IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

J & M TURNER, INC.,	:	CIVIL ACTION
Plaintiff	:	No. 95 - 2179
v.	:	
APPLIED BOLTING TECHNOLOGY PRODUCTS, INC., et. al.	:	
Defendants	:	

MEMORANDUM AND ORDER

VanArtsdalen, S.J. January 29, 1998

J & M Turner, Inc. (Turner) and Applied Bolting Technology Products, Inc. (Applied) are the sole manufacturers and distributors in the United States of products known as direct tension indicators (DTIs). F. Jonathan M. Turner (Jonathan Turner) is the principal owner of Turner. I. Wayne Wallace (Wallace) and Kenneth Woodward, Jr. (Woodward) are the principal owners of Applied. Both Wallace and Woodward were formerly employed by Turner. After they were discharged by Jonathan Turner from employment with Turner, they formed Applied and went into direct competition with Turner. A tangle of litigation has ensued between the parties since Turner and Applied started competing against each other.

Applied started manufacturing and selling DTIs in the Fall of 1994. Within days after Applied started in business, Turner filed an action in this court against Applied, Wallace and

Woodward, Civil Action 94-6282. That action alleged, inter alia, patent infringement, violation of employment non-competition contracts and misappropriation of trade secrets. Not surprisingly, defendants alleged, in answer to the patent claims, non-infringement, invalidity of the patent, fraud on the patent office, and misuse of the patent. The defendants also challenged the enforceability of the non-competition agreements, and denied misappropriation of any trade secrets. Plaintiff applied for a temporary restraining order seeking, in effect, to put defendants out of business. After the application for a temporary restraining order was denied, plaintiff moved for a preliminary injunction. An evidentiary hearing on the preliminary injunction motion commenced on November 16, 1994. On November 17, 1994 the parties set forth on the record a stipulation of settlement, and Civil Action 94-6282 was dismissed. The terms of the settlement provided, inter alia, that Applied would thenceforth manufacture its DTIs with a slightly different specified configuration that the parties agreed would not violate any of Turner's patents, assuming that the patents were valid. In addition, it was agreed that Applied could sell its existing inventory of DTIs, irrespective of whether they infringed Turner's patents, and that Applied would pay a relatively small sum of money ($3,500) to Turner, apparently as compensation for Applied's right to sell its existing inventory.

Unfortunately, rather than settling the business disputes between and among the parties, settlement of Civil Action 94-6282 spawned, almost immediately, further disputes resulting in additional bitter litigation. The basic terms of the settlement were announced in open court on November 17, 1994. At that time, the parties contemplated that a formal detailed written agreement of settlement and mutual releases would be drafted and executed.

Between the time when the settlement was announced in open court on November 17, 1994[1] and the time of the execution of a written settlement agreement and the exchange of mutual releases, that took place on or about January 16, 1995, but back-dated to December 1, 1994, a dispute arose as to the quantity and/or value of the inventory that Applied had on hand at the time of the settlement that, under the terms of the settlement, Applied was permitted to sell. Turner contended that it was induced to enter the settlement agreement upon the allegedly fraudulent oral representations by or on behalf of Applied, Wallace and Woodward that the quantity of the inventory on hand was approximately 200,000 pieces of DTIs (having a market value of about $56,000), whereas Applied and Wallace and Woodward contended that the only representation made was that the value of the existing inventory of DTIs was approximately $200,000. This dispute was known and acknowledged by the parties, as well as a demand by Turner for increased compensation for the additional inventory that Applied was allowed to sell on the open market under the terms of the

[1]The terms of the settlement were further memorialized by a signed handwritten memorandum appended to the court proceedings of November 17, 1994.

settlement. Nevertheless, the parties executed the settlement agreement and exchanged mutual releases with this known dispute unresolved and not specifically addressed in the settlement agreement.

Turner, in the ensuing litigation, took the position that it had the right to affirm the settlement agreement and to sue for damages for fraud in the inducement of the contract of settlement; whereas, Applied, Wallace and Woodward contended that Turner, having executed the mutual releases with full knowledge of the dispute, released any claim for fraud in the inducement and any claim for damages caused by any excess amount or value of the inventory that Applied had on hand.

DTIs are metal washers used primarily in the bolting of steel framed buildings and bridges, where correct and accurate high bolt tension and tightening are of critical engineering importance to the integrity and strength of steel framed constructions. A DTI washer fits onto a bolt before the bolt is fastened and clamped to a structural steel member by tightening the nut to the bolt. A DTI has several protrusions on its face, that are punch pressed from the face. When the bolt is tightened by the nut, the bolt compresses and flattens the protrusions on the DTI. When the protrusions on the DTI are compressed to such an extent that a specified sized feeler gauge will fit snugly between the washer face and the adjoining bolt or nut, the steel erecting crew knows, without further testing, that the tension and torque on the bolt head is correct and in accordance with the engineered specifications.

There are various other types of steel bolt fasteners and methods of bolting and testing for tension and torque strength that compete with DTIs. Only a relatively small proportion of new industrial and commercial steel constructed buildings and bridges utilize the DTI method. Because DTIs are generally more expensive than some of the other bolting methods, when DTIs are used in a steel construction, ordinarily it is because the architects and engineers expressly specify the use of DTIs on the particular construction.

One of the alleged patented features of the Turner DTI, is the configuration of the protrusions, whereby the tops of the protrusions are of less width than the bottoms, enabling the protrusions to flatten and seat themselves smoothly and properly into the punched pocket on the underside of the DTI. During the trial there was considerable testimony and evidence presented as to the reason for this feature, as well as extensive testimony by Jonathan Turner, as to how that configuration corrected pre-existing flattening and seating problems. The settlement agreement provided, inter alia, that Applied's manufacture of DTIs would thereafter have protrusions of certain specified dimensions in order to prevent any future claim of patent infringement or misappropriation of trade secrets.

A short time after the execution of the written settlement agreement, Turner obtained a quantity of Applied's DTIs, and sent them to an independent testing laboratory, hereafter referred to as LTI, ostensibly to determine if the DTIs Applied was manufacturing complied with the specified conditions of the settlement agreement. Turner also requested LTI to determine whether Applied's DTIs conformed to Applied's advertised statements that its DTIs met the standards adopted by the American Society for Testing and Materials, specifically ASTM - F959. That standard, ASTM - F959, is an industry wide voluntary standard, promulgated through a consensus process to establish uniform manufacturing specifications for DTIs. There are literally thousands of standards that have been similarly adopted by the American Society for Testing and Materials for many types of products, to assure uniformity and quality of manufactured products. It is very important to all users of DTIs, to be assured that the DTIs comply with the industry standards as promulgated in ASTM - F959. When DTIs are specified by engineers, they frequently expressly require that the DTIs comply with ASTM - F959.

After receiving the LTI reports, Turner concluded that Applied was not complying with the settlement agreement's manufacturing specifications as to the configuration of the protrusions on Applied's DTIs. Turner further concluded, on the basis of the LTI report, that Applied's DTIs failed to comply in several respects with ASTM - F959. Turner proceeded to distribute copies of the LTI Report together with an accompanying letter to many, if not all, of its customers and potential customers, and to various engineers and other entities involved in the steel bolting industry that might use or specify the use of DTIs in the future.

The accompanying letter was issued on Turner's letterhead and signed by Jonathan Turner as President of Turner. The letter referred to Applied as "the competitor", and set forth, inter alia that "the competitor's DTIs fell consistently outside those same ASTM parameters. The non-conforming elements or deficiencies were in most cases major rather than minor, and therefore would adversely effect the operation of the bolt, nut, DTI and washer combination and therefore the clamping force of the connected material."

Armed with the LTI report, on April 13, 1995, Turner proceeded to file another action against Applied, Wallace and Woodward, docketed as Civil Action 95-2179. In the first count of the complaint, Turner alleged breach of the settlement agreement for failure to comply with the specifications as to the DTI protrusions, contending that this caused Turner damages by way of loss of business. Although Turner made no patent infringement claims, directly, it, in substance, contended that it was losing the benefit of its patent and proprietary rights which it sought to protect by the settlement agreement. The second count sought damages for fraud in the inducement of the settlement agreement arising out of the alleged representations made as to the amount and/or value of Applied's inventory on hand at the time of the settlement. Plaintiff sought damages for the alleged fraud; it did not seek recision of the settlement. The third count alleged a violation of the Lanham Act, for false advertising by Applied that its DTIs complied with industry standard ASTM - F959. The claims under Count three of the complaint were limited to claims of false advertising that occurred after December 1, 1994, the alleged date of the settlement, although the parties never agreed as to whether the effective date of the settlement should be November 17, 1994, when the settlement was announced in open court or the date of the signing and executing of the written settlement agreement and exchange of mutual releases on January 16, 1995 or the date affixed to the written settlement agreement and releases of December 1, 1994.

After the complaint was filed, and after Turner distributed the LTI report together with Turner's accompanying letter to the steel bolting industry, Applied mailed to many of its customers and other entities involved in the steel bolting industry a publication which Applied had prepared entitled "Let's Torque Tension", in which it sought to refute and respond to statements made in the LTI report and accompanying Turner letter. As a result of that publication by Applied, Turner was granted leave to file an amendment to its complaint, adding two additional counts, one under the Lanham Act and one for common law unfair competition in respect to the "Let's Torque Tension" publication.

In response to the complaint, in addition to denying all of the substantive allegations of the complaint, Applied filed an eight count counterclaim. Count one claimed that Turner violated a confidentiality clause in the settlement agreement, by disclosing certain of the contents of the settlement in the allegations of the complaint that was filed in open court. That count was withdrawn, but not until after all of the evidence had been presented in the consolidated trial of Civil Action 95-2179 and Civil Action 96-5819. Count two alleged violation of the settlement agreement on the theory that Turner, suing upon the claim that Applied had misrepresented the amount of its DTI inventory, had settled and released any such claim. Counts three and four were for tortious interference with contractual (Count 3) and prospective future (Count 4) business relationships by publishing the LTI report and accompanying Turner letter to the steel bolting industry. Counts 5, 6, and 7 were for commercial disparagement, unfair competition, false advertising and Lanham Act violations all arising out of the LTI report and accompanying letter. Count eight was an anti-trust monopolization claim, the acts of monopolization being the commencement of allegedly meritless litigation against Applied in order to obtain and maintain a monopoly in the DTI market. Although Count eight was withdrawn, again it was only at the conclusion of the consolidated trial of Civil Action 95-2179 and 96-5819.

Turner sought a preliminary injunction in Civil Action 95-2179 to preclude Applied from continuing to advertise that its DTIs conformed to ASTM - F959. I conducted a ten day preliminary injunction hearing and after extensive briefing and argument, I denied the motion for a preliminary injunction with an accompanying 34-page document containing detailed findings of fact and conclusions of law. That order was affirmed on appeal by the United States Court of Appeals for the Third Circuit.

On August 2, 1996, Applied filed Civil Action 96-5819. The named defendants were Turner, Jonathan Turner, and two corporations allegedly related to and controlled by Turner and/or Jonathan Turner; namely, Beth-Fast, Inc. and AMX, Inc. The factual allegations of the complaint largely reiterate allegations earlier made in the answer and counterclaim filed in Civil Action 95-2179 against Turner, the only plaintiff in that earlier filed action.

Count one sought damages against all of the defendants for an alleged anti-trust conspiracy (Section 1 of the Sherman Act, 15 U.S.C. §1) in restraint of trade in the DTI manufacturing-distribution business. Many of the allegations related to events that clearly preceded the settlement and release (regardless of which of the disputed effective dates is used) including claims of misuse of the patent and trademark rights of Turner that were clearly subject to the release and settlement as to Turner and Jonathan Turner.

Count two alleged Sherman Act §1 and Clayton Act §3 (15 U.S.C. §14) violations and damage claims arising out of certain alleged "exclusive dealing" distributorship agreements between Turner and some of its customers. Count three alleged violations of the Robinson-Patman Act, section 2 (a) (15 U.S.C. 13 (a)), because Turner was allegedly selling to its exclusive dealers at a lower price than to others. These first three counts were all withdrawn by Applied, but only after completion of all the evidence in the consolidated trials of Civil Action 95-2179 and 96-5819. Count four charged Sherman Act § 2 monopolization. Counts five through nine alleged tortious interference with contractual and prospective future contractual relations, commercial disparagement, unfair competition and Lanham Act violations. Those counts (Counts five through nine) were filed only against Jonathan Turner, Beth-Fast, Inc. and AMX, Inc. They were substantially the same as the claims made by Applied against Turner in the counterclaim in Civil Action 95-2179, wherein Turner was the only plaintiff.

The defendants filed answers to the complaint in Civil Action 96-5819 denying the substantive allegations. Turner joined Wallace and Woodward as additional defendants and filed a multiple-count counterclaim against Applied, Wallace and Woodward. The counterclaim contained the following counts as self-defined in the counterclaim: Count l - false advertising and unfair competition [advertising that Applied's DTIs conform with ASTM - F959], Count 2 - false advertising and unfair competition [Applied's "Let's Torque Tension" response to the distribution of the LTI report], Count 3 - commercial disparagement [publications to the trade as to the quality of Turner's DTIs], Count 4 - tortious interference with contract [circulation of the Applied's response to the LTI report], Count 5 - violation of RICO [Wallace and Woodward conducted the affairs of Applied through a pattern of racketeering activity, including, inter alia giving false oral and deposition testimony under oath in Civil Action 95 - 2179 in violation of 18 U.S.C. § 1962(c)], Count 6 - violation of RICO [fraudulent use of mails in conducting affairs of Applied through a pattern of racketeering activity, in violation of 18 U.S.C. § l962 (c)]. The two RICO counts were voluntarily withdrawn, again only after the conclusion of presentation of all of the evidence in the consolidated trials, and just before the court's final instructions the jury.

After a long and contentious discovery process in both Civil Action 95 - 2179 and Civil Action 96 - 5819, including many motions, all of which were opposed and briefed (e.g. motions to dismiss, compel discovery, sanctions, strike pleadings, amend pleadings, in limine, quash subpoenas, preliminary injunctions, summary judgments, appeals from Magistrate Judge discovery rulings, etc.), both cases were set for a consolidated trial to commence on August 4, 1997. After twenty full days of trial, the jury returned a verdict by answering a series of special interrogatories on August 29, 1997, upon which judgments were entered in both actions, as to all claims and counterclaims.

In summary, through answering the special interrogatories, the jury concluded that in Civil Action 95 - 2179 (the attorneys sometimes identified this action as the "false advertising case") Applied, but not the individual defendants Wallace and Woodward, failed to comply with the settlement agreement as to the manufacturing specifications of the DTIs, and on this claim it awarded Turner damages of $500. against Applied. On all of the other claims asserted by Turner against the defendants in Civil Action 95-2179, the jury found against Turner and in favor of the defendants. In effect, therefore, the jury concluded that Turner had proved none of its claims by a preponderance of the evidence, except the claim that Applied's DTIs, manufactured after the settlement agreement, did not fully comply with the terms of the settlement agreement, and this breach caused Applied only minimal damage of $500. The jury concluded that Turner had not proved by a preponderance of the evidence that: (1) defendants fraudulently[2] misrepresented the amount or value of inventory on hand at the time of the settlement; (2) Applied falsely advertised that its DTIs conformed to ASTM - F959; (3) Applied falsely advertised or disparaged Turner in its response to the LTI report or in the "Let's Torque Tension" publications or in any of its other communications with the steel bolting industry.

On Applied's counterclaim against Turner, the jury determined that Turner breached the settlement agreement by suing Applied on a claim that was precluded by the settlement agreement and release. The jury also found in favor of Applied against Turner on the claims of tortious interference with prospective business relations (but not for interference with any existing

[2]The jury was instructed that fraud must be proved by "clear and convincing evidence". No exception was taken to this portion of the charge.

contractual relations), commercial disparagement, unfair competition, false advertising and violations of the Lanham Act. It awarded Applied damages in the sum of $1,272,937. In answer to a specific interrogatory, although the jury found for Applied on liability as to the Lanham Act claim, it awarded no damages for such claim.

In Civil Action 96-5819 of the total of the six claims by Applied against Turner, Jonathan Turner, Beth-Fast, Inc. and AMX, Inc. and the four counterclaims by Turner against Applied, Wallace and Woodward, that were submitted to the jury, the jury found against all claims and counterclaims as to and against all parties.

Thus, based on the jury's answers to the special interrogatories on the verdict form, in Civil Action 95-2179, judgment was entered on the complaint in favor of Turner and against Applied in the sum of $500. On the counterclaim, judgment was entered in favor of Applied and against Turner in the sum of $1,272,937. In Civil Action 96-5819, judgment was entered against all claimants on all claims and against all counterclaimants on all counterclaims.

No post trial motion has been filed by any party in Civil Action 96-5819. Post trial motions have been filed by both Turner and Applied (the corporate parties) in Civil Action 95-2179. No individual plaintiff or defendant has filed any post trial motion. The only remaining parties are therefore the corporate parties; namely Turner and Applied.

In the two cases that were tried to the jury, there were a total of twenty-eight separate claims and counterclaims alleged and tried, of which seven were voluntarily withdrawn, leaving twenty-one claims and counterclaims that were submitted to the jury. Many of the claims and counterclaims were against multiple parties, requiring separate sub-findings by the jury. In Civil Action 95-2179 Turner sued Applied, Wallace and Woodward jointly and severally on each of its claims. In Civil Action 96-5819, Applied sued Turner, Beth-Fast, Inc., AMX, Inc. and Jonathan Turner jointly and severally on each of its claims and Turner sued Applied, Wallace and Woodward on all of the counterclaims, even though Turner had earlier sued Applied on some of the same claims in Civil Action 95-2179. As a result, because of the discrete findings that the jury was required to make to determine liability and damages, if any, as to each claim and each party, even after seven of the claims were voluntarily withdrawn prior to submission to the jury, counting sub-parts, sixty-nine interrogatories were submitted to the jury. These interrogatories included possible punitive damages as to every party because each party claimant sought punitive damages. Although punitive damage issues were submitted to the jury, no punitive damages were awarded to any party.   The interrogatories also included allocation of damages for all federal statutory claims because of the different types of relief that may follow some federal statutory awards of damages such as possible attorney's fees and multiple damages.

Despite the length and complexity of the matters submitted to the jury, the answers provided by the jury to the interrogatories are completely consistent with each other, and, I believe, demonstrate that the jury carefully considered all of the issues and factual disputes as to each of the claims and counterclaims. The only contention that has been raised as to the answers to the interrogatories is the claim by Turner (not Applied) that a finding of liability against it under the Lanham Act, without awarding any damages, is inconsistent and shows that the jury was confused. Rather than confusion it demonstrates, at least to me, that the jury recognized, as instructed in the charge, that damages, like liability issues, must be proved by a preponderance of the evidence. It also demonstrates that the jury, having awarded substantial damages on the common law claims, realized, as instructed in the charge, that it should not award duplicate damages for the same causal underlying facts.

Defendant Turner's post-trial motion (filed document #180) seeks a stay of the judgment that was entered on September 8, 1997 (filed document #171), pursuant to Federal Rule of Civil Procedure 62(b), pending final disposition of the instant post-trial motions. Furthermore, Turner moves for judgment as a matter of law, pursuant to Federal Rule of Civil Procedure 50(a), on all claims for which the jury found in favor of Applied. Additionally, Turner moves, in the alternative, either for a new trial, pursuant to Federal Rule of Civil Procedure 59, or for a complete or substantial remittitur of the jury's award.

A. **MOTION FOR A NEW TRIAL AND REMITTITUR**

A court may order a new trial pursuant to Federal Rule of Civil Procedure 59 "if the jury verdict was against the weight of the evidence, if the size of the verdict was against the weight of the evidence (i.e., if the jury's award was grossly excessive or inadequate), if counsel engaged in improper conduct that had a prejudicial effect upon the jury, or if the court committed a significant error of law to the prejudice of the moving party." Maylie v. National RR Passenger Corp., 791 F. Supp. 477, 480 (E.D. Pa. 1992), aff'd, 983 F.2d 1051 (3d Cir. 1992). A court must view the evidence in the light most favorable to the non-moving party. Keith v. Truck Stops Corp. of America, 909 F.2d 743, 745 (3d Cir. 1990).

A new trial cannot be granted merely because the court would have weighed the evidence differently and reached a different conclusion. Markovich v. Bell Helicopter Textron, Inc., 805 F. Supp. 1231, 1235 (E.D. Pa. 1992), aff'd, 977 F.2d 568 (3d Cir. 1992).

1. **Inconsistent Verdict**

One of Turner's contentions, is that the jury verdict is inconsistent with the evidence presented at trial. I do not agree. Turner contends that the jury must have awarded the bulk of the damages for commercial disparagement, common law unfair competition, and tortious interference with prospective business relations. The jury found liability for Lanham Act violations (Interrogatory #12), but awarded no damages for violations of the

Lanham Act (Interrogatory #30).

Turner contends that, except for the breach of contract claim, all of the findings of liability were based on the distribution of the LTI Report and accompanying letter, which Turner further contends the jury obviously found to constitute false advertising and a Lanham Act violation. Presumably because of the amount of the jury's award, Turner surmises that the total award could not have been for the breach of contract claim, and concludes that the bulk of the award must have been for all of the other claims except the Lanham Act claim. Turner argues that it was inconsistent for the jury to have found liability for four claims (tortious interference - Count 4, commercial disparagement - Count 5, unfair competition - count 6, and Lanham Act - Count 7) but only award damages based on three of the claims and nothing on the Lanham Act claim.

From this, Turner concludes that the jury did not clearly understand the law and did not appropriately apply the law to the facts of this case. As in every case, a jury may not completely understand or correctly apply the law. However, the verdict is not inconsistent, nor were the special interrogatories, which were submitted to the jury without objection, flawed.

The elements of a Lanham Act violation and the Pennsylvania common law tort of unfair competition through false advertising seem to be the same, except for an additional requirement under the Lanham Act that the products or goods travel in interstate commerce[3]. The fact that the federal statute has this additional requirement is not significant in this case, because it is undisputed that DTIs are manufactured and sold in interstate commerce.

It is fairly clear that some portion of the damages that were awarded were for unfair competition. Moreover, because the elements of the federal statutory claim and the state common law claim are essentially the same, whatever damages were allocated and awarded by the jury for unfair competition would have covered any damages that otherwise would have been awarded under the Lanham Act. It was not essential for the jury to find separate damages for the Lanham Act violation.

The jury was instructed not to duplicate damages by reason of finding of liability on one or more of the claims based on the same facts and the same financial loss. Record, 8/28/97, p. 129. The jury found liability, but did not set forth any specific amount of damages for the Lanham Act violation. That does not

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[3]Under the Lanham Act, the plaintiff must prove by a preponderance of the evidence, (1) that the defendant has made false or misleading statements as to his own or another's product; (2) that there is actual deception or at least a tendency to deceive a substantial portion of the intended audience; (3) that the deception is material in that it is likely to influence purchasing decisions; (4) that the advertised goods traveled in interstate commerce; and (5) that there is a likelihood of injury to the plaintiff in terms of declining sales, loss of goodwill, etc. Johnson & Johnson-Merck Consumer Pharmaceuticals Co. v. Rhone-Poulenc Rorer Pharmaceuticals, Inc., 19 F.3d 125, 129 (3d Cir. 1994) quoting U.S. Healthcare, Inc. v. Blue Cross of Greater Philadelphia, 898 F.2d 914, 922-23 (3d Cir. 1990), cert. denied, 498 U.S. 816, 111 S. Ct. 58, 112 L. Ed. 2d 33 (1990), quoting Max Daetwyler Corp. v. Input Graphics, Inc., 545 F. Supp. 165, 171 (E.D. Pa. 1982).

render the verdict inconsistent. Because the elements of both claims are the same, the jury would have duplicated damages had it awarded damages for both the unfair competition through false advertising and the Lanham Act claim unless it allocated between the claims.[4] The jury did not render an inconsistent verdict. The jury was not required to allocate damages between the false advertising claims and the Lanham Act violation, although it could have done so in its answer to interrogatory 30 (a).

The reason there was a special interrogatory presented to the jury on the issue of damages, if any, for the Lanham Act violation, as well as the anti-trust claims, was because these federal statutory claims can provide for other relief or damages. For instance, the Lanham Act can provide attorney's fees[5]; the

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[4]Interrogatory #30 stated: "If you have found in favor of Applied Bolting on any claim or claims asserted by Applied Bolting, what is the total amount of damages, if any, you award to Applied Bolting?" The answer provided was $1,272,937.00. The interrogatory then asked: " Of that amount, what amount of damages, if any, do you award for: a.) Any Lanham Act claims? (Count 7- counterclaim, 95-2179) " to which the jury responded with zero amount. The interrogatory, by its phraseology, was such that had the jury awarded some amount as damages on the Lanham Act claim, it would not necessarily constitute duplicate damages, provided the jury in its calculations included no additional damages for the common law claim. The jury could well have decided to award damages only for the common law claims and none for the Lanham Act in order to avoid duplicate damages. The zero amount certainly does not suggest that the jury was confused or misunderstood the instructions.

[5]"Successful litigants on Lanham unfair competition claims may recover attorney's fees in 'exceptional cases' even though the unfair competition provision of the Lanham Act does not expressly provide for the award of fees; the provision of the Lanham Act pertaining to infringement of registered trademarks which permits recovery of fees in 'exceptional cases' would be applied to unfair competition claims." NuPulse, Inc. v.

Sherman Anti-Trust Act provides for treble damages.[6]

In any event, although the jury allocated no specific damages for Lanham Act violations, Turner was not harmed by this outcome. The jury found a violation for which it awarded no damages. I do not see how Turner could have been harmed by this.

2. **Excessive Verdict**

In addition to setting aside a verdict and granting a new trial, a court may also order a remittitur in cases where a jury renders an excessive verdict. Spence v. Board of Education, 806 F.2d 1198, 1201 (3d Cir. 1986); Stelwagon Mfg. Co. v. Tarmac Roofing Systems, Inc., 862 F. Supp. 1361, 1369 (E.D. Pa. 1994). Remittitur is appropriate if a court finds that the decision of the jury is clearly unsupported and/or excessive. Id.

Turner contends that the jury rendered an excessive verdict, claiming that the verdict "shocks the conscience" and that the jury was guided by passion, prejudice, mistake and/or sympathy for Applied. Turner does not, however, set forth sufficient facts to substantiate this claim other than referencing comments Applied's counsel made regarding the wealth of Mr. Turner, nor do I find any others in the record. Because counsel insisted on submitting the issue of punitive damages to the jury, the wealth of the parties, to the extent shown by the evidence, would be

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Schlueter, Co., 853 F.2d 545 (7th Cir. 1988).

[6] 15 U.S.C. §§ 1, 2, 15.

clearly relevant and subject to comment by counsel.[7]

The verdict was certainly not excessive on the basis of the testimony presented as to damages. If the jury fully accepted the testimony of Applied's expert damage witness, Seymour Jones, the jury could have awarded a substantially higher verdict. Mr. Jones calculated Applied's lost profits, arising out of the harm caused to Applied by the distribution of the LTI report and accompanying letter, for the two year period of 1995 and 1996, to be $863,014. In addition, Mr. Jones calculated the loss of goodwill to be $1,006,495 by using the same methodology that he contended the records of Turner show were utilized by Turner in calculating Turner's own goodwill. If those two figures had been accepted by the jury in full, the two year loss of profits and loss of goodwill would have been $1,869,509.[8]

There was ample evidence of Applied's precipitous decline in its market share immediately following the distribution by Turner

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[7]Under Pennsylvania law, at least, proof of the wealth of a party against whom punitive damages are to be assessed is not only proper, but indeed, may be an essential element of proof. See, e.g., Kirkbride v. Lisbon Contractors, Inc., 521 Pa. 97, 555 A.2d 800, 803 (Pa. 1989) (Factors to be considered in awarding punitive damages include the character of a defendant's conduct, the nature and extent of the harm intended or caused to the plaintiff and the wealth of the defendant; see also Tunis Bros. Co., Inc. v. Ford Motor Co., 952 F.2d 715, 740 (3d Cir. 1992), citing, Restatement (Second) of Torts § 908(2)(1979); Martin v. Johns-Manville Corp., 508 Pa. 154, 494 A.2d 1088, 1096 (1985)(Pennsylvania law entitled the jury to consider a defendant's wealth when assessing punitive damages).

[8]Mr. Jones testified to lost profits for only the two calendar years, 1995 and 1996. Applied made no contention that it was entitled to any lost profit damages except for those two years.

of the LTI report and accompanying letter. The possibility of the decline from other causes was fully developed in cross-examination, and Applied's witnesses explained by testimony that there were no other probable causes.

3. <u>Expert Witness Testimony - Lost Profits</u>

One of Turner's principal arguments is that Seymour Jones should not have been permitted to testify at all, because his methodology was not based on scientifically recognized accounting precepts, and was logically flawed because it one, assumed that absent the distribution of the LTI report and letter, Applied would have controlled fifty percent of the market share, and two, assumed that Applied, even though it was a new business, could have suffered loss of goodwill. These issues were all fully briefed and considered in various pre-trial motions. (*See* filed documents #132, 140 and 141).

There is no question that Mr. Jones was fully qualified to testify as an accounting expert and to express opinions as to financial records, upon which he primarily relied in reaching his opinions as to lost profits. He testified without challenge that he was a professor of accounting and auditing at New York University, did consulting work for several companies, one of which is active in acquisitions of other companies, advises another company involved in lending money as to collateral and company valuations, was formerly a senior partner in the accounting firm of Coopers and Lybrand in which he had a long and broad experience dealing with acquisitions and valuations of companies being studied for acquisitions and similar accounting services.

It is true that Mr. Jones' calculation of lost profits is based on the assumption that, absent the distribution of the LTI report and letter, Applied would have held fifty percent of the market share. I concede that in argument I expressed grave doubt as to the validity of that assumption. However in his testimony, Mr. Jones explained in detail how he reached this conclusion, and the records that he examined could be found to confirm this contention. There was evidence, supported by sales records from both Turner and Applied, from which the jury could find that for the period from the end of 1994 through March of 1995, Applied held more than fifty percent of the entire market. There was additional testimony by various witnesses, that the only apparent reason for any lessening of Applied's market share was the DTI report and letter sent by Turner. There was undisputed evidence that Applied's prices were consistently lower than Turner's and, because DTIs made to ASTM - F959 standards are essentially fungible, price is the most important factor in any purchasing decision.

Mr. Jones' assumptions, theories and calculations were challenged only through cross-examination and arguments to the jury. Surprisingly, Turner called no expert witness to contest or dispute or counter Mr. Jones' testimony as to lost profits or loss of goodwill. Although the evidence was not overwhelming as to the market share that Applied would have held absent the distribution of the LTI report and letter, there was certainly ample evidence for the jury to make the determination that Turner's distribution of the LTI report and letter caused a severe loss of market share and hence loss of net profits. Applied limited its claimed losses for a period of the two calendar years of 1995 and 1996. Except for challenging the basic fifty percent share of the market contention, and the sketchy sales data supporting that contention, I do not understand Turner to question the accuracy of Mr. Jones' lost profit calculations. The jury could and did properly consider Mr. Jones' expert opinion as to the losses, although the jury obviously did not accept, in toto, his ultimate conclusions as to the total lost profits.

4. **Expert Witness Testimony - Loss of Goodwill**

Turner contends that it was error to allow the jury to consider Applied's loss of goodwill. Turner contends that Applied's expert improperly based his calculations of Applied's goodwill on the value of Turner's goodwill, but that this method of valuation was not reliable because Turner had been in business for 20 years while Applied had been in business for only four months at the time of the valuation. Because of the unreliability of the expert's testimony and his methods of valuation, Turner contends that the issue of goodwill should never have gone to the jury. Turner further objects to the court's instruction on the meaning of goodwill, however the record does not indicate any express objection by Turner to the instruction. I do not find either of these contentions sufficient to support setting aside the jury verdict.

I instructed the jury on assessing the credibility of expert witness and their findings. Record, 8/5/97, pp. 151-154; Record, 8/28/97, pp. 82-84. The jury was carefully instructed on its ability to discard or reject any evidence it did not believe and to accord as little or as much weight as it found appropriate to such testimony. Id.

Mr. Jones explained in detail how he arrived at a valuation for the loss of goodwill. He explained the concept of and its meaning and the basis for his calculation. Record, 8/25/97, page 115-119. In particular he opined that because there were, in effect, only two entities in the DTI manufacturing business, goodwill could best be evaluated and calculated on the basis of a percentage of projected sales revenues. He noted that Turner itself had placed a goodwill value on Turner's business at $3,700,000 and that this sum would have been 1.44 times its then total yearly sales. He then calculated Applied's annual lost sales (not profits) to be $698,955, using the same basic figures and rationale he utilized in calculating lost profits and then multiplied that by 1.44 to obtain the resulting $1,006,495 loss of goodwill. The jury had the benefit of certain charts that further explained Mr. Jones' calculations, as well as his report, exhibit 371. Turner did not request a mistrial, nor put on a damage expert of its own to dispute Mr. Jones' testimony as to either lost profits or loss of goodwill; nor did Turner expressly contend that Turner's basis for establishing a value on its own goodwill was any different than the method suggested by Mr. Jones, i.e. a multiplication of 1.44 times annual sales revenues.

There are cases that hold that goodwill cannot be fairly calculated for a business that is just starting up and has no record of earnings or profits.[9] In this case however, the jury could find from the evidence that: (1) Applied had been in business for at least four months before the injury to its business occurred, (2) during that period of time its gross sales exceeded fifty percent of the total DTI market, (3) it was operating profitably and its sales revenues were steadily increasing, (4) it was an on-going successful business, (5) it did have an intangible goodwill value, and finally, (6) the method utilized by Mr. Jones to determine and quantify the loss of goodwill was sound. There was no error in letting the issue of damages, including the loss of profits and goodwill, go to the

[9] See, e.g., Delahanty v. First Pennsylvania Bank, N.A., 318 Pa. Super. 90, 117-26, 464 A.2d 1243, 1277-61 (1983)("Even where the plaintiff's claim truly represents a claim for lost profits, rather than loss of good will, it may be rejected as speculative and unrecoverable. This is particularly true where the claim of lost profits is made in the context of a new and untried business venture."); See also National Controls Corp. v. National Semiconductor Corp., 833 F.2d 491, 495-496 (3d Cir. 1987)(a claim for lost profits may be rejected as speculative and unrecoverable under Pennsylvania law, particularly where made in the context of a new and untried business venture), citing, 13 Pa. Cons. Stat. Ann. §§ 2714(c), 2715, 2715(b)(1)(West 1984); Stallworth Timber Co. v. Triad, 968 F. Supp. 279, 284 (D. St. Croix 1997) (a relatively new business would have little if any established goodwill).

jury.

There is a contention that the jury was not adequately instructed as to the meaning of loss of goodwill. The concept of goodwill was explained to the jury in the instructions, see Record 8/28/97, page 128. No exception was taken to the charge by Turner's counsel on this issue. In addition, during the testimony of Mr. Jones, he also explained, correctly and in detail the meaning and concept of business goodwill. No contrary evidence was presented.

5. **Loss of Prospective Business**

Once the fact of loss caused by a defendant's misconduct has been established, the plaintiff's burden may be satisfied by evidence that furnishes a reasonable basis for computing damages. BASF Corp. v. Old World Trading Co., Inc., 41 F.3d 1081, 1094-95 (7th Cir. 1994). The plaintiff is not obliged to provide individualized proof of lost sales. Id.

Turner claims that Applied is permitted to recover for loss of market share "only if it shows that after the publication of the false advertising, its sales decreased, and by eliminating other causes for its losses, such as a 'general decline in the market for such goods or defects in the goods themselves.'" Restatement (Second) of Torts § 633 cmt. h.; Memorandum of Law in Support of Motion of Defendant, J&M Turner, Inc. For Post-Trial Relief, p. 17. A plaintiff is "permitted to recover for loss of the market using circumstantial evidence if he shows that the loss has occurred and eliminates other causes for the loss." Id.

Turner claims that there was no evidence from which the jury could have concluded that, by reason of the distribution of the LTI Report and accompanying letter, Applied lost business either in the form of existing or prospective clients. Turner claims that Applied failed to produce even one person to say that he or she discontinued or declined to do business with Applied because of the information contained in those documents. I think, however, that even though Applied may not have presented witnesses to testify as to this alleged fact, there was plenty of evidence from which the jury could find that, by reason of the publication of the LTI report and accompanying letter, Applied lost business, market share, sales and profits.

There was sufficient evidence presented as to Turner's and Applied's sales figures before and after the distribution of the LTI report and letter to permit the jury to find the requisite causal connection between the wrong and the decline in sales. Applied presented evidence that after it began operating, it captured at least fifty percent of the total DTI market that was formerly controlled solely by Turner. Applied also presented evidence that, almost immediately after Turner's distribution of the LTI report and letter to approximately six hundred customers and/or potential customers, Turner recaptured approximately seventy-five percent of the market while Applied's market share dropped to approximately twenty-five percent. There was no evidence presented which suggested that the cause of Applied's loss of market share was attributed to anything other than the distribution of the LTI report and Turner letter.

For example, Applied's evidence was that it received no complaints as to the quality or performance of its DTIs. None of the evidence suggested any other causes, except some evidence that there was a general decline in the total market for DTIs. This, of course, would not explain the sudden turn around in the relative market shares of Turner and Applied, although it could perhaps lessen the total amount of lost profits. That, in turn, may be the reason the jury did not award the full amount of compensatory damages sought by Applied. Surely, the data and evidence presented may have different interpretations, that were fully explored and argued to the jury during the trial, but those issues were questions of fact for the jury, and the jury's decision was clearly reasonable. That every other possible cause was not unequivocally eliminated before the question was submitted to the jury, does not warrant granting a new trial.

6. **Improper Conduct of Counsel**

Turner claims that Applied's counsel made several improper prejudicial statements. Turner failed to object to these statements or to request a mistrial on this basis. There appears to be little merit to these claims as they appear to be mere quibbling, and they certainly do not merit granting a new trial. I will address this issue in more detail below.

7. **Objections to the Charge**

Turner also bases its Motion for a New Trial on claims that I made numerous errors in instructing the jury, and that I failed to instruct the jury on other matters. It appears to me, however, that Turner failed to preserve at least three of these objections at trial. Specifically, Turner failed to object to the instructions which addressed disregarding hearsay and comments of counsel, instructions regarding the meaning of loss of goodwill, and instructions regarding the Lanham Act requirement that the jury focus on the perception of the recipients of the advertisements in question, and not on the person making the advertisements.

As to Turner's objection to an alleged failure of the court to instruct on the importance of disregarding hearsay and comments of counsel, Turner claims that it requested a specific instruction on witness credibility, but that such an instruction was not given. The record does not indicate that Turner objected or filed an exception, at the conclusion of the charge, to any omission of an instruction on hearsay or comments of counsel, but Turner did request repeating instructions previously given on the credibility of witnesses before I charged the jury. Record, 8/26/97, pp. 87-89. The basis of Turner's objection to my instruction on expert witness credibility was that Turner felt the charge did not adequately instruct the jury about how it should weigh the testimony of persons who testified as experts, and that my instruction made prior to the presentation of evidence should have been repeated in my closing instructions[10].

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[10] In this case, as I frequently do, I provided to the jury, prior to the presentation of any evidence, certain general

While Turner preserved this objection, the objection lacks any merit because, contrary to Turner's assertion, I gave essentially the same instruction at the end of the case as I gave in the beginning of the case. Record, 8/5/97, pp. 151-154; Record, 8/28/97, pp. 83-84. I instructed the jury on both occasions on assessing credibility of expert witnesses and the weight to be given to and the significance to be attached to their testimony. Id. Because the instruction was given, I find Turner's objection to be meritless, and therefore an insufficient basis for granting a new trial.

I find meritless, Turner's claims that the instructions as to references to the settlement agreement, the concept of conditional privilege, and the jury's duty not to speculate as to damages were confusing and inadequate. Finally, I have already commented extensively on the objection to the instruction on the meaning of loss of goodwill and, therefore, will add nothing further on that issue now.

8. **Improperly Admitted Evidence**

Turner contends that there was received into evidence, over Turner's objections, evidence that preceded the date of the settlement of civil action 94-6282, whatever that effective date may have been. All claims that arose and preceded the settlement

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instructions, that may be informally referred to as "boiler-plate" instructions, such as burden of proof, preponderance of the evidence, credibility of witnesses' testimony, including expert witnesses, duty to follow instructions as to the law, unanimous verdict, etc.

and execution of the release, were precluded; but this does not mean that all evidence of events occurring prior to that time became inadmissible as well. For instance, the settlement agreement between the parties in 94-6282 settled, in part, the dispute over the alleged patent infringements by Applied. Under the terms of the settlement agreement, Applied was permitted to sell its remaining inventory of DTI washers without any further monetary obligation or accounting to Turner, and without regard to whether the inventory or any part thereof infringed upon Turner's patent. Therefore, Turner was precluded from litigating further in this lawsuit any alleged patent violations by Applied occurring prior to the settlement.

In its ultimately unsuccessful attempt to prove the anti-trust violations, however, Applied obviously could present evidence as to the market dominance that Turner enjoyed prior to Applied's entering the market. Applied was permitted to present evidence showing Turner's market share before as well as after the settlement and releases were signed. The evidence was admitted for an entirely different purpose than to litigate events already settled by the settlement agreement. Also, evidence of events occurring before the settlement as to Applied's market share and events occurring after Turner's distribution of the LTI Report and letter were relevant to show the effects of Turner's conduct on Applied's market share and profits.

It was Turner, afterall, which, through its first witness, Jonathan Turner, went into detail as to the development of Turner as a family owned business, a venture obviously commencing years before any of the events giving rise to the controversies involved in the present lawsuits between Turner and Applied. Jonathan Turner also went into great detail, in his testimony-in-chief, concerning early manufacturing problems, and how his patented design for the protrusions and other proprietary production methods, plus changes in the ASTM - F959 (which Applied contended was brought about by Turner's undue influence) corrected any possible deficiencies or unsatisfactory performance of Turner's DTIs. Obviously, Applied had the right, through cross-examination and by its evidence in defense, to challenge that testimony and evidence, even though much of it preceded the date of the signing of the releases, and even though such evidence might not otherwise have been admissible.

Therefore, because I find that none of Turner's claims substantiate setting aside the jury verdict, Turner's Motion for a New Trial will be denied.

B. **MOTION FOR JUDGMENT AS A MATTER OF LAW**

In addition to a Motion for a New Trial, Turner also moves for judgment as a matter of law on numerous bases. Turner contends that I erred in denying its earlier Rule 50 Motion for Judgment as a Matter of Law, claiming that there was not enough evidence to go to a jury and that the jury was forced to speculate on many issues including the issue of damages--specifically loss of profits and loss of goodwill.

If, after a party has been fully heard on an issue, there is no legally sufficient evidentiary basis for a reasonable jury to find for that party on that issue, the court may grant a motion for judgment as a matter of law against that party. Fed. R. Civ. Pro. 50(a). A jury's determination can be disturbed only if a defendant demonstrates that the jury had no reasonable evidence on which to base its determination. See Lightning Lube, Inc. v. Witco Corp., 4 F.3d 1153, 1166 (3d Cir. 1993); see also Walter v. Holiday Inns, Inc., 985 F.2d 1232, 1238 (3d Cir. 1993). "In determining whether the evidence is sufficient to sustain liability, the court may not weigh the evidence, determine the credibility of the witnesses, or substitute its version of the facts for the jury's version." Lightning Lube, 4 F.3d at 1166, citing, Fineman v. Armstrong World Industries, Inc., 980 F.2d 171, 190 (3d Cir. 1992), cert. denied, 507 U.S. 921, 113 S. Ct. 1285, 122 L. Ed. 2d 677 (1993).

As I have already concluded in addressing and denying Turner's Motion for a New Trial, I find that there was sufficient evidence presented at trial to go to a jury, and that the issues submitted to the jury were proper jury questions. As I stated above, the jury was properly instructed on the issue of assessing the credibility of expert witness testimony. The jury was carefully instructed that if an expert or any other witness expressed an opinion based on certain assumed facts, "of course, before that opinion would be of any significant value to you, you would have to determine from the evidence that the facts assumed are the correct facts." Record, 8/28/97, p. 84. Whether or not the facts upon which any expert based his opinion were correct would be for the jury to decide, and if the jury did not believe the expert's methodology to be an accurate or truthful determination of, among other things, lost profits, goodwill, and/or market share, the jury was free to disregard that witness' testimony.

Applied did set forth sufficient evidence, including sales figures of both Turner and Applied before and after the distribution of the LTI Report and letter, for a jury to rationally and logically find that Turner's distribution of those documents caused Applied to lose business. Turner claims, however, that Applied failed to show the causal connection between the distribution of the LTI report and accompanying letter and the alleged damages. Turner points out that Applied's counsel knew of at least six hundred customers who had received the LTI Report and letter, but that Applied failed to call any one of them to testify in support its claim for lost business. Irrespective of this argument, there was sufficient evidence, I think, to raise a factual question of causation. The jury was free to evaluate the issue of causation and to decide whether there was some cause other than potential customers' response to Turner's LTI Report and letter which would explain Applied's decline in market share. Turner is not entitled to judgment as a matter of law. I find no need to go into any greater detail as to the other objections which Turner failed to preserve at trial.

Turner claims, additionally, that the characterization of the defects in Applied's products were statements of opinion and therefore not actionable. Turner alleges that its statements were literally true, conditionally privileged product comparisons of its products with those of a rival. The deficiencies, Turner claims, were too ambiguous to be considered literally false under the Lanham Act. Likewise, Turner contends the claims of commercial disparagement and tortious interference with prospective business relations should not have been given to the jury.

The conditional privilege shields a competitor so long as the comparison does not contain false assertions of specific unfavorable facts regarding the rival competitor's things, goods or products. Restatement (Second) of Torts § 649, cmt. c. Turner contends that Applied failed to present evidence that the statements made by Turner were literally false or misleading, and that Applied failed to show with reasonable certainty, that a statistically significant part of the intended audience was deceived or misled by Turner's report and letter to demonstrate a cognizable injury.

Applied, on the other hand, contends that Turner's statements were literally untrue statements of fact, rather than merely statements of opinion. The literal truthfulness of Turner's factual statements, particularly, for example, that the "deficiencies were in most cases major rather than minor, and therefore would adversely effect the operation of the bolt" were questions for the jury, not the court. The evidence was very extensive as to the nature and extent of deficiencies in Applied's DTIs, if any, and whether those deficiencies could or would effect the usefulness of the DTIs. The verdict indicates that the jury found the statements to be literally false, and therefore Turner could not claim entitlement to any privilege, conditional or otherwise. The truth or falsity of the statements were factual questions for the jury. The jury was instructed that truthful comparative advertising, and statements of opinion, even if intended to lower the competitor's sales are privileged. See record 8/28/97, pages 105-106 and 107-109.

Turner objects to the alleged misconduct of Applied's counsel during various stages of the trial, namely comments Applied's counsel made regarding the personal wealth and residence of Mr. Turner, testimony elicited from expert Jack Pekar that he was being paid to testify by an insurance company, counsel's numerous references to events occurring prior to the December 1, 1994 settlement agreement, and counsel's references to Turner's alleged failure to produce customer lists and control card documents which had been protected from discovery by Applied in an earlier court protective order.

I must point out again that neither party at anytime during the trial asked for a mistrial on the basis of any of these current objections, nor did Turner request a special cautionary instruction, or a motion to strike any testimony. As for the elicited testimony that a witness, Mr. Pekar, was possibly being paid by an insurance company, there was no objection made to the original question, but merely the answer and a follow-up question. Because the answer had been already given, I overruled the objection. No request for a cautionary instruction was then made or later made. Clearly counsel at the time considered it not particularly significant.[11] It certainly is not clear that the jury would or could infer that Turner was being protected in this lawsuit by a liability insurance company, rather than a possible insurer that had an interest in Turner's claims against

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[11]Record, 8/8/97 at page 19-20. Question by Mr. Kalman: "Now are you being paid by Mr. Turner as well?" Thereafter the following occurred:

A I am being compensated for this, I don't know where it's coming from. I don't get checks from J & M Turner.
Q From whom do you get the check?
A My wife handles all of that, I don't know. I'm sorry. It's not J & M Turner.
Q Well, who is giving you the check?
A I think it is an insurance company.
Mr. Zingarini: Objection, your honor.
Mr. Kalman: Okay. I am sorry, what did you say?
[Apparently the answer may not have been heard by those in the court room]
Mr. Mr. Zingarini: Objection.
THE COURT: I will overrule the objection.
By Mr. Kalman:
Q Where did you get the check from?
A It's a name I don't recognize. It looks like an insurance firm.

At the next sidebar conference (about another matter), Record, 8/8/97, at pages 48-49, the following occurred.

THE COURT: Incidentally, I apologize on that one ruling I made when I overruled the objection and the answer said something about the check came from insurance. To the jury I don't think it makes any difference.

Mr. Zingarini: By the end of the trial they might forget it.

Although Mr. Zingarini or Mr. Fram could have at that point either requested a cautionary instruction, or a motion to strike or a motion for a mistrial, no motion or request was made, then or thereafter.

Applied.

C. **IMPOSITION OF COSTS**

Applied has filed a motion for the imposition of costs (filed document #179). Pursuant to Local Rule of Civil Procedure 54.1, all bills of costs are taxed by the Clerk's office subject to appeal to the court. A party requesting such taxation shall give the Clerk a five day written notice of such request, and the Clerk shall fix the time for taxation. Applied has not done this, therefore the imposition of costs pursuant to 28 U.S.C. § 1920 is not a matter properly before me at this time. Therefore, Plaintiff Applied's motion for the taxation of costs will be denied.

D. ATTORNEY'S FEES

Applied seeks attorney's fees and costs also on the basis of both the provision for attorney's fees and costs under the Lanham Act and also under the terms of the settlement agreement that provided that the "prevailing party" (in litigation over the terms of settlement agreement) shall be entitled to attorney's fees and costs.

Judgments were entered on September 8, 1997 reflecting the jury's verdict (filed document #171). Applied filed a motion to amend the judgment of September 8, 1997 and to impose costs (filed document #179). In its motion, Applied requests, inter alia, that I require Turner to pay Applied's costs, including expert witness fees, and attorney's fees. Applied's motion to amend the judgment and to impose costs, and its motion for attorney's fees, will be denied.

"The general or 'American' rule is that a prevailing party ordinarily may not recover attorneys' fees absent statutory authorization." Standard Terry Mills, Inc. v. Shen Manufacturing Co., 803 F.2d 778, 782 (3d Cir. 1986). Attorney's fees may be awarded in a suit for unfair competition under the Lanham Act. 15 U.S.C. § 1117(a). "The court in exceptional cases may award reasonable attorney fees to the prevailing party." Id. An exceptional case may arise, and attorney's fees may be awarded, when violations are malicious, fraudulent, deliberate, willful, or in bad faith. See, e.g., Ferrero U.S.A., Inc. v. Ozak Trading, Inc., 952 F.2d 44, 47 (3d Cir. 1991).

Even if the court finds the requisite culpable conduct, the court still has discretion to deny an award of attorney's fees. See, e.g., Sweetzel, Inc. v. Hawk Hill Cookies, Inc., 1996 WL 355357, *4 (E.D. Pa.)(Civil Action #95-2632), citing, Pioneer Leimel Fabrics, Inc. v. Paul Rothman Industries, Ltd., 25 U.S.P.Q.2d 1096, 1107 (E.D. Pa.); see also Dorr-Oliver Inc., v. Fluid Quip, Inc., 966 F. Supp. 718 (N.D. Ill. 1997), citing, Burger King Corp. v. Pilgrim's Pride Corp., 15 F.3d 166, 168 (11th Cir. 1994)(stating that even if a case is exceptional, the decision to grant attorney's fees remains within the discretion of the trial court); U.S. Structures, Inc. v. J.P. Structures, Inc., 1997 WL 741359 (6th Cir.)(Civil Action #96-1016)(stating that it does not follow that a case will always be "exceptional" for the purposes of awarding attorney's fees where the relevant conduct is found to be willful, fraudulent, and deliberate).

The facts of this case are not exceptional. The jury in this case found Turner liable for violations of the Lanham Act, but awarded no damages for those violations. The standards of malice, fraud, willfulness or any other conduct indicating bad faith were not submitted to the jury, nor was there any request to do so nor any objection to them not being submitted. Therefore, in finding liability for violations of the Lanham Act, as well as for common law unfair competition, the jury found nothing more than the required element of intent. The verdict does not suggest that the jury found malice, willfulness, bad faith or anything else of that nature which might indicate that this is an exceptional case.

Additionally, the jury awarded no punitive damages. While awarding punitive damages is never required and is purely discretionary for a jury's determination, the fact that the jury made a substantial compensatory award, but did not find punitive damages, is a further indication that Turner's conduct did not render this an exceptional case.

Applied contends further that it is entitled to attorney's fees under the provision in Paragraph 5 of the Settlement Agreement. The jury did find in favor of Applied on its counterclaim alleging that Turner breached the Settlement Agreement by initiating a suit against Applied, but the jury also found in favor of Turner on one of Turner's claims against Applied for breach of the Settlement Agreement, as to the manufacturing specifications of Applied's DTIs. Consequently, it is not clear that Applied is the prevailing party in the litigation for the purpose of recovering attorney's fees under the Settlement Agreement. Indeed if Applied would be entitled to attorney's fees and costs, so would Turner, because both parties succeeded on their respective claims that the other breached the settlement agreement.

Applied, at oral argument on the present motions, took the position that it would now be untimely for Turner to seek attorney's fees and costs on the basis of paragraph 5 of the settlement agreement. I find nothing in the agreement that establishes when an application for attorney's fees and costs for successful litigation must be filed. Local Rules do not appear to have any time requirement, nor does 28 U.S.C. § 1920, even if either could be construed as being applicable or analogous. In the complaint and supplemental complaint filed by Turner, Turner sought compensatory and punitive damages, costs of suit "and such other relief as the Court may deem just and proper."

Another problem with Applied's application for attorney's fees and costs under the terms of the settlement agreement, is the practical impossibility of fairly separating out the work done for the purpose of establishing Applied's claim that Turner breached the settlement agreement by suing on its fraud in the inducement of the settlement agreement and the work done by counsel in defending against Turner's nine claims, and in asserting its own non-settlement agreement claims. One of the claims by Turner, that Applied itself breached the agreement, was unsuccessfully defended by Applied. In addition, Applied asserted twelve separate claims that were submitted to the jury, plus four additional claims that were tried, but withdrawn before going to the jury. Only five were successful, one being the breach of the settlement agreement claim.

The settlement agreement, by its wording, does not suggest that in litigation between Turner and Applied over the settlement agreement, both Turner and Applied could be the "prevailing party". In the context of this case, although Turner received the larger total award of damages[12], neither Turner nor Applied could be deemed the prevailing party in the litigation relating to the settlement agreement. Consequently, Applied's application for costs and attorney's fees, including expert witness fees will be denied. This of course, does not preclude either party from seeking a taxation of costs through the clerk's office on the basis of 28 U.S.C. § 1920, although I fail to see how either can claim to be the prevailing party.

E. MOTION TO AMEND JUDGMENT

Applied has also filed a motion to amend the judgment of September 8, 1997. In its motion, Applied requests that the judgment be amended to require Turner to contact all the persons

[12]The jury made no separate award of damages for Turner's breach of the settlement agreement, and it is not possible to determine the amount, if any, awarded on that claim of the case. No request was made by counsel for such an allocation by the jury.

to whom Turner sent the March 24, 1995 letter regarding the quality and performance of Applied's DTIs, and with whom Turner communicated about the subject matter of the letter, and to notify them of the jury's verdict. Additionally, Applied requests that Turner be required to retract the statements it made about the quality and performance of Applied's DTIs. Finally, Applied requests that Turner be required to stop stating in its commercial and promotional communications that Applied's DTIs failed to comply with industry standards.

Almost three years have elapsed since distribution of the LTI report and accompanying letter by Turner to its customers and ostensibly to many other potential parties who might in the future use or specify the use of DTIs. It is inconceivable to me that all who are interested in the business do not already know of the outcome of the case and the jury's determination. Although equitable relief was sought in the claims and counterclaims filed by both parties, the case was fully tried before a jury seeking only damages.

In discovery disputes, it was ruled that Turner did not have to disclose to Applied the list of parties to whom it had sent the LTI report, partially because this would have required disclosure of Turner's proprietary customer list. Applied suggests that this could be avoided by requiring Turner to make the mailing and filing an affidavit of compliance with the Court's order. Another difficulty, aside from whether sending a letter such as suggested in Applied's motion would have any practical effect, would be the wording of any letter to go out to the trade.

The fact that the jury concluded that the DTI report (which has never been challenged for its accuracy or truthfulness) with the accompanying Turner letter disparaged Applied's DTIs and for which, presumedly it awarded a little over one and a quarter million dollars in compensatory damages, does not convince me that as a matter of equitable jurisdiction, any further relief should be granted at this time. If ordered to send out some type of communication as requested by Applied, and later, on appeal, it was determined that a new trial or other relief should be granted, or that Turner had not disparaged Applied, then granting the equitable relief now sought by Applied would only compound and further complicate the matter and probably help keep alive the continuing disputes between the parties.

CONCLUSION

For the reasons set forth in this memorandum, all post trial motions will be denied; specically, Tuner's motion for a new trial, judgment notwithstanding the verdict and a remittitur and Applied's motion for an award of counsel fees and costs and to amend the judgment and to provide further equitable relief.

An appropriate Order follows.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

J & M TURNER, INC. Plaintiff, v. APPLIED BOLTING TECHNOLOGY PRODUCTS, INC., I. WAYNE WALLACE, and KENNETH WOODWARD, JR. Defendants.	:	CIVIL ACTION No. 95-2179

ORDER

For the reasons set forth in the accompanying Memorandum, it is ORDERED that the post-trial motions of the J & M Turner, Inc. for a new trial, for judgment as a matter of law, notwithstanding the verdict and for a remittitur are each and all DENIED.

It is FURTHER ORDERED that the post-trial motions of Applied Bolting Technology Products, Inc. for an award of counsel fees and costs, and to amend the judgment to provide further equitable relief are DENIED.

Any and all other post-trial motions for relief are DENIED.

BY THE COURT:

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Donald W. VanArtsdalen, S.J.

January 29, 1998