

Need for Illumination of Maximum Recovery Rule Warrants Interlocutory Appeal

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Chief Judge Patti B. Saris of the District of Massachusetts recently issued an order paving the way for the Trustees of Boston University to seek an interlocutory appeal to clarify the Maximum Recovery Rule for remittitur.

Back in November 2015, a jury awarded BU lump-sum damages of \$9,300,000 from Epistar and \$4,000,000 from Everlight after finding Epistar and Everlight infringed a patent related to semiconductor devices used in LED packages. The Court later granted Epistar's and Everlight's motion for remittitur or a new trial on damages, finding the amounts of the lump-sum damages awards were not supported by the evidence in the record. In determining the remitted damages, the Court applied the "Maximum Recovery Rule," which allows a remittitur for the maximum recovery that is supported by the evidence. Based on the trial evidence relating to lump-sums, the Court set the remitted damages at a \$1 million lump-sum from Epistar and a \$1 million lump-sum from Everlight.

In August of this year, BU moved to amend the Court's order on remittitur to permit interlocutory review under 28 U.S.C. § 1292(b), which allows appellate review of non-final decisions. BU argued the Court misapplied the "Maximum Value Rule" by only considering evidence supporting a lump sum calculation of damages, as was indicated in the jury's verdict, and not evidence supporting a running royalty calculation in the amount of the jury's verdict.

In its decision on BU's motion, the Court began by noting it can certify interlocutory appeal of an order that "(1) 'involves a controlling question of law,' (2) 'as to which there is substantial ground for difference of opinion,' and (3) as to which 'an immediate appeal from the order may materially advance the ultimate termination of the litigation.'" (quoting the First Circuit in *Caraballo-Seda v. Mun. of Hormigueros* (395 F.3d 7)). Analyzing each element in turn, the Court concluded certification was proper in this case.

First, the Court agreed with BU that there was a controlling issue of law. At issue is whether the Court must use only the jury's choice of lump-sum damages in determining the maximum recovery supported by the evidence. Second, the Court found that there were substantial grounds for difference of opinion. The Court noted that it had not found a case where the Federal Circuit squarely addressed the issue at hand. Finally, the Court agreed that appeal of this issue would materially

advance the ultimate termination of the litigation. The Court observed that while the evidence did not support lump-sums in the amounts awarded by the jury, the evidence would have supported running royalties in the same amounts. Thus, if BU prevailed on appeal, it could render a new trial on damages unnecessary.

Accordingly, the Court amended its earlier order to certify the following question for interlocutory appeal:

When a trial court applies the maximum recovery rule, is the court limited to considering only the particular form of reasonable royalty identified by the jury on the verdict form (lump sum) or should it consider a running royalties calculation based on the evidence in the record?

Next, it will be up to the Federal Circuit to grant interlocutory review, which the District Court noted it does rarely.

The consolidated cases are *Trustees of Boston University v. Everlight Electronics Co., Ltd., et al.*, No. 12-cv-11935; and *Trustees of Boston University v. Epistar Corporation, et al.*, No. 12-cv-12326 in the District of Massachusetts.

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