IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

IP INNOVATION L.L.C. and
TECHNOLOGY LICENSING CORP.,

Plaintiffs,

v.

RED HAT, INC. and
NOVELL, INC.,

Defendants.

Case No. 2:07-cv-447 (RRR)

Jury Trial Demanded

ORDER DENYING ATTORNEYS' FEES AND GRANTING COSTS

On April 30, 2010, this court entered final judgment in favor of Red Hat, Inc. and Novell, Inc. (collectively, "Defendants") and against IP Innovation L.L.C. and Technology Licensing Corp. (collectively, "Plaintiffs"). (Document No. 227.) On October 12, 2010, this court denied Plaintiffs' motion for judgment as a matter of law on infringement and validity or in the alternative for a new trial. (Document No. 272.) Defendants now request attorneys' fees and expenses under 35 U.S.C. § 285. (Document No. 249.) Defendants further request costs under 28 U.S.C. § 1920. (Document No. 246.)

I

This court has the discretion to award reasonable attorneys' fees in exceptional cases. *See* 35 U.S.C. § 285 ("The court in exceptional cases may award reasonable attorney fees to the prevailing party."). Before such an award is made, however, the court must first determine whether the case is "exceptional" within the context of the statute. *Superior Fireplace Co. v.*

Majestic Prods. Co., 270 F.3d 1358, 1376 (Fed. Cir. 2001). An award of attorneys' fees to a prevailing party under section 285 is unique to patent law, and must be predicated upon something beyond the fact that a party has prevailed. In other words, the case at hand must be truly unusual to justify an award of attorney fees. *See Badalamenti v. Dunham's, Inc.*, 896 F.2d 1359, 1364 (Fed. Cir. 1990) ("The purpose of [s]ection 285 'is to provide discretion where it would be *grossly unjust* that the winner be left to bear the burden of his own counsel which prevailing litigants normally bear.'") (citation omitted).

Factors that courts have considered in determining whether a case is exceptional, within the realm of section 285, include whether: (1) the infringing conduct was willful or intentional; (2) the losing party engaged in inequitable conduct before the Patent and Trademark Office; (3) offensive litigation tactics, including vexatious or unjustified litigation or frivolous filings, were employed; and (4) the losing party litigated in bad faith. *Id.* at 1377-78; *Brasseler U.S.A. I, L.P. v. Stryker Sales Corp.*, 267 F.3d 1370, 1380 (Fed. Cir. 2001); *Multiform Desiccants, Inc. v. Medzam, Ltd.*, 133 F.3d 1473, 1481-82 (Fed. Cir. 1998). The Federal Circuit has instructed that when "assessing whether a case qualifies as exceptional, the district court must look at the totality of the circumstances." *Yamanouchi Pharm. Co., Ltd. v. Danbury Pharmacal, Inc.*, 231 F.3d 1339, 1347 (Fed. Cir. 2000).

Defendants argue that this case is exceptional because Plaintiffs: (1) failed to conduct a reasonable pre-suit investigation of their own patents; (2) advanced frivolous infringement contentions and damages theories; (3) engaged in litigation misconduct by attempting to assert new infringement contentions; and (4) abused the discovery process by failing to obtain relevant documents from Xerox Corporation and the inventors.

This case does not merit exceptional status. Defendants argue that the "lawsuit was contrived from the beginning" but have failed to come forth with any convincing evidence supporting their characterization of Plaintiffs' pre-suit conduct. Reviewing the record as whole, including discovery, none of the litigation tactics used by Plaintiffs were abusive. While Plaintiffs' failure to obtain discovery from Xerox Corporation might have annoyed Defendants' counsel, Plaintiffs' discovery conduct is not sufficiently offensive to warrant an exceptionality finding. Also, although this court precluded Plaintiffs from presenting certain infringement and damages theories at trial, Plaintiffs' attempts to do so were not vexatious. The court wholeheartedly endorses the disposition of this case by entering final judgment on the jury verdict, but it does not make the claims entirely baseless.

Defendants' motion for attorneys' fees under 35 U.S.C. § 285 is therefore **DENIED**.

II

Defendants also seek an award of taxation of costs in the amount of $160,000. Rule 54(d)(1) of the Federal Rules of Civil Procedure provides that "costs other than attorneys' fees shall be allowed as of course to the prevailing party." In this case, Defendants are the "prevailing part[ies]" within the meaning of the statute and are entitled to taxable costs under 28 U.S.C. § 1920. Plaintiffs do not dispute any portions of Defendants' Bill of Costs. Therefore, all costs requested by Defendants shall be **GRANTED**.

It is SO ORDERED.

SIGNED this 13th day of October 2010.

Randall R. Rader

RANDALL R. RADER
UNITED STATES CIRCUIT JUDGE