

# Remedial Measure Evidence Use In IP Cases Needs Clarity

By **Sharad Bijanki and Patrick Muffo** (November 19, 2020)

Federal Rule of Evidence 407 prohibits offering evidence of subsequent remediation after the occurrence of an injury.[1]

Traditionally, this rule applied only to personal injury cases in which property owners could freely repair a defect without worrying that the injured party could offer evidence of the repair to prove the property owner's negligence. In other words, property owners could fix a dangerous defect, thereby preventing further accidents, and have their good deed go unpunished.

Some courts have recently applied the rule to intellectual property matters. But, should FRE 407 apply to IP infringement?

## Background of FRE 407 and Majority View for IP Cases

FRE 407 is contained in a set of evidentiary rules in Article IV of the Federal Rules of Evidence. The importance of Article IV cannot be understated. Consistent with its title, Article IV explains relevance and its limits and starts with a definition of the foundational term "relevance" itself.

According to FRE 401, evidence is relevant if (1) it has "any tendency to make a fact more or less probable" than it would be without the evidence; and (2) the fact is "of consequence" in determining the action.

The second rule, FRE 402, ensures general admissibility of all relevant evidence. Many of the remaining rules, such as FRE 407, are designed to attach only to specific classes of fact patterns.

In connection with curing the moral hazard discussed above, the drafters of FRE 407 were concerned that fact-finders would be unable to reliably distinguish whether evidence of a subsequent remedial measure tended to support an unforeseeable accident, or a form of culpable conduct.

In other words, a property owner may be just as likely to remediate a defect after an unpredictable freak accident as he or she would following an accident in which the property owner was truly negligent.[2]

For IP infringement cases, most district courts have ignored the underlying rationale for FRE 407. Instead, district courts typically address the issue very concisely and only interpret the plain text of the rule.[3] The fact that courts have not generously addressed the applicability of FRE 407 to IP cases is not on account of litigants' failing to raise the issue in briefing. Litigants have briefed it, yet many courts have declined to opine. Only two circuit courts have addressed whether FRE 407 applies to IP litigation.

As with the district courts, both circuit courts have similarly addressed the issue very concisely, with little insight into the reasoning of why FRE 407 should apply. In the 2006 *General Motors Corp. v. Keystone Automotive Industries Inc.* decision, the U.S. Court of



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Appeals for the Sixth Circuit addressed a trademark infringement appeal in which GM argued that the defendant's removal of the infringing Chevrolet bow tie and the GMC design showed the defendant's intent to copy the GM trademarks.[4] The court, however, found without further explanation that the district court had "properly excluded this subsequent remedial evidence" under FRE 407.[5]

For its part, the U.S. Court of Appeals for the Federal Circuit in its 1995 decision in *Pall Corp. v. Micron Separations Inc.* provided slightly more analysis of its reasoning in a patent litigation case, but not much. There, the patent owner argued that the defendant's continued production of an allegedly infringing material, which had occurred after the defendant switched to a new material, showed willful infringement.[6]

The court explained the personal injury policy for the rule and implied that it applied to IP cases. Yet, it sidestepped any clear holding in its finding that the district court did not violate FRE 407 because it had not relied upon the defendant's switch to a new material as evidence of culpability.

### **Minority View of Cases**

There is a developing minority view. A handful of district courts have permitted evidence of subsequent remediation in the context of IP litigation because of its general relevancy — and importantly, not without resorting to one of the express exceptions set forth in FRE 407, i.e., the courts permitted remediation evidence outside of the exceptions to the rule for impeachment, to prove ownership or the feasibility of alternatives. These three cases are largely as succinct in analysis as the opinions constituting the majority view.

First, one district court flat out rejected the premise that FRE 407 could apply to anything other than a traumatic event. In the 2008 *GSI Group Inc. v. Sukup Manufacturing Co.* case, the U.S. District Court for the Central District of Illinois denied a motion in limine under FRE 407, reasoning that FRE 407 applies to "remedial changes made after 'an injury or harm allegedly caused by an event.'"[7]

In the court's view "[a]n event is a traumatic event, such as an accident, that causes injury." In support of this proposition, the court cited to a U.S. Court of Appeals for the Seventh Circuit opinion on a personal injury matter where the plaintiff suffered an eye injury from a metal chip on an axe. According to the court, any injury from an alleged Lanham Act advertising tort was not caused by an event, i.e., a traumatic personal injury event. Therefore, the court held that it would not bar evidence of the defendant's subsequent revisions to its advertising brochures.

Second, in the patent context, in 2015, the U.S. District Court for the District of Hawaii in *Kowalski v. Anova Food LLC* denied a motion in limine sought under FRE 407, finding that a party's subsequent remedial measure argument is "inappropriate in a patent infringement case." The court further explained that it "is not excluding any relevant testimony regarding the [technology at issue]."[8]

Apart from the rejection of FRE 407 in the patent context, it is possible that the court considered that the additional, post-remediation technical evidence could have high probative weight because it was so closely related to the preremediation allegedly infringing technology.

Finally, in the 2015 *Philip Morris USA Inc. v. Cowboy Cigarette Inc.* case, the U.S. District Court for the Southern District of New York considered injunctive relief for the plaintiff,

manufacturer of Marlboro cigarettes, against an alleged infringer accused of using "similar cowboy imagery" to the Marlboro advertising and packaging.[9]

The court considered the factors to establish the plaintiff's enforceable trade dress, and it was particularly convinced that plagiarism had occurred based on the plaintiff's argument that previous disputes with other alleged infringers were resolved by those entities' "abandoning their allegedly infringing trade dress ... thus giving rise to an inference that the defendants were guilty of plagiarism."

Accordingly, the court found that remediation was probative because it inferred plagiarism, which is both infringement and culpability. The court, in turn, relied upon this evidence to support its issuance of a preliminary injunction.

### **Issue Ripe for Explanatory District Court Rulings and Circuit Court Resolution**

The corpus of succinct majority and minority opinions does not leave much room for later courts to confidently rule on an FRE 407 issue in the IP context. There is even less confidence for IP litigants to predict and rely upon the applicability of the rule. This uncertainty, in turn, causes consumption of more litigation and judicial resources to brief and decide the issue when it arises.

The dissonance in the law creates an opportunity for either a district court opinion, or a circuit court opinion, to provide a robust analysis clearly demarcating whether FRE 407 should apply to IP injuries.

One solution is to draw a bright-line rule that FRE 407 does not apply to IP injuries. As is plainly obvious, one of the principle reasons underlying FRE 407 is moot when applied to IP injuries — there is little or no moral hazard regarding remediation in connection with IP injuries as compared to traumatic personal injuries.

The other underlying reason for FRE 407 collapses into a different rule, FRE 403, which is more applicable here. The drafters of FRE 407 were concerned that fact-finders could not discern whether evidence of a subsequent remedial measure tended to support an unforeseeable accident or a form of culpable conduct. However, this is merely a restatement of the legal test in FRE 403 applied to the particular fact pattern of post-injury remediation. Accordingly, courts should simply consider the issue under the balancing test already established by FRE 403.

In a way, this is passing the buck to a different legal test, but FRE 403 is far more appropriate. The drafters of FRE 403 designed the rule to empower courts to consider the balance between probative and prejudicial evidence that FRE 407 simply assumes. Under FRE 403, the court may exclude relevant evidence if its probative value is substantially outweighed by a danger of unfair prejudice, confusing the issues, misleading the jury, undue delay, wasting time or needlessly presenting cumulative evidence.

Within this balancing framework, there is no doubt that some fact patterns of IP injury remediation would fall closer to the prejudicial side of the scale, while others would be more probative than anything else. As the Federal Circuit suggested too, allegations of willfulness, i.e., culpability, versus plain infringement could affect this inquiry.[10]

Or, as implied by the Kowalski opinion, any technical evidence even if post-remediation, may simply have greater probative weight in patent cases involving complex technology. Either way, courts are sufficiently equipped through FRE 403 to handle these inquiries.

## Conclusion

For the above reasons, the issue of whether FRE 407 applies to IP injuries is ripe for a robust analysis by at least one district court or circuit court. One solution is a bright-line rule prohibiting the applicability of FRE 407 to IP lawsuits having no personal injury considerations and instead utilizing FRE 403's balancing test for these same inquiries.

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[1] The full text of Fed. R. Evid. 407 states: "When measures are taken that would have made an earlier injury or harm less likely to occur, evidence of the subsequent measures is not admissible to prove: negligence; culpable conduct; a defect in a product or its design; or a need for a warning or instruction. But the court may admit this evidence for another purpose, such as impeachment or—if disputed—proving ownership, control, or the feasibility of precautionary measures."

[2] See Notes of Advisory Committee for FRE 407.

[3] See, e.g., *Tyco Healthcare Grp. LP v. Applied Med. Res. Corp.*, 2011 WL 7563868, at \*3 (E.D. Tex. Sept. 23, 2011) (patent litigation) (denying presentation of evidence of subsequent product revisions because "[w]hat [defendant] subsequently did or did not do is irrelevant"); *Plew v. Ltd. Brands, Inc.*, 2012 WL 379933, at \*8 (S.D.N.Y. Feb. 6, 2012) (patent litigation) (same; noting that "[s]uch argumentation is clearly prohibited by Rule 407"); *Filtration Sols. Worldwide, Inc. v. Gulf Coast Filter, Inc.*, 2010 WL 415265, at \*3 (W.D. Mo. Jan. 27, 2010) (Lanham Act litigation) (denying presentation of "any statement or evidence regarding subsequent measures" taken by a party such as "stopping certain advertising or altering or revising certain advertising messages" as evidence of wrongdoing in a Lanham Act litigation); *Mobileye, Inc. v. Picitup Corp.*, 928 F. Supp. 2d 759, 776 (S.D.N.Y. 2013) (Lanham Act litigation) (noting that "Federal Rule of Evidence 407 clearly prohibits the introduction of subsequent remedial measures to prove culpable conduct").

[4] See *Gen. Motors Corp. v. Keystone Auto. Indus., Inc.*, 453 F.3d 351, 357 n. 1 (6th Cir. 2006).

[5] *Id.*

[6] *Pall Corp. v. Micron Separations, Inc.*, 66 F.3d 1211, 1221 (Fed. Cir. 1995).

[7] *GSI Grp., Inc. v. Sukup Mfg., Co.*, 641 F. Supp. 2d 732, 747 (C.D. Ill. 2008).

[8] *Kowalski v. Anova Food, LLC*, 2015 WL 1119411, at \*3–4 (D. Haw. Feb. 18, 2015).

[9] *Philip Morris USA Inc. v. Cowboy Cigarette Inc.*, 2003 WL 22852243, at \*2 (S.D.N.Y. Dec. 2, 2003) (issuing injunction).

[10] See *Pall Corp.*, 66 F.3d at 1221.