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**SANCTIONS AND
CLAIM CONSTRUCTION**

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I. SANCTIONS

1. Expert Testimony in Conflict with *Markman* Construction

In *ART+COM Innovationpool GmbH v. Google Inc.*, Civil Action No. 1-14-cv-00217 (D. Del. 2016) (Dyk, Cir. Judge), **the court partially granted plaintiff’s motion *in limine* to exclude the testimony of defendant’s technical expert as unreliable for contradicting the court’s claim construction.** “[Defendant’s] interpretation of ‘each’ to mean ‘every’ in this instance is not persuasive. While the steps must be performed in order for a given ‘section,’ it is not necessary that all ‘sections’ must be divided before higher resolution space-related data can be requested for any of the ‘smaller sections.’...[Defendant’s expert] is precluded from testifying that the claim requires that all of the sections must be divided into smaller sections before any requesting of higher resolution space-related data can take place.” (page 3)

In *ART+COM Innovationpool GmbH v. Google Inc.*, Civil Action No. 1-14-cv-00217 (D. Del 2016) (Dyk, Cir. Judge), **the court granted in part plaintiff’s motion *in limine* to exclude the testimony of defendant’s technical expert as unreliable because it conflicted with the court’s supplemental claim construction:** “[T]he court amends its prior claim construction and construes step (e) to require ‘providing and organizing’ the data necessary for displaying the field of view in a pictorial representation having one or more sections....’Despite the change in language, this construction is faithful to the meaning of the court’s prior construction, which ‘allow[ed] for further processing and [did] not require the display to be an image.’...[Defendant’s expert] shall not provide testimony contrary to the court’s claim construction set forth herein.” (page 4)

In *Mobile Telecommunications Technologies, LLC v. LG Electronics Mobilecomm USA, Inc.*, Civil Action No. 2-13-cv-00947 (ED Tex. 2016) (Motion to Strike Expert Reports), **the court granted in part plaintiff’s motion to strike the opinions of defendant’s expert for contradicting the court’s claim construction order:** “[The expert’s] testimony does not violate the claim construction order to the extent that it says a ‘retransmission’ requires a previous transmission attempt because of the other limitations in the claim. The Court, however, reiterates its statement that [defendant’s expert] may not say that the word ‘retransmission’ itself requires a ‘previous transmission attempt.’” (page 3)

In *Smart Vent, Inc. v. USA Floodair Vents, Ltd.*, Civil Action No. 1-10-cv-00168 (D.N.J. 6/27/16) (Motion *in Limine* – Expert Testimony), **the court denied defendant’s motion to exclude the testimony of plaintiff’s infringement expert as unreliable for failing to properly apply the court’s claim construction.’** “[T]he factual narrative underpinning [the expert’s] various conclusions resonates with [plaintiff’s] infringement. [Defendant], by contrast, directs it challenges primarily to the weight of the expert evidence – an issue that can be aired through cross-examination and argument, and not through exclusion of his otherwise reliable and relevant work.” (page 33)

In *Metaswitch Networks Ltd. et al. v. Genband US LLC et al.*, Civil Action No. 2-14-cv-00744 (ED Tex. 2016) (Motion to Strike Expert Reports), **the court denied in part defendant’s motion to strike the opinions of plaintiff’s noninfringement expert for contradicting the court’s claim construction:** “[Defendant’s] *Daubert* argument is fundamentally a disagreement

about whether the accused products practice the claims. This is a fact dispute not properly excluded under Rule 702. **[Plaintiff's expert] will not be permitted to opine that the Court's construction requires a 'self-contained' telephony port module, and he does not appear to offer this opinion. He may opine that certain combinations or configurations of card(s) fail to satisfy the claim limitations, e.g. because they do not meet the 'interface' requirement. Rebuttal and cross-examination are the proper tools to challenge these opinions.**" (page 3)

The court granted in part defendant's motion to strike the opinions of plaintiff's noninfringement expert for contradicting the court's claim construction: "[Plaintiff's expert's] non-infringement report criticizes [defendant's expert] for failing to show that the [four] components are present in the accused products. **Such opinions are improper, and are hereby excluded, because they treat these individual components as claim limitations that must be satisfied in order for infringement to occur. [Plaintiff's expert] may not opine that these components are claim limitations or that they are required by the Court's claim construction...**It is not improper for [him] to consider the teachings of the patent specification...to inform his opinion as to whether an accused product includes structure that is identical or equivalent to the 'overall structure' identified in the Court's construction. **However, he may not offer the opinion that each sub-component is individually required to be present in the accused product. The components are not claim limitations.**" (page 5)

In *Comast Cable Communications LLC et al., v. Sprint Communications Co., L.P. et al.*, Civil Action No. 2-12-CV-00859 (E.D. pa 2012), Motion in Limine-Expert Testimony (11/9/16), the court granted in part defendant's motion in limine to exclude the testimony of plaintiffs' infringement expert regarding certain servers for conflicting with the court's construction: **"[T]he Court construed cellular network in an open ended manner, and explicitly rejected a closed construction offered by [plaintiff][Plaintiffs' expert] may not rely solely on [plaintiff's] rejected construction in his testimony.** However, although [the expert] lists [plaintiff's] construction as one basis for these opinions, [he] also provided sufficient alternative bases...for his opinion that [defendant's] messaging servers are external to its cellular network....The Court concludes [the expert] has articulated a sufficient foundation for his expert opinion that does not contradict the Court's construction of the term cellular network. **However, [defendant] is correct that [the expert] repeatedly quotes and defers to [plaintiff's] construction, which the Court has rejected....[The expert] will not be permitted to contradict or disregard the Court's construction of cellular network in his testimony at trial.**" (page 5)

2. Effect of Claim Construction re Continuing the Lawsuit

In *Enovsys LLC v. AT&T Mobility LLC*, Civil Action No. 2-11-cv-05210 (CD Cal. 2/16/16) (Motion for Attorney Fees), **the court denied defendant's motion for attorney fees under 35 U.S.C. § 285 because plaintiff's litigation positions were not baseless following claim construction:** "The gravamen of [defendant's] argument is that even if some of [plaintiff's] infringement theories were disclosed, and some of [plaintiff's] litigation tactics were arguably reasonable, the purported reasonableness of part of [plaintiff's] case does not provide immunity for [plaintiff's] adoption of other patently 'baseless position.'...Even though the Court found that some theories in [plaintiff's] expert reports were not encompassed by [plaintiff's] Infringement Contentions, the mere fact that the Court found that a given theory had not been disclosed does not necessarily mean that the presentation of the theory, or the theory itself, was beyond the range of permissible advocacy. **[Plaintiff] was entitled to test in good faith the application of the Court's 'preauthorization' construction, even if some of those efforts were unsuccessful.**" (page 21)

In *Flexiteek Americas, Inc., et al. v. Plasteak, Inc. et al.*, Civil Action No. 0-12-cv-60215 (SD Fla 2016) (Renewed Motion for Attorney Fees), **the magistrate judge recommended granting defendants' motion for attorney fees under 35 U.S.C. § 285 because plaintiffs' litigation positions were baseless following claim construction:** "[A]ny doubt as to whether such infringement claims were baseless at the outset of this case was removed once the Court issued its Claims Construction Order [2 1/2 years ago]. This is so because it became absolutely clear at that point that the structure of the Defendants' purported infringing products did not and could not meet the Court's definition in that Order...[I]t is hard to comprehend how the Plaintiffs' claim that a depression that was determined by the Court to be one-third to one-fourth of one percent of the planks' 0.17 inch thickness could meet the Claims Construction definition of a 'material percentage of the planks'...thickness,' could be anything but baseless." (page 25)

In *Chicago Bd. Options Ex., Inc. v. Int'l. Secs. Ex., LLC*, Civil Action No. 07-C-623, 2014 WL 6978644 (ND Ill. 2014), Judge Lefkow granted in part Chicago Board Options Exchange's ("CBOE") § 285 motion for attorney's fees after International Securities Exchange ("ISE") stipulated to CBOE's noninfringement, the Court entered final judgment and the Federal Circuit affirmed the judgment in this patent dispute regarding an automated exchange for trading securities. The Court held that ISE's conduct met both prongs of *Octane Fitness* – substantive issues with the losing party's positions and unreasonable litigation. **ISE continued to make arguments contrary to the Court's claim construction, even after the Federal Circuit affirmed the construction. Additionally, after the first post-appeal deposition ISE should have been aware that it could not make infringement claims as to CBOE's CBOE direct system.**

Donoghue, "Continued re-arguing of claim construction makes case exceptional," Lexology, <http://www.lexology.com/library> (4/9/15).

In *Segan LLC v. Zynga Inc.*, 3-14-cv-01315 (ND Cal 2015), (Motion for Attorney Fees), following summary judgment of noninfringement, **the court granted defendant's motion for attorney fees under 35 U.S.C. § 285 because plaintiff's claims were objectively baseless:**

“[Plaintiff] invented a system for people to browse the Internet. Today, [defendant] makes video games that people can play while on Facebook. People don’t browse the Internet while playing [defendant’s] games on Facebook...[Plaintiff] proposed that when Claim 1 says that the target website accesses the user record at the service provider, what the claim really means is that the target website sends user information to the service provider...[Plaintiff] proposed this construction even though every time the verb ‘access’ or ‘accessing’ appears in the patent (and it appears many times), it is used in the ordinary way (i.e., ‘to obtain’ or ‘gain entry to’). [Plaintiff] might as well have argued that the sky is the ground. Even in the world of patent law, where lawyers and experts often take great liberties with words, this proposed construction of ‘access’ stand out as exceptional.” (page 1) “From the beginning of the case, [plaintiff’s] claim construction positions and infringement theory were so unreasonable as to make this case ‘exceptional’ within the meaning of section 285, even without reference to [plaintiff’s] litigation conduct...However, it is worth noting that [plaintiff’s] litigation conduct would further support an award of attorney’s fees under section 285. **Indeed, the [plaintiff’s] attorney who appeared at the hearing on the motion for attorney’s fees admitted he ‘cringed’ at some of the conduct of his colleagues.**” (page 8)

In *In re Unified Messaging Solutions LLC Patent Litigation*, Civil Action No. 1-12-cv-06286 (ND Ill 2015), the court partially granted defendants’ motion for an exceptional case finding under 35 U.S.C. § 285, **but rejected defendant’s argument that plaintiff’s claim construction positions were exceptional:** “[T]here is a fine line between using the specification to interpret the meaning of a claim and importing limitations from the specification into the claim. This is far too fine a line to draw in awarding fees under § 285. Defendants must show, by a preponderance of the evidence, that plaintiffs’ claim construction was substantively unreasonable. **Characterizing it as in conflict with a Federal Circuit case warning against overreliance on dictionaries is insufficient. Furthermore, the mere fact that plaintiffs were unsuccessful does not establish that their position was substantively unreasonable.**” (page 10)

3. Procedural Issues re Conduct of *Markman* Proceedings

In *Otsuka Pharmaceutical Co., Ltd. v. Torrent Pharmaceuticals, Ltd.*, Civil Action No. 1-14-cv-01078 (DNJ 2015) (Motion to Strike Evidence), **the court granted in part plaintiff's motion to strike portions of the declarations of defendants' claim construction experts for containing new opinions:** “[Plaintiff] moves to strike paragraph 8 of [one expert's] supplemental declaration, on the ‘straightforward’ basis that [he] failed to provide a definition of the ordinary artisan in his first declaration...Critically, [defendants' expert] conceded in his deposition that his initial declaration provided no definition of an ordinary artisan, nor any description of the skills, training, and/or experience of such individual...[T]he Court finds nothing in [plaintiff's expert] deposition testimony about the ordinary artisan that is a significant departure from [his] initial expert declaration; therefore, there is no new [plaintiff's expert] opinion on this subject, and nothing that would call for a response...**This portion of [defendant's expert's] new opinion regarding the ordinary artisan thus is not ‘responsive’ within the meaning of L. Pat. R. 4.5(c), and it will not be allowed.**” (page 23)

In *Lippert Components Manufacturing, Inc. v. MOR/ryde International Inc. et al.*, Civil Action No. 3-14-cv-01999 (ND Ind. 2016) (Motion for Discovery Sanctions), **the court sanctioned defendant for its failure to provide sufficient claim construction briefing and prohibited any additional claim construction positions or the production of supporting extrinsic evidence:** “[Defendant] has withheld proposed claim constructions of 26 identified claim terms and has identified an overly broad range of extrinsic evidence without specifically designating supporting references...**[Defendant] relies on the same unsupportable legal assertion that [plaintiff], as the party alleging infringement, retains the burden to establish the level of ordinary skill in the art...[Defendant's] argument fails...[Defendant's] undue delay, nondisclosure, and stubborn adherence to a faulty legal conclusion is exactly the type of conduct the Local Patent Rules were designed to prevent...Even [its] suggestion that there are dispositive issues in this case, allegedly constitutional in nature, that could eliminate the need for further litigation is unpersuasive given the lack of any such dispositive motion on the docket at this time.**” (page 9)

In *Quantum Corp. v. Crossroads Systems, Inc.*, Civil Action No. 3-14-cv-04293 (ND Cal. 2015) (Motion to Strike Evidence), **the court denied defendant's motion to strike the declaration submitted by plaintiff's expert in support of claim construction on the condition that he sit for another deposition because of his gamesmanship:** “[Plaintiff's expert] had no opinion when [defendant] asked the question but had opinions aplenty when [plaintiff] asked the same question later in the deposition...**The Court is disappointed that [plaintiff] has played this game of drawing such a fine distinction, that is purporting to opine only on how a term was understood in the field in 2001 and eschewing any and all opinions on claim construction only to organize his opinions later on precisely as opinions on claim construction...**The record is not strong enough to warrant striking the declaration but the gamesmanship at issue warrants the following relief. **Within two weeks of this order, [plaintiff's expert] shall sit for three hours of more deposition...**both sides to absorb their own costs (and [plaintiff] to absorb the cost of [its expert's] travel and time), failing which the declaration will be stricken.” (page 5)

4. An IPR Win Does Not *Per Se* Carry A Fees Win

In *SAP America, Inc. v. Wellogix, Inc. et al.*, Civil Action No. 4-10-cv-01224 (SD Tex 2016) (Motion for Attorney Fees) [Sim Lake, J.], **the court denied plaintiff's motion for attorney fees under 35 U.S.C. § 285** after the PTO invalidated the patents-in-suit during *inter partes* reexamination because defendants' litigation positions were not baseless: "[Plaintiff] points out that **'the reexamination process resulted in the cancellation of every single one of [the] 120 claims [defendants identified] and invalidation of all six of [defendants'] patents.'**...[Plaintiff] prevailed in the patent litigation, but not before a reexamination process which both parties appealed aspects of the PTO's initial findings. Although [plaintiff] argues that the final outcome shows [defendants'] position was meritless, the lengthy reexamination and appeals process suggests otherwise....**Victory alone, even total victory, is not sufficient reason to award fees.**" (page 7)