

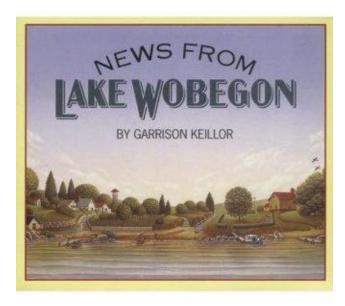
FOR SERVICES RENDERED: SEEKING FEES FOR EXCEPTIONALITY

Rich Hung

December 8, 2016



The court in *exceptional cases* may award attorney's fees to the prevailing party.



Old Law: Brooks Furniture

- Large company
- Multiple infringement opinions: "Reasonable, comprehensive & competent"- at first glance
- "Harsh" cease & desist letters to multiple companies, large & small
- Opinion & litigation firm same

n	[11] Patent Number: Des. 417,983		
Desnoyers	[45] Date of Patent: ** Dec. 28, 1999		
[54] ROCKING CHAIR TRIM	D. 211,786 7/1968 Granger		
[75] Inventor: Charles Desnoyers, St. Pic, Canada	2,346,629 4/1944 Travers		
[73] Assignce: Dutailier International Inc., St. Pic, Canada	Primary Examiner—James Gandy Assistant Examiner—Mimosa De Attorney, Agent, or Firm—Ladas & Parry		
[**] Term: 14 Years	[57] CLAIM		
[21] Appl. No.: 29/093,058	The ornamental design for rocking chair trim, as shown and described.		
[22] Filed: Sep. 2, 1998	DESCRIPTION		
Related U.S. Application Data	FIG. 1 is a front perspective view of rocking chair trin		
[62] Division of application No. 29/077,037, Sep. 24, 1997, Pat No. Des. 401,425.	embodying the design; FIG. 2 is a left side elevational view of the rocking chair trin of FIG. 1;		
[30] Foreign Application Priority Data	FIG. 3 is a front elevational view of the rocking chair trin		
Aug. 25, 1997 [CA] Canada	FIG. 4 is a top plan view of the rocking chair trim of FIG		
[51] LOC (6) Cl			
[58] Field of Search D6(334, 335, 336, D6(344, 347, 369, 371, 491, 500, 501, FIG. 1; and, D6(344, 347, 369, 371, 491, 500, 501, FIG. 6 is a right side elevational view of the rocking 502; 297/273, 281, 282			
[56] References Cited	The portions of the rocking chair shown in broken lines in the drawing are for illustrative purposes only and form no		
U.S. PATENT DOCUMENTS	part of the claimed design.		
D. 211,632 7/1968 Granger D6/500	0 1 Claim, 2 Drawing Sheets		

Brooks Furniture: Procedural History

- Brooks filed Tenn. DJ action
- Won MSJ of non-infringement
- Reliance on opinion's "unreasonable" conclusions = bad faith
- So exceptional case

	03-1379
	BROOKS FURNITURE MANUFACTURING, INC.,
	Plaintiff-Appellee,
	· v.
	DUTAILIER INTERNATIONAL, INC. AND DUTAILIER, INC.,
	Defendants-Appellants.
Before NEWM	IAN, LOURIE, and DYK, <u>Circuit Judges</u> .
	er International, Inc. and Dutailier, Inc. (together "Dutailier"), appeal the
	e United States District Court for the Eastern District of Tennessee ¹ holding
that Brooks'	action for declaratory judgment that Dutailier's patent is invalid and not
infringed con	stitutes an exceptional case and awarding attorney fees. The award is
vacated.	

Absent misconduct in conduct of the litigation or in securing the patent, sanctions may be imposed against the patentee only if both[:]

(1) the litigation is brought in *subjective bad faith*, and

(2) the litigation is *objectively baseless*.

Brooks Furniture, Mfg. Inc. v. Dutailier Int'l, Inc., 393 F.3d 1378, 1381 (Fed. Cir. 2005) (citing Prof. Real Estate Investors v. Columbia Pictures Indus., 508 U.S. 49, 60-61 (1993)) There is a presumption that the assertion of infringement of a duly granted patent is made in good faith.... Thus, the underlying improper conduct and the characterization of the case as exceptional must be established by *clear and convincing evidence*.

Brooks Furniture, Mfg. Inc. v. Dutailier Int'l, Inc., 393 F.3d 1378, 1382 (Fed. Cir. 2005)

Aftermath of Brooks Furniture

• Objective prong:

The question is whether iLOR's broader claim construction was so unreasonable that **no** *reasonable litigant could believe it would succeed*.

• Subjective prong:

[T]he plaintiff's case must have no objective foundation, and the *plaintiff must actually know this*.

iLOR, LLC v. Google, Inc., 631 F.3d 1372, 1377-78 (Fed. Cir. 2011)

New Law: Octane

- ICON non-practicing patentee
- Octane makes competing elliptical machines

Ur	nited	Sta	tes Patent [19]	[11]	Pat	tent N	umber:	6,019,710
Dal	ebout e	t al.		[45]	Da	te of	Patent:	Feb. 1, 200
[54]	EXERCI MOVEN		DEVICE WITH ELLIPTICAL	5,611 5,611 5,611	,757	3/1997 3/1997 3/1997	Rodgers, Jr	
[75]	Inventors		a m T. Dalebout , Logan; Steven t, Clinton, both of Utah	5,63 5,65 5,68	,058 ,662 ,333	6/1997 8/1997 11/1997	Rodgers, Jr Rodgers, Jr Rodgers, Jr	482/5 482/5 482/5
[73]	Assignee	ICO Utah	N Health & Fitness, Inc., Logan,	5,685 5,690 5,742 5,788	,589 ,834	11/1997 11/1997 4/1998 8/1998	Rodgers, Jr Rodgers, Jr	al
[21]	Appl. No	.: 09/0	03,322	5,919				482/5
[22]	Filed:	Jan.	6, 1998		FO	REIGN	PATENT DOG	UMENTS
[51] [52]			A63B 22/04; A63B 69/16 482/70; 482/51		4 A1	11/1980	Germany .	
[58]			482/51-53, 57, 482/70, 79, 80, 71	Primary				, Nydegger & Seeley
[56]		R	eferences Cited	[57]	5		ABSTRACT	
1	5,540,637 5,549,526 5,562,574 1 5,573,480 1 5,577,985 1 5,591,107 5,593,371 5,593,372	6/1996 7/1996 8/1996 0/1996 1/1996 1/1997 1/1997 1/1997 1/1997	Rodgen, Jr. 402,57 Rodgen, Jr. 402,57 Rodgen, Jr. 402,57 Rodgen, Jr. 402,57 Rodgen, Jr. 402,51 Rodgen, Jr. 402,51 Rodgen, Jr. 402,52 Rodgen, Jr. 402,52 Rodgen, Jr. 402,52	is hinged a crank i crank arr ing ends of the cr stroke ra	ly atta s rotat ns cac of the ank a il bety	wheed to ably mo th ortho axle in rm is ro ween the	a correspondir ounted to the su gonally project opposing direct	
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Octane: Facts

• "Stray comments" in e-mail:

"We're suing Octane. Not only are we coming out with a greater product to go after them, but throwing a lawsuit on top of that."

"Just clearing the way and making sure you guys have all your guns loaded."

"I heard we are suing Octane!"

"Yes – old patent we had for a long time that was sitting on the shelf. They are just looking for royalties."



Octane: Procedural History

- Minnesota action
- SJ of non-infringement
- Arguments not "frivolous" or "objectively baseless"
- CAFC affirms non-exceptional case
- S. Ct. reverses & remands

(Stip Opinicm) OCTOBER TERM, 2013 1
(Slip Opinion) OCTOBER TERM, 2013 1
Syllabus
NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done is connections with this case, at the time the optimin is inved. The syllabus constitutions no part of the optimizer of the Court but has been propared by the Reports of Decisions for the convenience of the reader. See United Shiles - Natural Thinkow (hamber CA, 200 US, 521, 557.
SUPREME COURT OF THE UNITED STATES
Syllabus
OCTANE FITNESS, LLC v. ICON HEALTH & FITNESS, INC.
CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT
No. 12-1184. Argued February 26, 2014-Decided April 29, 2014
The Patent Act's fee-shifting provision authorizes district courts to award attorney's fees to prevailing parties in "exceptional cases." 35 U. S. C. §285. In Brooks Furniture Mfg., Inc. v. Dutailier Int'l, Inc., 393 F. 3d 1378, 1381, the Federal Circuit defined an "exceptional case" as one which either involves "material inappropriate conduct" or is both "objectively baseless" and "brought in subjective bad faith." Brooks Furniture also requires that parties establish the "exception- al" nature of a case by "clear and convincing evidence." Id., at 1382. Respondent ICON Health & Fitness, Inc., sued petitioner Octane Fitness, LLC, for patent infringement. The District Court granted summary judgment to Octane. Octane then moved for attorney's fees under §285. The District Court denied the moving furniture framework, finding ICON's claim to be neither objectively baseless nor brought in subjective bad faith. The Federal Circuit af- firmed.
 Held: The Brooks Furniture framework is unduly rigid and impermissibly encumbers the statutory grant of discretion to district courts. Pp. 7-12. (a) Section 285 imposes one and only one constraint on district courts discretion to ward attorney's fees: The power is reserved for "exceptional" cases. Because the Patent Act does not define "exceptional," the term is construed in accordance with [its] ordinary meaning." Sebelius v. Clor., 569 U.S In 1952, when Congress used the word in §285 (and today, for that matter), "[e]xceptional" meaning." Turce, "on to trainary." Webster's New International Dictionary 889 (2d ed 1954). An "exceptional" case, then, is simply one that stands out from others with re-

The Patent Act does not define "exceptional," so we construe it "in accordance with [its] *ordinary meaning*."...

In 1952, when Congress used the word in § 285 (and today, for that matter), "[e]xceptional" meant "*uncommon*," "*rare*," or "*not ordinary*."

> *Octane Fitness, LLC v. ICON Health & Fitness, Inc.* 134 S. Ct. 1749, 1756 (2014)

Octane: Weak Substance or Unreasonable

We hold, then, that an "exceptional case" is simply one that *stands out from others* with respect to the *substantive strength* of a party's litigating position (considering both the governing law and the facts of the case) or the *unreasonable manner in which the case was litigated*.

District courts may determine whether a case is "exceptional" in the case-by-case exercise of their *discretion*, considering the *totality of the circumstances*.

[T]here is *no precise rule or formula* for making these determinations. . . .

Octane Fitness, LLC v. ICON Health & Fitness, Inc. 134 S. Ct. 1749, 1756 (2014) [W]e reject the Federal Circuit's requirement that patent litigants establish their entitlement to fees under § 285 by "clear and convincing evidence[.]"...

Section 285 demands a simple discretionary inquiry; it imposes no specific evidentiary burden, much less such a high one. Indeed, patent-infringement litigation has always been governed by a *preponderance of evidence standard*.

Octane Fitness, LLC v. ICON Health & Fitness, Inc. 134 S. Ct. 1749, 1756 (2014)

New Law: *Highmark*

- Managed health care systems to interconnect physicians, patients & financial institutions
- Highmark is a Penn. insurance co.
- Case transferred to W.D. Tex.
- Withdrew claim 102
- MSJ of non-infringement for claim 52 & dependent claim 53

[54] ALL CARE HEALTH MANAGEMENT SYSTEM 4.916.611 [55] Inventor: Desmond D. Cummings, Jr., 2309 Orchard Dr., Apopka, Fla. 32715 5.018.067 [75] Inventor: Desmond D. Cummings Fla. 32715 [73] Assignee: Desmond D. Cummings Fla. 32715 [21] Appl. No: 683,032 Flaid of Search [36] Field of Search 364/401, 364/406, 364/406, 364/406, 458, 169 [36] Field of Search 364/401, 364/406, 458, 169 [37] Assignee: Deschenes et al. 4.916,611 4.250,114 V1981 Siawa 225/972 364/408 1.677,693 10/1972 Deschenes et al. 364/408 4.917,253 1/1989 Watanabe 215/972 3.7 Section 2019 546 364/408 3.7 Section 2019 546 364/408 3.7 Section 2019 546 37 3.0 Section 2019 546 37 3.0 Section 2019 546 37 3.1 Section 2019 546	Date of Patent:	Apr. 5, 1994
SYSTEM 5018,067 [75] Inventor: Desmond D. Cammings, Jr., 2309 Orchard Dr., Apopha, Fla. 22175 Excerpt from Magazine for Magazine (21 Appl. No.: 683,032 [21] Appl. No.: 683,032 Solidoff 7/00 [21] Filed: Apr. 8, 1991 GOFT 7/00 [32] Filed of Search 364/400; 364/400; 364/400; 364/400; [33] Field of Search 364/400; 364/400; 364/400; 364/400; [34] Field of Search 364/400; 364/400; [300,931] 10/1912 Duchenes et al. [307,931] 10/1912 Duchenes et al. [307,931] 10/1912 Duchenes et al. [307,931] 10/1912 Bacher et al. [317] Affigure outcome all outc	4/1000 Davids Is at	
Orchard Dr., Apopka, Fla. 32715 Escorpt from Magazi [73] Assignee: Desmod D. Cummings Escorpt from Magazi [21] Appl. No: 683,032 Filed of Search [31] Lin, Cl. ⁵ GOOF 7/00 [32] U.S. Cl. 364/401, 364/406, 364/406, 364/406, 364/406, 364/406, 364/406, 364/406, 364/406, 364/406, 364/406, 366/406, 10/1972 Deschemes et al. [57] A fully inter than that its interaction of neview with the finance tion review vide patient discorpt on the finance tion review vide patient discorpt on the finance tion review vide patient finance tion review vide patient discorpt on the finance tion review vide patient disco	5/1991 Mohlenbrock	al
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22] Filed: Apr. 8, 1991 Primary Exas [51] Int. Cl. ³ GOGF 7/00 Sistant Ex. [52] U.S. Cl. 364/406; 364/406; [53] Field of Search 364/406; Sistant Ex. [56] References Cited U.S. PATENT DOCUMENTS Sistant Ex. [57] A. fully inter Sistant Ex. Sistant Ex. [56] References Cited U.S. PATENT DOCUMENTS Sistant Ex. [57] 4.468,037 31/987 Yulentino 364/406; [57] 4.468,037 31/987 Yulentino 364/406; [57] 4.458,027 J1/989 Barber et al. 364/406; [56] 37 Sistant Ex. Sistant Ex. Sistant Ex. [57] 4.588,027 J1/989 Barber et al. Sist/406; Sistant Ex. [57] 4.588,027 Sistant Ex. Sistant Ex. Sistant Ex. Sistant Ex. [58] 5.50 Sistant Ex. Sistant Ex. Sistant Ex. Sistant Ex. [59] 777 Sistant Ex. Sistant Ex. Sistant Ex. Sistant Ex. [59] 777 Sistant Ex. Sistant Ex. Sistant Ex. Sistant Ex. [50] 778 <th>ne entitled "Corporate hrough eleven.</th> <th>e America At Risk"</th>	ne entitled "Corporate hrough eleven.	e America At Risk"
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Highmark: Procedural History

• Exceptional because:

- Frivolous assertion of claims 52 & 102
- Frivolous res judicata argument
- Misrepresentations in transfer motion
- On de novo review, CAFC reverses in part:
 - Claim 102: Implausible that preamble not limiting; no "interaction" btw. patients & employers
 - Claim 52: Construction covering alt. embodiment "not unreasonable"
 - *Res judicata*: Argument not wholly meritless when asserted -- and withdrawn
 - Minor adjustments to claim construction OK
 - Misrepresentation before *another* court

United States Court of Appeals for the Federal Circuit		
	HIGHMARK, INC., Plaintiff-Appellee,	
	v.	
ALLCARE	HEALTH MANAGEMENT SYSTEMS, INC	
	Defendant-Appellant.	
	2011-1219	
	m the United States District Court for th rict of Texas in case no. 03-CV-1384, Judg	
	Decided: August 7, 2012	
Pennsylvania,	. KERNICK, Reed Smith, LLP, of Pittsburg argued for plaintiff-appellee. With her o JAMES C. MARTIN, KEVIN S. KATONA an HL.	
3arrett & Dur lefendant-app	DUNNER, Finnegan, Henderson, Farabow inerr, LLP, of Washington, DC, argued fo ellant. With him on the brief were ERIK F lo Alto, California. Of counsel on the brie	

Because § 285 commits the determination whether a case is "exceptional" to the discretion of the district court, that decision is to be reviewed on appeal for *abuse of discretion*.

Traditionally, . . . decisions on "matters of discretion" are "reviewable for 'abuse of discretion."

Highmark Inc. v. Allcare Health Management Sys., Inc. 134 S. Ct. 1744, 1748 (2014)

Aftermath of Octane: Overall Statistics

Section 285 Motions with Outcomes	Sept. 2012- Apr. 2014	May 2014 – (Post-Octane)
Total	84	262
Granted	5 (6%)	65 (25%)
Partial grant/denial	10 (14%)	23 (8%)
Denied	69 (81%)	174 (66%) (8%)

Aftermath of Octane: E.D. Tex.

Section 285 Motions with Outcomes	Sept. 2012- Apr. 2014	May 2014 – (Post-Octane)
Total	6	22
Granted	0 (0%)	3 (14%)
Partial grant/denial	0 (0%)	0 (0%)
Denied	6 (100%)	19 (86%)



Aftermath of *Octane*: D. Del.

Section 285 Motions with Outcomes	Sept. 2012- Apr. 2014	May 2014 – (Post-Octane)
Total	5	26
Granted	0 (0%)	7 (27%)
Partial grant/denial	0 (0%)	3 (11%)
Denied	5 (100%)	16 (62%)



Aftermath of *Octane*: C.D. Cal.

Section 285 Motions with Outcomes	Sept. 2012- Apr. 2014	May 2014 – (Post-Octane)
Total	14	32
Granted	1 (7%)	9 (28%)
Partial grant/denial	2 (14%)	2 (6%)
Denied	11 (79%)	21 (66%)



Aftermath of Octane: N.D. Cal.

Section 285 Motions with Outcomes	Sept. 2012- Apr. 2014	May 2014 – (Post-Octane)	
Total	9	34	
Granted	1 (11%)	4 (12%)	
Partial grant/denial	0 (0%)	6 (18%)	
Denied	8 (89%)	24 (71%)	



Aftermath of Octane: N.D. Ill.

Section 285 Motions with Outcomes	Sept. 2012- Apr. 2014	May 2014 – (Post-Octane)
Total	0	8
Granted	n/a	2 (25%)
Partial grant/denial	n/a	2 (25%)
Denied	n/a	4 (50%)



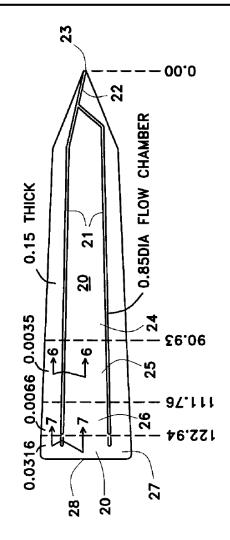
Aftermath of Octane: Districts Compared

Section 285 Motions with Outcomes	Sept. 2012- Apr. 2014 Grant/GIP	May 2014 – (Post-Octane) Grant/GIP
Overall	20%	33%
E.D. Tex.	0%	14%
D. Del.	0%	38%
C.D. Cal.	21%	34%
N.D. Cal.	11%	30%
N.D. Ill.	n/a	50%

1. *Homeland Housewares, LLC* (C.D. Cal.)

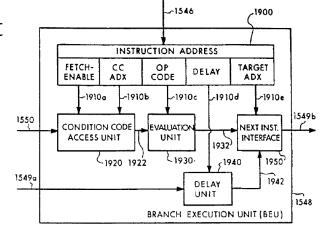
- Homeland Housewares, LLC v. Sorensen Res. & Dev. Trust (Fed. Cir. Sept. 8, 2014)
- DJ action concerning patented injection molding process
- Sorensen:
 - Produced no admissible evidence of infringement in response to MSJ after 1+ year of discovery
 - Filed multiple unsolicited briefs after issues taken under submission
 - Filed multiple meritless motions for reconsideration





2. Biax Corp. (D. Colo.)

- *Biax Corp. v. Nvidia Corp.* (Fed. Cir. Feb. 24, 2015)
- Parallel processing computer systems
- MSJ of non-infringement
 - Condition code registers must be shared by all other processor elements on chip
 - Expert conceded as much at depo.
- Claim construction foreclosed infringement





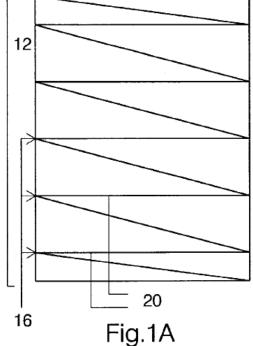
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3. *Oplus Techs.* (C.D. Cal.)

- Oplus Techs. v. Vizio, Inc. (Fed. Cir. Apr. 10, 2015)
- De-interlacing video signal patents
- MSJ of non-infringement (no evidence for element)
- Oplus:
 - Strategically amending claims to manufacture venue
 - Ignored discovery, sought extensive damages information
 - Issued subpoena on own counsel
 - Contradictory expert evidence, infringement contentions
 - Inappropriate, unprofessional, vexatious behavior
- But no evidence of bad faith or attempt to harass
 - Delays & avoidance tactics on both sides
 - "Normal" motion practice

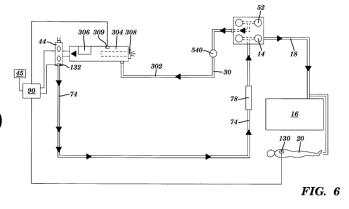






4. Gaymar Indus. (W.D.N.Y.)

- Gaymar Indus. Inc. v. Cincinnati Sub-Zero Prods., Inc. (Fed. Cir. June 25, 2015)
- Conductive blanket patent; IPR invalidated
- <u>CSZ</u> lacked clean hands due to misleading statements/overstatements:
 - "From the outset," no need for technical expert (but then offered PTO expert)
 - PTO expert was not opining re: POSITA (but was)
 - Gaymar's positions on the burden of proof for validity



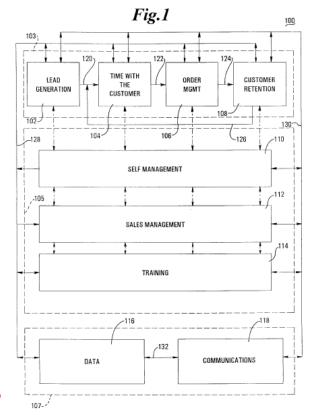


5. SFA Systems (E.D. Tex.)

- SFA Sys., LLC v. Newegg, Inc. (Fed. Cir. July 10, 2015)
- Salesforce automation system
- Newegg:
 - One of two remaining defendants
 - Did not prevail on *Markman* (twice)
 - Did not win MSJ of indefiniteness
- SFA:
 - Multiple lawsuits filed
 - Nuisance value settlement offers
 - Dismisses Newegg with prejudice



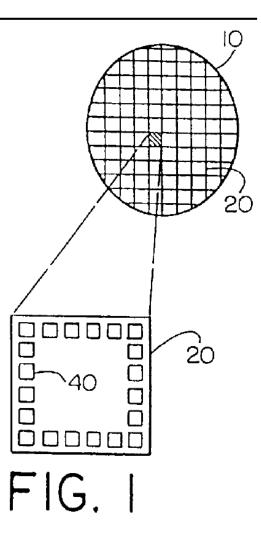




6. Integrated Tech. Corp. (D. Az.)

- Integrated Tech. Corp. v. Rudolph Techs. (Fed. Cir. Oct. 21, 2015)
- Inspection equipment for probe cards
- Rudolph denied infringement
 - Moved for MSJ of non-infringement
 - Questioned ownership of patent
 - Avoided questions about machine operation at trial
- But CEO admits testing and knowledge of infringement at trial

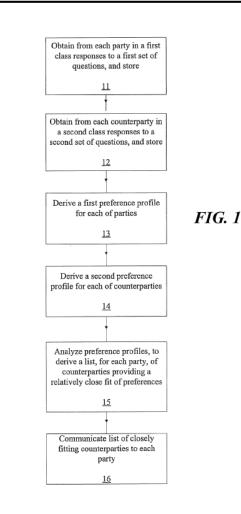




7. Lumen View Tech. LLC (S.D.N.Y.)

- Lumen View Tech. LLC v. Findthebest.com, Inc. (Fed. Cir. Jan. 22, 2016)
- "Method for facilitating evaluation" in the context of a "financial transaction"
 - MJOP under Section 101 granted
- "Bilateral matching method" requires preference data of two parties
 - Lumen View's claim construction consistent
 - Accused AssistMe feature uses one party's data
- Desire to extract nuisance settlement





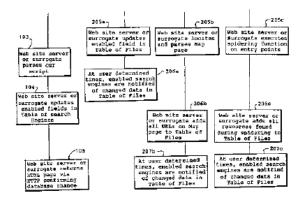
8. Site Update Solutions, LLC (N.D. Cal.)

- Site Update Solutions, LLC v. CBS Corp. (Fed. Cir. Feb. 1, 2016)
- Updating search engine database
- Newegg:
 - Last defendant
 - Court adopted its constructions
- Site Update:
 - Could not ID structure for 112(6) limitation
 - Positions "unartful" and "strain[ed] credibility"
 - Dismissed all claims with prejudice after Markman
 - Nuisance value settlements





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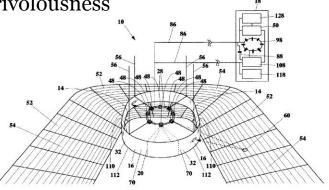


9. Large Audience Display Sys. (C.D. Cal.)

- Large Audience Display Sys., LLC v. Tennman Prods., LLC (Fed. Cir. Oct. 20, 2016)
- Panoramic imaging & display system
- All asserted claims canceled in inter partes reexam.
- LADS:
 - Shell E.D. Tex. corporation
 - Reexamination constructions "disingenuous"
 - Withheld prior art during reexam. (not relied upon)
 - Post-reexam., sought discovery to assert new claims
 - Submitted privileged e-mail to demonstrate non-frivolousness

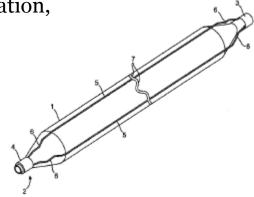






10. AngioScore, Inc. (N.D. Cal.)

- AngioScore, Inc. v. Tri-Reme Med. LLC
- Angioplasty balloon catheter
- Patent survived MSJ of non-infringement
 - Tri-Reme attempted to file second motion on vitiation, but standing order prohibited it
- At trial:
 - No claims infringed
 - All claims invalid







- FRCP 11 (pleadings)
- FRCP 26(g) (discovery requests, responses & objections)
- FRCP 37(a)(5) (disclosure or discovery)
- FRAP 38 (frivolous appeal)
- Inherent power/authority
- 28 U.S.C. § 1927 (unreasonable & vexatious litigation)

• Rule 11(b):

(b) Representations to the Court. By presenting to the court a pleading, written motion, or other paper . . . an attorney or unrepresented party certifies that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances: . . .

(2) *the claims*, *defenses*, *and other legal contentions are warranted by existing law* or by a nonfrivolous argument for extending, modifying, or reversing existing law or for establishing new law; [and]

(3) the *factual contentions have evidentiary support* or, if specifically so identified, will likely have evidentiary support after a reasonable opportunity for further investigation or discovery.

• Rule 11(c)(2):

(c) **Sanctions**....

(2) If, after notice and a reasonable opportunity to respond, the court determines that Rule 11(b) has been violated, the *court may impose an appropriate sanction on any attorney, law firm, or party* that violated the rule or is responsible for the violation. Absent exceptional circumstances, a law firm must be held jointly responsible for a violation committed by its partner, associate, or employee.

• *See also* Rule 26(g) (sanctions for discovery requests, responses, or objections)

Rule 11 Motion Statistics

Rule 11 Motions with Outcomes	Sept. 2012- Apr. 2014	May 2014 – (Post-Octane)
Total	68	88
Granted	8 (12%)	4 (4%)
Partial grant/denial	1 (1%)	3 (3%)
Denied	59 (87%)	81 (92%)

Rule 11 Motions: Districts Compared

Rule 11 Motions with Outcomes	Sept. 2012- Apr. 2014 Grant/GIP	May 2014 – (Post- <i>Octane</i>) Grant/GIP
Overall	13%	7%
E.D. Tex.	33%	16%
D. Del.	50%	12%
C.D. Cal.	0%	0%
N.D. Cal.	0%	11%
N.D. Ill.	20%	20%

• 28 U.S.C. § 1927:

Any attorney or other person admitted to conduct cases in any court of the United States or any Territory thereof who so **multiplies the proceedings in any case unreasonably and vexatiously** may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct.

Section 1927 Motion Statistics

Section 1927 Motions with Outcomes	Sept. 2012- Apr. 2014	May 2014 – (Post-Octane)
Total	41	90
Granted	4 (10%)	8 (9%)
Partial grant/denial	1 (2%)	4 (4%)
Denied	36 (88%)	78 (87%)

Section 1927 Motions: Districts Compared

Section 1927 Motions with Outcomes	Sept. 2012- Apr. 2014 Grant/GIP	May 2014 – (Post-Octane) Grant/GIP
Overall	12%	13%
E.D. Tex.	0%	0%
D. Del.	n/a	0%
C.D. Cal.	0%	0%
N.D. Cal.	0%	11%
N.D. Ill.	33%	37%

• Rule 37(a)(5):

(A) If the motion is granted—or if the disclosure or requested discovery is provided after the motion was filed—the court must, after giving an opportunity to be heard, require the party or deponent whose conduct necessitated the motion, the party or attorney advising that conduct, or both to **pay the movant's** *reasonable expenses incurred in making the motion, including attorney's fees*. But the court must not order this payment if:

(i) the movant filed the motion before attempting in good faith to obtain the disclosure or discovery without court action;

(ii) the opposing party's nondisclosure, response, or objection was *substantially justified*; or

(iii) other circumstances make an award of expenses unjust.

• Inherent power/authority:

"[T]he narrow exceptions to the American Rule effectively limit a court's inherent power to impose attorney's fees as a sanction to cases in which a litigant has engaged in **badfaith conduct or willful disobedience of a court's orders**[.]"

Chambers v. Nasco, Inc., 501 U.S. 32, 47 (1991)

• FRAP 38:

If a court of appeals determines that an *appeal is frivolous*, it may, after a separately filed motion or notice from the court and reasonable opportunity to respond, award just damages and single or double costs to the appellee.

The court in exceptional cases may award attorney's fees *to the prevailing party*.

Who Pays: Lawyer or Client?

• 28 U.S.C. § 1927:

Any attorney or other person admitted to conduct cases in any court of the United States or any Territory thereof who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct.

• FRAP 38:

If a court of appeals determines that an appeal is frivolous, it may, after a separately filed motion or notice from the court and reasonable opportunity to respond, award just damages and single or double costs *to the appellee*.

ABA Model Rule 1.7(a)

- Conflict of Interest: Current Clients
 - (a) [A] lawyer shall not represent a client if the representation involves a *concurrent conflict of interest*.

A concurrent conflict of interest exists if:

- (1) the representation of one client will be *directly adverse* to another client; or
- (2) there is a significant risk that the representation of one or more clients will be *materially limited* by the lawyer's responsibilities to another client, a former client or a third person or by a personal interest of the lawyer.

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