the parties here have *not* conditioned their settlement agreement upon vacatur of the Order. Thus, the benefits of settlement to the parties and the judicial system are not lost by leaving the Memorandum Opinion and Order in place. Although the parties argue that denying the motion would discourage settlement in the future, the parties are mistaken. Rather, parties will be encouraged to settle cases *before* a district court enters a judgment rather than after a district court does so.

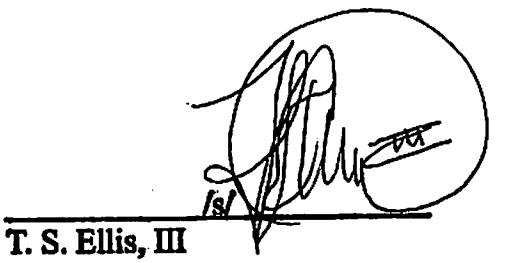
On the other side of the balancing inquiry, granting the motion would result in significant harm to the public and the judicial system due to the loss of precedent. For one, since application of the *Alice* test has drawn more attention from the Federal Circuit and even the Supreme Court, the judicial system is aided by more—not fewer—published decisions detailing the application of *Alice* under current law. Second, vacating the Memorandum Opinion and Order would inflict significant harm on the public, as it would allow five invalid patents to be enforced, nonetheless. Indeed, vacatur of the Memorandum Opinion and Order may lead to antitrust violations; as the Federal Circuit has recognized, "patent owners may incur antitrust liability for enforcement of a patent" that is "known to be invalid." *Atari Games Corp. v. Nintendo of Am., Inc.*, 897 F.2d 1572, 1576 (Fed. Cir. 1990). Because the settlement agreement was not conditioned on vacatur, and because vacatur would inflict significant harm on the public through the loss of precedent and the continued existence of invalid patents which can distort markets, the exceptional-circumstances test does not support vacatur of the Memorandum Opinion and Order.

Accordingly,

It is hereby **ORDERED** that the parties' joint motion to vacate the Memorandum Opinion and Order (Dkt. 50) is **DENIED**.

The Clerk is directed to send a copy of this Order to all counsel of record.

Alexandria, Virginia
July 7, 2023



T. S. Ellis, III
United States District Judge