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5 UNITED STATES DISTRICT COURT  
6 WESTERN DISTRICT OF WASHINGTON  
7 AT SEATTLE

8 ULTIMATEPOINTER, LLC,

9 Plaintiff,

10 v.

11 NINTENDO CO., LTD., and NINTENDO  
OF AMERICA, INC.,

12 Defendants.

Case No. C14-0865RSL

ORDER GRANTING IN PART  
DEFENDANTS' MOTION FOR  
ATTORNEY'S FEES

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14 This matter comes before the Court on "Defendant Nintendo's Motion for Fees."  
15 Dkt. # 606.<sup>1</sup> Nintendo seeks an award of \$7,406,362.99 under the inherent powers of the Court  
16 and/or the statutory authorization provided in 35 U.S.C. § 285.<sup>2</sup> Having reviewed the  
17 memoranda, declarations, and exhibits submitted by the parties,<sup>3</sup> the Court finds as follows:

18 Despite the "American Rule" against fee-shifting, courts retain the inherent power  
19 to award fees to the prevailing party upon a showing of "willful disobedience of a court order"  
20 or actions taken "in bad faith, vexatiously, wantonly, or for oppressive reasons." Alyeska  
21 Pipeline Serv. Co. v. Wilderness Society, 421 U.S. 240, 258-59 (1975). In addition, 35 U.S.C.

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23 <sup>1</sup> An unredacted sealed version of the motion is found at Dkt. # 607.

24 <sup>2</sup> The Court has not considered defendants' one-sentence request for sanctions under 28 U.S.C.  
25 § 1927. Dkt. # 606 at 4 n.4.

26 <sup>3</sup> This matter can be decided on the papers submitted. Defendants' request for oral argument is  
DENIED.

1 § 285 states that “[t]he court in exceptional cases may award reasonable attorney fees to the  
2 prevailing party.” The Supreme Court defines an “exceptional case” as “one that stands out  
3 from others with respect to the substantive strength of a party’s litigating position (considering  
4 both the governing law and the facts of the case) or the unreasonable manner in which the case  
5 was litigated.” Octane Fitness, LLC v. ICON Health & Fitness, Inc., \_\_\_ U.S. \_\_\_, 134 S. Ct.  
6 1749, 1756 (2014). The statute is inherently flexible, and district courts are to evaluate the  
7 totality of the circumstances and exercise their equitable discretion after considering factors such  
8 as frivolousness, motivation, objective unreasonableness, and/or the need to compensate or deter  
9 parties. Id. (citing Fogerty v. Fantasy, Inc., 510 U.S. 517, 534 (1994)). Although it rejected the  
10 more rigid analysis applied by the Federal Circuit, the Supreme Court reiterated that the type of  
11 equitable circumstances that would warrant a fee award under § 285 would remain relatively  
12 “rare.” Octane Fitness, 134 S. Ct. 1753, 1756-57.

13           Defendants argue that fees are appropriate under both the inherent powers and  
14 § 285 because plaintiff (a) improperly joined parties and claims in an effort to manipulate venue,  
15 (b) failed to adequately analyze most of the accused products and provided opaque infringement  
16 contentions, and (c) pursued the action in bad faith following construction of certain claim terms  
17 on May 28, 2013. Defendants have not shown that plaintiff’s choices regarding venue or its  
18 failure to voluntarily dismiss this action after May 28, 2013, violated a court order, were in bad  
19 faith, or are otherwise “exceptional.” Venue was proper in Texas, and plaintiff’s claims against  
20 the various defendants were not meritless. The fact that plaintiff voluntarily dismissed many of  
21 the defendants after discovering that their market share and/or sales did not justify further  
22 litigation does not necessarily mean that the claims were brought in bad faith or are otherwise  
23 sanctionable. With regards to the impact of the May 28, 2013, claim construction, defendants  
24 use hindsight to argue that plaintiff should have realized that it would be unable to prove  
25 infringement and immediately dismissed the case. Defendants offer no case law or other  
26 authority that imposes on a litigant an affirmative duty to abandon a claim, thereby waiving all

1 right to appeal, simply because the court issued an interlocutory order that put victory out of  
2 reach. Nor have defendants shown that the court's construction of "direct pointing" and "image  
3 sensor" was clearly dispositive at the time. If that were the case, one would expect defendants to  
4 promptly move for summary judgment. They did not, instead raising various challenges to  
5 plaintiff's infringement contentions, seeking construction of additional terms, battling over  
6 venue, and pursuing discovery for another year or so. The summary judgment motion that  
7 ultimately resolved plaintiff's infringement claims was not filed until September 4, 2014, three  
8 months after the litigation was transferred to the Western District of Washington. Litigating an  
9 infringement action to final judgment despite diminishing odds is not exceptional and does not  
10 establish bad faith.

11           The Court is, however, concerned with the adequacy of counsel's pre-litigation  
12 analysis of most of the accused products and plaintiff's subsequent inability to articulate  
13 infringement contentions regarding those products. Dkt. # 269 at 4-6. Plaintiff served its  
14 original infringement contentions on June 8, 2012, identifying 1,912 Wii games. At the time,  
15 plaintiff had acquired only 203 of the games, but deemed the other 1,700+ games substantially  
16 similar to the games in its possession. Plaintiff was incorrect as a matter of both fact and law.  
17 As a factual matter, some of the accused products were significantly different from the acquired  
18 games: certain games had never been released to the market and others were used with older  
19 game systems that were incompatible with the pointing features of the Wii remote. As a legal  
20 matter, the presiding judge determined that the contentions were deficient in that they were not  
21 precise and detailed enough to provide defendants with adequate notice of the plaintiff's theories  
22 of infringement. Dkt. # 269 at 5. Rather than amend the infringement contentions regarding the  
23 products that were not in its possession, plaintiff abandoned those claims on or about June 14,  
24 2013.

25           In short, plaintiff had no basis for its assumption that all of the accused games  
26 were substantially similar and therefore subject to the same infringement analysis. The Court

1 finds that the unnecessary and unsupported addition of over 1,700 accused products with no  
2 attempt to substantiate the accusations was in bad faith, vexatious, wanton, and, in the absence  
3 of any reasonable justification for the expansion, deemed to be for oppressive reasons. Even in  
4 the high-stakes, high-cost context of patent litigation, this gratuitous addition of products was  
5 exceptional: it stands out from other cases because of the substantive weakness of plaintiff's  
6 litigating position and the unreasonable and unnecessary burdens the expansion imposed on this  
7 litigation.<sup>4</sup>

8           The question, then, is what portion of counsels' fees is attributable to the presence  
9 of those 1,700+ products in this action between June 8, 2012, and June 14, 2013. Defendants  
10 seek \$334,127.50 in fees for all work related to the perceived deficiencies in plaintiff's  
11 infringement contentions. Decl. of Mark C. Nelson (Dkt. # 608), Ex. 16. However, that amount  
12 includes fees that were generated after plaintiff had abandoned its claims against the 1,700+  
13 products and/or which were related to accused products that plaintiff actually had in its  
14 possession. A review of the letters, motions, and billing records between June 8, 2012, and June  
15 14, 2013, shows that very little time was dedicated solely to the 1,700+ products. The  
16 deficiencies in the original infringement contentions were universal, and, for the most part,  
17 defendants addressed those deficiencies en masse. Certain time entries can be linked to the  
18 1,700+ products, however, such as efforts to identify and review third-party games and an initial  
19 analysis regarding a potential summary judgment motion regarding the older games. In addition,  
20 time dedicated to certain tasks, such as reviewing the contentions and revising initial disclosures  
21 to account for all accused products, was undoubtedly increased by the addition of 1,700+ games.  
22 Having reviewed the time entries related to the infringement contentions, the Court finds that  
23 10% of the requested fees (\$33,412.75) is properly attributable to plaintiff's unsupported and  
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26 <sup>4</sup> With regards to the products that were in plaintiff's possession, defendants have shown only  
that plaintiff's infringement theories were amended as the patent claims were construed and were  
ultimately rejected. Neither fact establishes bad faith or an exceptional case.

1 unnecessary expansion of the litigation.<sup>5</sup>

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3 For all of the foregoing reasons, defendants' motion for attorney's fees is  
4 GRANTED in part. Plaintiff shall pay to defendants attorneys fees in the amount of \$33,412.75  
5 within fourteen days of the date of this Order.

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7 Dated this 9th day of March, 2015.

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10 Robert S. Lasnik  
11 United States District Judge  
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23 <sup>5</sup> Plaintiff's only challenge to the reasonableness of the fees charged in this litigation is based on  
24 the fact that the overall amount billed exceeds the median amount charged for this type of litigation  
25 according to the 2013 AIPLA Report of the Economic Survey. Dkt. # 634 at 12. Plaintiff does not  
26 address the reasonableness of the number of hours spent correcting deficiencies in the infringement  
contentions or dealing with the explosion of accused products. While there is no doubt that the case was  
heavily staffed on defendants' side, the Court finds that the hourly rate and the number of hours spent  
addressing the 1,700+ games that were added to the litigation in June 2012 were reasonable.