

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

ENOVSYS LLC,

 Plaintiff,

 v.

AT&T MOBILITY LLC, et al.,

 Defendants.

Case No. CV 11-5210 SS

**ORDER DENYING AT&T’S MOTION
FOR ATTORNEY FEES UNDER 35
U.S.C. § 285 (Dkt. No. 709)**

AND RELATED COUNTER-CLAIMS

I.
INTRODUCTION

On November 30, 2015, Defendants AT&T Mobility LLC and AT&T Mobility II LLC (collectively, “AT&T”) filed a Motion for Attorney Fees under 35 U.S.C. § 285. (“Motion,” Dkt. No. 709). Plaintiff Enovsys LLC (“Enovsys”) filed an Opposition on January 4, 2016. (“Opp.,” Dkt. No. 732). On January 19, 2016, AT&T filed a Reply. (“Reply,” Dkt. No. 740). On February 2, 2016, the Court held a hearing. On February 4, 2016, AT&T filed a Notice of Supplemental

1 Authority.¹ ("Notice," Dkt. No. 744). For the reasons stated
2 below, the Motion is DENIED.

3
4 **II.**

5 **BACKGROUND FACTS²**

6
7 In this action, Enovsys alleged that AT&T's wireless mobile
8 phone network infringed certain Claims in its '461 and '273
9 patents.³ The '461 patent is entitled "Authorized Location
10 Reporting Paging System" and is directed to a method of
11 (1) identifying certain "preauthorized" devices in a network, and
12 (2) selectively disclosing information about a mobile phone's
13 location to those devices. The '273 patent is entitled "Method
14 and Apparatus for Updating the Location of a Mobile Device Within
15 a Wireless Communication Network" and is directed to a method for
16

17
18 _____
19 ¹ The Court addresses the supplemental authorities below. As these
20 authorities do not change the outcome for Enovsys, the Court finds
21 that it is unnecessary for Enovsys to file any response. In
22 addition, one of the three cases cited in AT&T's Notice of
23 Supplemental Authority is the district court opinion underlying a
Federal Circuit case previously cited by the parties. (Compare
Notice at 2 (citing Cartner v. Alamo Group, Inc. ("Cartner I"),
2013 WL 943844 (N.D. Ohio Mar. 8, 2013), with Motion at 8 (citing
Cartner v. Alamo Group, Inc. ("Cartner II"), 561 Fed. App'x 958
(Fed. Cir. 2014) (affirming Cartner I)).

24 ² This summary of facts does not purport to give a comprehensive
25 overview of the procedural history of this case, but instead
26 focuses on events raised by the parties either in support of or in
opposition to AT&T's attorney's fees motion.

27 ³ This Order will refer to U.S. Patent No. 6,560,461 (Trial Exhibit
28 No. 1) as the "'461 patent" and to U.S. Patent No. 7,925,273 (Trial
Exhibit No. 2) as the "'273 patent."

1 using certain time information to decide whether and when to update
2 information about a mobile phone's location.

3
4 On July 12, 2013, Enovsys served its Second Amended
5 Infringement Contentions (the "Infringement Contentions"). (See
6 Declaration of Kevin E. Cadwell, Dkt. No. 157-1, & Exh. 1). As
7 the Court later summarized,

8
9 In its Infringement Contentions, Enovsys identified
10 several potential theories for the "preauthorization"
11 process, including 1) preauthorization of applications,
12 which includes "necessary permissions," 2) the
13 certificate or permission (i.e., "ID and password") for
14 applications to access a gateway; 3) the permissions for
15 the gateway to access a database, such as the MSISDN to
16 access the MIND database; 4) E[mergency]911
17 preauthorizations; and 5) authorizations for the SUPL
18 server.⁴ (See Infringement Contentions at 328-29; see
19 also id. at 332, 333, 337, 339, 345, 350, & 353).

20
21 (Dkt. No. 376 at 8). AT&T moved to strike the Infringement
22 Contentions on August 8, 2013. (Dkt. No. 157). The Court summarily
23 denied the motion on October 18, 2013. (Dkt. No. 194).

24
25
26
27

4 "SUPL" stands for "Secure User Plane Location." (Report of
28 Christopher Rose, Ph.D., Dkt. No. 255 at 7).

1 On September 23, 2013, slightly more than two months after
2 Enovsys served its Infringement Contentions, District Judge
3 Fernando M. Olguin issued a claim construction order.⁵ The order
4 construed the term "preauthorized" in the '461 patent to mean
5 "having a code specific to a mobile device that permits a request
6 for that device's location to be made."⁶ (Dkt. No. 185 at 2). As
7 the Court later noted, "Despite the ruling regarding the
8 'preauthorized' limitation, Enovsys did not move to amend its
9 Infringement Contentions."⁷ (Dkt. No. 376 at 8).

10
11 On February 6, 2014, AT&T filed a "Motion to Strike Previously
12 Undisclosed Infringement Theories in Plaintiff's Expert Reports."

13 _____
14 ⁵ The Court held a hearing on the parties' respective proposed
15 claim constructions on May 30, 2013. (Dkt. No. 129). Therefore,
16 Enovsys served its Second Amended Infringement Contentions after
17 briefing and the hearing on the proposed claim constructions, but
18 before the Court ruled on the constructions.

19 ⁶ The Court's September 23, 2013 Order "provide[d] the parties with
20 the [Court's] claim construction of the disputed terms so that the
21 parties [could] proceed to prepare the case for trial . . . without
22 prejudice to the court modifying the aforementioned claim
23 constructions as the court deems necessary." (Dkt. No. 185 at 2-
24 3). Eleven months later, on August 22, 2014, the Court issued its
25 final "Order Construing Disputed Claim Terms of U.S. Patent Nos.
26 6,560,461 and 7,925,273." (Dkt. No. 367). However, while the
27 final Order explained the basis for the Court's decision, the
28 constructions, including the construction of "preauthorized,"
remained the same. (Compare Dkt. No. 185 at 2 with Dkt. No. 367
at 17).

⁷ Enovsys states in its Opposition to AT&T's Motion for Attorney
Fees that it believed that additional amendment of its Infringement
Contentions was unnecessary because the Second Amended Infringement
Contentions were intended "to cover the possibility that AT&T would
prevail on the 'preauthorized' construction" that it had proposed
and argued at the May 30, 2013 claim construction hearing, and
which the Court ultimately adopted. (Opp. at 3).

1 ("MTS," Dkt. No. 239). AT&T moved to strike twenty theories
2 (identified by the parties as T1-T20) from Enovsys's infringement
3 and damages reports on the ground that the theories had not been
4 disclosed in Enovsys's Infringement Contentions. (See Order re
5 AT&T's Motion to Strike Previously Undisclosed Infringement
6 Theories in Plaintiff's Expert Reports (the "MTS Order"), Dkt. No.
7 376 at 5-6). On November 4, 2014, the Court "granted [AT&T's]
8 motion [to strike] as to eight theories, denied the motion as to
9 eight theories, and granted-in-part the motion as to four
10 theories."⁸ (Order re Plaintiff's Motion for Reconsideration (the
11 "Reconsideration Order"), Dkt. No. 408 at 1; see also MTS Order at
12 21).

13
14 With respect to the allegedly undisclosed theories regarding
15 how a resource is "preauthorized" in AT&T's system (T2-T8), the
16 Court granted AT&T's motion as to one theory (T6), denied the
17 motion as to four theories (T3, T4, T5, T7), and granted the motion
18 in part as to two theories (T2, T8). (MTS Order at 8-13, 21).
19 Specifically, the Court concluded that Enovsys had not given
20 reasonable notice as to T6 (use of "switches" to preauthorize

21 ⁸ The Court's November 4, 2014 Order, Dkt. No. 376, is the final
22 order setting forth the rationale for the Court's decision on
23 AT&T's Motion to Strike. However, on September 30, 2014, slightly
24 more than a month before the final ruling, the Court issued a
25 summary Order reflecting only the outcome of the Court's decision
26 as to each disputed theory. (Dkt. No. 369 at 2). The November 4,
27 2014 final Order largely reaches the same results as the September
28 30, 2014 summary Order, except that the decisions on T2, T8 and
T11, which were "granted" in the September 30, 2014 Order, are
characterized as being "granted in part" in the November 4, 2014
Order. (Compare Dkt. No. 369 at 2 with Dkt. No. 376 at 21). The
Court's citations to the "MTS Order" are to the November 4, 2014
Order.

1 applications). (Id. at 11). However, the Court was “persuaded
2 that Enovsys adequately disclosed” certain other preauthorization
3 theories challenged by AT&T, i.e., T3 (SUPL server), T4 and T5
4 (application (“app”) permissions), and T7 (FamilyMap and TeleNav).
5 (Id. at 9-12). The Court granted the motion in part as to T2
6 (granting the motion to exclude a preauthorization theory based on
7 the combination of the app ID, password, and MSISDN) (i.e.,
8 telephone number), but denied the motion as to the combination of
9 the app ID and password and T8 (granting the motion to exclude a
10 preauthorization theory based on web browser settings, but denying
11 the motion to the extent that it sought to strike a section of an
12 expert report that did not address the web browser settings
13 theory).⁹ (Id. at 8-9, 12-13). Enovsys filed a Motion for

14
15 ⁹ In addition to ruling on certain preauthorization theories in
16 Enovsys’s expert reports, the Court’s Order on AT&T’s Motion to
17 Strike Previously Undisclosed Infringement Theories also
18 determined that Enovsys: (1) had not disclosed an infringement
19 theory based on the doctrine of equivalents (T1) (MTS Order at 6-
20 8); (2) had disclosed some theories regarding selective blocking
21 and allowing access (T12, T13), but not others (T9, T10 (motion
22 granted in part), T11 (motion granted in part), T14) (id. at 13-
23 17); (3) had disclosed one theory regarding continuous tracking
24 (T16), but not others (T15, T17, T18) (id. at 17-19); (4) had
25 failed to disclose a theory pertaining to the identification of
26 applications, as opposed to their use (T19) (id. at 19-20); and
27 (5) appropriately cited additional applications in its expert
28 reports not expressly identified in the Infringement Contentions
(T20). (Id. at 20-21).

24 Of particular relevance to AT&T’s attorney’s fees motion, T17 was
25 an infringement theory addressed by Dr. Rose that argued that a
26 “navigation app” continuously tracks the location of the mobile
27 remote unit even while another application is blocked, whether by
28 the handset or the network. (See Motion for Corrective
Instruction, Dkt. No. 654 at 2 (citing Dkt. No. 239, Exh. 1 at
37)). Judge Olguin excluded the theory, finding that even though
Enovsys had disclosed that the AT&T “network” tracks the phone’s
location, the Infringement Contentions “did not include the theory

1 Reconsideration on November 7, 2014, (Dkt. No. 377), which the
2 Court denied on April 20, 2015. (Reconsideration Order at 5).

3
4 On November 10, 2014, AT&T filed a Motion for Summary Judgment
5 as to Non-Infringement, (Dkt. No. 381), which the Court granted in
6 part on April 28, 2015. ("MSJ Order," Dkt. No. 410). The Court
7 summarized Enovsys's preauthorization contentions at issue on
8 summary judgment as follows:

9
10 Enovsys asserts four infringement theories for the
11 "preauthorized" requirement: (1) a theory based on the
12 use of an "application ID" and "password" at the AT&T
13 "Gateway," (see Joint Br. at 14-21); (2) a theory that
14 mobile devices are "preauthorized" at the SUPL server in
15 AT&T's network, (see id. at 14 & 21-22); a theory that
16 devices are preauthorized by Emergency 911 ("E911"),
17 (see id. at 14 & 22-23); and (4) a theory that mobile
18 devices are preauthorized in the handsets on the AT&T
19 network. (See id. at 14 & 23-27).

20
21 (MSJ Order at 4).¹⁰ The Court granted AT&T's motion for summary
22 judgment as to the "application ID and password" theory, the E911

23 _____
24 that an app -- much less a 'navigation app' -- specifically tracks
25 the location." (MTS Order at 18). In particular, Judge Olguin
26 concluded that Enovsys's "string citation to hundreds of pages of
27 technical documents, including an AT&T Navigator document, is
28 insufficient to put [AT&T] on reasonable notice" of Enovsys's
Navigator tracking theory. (Id.).

¹⁰ Enovsys argues in its Opposition to the Motion for Attorney Fees
that in opposing AT&T's summary judgment motion, it "strictly

1 theory, and the handset theory, thereby precluding Enovsys from
2 asserting these infringement theories at trial. (Id. at 4-10).
3 However, the Court denied AT&T's summary judgment motion as to
4 Enovsys's SUPL server infringement theory. (Id. at 8).

5
6 Specifically, Evovsys argued on summary judgment that its
7 application ID and password "message" theory satisfied the
8 preauthorization requirement because the "header" of a message sent
9 by a requestor to AT&T's gateway includes an application ID and
10 password, and the message's "body" includes an MSISDN (telephone
11 number), which collectively constitute a "code specific to a mobile
12 device." The Court concluded that Enovsys's "message" theory
13 merely "rehashes the theory that was subject to the motion to
14 strike," and that any theory relying on the combination of the
15 application ID, password and MSISDN "has been foreclosed by the
16 Court's Order" (Id. at 6).

17
18 Enovsys argued that its E911 theory satisfied the
19 preauthorization requirement because an Emergency Services
20 Position Request (ESPOSREQ), which is a message sent by a Public
21 Safety Answering Point ("PSAP"), consists of an "ESRK" ("Emergency
22 Services Routing Key") or "ESRD" ("Emergency Services Routing
23 Digit") along with the callback number. The Court acknowledged
24 that Enovsys "generally disclosed" its E911 theory in its
25 Infringement Contentions and expert reports, but determined that
26 _____
27 complied" with the Court's Order striking certain portions of its
28 expert reports and that "[n]one of the stricken sections of the
expert reports [were] included in the expert declarations submitted
in opposition" to the summary judgment motion." (Opp. at 5).

1 Enovsys had not specifically disclosed that "E911 infringes based
2 on the ESPOSREQ, i.e., the combination of the ESRK or the ESRD with
3 the callback number." (Id. at 8; see also Dkt. No. 399 at 22).
4

5 Finally, Enovsys argued that its "handset" theory satisfied
6 the preauthorization requirement because AT&T's system checks
7 applications installed on smartphones for the necessary location
8 permissions, and the permissions are digital codes specific to the
9 device. The Court found that Enovsys had failed to disclose its
10 handset theory because it did not "identify the code that is
11 specific to the mobile device" in its Infringement Contentions.
12 (MSJ Order at 9). However, the Court determined that Enovsys's
13 "infringement contentions generally disclose SUPL authorization,
14 and the Rose Report expressly discloses that the communications
15 include 'the MS-ID (Mobile Station Identifier) (MS-ID) (i.e., the
16 MSISDN or the phone no.),' thereby arguably satisfying the
17 preauthorization requirement." (Id. at 8).
18

19 Enovsys's infringement claims regarding Claims 1, 11, 13 and
20 28 of the '461 patent and Claim 1 of the '273 patent survived
21 summary judgment. Of the surviving '461 Claims, only Claim 13 was
22 not affected by the Court's construction of "preauthorized." (Opp.
23 at 7). The Court's "preauthorized" construction also did not
24 implicate Claim 1 of the '273 patent. (Id.).

25
26 On June 11, 2015, the Court granted AT&T's motion in limine
27 to exclude the opinions of Enovsys's damages expert Russell Parr.
28 (Order re Motions in Limine ("MIL Order"), Dkt. No. 501 at 5). The

1 Court explained that Enovsys had "not adequately apportioned the
2 royalty based on the estimated value of the claimed technology."
3 (Id.). However, the Court authorized Enovsys to revise its damages
4 report and AT&T to take Parr's deposition following service of the
5 revised report. (Id.). Accordingly, on June 24, 2015, Enovsys
6 served Parr's "Supplemental Expert Damages Report." On August 10,
7 2015, the Court Granted AT&T's "Motion to Exclude Supplemental
8 Opinions of Plaintiff's Damages Expert Russell Parr" (the "Parr
9 Order").¹¹ (See Parr Order, Dkt. No. 559, at 3). The Court
10 concluded that the calculations in Parr's Supplemental Report
11 suffered from a "methodological error" and failed to apportion the
12 revenue allegedly attributable to Enovsys's patents in AT&T's
13 system. (Id. at 14). The Court further determined that the
14 interests of justice would be served by bifurcating the liability
15 and damages phases of the trial, and stated that "[i]n the event
16 that a damages trial is necessary, the Court will allow Enovsys to
17 submit a Second Revised Damages Report and will reopen discovery
18 for the limited purpose of permitting AT&T to conduct discovery on

19
20 ¹¹ At the hearing on AT&T's motion to exclude Parr's supplemental
21 report, the Court announced a tentative decision to deny the motion
22 and offered grounds in support of that denial. However, at the
23 hearing, the parties addressed certain evidence that had come to
24 light after the motion to exclude had been filed, in particular
25 deposition testimony concerning some of the data upon which Parr
26 had relied in his Supplemental Report. The Court's final Order
27 explained that "[i]n light of the arguments made at the hearing,
28 the new evidence presented, and upon reconsideration of the
materials, briefs and pleadings previously submitted, the Court
rejects its Tentative Decision and instead grants the Motion
. . . ." (Parr Order at 2 n.1). The mere fact that the Court
expressed a tentative view to deny does not diminish the reasoning
of the ultimate decision to grant the motion and bifurcate the
trial, as expressed in the Court's final order excluding Parr's
testimony.

1 the opinions in the Second Supplemental Damages Report.” (Id. at
2 3).

3
4 While the Court’s June 11, 2015 MIL Order granted AT&T’s
5 motion regarding the exclusion of Dr. Parr’s opinions, it denied
6 AT&T’s motion in limine to preclude Enovsys’s expert Dr. Rose from
7 testifying, with respect to the SUPL server theory, that the “MLP
8 SLIR message satisfies the ‘preauthorization’ limitation by
9 including the ‘MS-ID . . . i.e., the phone no.’”¹² (MIL Order at
10 6) (quoting AT&T’s MIL No. 2, Dkt. No. 423). The Court explained
11 that in its summary judgment Order, it had already found that “the
12 SUPL server theory was adequately supported,” and that it was
13 “persuaded that Dr. Rose’s expert report adequately disclosed the
14 SUPL Server theory.” (MIL Order at 6). Similarly, on August 14,
15 2015, the Court also denied AT&T’s “Trial Brief” in which AT&T
16 contended that certain of Dr. Rose’s demonstratives should be
17 excluded because they improperly suggested that “SUPL Agent
18 credentials (client-id) and the phone number being located (ms-id)
19 are the claimed preauthorization code.” (Dkt. No. 571 at 5; see
20 also “Order Denying AT&T’s Request to Exclude Demonstratives
21 Prepared by Dr. Rose on the Ground that They Introduce Precluded
22 Infringement Theories,” Dkt. No. 595, at 5). The Court explained
23 that “Judge Olguin [had already] found that Enovsys adequately

24 ¹² At trial, an AT&T employee and AT&T’s infringement expert
25 explained that “MLP” is a protocol and a “SLIR” is a type of message
26 that requests a location. (John David testimony, Dkt. No. 681 at
27 76:6-15). “MLP SLIR” messages include an ID, a password, and a
28 phone number (“MSID”) specific to the mobile device. (Stephen
Wicker testimony, Dkt. No. 683 at 97:25 - 98:10). The “SUPL agent
issu[es] an MLP SLIR message” to start the call flow. (Dkt. No.
398 at 60 (JA C-055)).

1 disclosed SUPL authorization and its satisfaction of the
2 preauthorization requirement," and, as such, "Dr. Rose's
3 demonstratives do not venture into precluded territory." (Id.).
4

5 Trial began on August 18, 2015. (Dkt. No. 617). In closing
6 rebuttal argument, Enovsys's counsel referred to Exhibit 111 ("AT&T
7 Navigator Network Architecture Description") with respect to the
8 continuous tracking requirement. (Dkt. No. 654 at 1; Dkt. No. 655
9 at 3-4). The Court agreed with AT&T that the reference violated
10 Judge Olguin's MTS Order excluding T17, which alleged that AT&T
11 used a "navigation app" to continuously track the location of the
12 mobile remote unit, and issued a curative instruction informing
13 the jury that it "may not consider Exhibit 111 or the corresponding
14 discussion as supporting in any way a claim that AT&T used
15 continuous tracking." (Dkt. No. 658-1). However, the instruction
16 did not include AT&T's proposed prefatory language stating that
17 "the attorney for Enovsys violated a Court instruction and rule by
18 referring to and discussing Exhibit 111 with respect to the
19 continuous tracking requirement." (Dkt. No. 654 at 4).
20

21 On August 27, 2015, the jury returned a verdict on Enovsys's
22 infringement causes of action and a special verdict addressing
23 AT&T's anticipation, obviousness, and statutory bar affirmative
24 defenses. (Dkt. No. 667). The jury found that Enovsys had failed
25 to prove by a preponderance of the evidence that AT&T had infringed
26 any of the Claims at issue, i.e. Claims 1, 11, 13 and 28 of the
27 '461 patent, and Claim 1 of the '273 patent. (Id. at 2). In
28 addition, the jury found by clear and convincing evidence that

1 Claims 1, 11 and 13 of the '461 patent were "anticipated,"
2 "obvious," and statutorily barred because they were not filed
3 within the time required by law. (Id. at 3-4). However, the jury
4 also found that AT&T had failed to prove those same three defenses
5 with respect to Claim 28 of the '461 patent. (Id.). The jury was
6 not asked to make any special findings with respect to Claim 1 of
7 the '273 patent. (See id.).

8
9 **III.**

10 **AT&T'S MOTION**

11
12 AT&T contends that after Judge Olguin's adverse claim
13 construction of the term "preauthorized," instead of "par[ing] down
14 the many infringement theories that were no longer tenable,"
15 Enovsys "engaged in an unreasonable pattern of behavior that
16 disregarded this Court's orders, unnecessarily prolonged the
17 litigation, and caused AT&T needlessly to expend considerable
18 resources." (Motion at 5). Specifically, AT&T argues that despite
19 the Court's claim construction, Enovsys: (1) introduced "several"
20 untimely infringement theories, which the Court dismissed as
21 improper, (id. at 5-11); (2) "continued to press" infringement
22 theories that "plainly could not meet" the "code specific to a
23 mobile device" requirement of the Court's construction of
24 "preauthorized," (id. at 5, 11-15); and (3) ignored the Court's
25 warning that the "entire market value rule" would permit Enovsys
26 to rely on AT&T's data and LBS revenue as its royalty base only if
27 it either showed that its invention drove the entire market demand
28 for LBS revenue or apportioned the revenue attributable only to

1 Enovsys's patented features, which twice resulted in the striking
2 of Enovsys's expert damages reports. (Id. at 5-6, 16-18).

3
4 In addition, AT&T argues that at trial, Enovsys engaged in
5 litigation misconduct by "wholly ignor[ing] highly relevant AT&T
6 technical documents and testimony"; attempting to assert a stricken
7 infringement theory for "continuously tracking" that required a
8 curative instruction from the Court; and insisting that its
9 patents' conception dates predated AT&T's prior art, even though
10 it failed to provide any evidence of diligence. (Id. at 19). As
11 such, AT&T argues that the totality of the circumstances render
12 this an "extraordinary" case entitling it to recover attorney's
13 fees under 35 U.S.C. § 285 for expenses incurred in defending
14 against Enovsys's improper litigation tactics. (Id.). AT&T
15 further maintains that because those tactics permeated the
16 litigation, it is entitled "to recover the attorneys' fees it
17 incurred from the point the Court issued its claim construction
18 order until the conclusion of trial." (Id. at 6).

19
20 **IV.**

21 **STANDARD FOR AWARDING FEES UNDER 35 U.S.C. § 285**

22
23 Section 285 of the Patent Act authorizes a district court to
24 award attorney's fees in patent litigation. "It provides, in its
25 entirety, that '[t]he court in exceptional cases may award
26 reasonable attorney fees to the prevailing party.'" Octane
27 Fitness, LLC v. Icon Health & Fitness, Inc., __ U.S. __, 134 S.
28 Ct. 1749, 1752 (2014) (quoting 35 U.S.C. § 285). Because the

1 Patent Act does not define "exceptional," the Supreme Court
2 construed the term in accordance with its "ordinary meaning" in
3 Octane Fitness and found that:

4
5 [A]n "exceptional" case is simply one that stands out
6 from others with respect to the substantive strength of
7 a party's litigating position (considering both the
8 governing law and the facts of the case) or the
9 unreasonable manner in which the case was litigated.
10 District courts may determine whether a case is
11 "exceptional" in the case-by-case exercise of their
12 discretion, considering the totality of the
13 circumstances.

14
15 Id. at 1756 (footnote omitted). Analogizing section 285 of the
16 Patent Act to "the comparable context of the Copyright Act," the
17 Supreme Court further explained that there is "'no precise rule or
18 formula for making these determinations, but instead equitable
19 discretion should be exercised'" in light of considerations
20 including, but not limited to, "'frivolousness, motivation,
21 objective unreasonableness (both in the factual and legal
22 components of the case) and the need in particular circumstances
23 to advance considerations of compensation and deterrence.'" Id.
24 (quoting Fogerty v. Fantasy, Inc., 510 U.S. 517, 534 & n.19 (1994)).
25 "[T]he determination whether a case is 'exceptional' under § 285
26 is a matter of discretion," and is reviewed on appeal "only for
27 abuse of discretion." Highmark, Inc. v. Allcare Health Management
28 System, Inc., ___ U.S. ___, 134 S. Ct. 1744, 1748 (2014). The

1 district court's "simple discretionary inquiry" is satisfied by a
2 preponderance of the evidence. Octane Fitness, 134 S. Ct. at 1758.

3
4 Several courts applying the Octane Fitness standard have found
5 that "where a party has set forth some good faith argument in favor
6 of its position, it will generally not be found to have advanced
7 'exceptionally meritless' claims." Intex Recreation Corp. v. Team
8 Worldwide Corp., 77 F. Supp. 3d 212, 216-17 (D. D.C. 2015) (quoting
9 Small v. Implant Direct Mfg. LLC, 2014 WL 5463621, at *3 (S.D. N.Y.
10 Oct. 23, 2014) (citing cases), aff'd, 609 Fed. App'x 650 (Fed. Cir.
11 2015)); see also Techradium, Inc. v. Firstcall Network, Inc., 2015
12 WL 862326, at *6 (S.D. Tex. Feb. 27, 2015) (same). "Conversely,
13 courts have awarded attorneys' fees under Section 285 where a party
14 advances arguments that are particularly weak and lack support in
15 the record or seek only to re-litigate issues the court has already
16 decided." Intex Recreation, 77 F. Supp. 3d at 217. It is the
17 "substantive strength," not the "correctness or eventual success,"
18 of a party's position that is relevant to the determination that a
19 case qualifies as "exceptional." SFA Sys., LLC v. Newegg Inc.,
20 793 F.3d 1344, 1348 (Fed. Cir. 2015). As one court has explained,

21
22 Mere assertions that a party's arguments were without
23 merit generally do not make a case "exceptional." The
24 factors courts look to include whether a party knew or
25 willfully ignored evidence of the claims' meritlessness;
26 whether the meritlessness could have been discovered by
27 basic pretrial investigation; or whether the
28 meritlessness was made clear early in the

1 litigation. . . . [¶] [T]he most commonly cited ways to
2 establish exceptionality include evidence showing that
3 the plaintiff failed to conduct an adequate pre-filing
4 investigation or to exercise due diligence before filing
5 suit; the plaintiff knew or should have known that its
6 claim was meritless or lacked substantive strength; the
7 plaintiff initiated the litigation to extract
8 settlements from defendants to avoid costly litigation;
9 the plaintiff proceeded in bad faith; or litigation
10 misconduct.

11
12 TechRadium, 2015 WL 862326, at *6; see also Octane Fitness, 134 S.
13 Ct. at 1757 (“[A] case presenting either subjective bad faith or
14 exceptionally meritless claims may sufficiently set itself apart
15 from mine-run cases to warrant a fee award.”); SFA Sys., 793 F.3d
16 at 1349 (“[W]e conclude that, under Octane Fitness, the district
17 court must consider whether the case was litigated in an
18 unreasonable manner as part of its exceptional case determination,
19 and that district courts can turn to our pre-Octane Fitness case
20 law for guidance.”).

21
22 Nonetheless, a finding of bad faith is not required for a case
23 to be deemed “exceptional,” and an action can be found exceptional
24 under Section 285 even when the nonmoving party’s case is not
25 “objectively baseless” and the nonmoving party’s litigation tactics
26 are not independently sanctionable. See Octane Fitness, 134 S.
27 Ct. at 1757 (“[A] district court may award fees in the rare case
28 in which a party’s unreasonable conduct -- while not necessarily

1 independently sanctionable -- is nonetheless so 'exceptionable' as
2 to justify an award of fees."); SFA Systems, 793 F.3d at 1349 ("A
3 district court may declare a case exceptional based on unreasonable
4 and vexatious litigation tactics, even where it finds the legal
5 theories advanced not objectively baseless."); Oplus Technologies,
6 Ltd. v. Vizio, Inc., 782 F.3d 1371, 1376 (Fed. Cir. 2015) (a
7 plaintiff's "harassing, unprofessional and vexatious litigation"
8 conduct, in the absence of mitigating circumstances, provides a
9 proper basis for an award of fees under Section 285). However,
10 under the "totality of the circumstances" inquiry mandated by
11 Octane Fitness, both parties' conduct, including the improper
12 conduct of the movant, may be "a relevant factor" in determining
13 the propriety of a fee award. Gaymar Industries, Inc. v. Cincinnati
14 Sub-Zero Products, Inc., 790 F.3d 1369, 1373 (Fed. Cir. 2015).

15
16 The Federal Circuit has explained that "the aim of § 285 is
17 to compensate a defendant for attorneys' fees it should not have
18 been forced to incur." Kilopass Technology, Inc. v. Sidense Corp.,
19 738 F.3d 1302, 1313 (Fed. Cir. 2013). However, "fees are not
20 awarded [under Section 285] solely because one party's position
21 did not prevail." Gaymar Industries, 790 F.3d at 1373. A court
22 considering an attorney's fees award under Section 285 should seek
23 to further Congress's "two-fold policy objective" in enacting
24 Section 285: "(1) to provide a deterrent to frivolous or
25 unnecessary patent litigation, and (2) to serve a compensatory
26 purpose for the parties injured by such litigation." Kilopass
27 Technology, Inc. v. Sidense Corp., 82 F. Supp. 3d 1154, 1165 (N.D.
28 Cal. 2015) (citing Raylon, LLC v. Complus Data Innovations, Inc.,

1 700 F.3d 1361, 1372-73 (Fed. Cir. 2012)). Because an award of
2 attorney's fees under Section 285 is discretionary, "a district
3 court may decide not to award fees even in an exceptional case."
4 Kilopass Technology, 82 F. Supp. 3d at 1165.

5
6 **V.**

7 **DISCUSSION**

8
9 **A. Untimely Assertion Of New Infringement Theories**

10
11 AT&T argues that it is entitled to attorney's fees because
12 following the Court's construction of "preauthorized," "Enovsys
13 responded to the unfavorable construction by introducing several
14 new, untimely infringement theories that had not been disclosed
15 during discovery."¹³ (See Motion at 5; see also id. at 6-13). In

16 ¹³ The exact scope of the untimely, undisclosed theories that AT&T
17 contends warrant an award of attorney's fees is not entirely clear.
18 AT&T generally argues that Enovsys improperly raised new theories
19 to accommodate the Court's construction of "preauthorized" and
20 specifically addresses at least two undisclosed infringement
21 theories that plainly implicate the Court's "preauthorized"
22 construction, i.e., "switches," (Motion at 10; see also MTS Order
23 re T6 at 11), and the combination of an application ID, password,
24 and MSISDN. (Motion at 11; see also MTS Order re T2 at 8-9).
25 However, the Motion also refers to other theories, even if only in
26 passing, that Judge Olguin did not address in the
27 "preauthorization" section of the MTS Order, but included in other
28 sections. These include theories of infringement under the
doctrine of equivalents, (Motion at 7; see also MTS Order re T1 at
6-8); "Advice of Privacy SMS," (Motion at 10; see also MTS Order
re T9 at 13); and the theories "designated as T19." (Motion at 10;
see also MTS Order re T19 at 19-20). Furthermore, while the
gravamen of AT&T's argument concerning the untimely assertion of
undisclosed theories appears primarily based on the inclusion of
new theories in Enovsys's expert reports, as alleged in AT&T's
Motion to Strike, AT&T also argues that Enovsys made "untimely
allegations to support its 'app ID and PW' theory and its E911

1 its Opposition, Enovsys contends that AT&T's Motion is based on "a
2 handful of events" taken out of context. (Opp. at 9). Enovsys
3 generally argues that its case was potentially meritorious¹⁴ and
4 reasonably litigated. (Id. at 8-9). According to Enovsys, the
5 Court's construction of "preauthorized" was not fatal to its case,
6 first because Claim 13 of the '461 patent and Claim 1 of the '273
7 patent did not contain a "preauthorized" limitation, and second
8 because it endeavored in its Second Amended Infringement
9 Contentions to address the restrictive interpretation of
10 "preauthorized" that AT&T had proposed and that the Court
11 eventually adopted. (Id. at 10-11). Enovsys specifically argues
12 that its assertion of the "app ID and PW" and E911 theories on
13 summary judgment was not an attempt to introduce undisclosed
14 theories because the Court (1) had denied AT&T's motion to strike
15 "to the extent that AT&T seeks to exclude the combination of the
16 ID and password" and (2) elsewhere acknowledged that "Enovsys

17
18 theory" on summary judgment. (Motion at 9 n.7) (citing MSJ Order
19 at 6-8).

20
21
22
23
24
25
26
27
28
¹⁴ As part of its argument that its case was potentially
meritorious, Enovsys quotes an excerpt from the Court's Order on
Enovsys's Rule 50(a) Motion for Judgment as a Matter of Law for
the proposition that "the preauthorization limitation does not
demand only one reasonable conclusion." (Opp. at 7) (quoting Dkt.
No. 701 at 25). However, in the passage quoted by Enovsys, the
Court was merely applying the Rule 50(a) standard to deny Enovsys's
request for judgment as a matter of law. Specifically, the Court
stated that Enovsys's contention that MLP SLIR messages satisfy
the "preauthorization" requirement did not entitle Enovsys to
judgment as a matter of law because "the evidence regarding the
preauthorization limitation does not demand only one reasonable
conclusion in Enovsys's favor." (Dkt. No. 701 at 25) (emphasis
added); see also Anderson v. Liberty Lobby, Inc., 477 U.S. 242,
250 (1986) (judgment as a matter of law may be granted only where
"there can be but one reasonable conclusion as to the verdict").

1 generally disclosed E911 in its infringement contentions and expert
2 reports.” (Id. at 12) (quoting, respectively, MTS Order at 9 &
3 MSJ Order at 8).

4
5 The gravamen of AT&T’s argument is that even if some of
6 Enovsys’s infringement theories were disclosed, and some of
7 Enovsys’s litigation tactics were arguably reasonable, the
8 purported reasonableness of part of Enovsys’s case does not provide
9 immunity for Enovsys’s adoption of other patently “baseless
10 positions.” (Reply at 2; see also id. at 6 (“That Enovsys disclosed
11 some theories does not excuse the many theories it failed to
12 disclose.”)). However, AT&T relies upon case law in support of
13 its request for attorney’s fees that involved far more extreme
14 conduct than Enovsys’s assertion of certain infringement theories
15 ultimately excluded by the Court. (See Motion at 8) (citing cases).
16 Furthermore, these courts determined that cases were exceptional
17 by examining the totality of the circumstances, but did not award
18 fees based only on an isolated weak aspect of the case. Because
19 these cases are at the core of AT&T’s fees motion, the Court will
20 address certain key cases directly below.

21
22 In Oplus Technologies, the Federal Circuit accepted the trial
23 court’s conclusion that plaintiff had engaged in “an egregious
24 pattern of misconduct,” which included “discovery abuses,
25 unprofessionalism, and changing litigation positions.” 782 F.3d
26 at 1374-75. The trial court had found that plaintiff, among other
27 abuses, had “used improper litigation tactics including presenting
28 contradictory expert evidence and infringement contentions as well

1 as misrepresenting legal and factual support.” Id. at 1373. The
2 trial court also found that plaintiff had “blatantly misinterpreted
3 its own prior discovery requests in an attempt to obtain the same
4 information the Court had previously refused to compel.” Id.
5 Nonetheless, although the trial court had concluded that the case
6 was exceptional and that “Oplus and its counsel were vexatious
7 litigants [who] engaged in litigation misconduct,” it declined
8 defendant’s request for fees. (Id. at 1373. The Federal Circuit,
9 in light of “the extent of harassing, unprofessional, and vexatious
10 litigation” found by the district court, vacated the trial court’s
11 decision not to award attorney’s fees remanded for further
12 proceedings. Id. at 1376.

13
14 In Cartner II, the Federal Circuit agreed with the trial
15 court’s finding that plaintiff’s positions regarding three claims
16 limitations were entirely frivolous because plaintiff (1) argued
17 that defendant’s product met one limitation, even though plaintiff
18 had included that limitation specifically to distinguish his patent
19 from a system that was, in relevant part, the same as defendant’s;
20 (2) acknowledged characteristics of the accused product that were
21 incompatible with another limitation, and (3) conceded that “it
22 would be frivolous to argue” that defendant’s product literally
23 met a third limitation, even though literal infringement was the
24 only theory alleged. Cartner II, 561 Fed. App’x at 966-68. The
25 Federal Circuit held that “[i]n light of [plaintiff’s] frivolous
26 arguments that the accused products literally infringed the above
27 three claim limitations, and his bad faith conduct with respect to
28 the doctrine of equivalents argument,” the trial court was within

1 its discretion to find that the case qualified as “exceptional”
2 under Section 285. Id. at 969. The Federal Circuit therefore
3 affirmed the attorney’s fee award, even though it declined to
4 “determine whether this instance of bad faith [i.e., the untimely
5 assertion of a doctrine of equivalents infringement contention],
6 standing alone, would adequately support an exceptional case
7 finding.” Id.

8
9 In Logic Devices, Inc. v. Apple Inc., 2014 WL 6844821 (N.D.
10 Cal. Dec. 4, 2014), the court determined that the case was
11 “exceptional because of the unreasonable manner in which it was
12 litigated” and with respect to the “substantive strength” of
13 plaintiff’s litigation position. Id. at *4. The manner in which
14 the case was litigated was unreasonable because:

15
16 In pertinent part, counsel for [plaintiff] blindly
17 adopted and filed a complaint drafted (but not filed) by
18 another firm, waited four months before serving
19 [defendant], misrepresented that a terminal disclaimer
20 had been filed when no such terminal disclaimer existed,
21 demanded \$977.3 million in reasonable royalties, ignored
22 [defendant’s] repeated warnings about the invalidity of
23 the only timely-asserted claim based on the doctrine of
24 obviousness-type double patenting, failed to comply with
25 several patent local rules, waited nearly a year into
26 the lawsuit to finally admit that no terminal disclaimer
27 had been filed, and sandbagged [defendant] at the
28 tutorial by introducing a new, untimely “distinction”

1 based on phrases not appearing in the asserted patent.
2 (It is also worth noting that plaintiff's counsel
3 requested a continuance of the summary judgment ruling
4 so that he could take discovery even though he took zero
5 depositions during the eleven-month discovery period.)
6

7 Id. Substantively, the court found that plaintiff's case was
8 "exceptionally weak" because plaintiff's "validity position was
9 unsupported by the record" and its expert's opinions were at best
10 vague and conclusory. Id. Furthermore, plaintiff's "infringement
11 contentions only speculated that certain elements in the asserted
12 claim were 'likely to be infringed,' even though [plaintiff]
13 demanded reasonable royalties of 'as much as \$977.3 million." Id.
14 Because plaintiff litigated the action "in a wholly unreasonable
15 manner," the court granted the motion for attorney's fees. (Id.
16 at *5).
17

18 Finally, in Kilopass Technology, Inc. v. Sidense Corp., 2014
19 WL 3956703 (N.D. Cal. Aug. 12, 2014), the court found that
20 plaintiff's theories of infringement were "objectively baseless,
21 and its claims for literal infringement [in particular] were
22 exceptionally meritless." (Id. at *14). In that case, plaintiff's
23 pretrial investigation consisted of obtaining an opinion from one
24 counsel who found that there was no literal infringement of
25 plaintiff's patent, and an "incomplete opinion" from another
26 counsel, who, after plaintiff withheld relevant evidence and
27 abruptly terminated the investigation, conjectured that plaintiff
28 might have a case for infringement under the doctrine of

1 equivalents, but only if further investigation established certain
2 facts that plaintiff did not pursue. (Id.). The court also found
3 that plaintiff litigated the action in an unreasonable manner by,
4 among other things, arguing incompatible positions before the court
5 and the Patent and Trademark Office's Board of Patent Appeals and
6 Inferences, which amounted to "gamesmanship," and "shifting its
7 theories of infringement late in the litigation without following
8 the proper procedures" Id. Accordingly, the court
9 concluded that the case "[stood] out from others with respect to
10 the substantive strength of plaintiff's litigating position and
11 the unreasonable manner in which the case was litigated" and
12 determined that an award of attorney's fees under Section 285 was
13 appropriate. Id.

14
15 In each of these cases, as AT&T emphasizes, the plaintiff
16 asserted untimely infringement theories, which the court cited as
17 part of the justification for an attorney's fees award. However,
18 in each instance, the theories were not only untimely, but were
19 also "objectively baseless," frivolous, or "exceptionally weak,"
20 and, just as importantly, were part of a larger pattern of improper,
21 unprofessional behavior. In many cases, the plaintiff had actual
22 knowledge of the invalidity of its claims or simultaneously
23 asserted contradictory positions, such that the theories were
24 undeniably without merit and a finding of bad faith was practically
25 inescapable. In all cases, the courts looked to the totality of
26 the circumstances, and in particular considered the assertion of
27 untimely infringement theories only in the broader context of other
28 improper conduct, before determining that the case was

1 "exceptional." None of the fee awards in these cases turned on
2 untimely disclosures of infringement contentions alone.

3
4 Here, AT&T does not argue that it is entitled to attorney's
5 fees based on purported deficiencies in Enovsys's pretrial
6 investigation, and such an argument would likely fail. The Court
7 notes that prior to bringing suit against AT&T on June 22, 2011,
8 Enovsys had prevailed in an infringement action against Sprint
9 Nextel Communications, Inc. ("Nextel") that involved the '461
10 patent and raised claims similar to those presented against AT&T.
11 The Federal Circuit affirmed Enovsys's judgment against Nextel.
12 Enovsys LLC v. Nextel Communications, Inc., 614 F.3d 1333, 1337
13 (Fed. Cir. 2010). Based on the Nextel litigation, Enovsys had
14 some basis to conclude during its pre-trial investigation that
15 AT&T's wireless network, "based largely on the same industry
16 standards" as Nextel's, infringed its patents. (Opp. at 2).
17 Accordingly, this suit from its inception did not demonstrate the
18 type of substantive frivolousness identified in the cases cited by
19 AT&T.

20
21 Furthermore, there is no accusation that Enovsys engaged in
22 unprofessional conduct or discovery abuse by, for example,
23 intentionally withholding adverse information or making
24 affirmative misrepresentations. Furthermore, AT&T does not contend
25 that Enovsys's infringement contentions were "contradictory" or
26 that Enovsys argued inconsistent positions before different
27 tribunals. AT&T has not shown that Enovsys acted recklessly nor
28 has it shown that the theories themselves were uniformly frivolous

1 or exceptionally meritless. Even though the Court found that some
2 theories in Enovsys's expert reports were not encompassed by
3 Enovsys's Infringement Contentions, the mere fact that the Court
4 found that a given theory had not been disclosed does not
5 necessarily mean that the presentation of the theory, or the theory
6 itself, was beyond the range of permissible advocacy. Enovsys was
7 entitled to test in good faith the application of the Court's
8 "preauthorization" construction, even if some of those efforts were
9 unsuccessful. Given the totality of the circumstances, and in the
10 absence of evidence of "harassing, unprofessional, and vexatious"
11 litigation tactics on Enovsys's part, the Court does not find that
12 Enovsys's assertion of certain previously undisclosed infringement
13 theories renders this case exceptional. Accordingly, AT&T has not
14 shown that Enovsys engaged in litigation misconduct sufficient to
15 warrant an award of attorney's fees under Section 285.

16
17 **B. Continued Assertion Of Theories Precluded By The Court's**
18 **Construction Of "Preauthorized"**

19
20 AT&T argues that it is entitled to attorney's fees because
21 Enovsys "continued to press" infringement theories that "plainly
22 could not meet" the "code specific to a mobile device" requirement
23 of the Court's construction of "preauthorized." (Motion at 5, 13-
24 16). Specifically, AT&T argues that despite the Court's
25 construction of "preauthorized," Envosys continued to assert an
26 infringement theory based on the combination of an app ID and
27
28

1 password,¹⁵ (id. at 13-15); the combination of an app ID, password,
2 and MSISDN,¹⁶ (id. at 11-13); and handset theories that “accused
3 functionality that occurred entirely within a handset, rather than
4 on the location platform within AT&T’s network.”¹⁷ (Id. at 15-16).

5
6 According to AT&T, a theory limited to app ID and password
7 “simply read[s] the ‘specific to’ language out of the Court’s
8 construction” of “preauthorized” because “the app ID and PW are
9 specific to the requesting application, not to any mobile device.”
10 (Id. at 14). Enovsys contends that its app ID/password argument
11 was properly predicated on an ambiguity that “arose from AT&T’s
12 apparent disclaimer that ‘specific’ meant unique to a particular
13 device” in oral argument before the Court. (Opp. at 14) (citing
14 claim construction hearing transcript at 72:12-73:1). Enovsys

15 ¹⁵ AT&T’s record citations in support of its argument that Enovsys
16 continued to assert precluded theories refer particularly to
17 summary judgment proceedings. In Enovsys’s Opposition to AT&T’s
18 summary judgment motion, Enovsys argued that the app ID and PW
19 “message,” which includes the MSISDN or telephone number, “cannot
20 be broken up to make a location request.” (Dkt. No. 396 at 19).
21 In the alternative, however, Enovsys argued that “even if the app
ID and PW could be artificially extracted from the message that
contains them . . . app ID and PW would appear to meet the claim
construction as intended by AT&T,” which Enovsys argued “was
apparently intended to allow shared codes.” (Id.).

22 ¹⁶ As previously discussed, Enovsys argued on summary judgment that
23 the “header” of a message sent to AT&T’s gateway includes an app
24 ID and password, and the message’s “body” includes an MSISDN, which
collectively constitute a “code specific to a mobile device.” (See
id. at 15-20).

25 ¹⁷ Enovsys argued on summary judgment that its handset theories
26 satisfied the “preauthorized” construction because the handset
27 operating systems store “permissions . . . as digital codes that
28 are specific to the device on which the app is installed.” (Dkt.
No. 396 at 24).

1 further contends that AT&T's invalidity defenses "suggested" that
2 the app ID/password theory "was not baseless" to the extent that
3 AT&T argued that the ParcTab System, which AT&T presented as prior
4 art, anticipated the "preauthorized" limitation because a UserAgent
5 validated a location request by checking the requesting
6 application's I.D.¹⁸ (Opp. at 14).

7
8 AT&T also argues that Enovsys improperly refused to relinquish
9 its "key theory" that an LBS application could be "preauthorized"
10 by a combination of the app ID, password, and MSISDN, even though
11 the Court's "straightforward" and "crystal-clear" MTS Order
12 precluded that theory. (Motion at 11). Enovsys contends that it
13 properly asserted its app ID, password and MSISDN theory (in the
14 form of a "message" theory) in its summary judgment Opposition
15 because the Court's MTS Order "was specifically about expert
16 reports" and did not "explicitly, or even inherently, address[]
17 other evidence that Enovsys was relying on." (Opp. at 13).
18 Furthermore, Enovsys notes that its Motion for Reconsideration of
19 the Court's MTS Order was pending while the MSJ was being briefed,
20 and if it had failed to raise the theory, it "would have waived
21
22

23
24 ¹⁸ AT&T argues in its Reply that Enovsys misconstrues the
25 functioning of the ParcTab system: "Enovsys argues that the
26 location request message in the ParcTab system must be shared
27 because it is 'submitted by an application to obtain user location
28 associated with any user device.' That is incorrect. The ParcTab's
location request message discussed in the Court's Order on post-
trial motions identifies a user agent specifically dedicated to
the device being located." (Reply at 9 n. 27) (citing Order re
Rule 50(a) Motions, Dkt. No. 701 at 11).

1 and failed to preserve the theory for appeal or the possibility
2 that the Court would reconsider its Order.”¹⁹ (Id.).

3
4 Finally, AT&T contends that Enovsys’s “handset” theory, also
5 asserted on summary judgment, similarly attempted to read the
6 “specific to” language out of the Court’s construction, and notes
7 that the Court ruled in its MSJ Order that Enovsys’s “argument
8 ignores the fact that it is the same code that runs on each type
9 of device.” (Motion at 16) (quoting MSJ Order at 9). Enovsys
10 argues that until the summary judgment order issued, “it was far
11 from clear that the portion of the claim construction saying
12 ‘specific to a mobile device’ required a unique numerical value
13 for each ‘code’ on each mobile device, as opposed to a code on each
14 specific device.” (Opp. at 15).

15
16 The Court finds that Enovsys’s assertion of app ID/password,
17 app ID/password/MSISDN, and handset infringement theories on
18 summary judgment does not render this case “exceptional.” Even

19 _____
20 ¹⁹ In its Opposition to AT&T’s summary judgment motion, Enovsys
21 anticipated that “AT&T will undoubtedly assert that Enovsys is
22 precluded from relying upon the app ID and PW message because it
23 includes the address (MSISDN) of the mobile device to be located,”
24 but contended that the Court’s MTS Order was “not so broad.” (Dkt.
25 No. 396 at 19) (emphasis added). Enovsys then offered several
26 reasons why it believed its message theory was not precluded,
27 including: (1) the message theory did not rely on a “combination
28 of separate elements,” but on a “unified message (code) sent to
the Gateway”; (2) the MTS Order recognized that Enovsys had
properly identified an infringement theory based on a “certificate
or permission,” which Enovsys believed encompassed the message
theory; and (3) nothing in the Infringement Contentions precluded
“the fact that the address (MSISDN) of a mobile device is
transmitted as part of the ‘certificate or permission’ including
the app ID and PW.” (Id. at 20).

1 though the Court ultimately disagreed with certain of Enovsys's
2 contentions on summary judgment, it does not necessarily follow
3 that Enovsys's positions were "objectively baseless" or that
4 Enovsys was not entitled to raise those arguments on summary
5 judgment to test the application of the Court's construction.
6 Furthermore, AT&T's argument that an app ID and password cannot
7 satisfy the Court's construction of "preauthorized" required only
8 a few sentences in the parties' Joint Brief Regarding Defendants'
9 Motion for Summary Judgment of Non-Infringement. (Dkt. No. 396 at
10 2-3). Drafting those few sentences simply cannot have posed a
11 particularly heavy burden on AT&T, certainly not enough to render
12 this case "exceptional." While AT&T's discussion on summary
13 judgment of Enovsys's app ID, password and MSISDN, and handset
14 theories was more substantial, Section 285 is flexible enough to
15 permit a plaintiff to assert a claim whose success is uncertain,
16 so long as it is not patently frivolous, and lose without entitling
17 the defendant to an award of attorney's fees. Accordingly, AT&T
18 has not shown that Enovsys engaged in litigation misconduct
19 sufficient to warrant an award of attorney's fees under Section
20 285.

21
22 **C. Failure To Apportion Revenue In Expert Damages Reports**

23
24 AT&T argues that it is entitled to attorney's fees because
25 Enovsys's expert damages reports failed to properly apportion
26 revenue, which twice resulted in the striking of the reports.
27 (Motion at 5-6, 16-18). According to AT&T, "Enovsys knew it had
28

1 to apportion damages. It wholly failed to do so, and when given a
2 second chance[,] it failed again." (Reply at 11).

3
4 Enovsys argues that it did apportion damages "in both its
5 original and amended reports":

6
7 In the original report, AT&T's total data revenue was
8 apportioned to isolate data from Location Based Services
9 (LBS), with a further way to apportion data revenue to
10 that which would not have been realized but for the
11 protections of the invention [Calculations 1 and 2].
12 D.I. 435, Exhibit 6 (Under Seal). In the amended report,
13 AT&T's data revenue was not only apportioned to LBS data
14 [repeat of Calculations 1 and 2], but further
15 apportioned to LBS data through the SUPL server, and
16 then further apportioned to LBS data through the SUPL
17 server that would not have been realized but for the
18 invention [Calculations 3 and 4]. D.I. 523-1, Exhibit
19 A (Under Seal).

20
21 (Opp. at 15-16) (brackets added). Enovsys further argues that the
22 Court's tentative decision to deny AT&T's motion to strike the
23 amended Parr report shows that although "the Court [ultimately]
24 determined that Enovsys['s] apportionment was not adequate, that
25 outcome was far from clear." (Id. at 16). In response, AT&T
26 counters that because the Court's tentative decision came before
27 the parties were heard on the issue, it is not proof that Enovsys's
28

1 damages case was potentially meritorious, only that its flaws were
2 not immediately evident. (Reply at 11).

3
4 In patent litigation, particularly where a product consists
5 of many different components, assessing the “value each patented
6 and non-patented component individually contributes to the overall
7 end product . . . can be an exceedingly difficult and error-prone
8 task.” LaserDynamics, Inc. v. Quanta Computer, Inc., 694 F.3d 51,
9 66 (Fed. Cir. 2012). In dismissing Parr’s Supplemental Damages
10 Report, the Court concluded that Parr’s royalty base assumptions
11 were still impermissibly broad because they were “predicated on
12 the belief that none of the LBS features besides selective location
13 disclosure has an impact on LBS revenues.” (Dkt. No. 559 at 15).
14 However, the Court did not preclude Enovsys from attempting to
15 refine its damages calculations in the event that a trial on damages
16 was necessary, but stated that it would “allow Enovsys to submit a
17 Second Revised Damages Report.” (Id. at 20).

18
19 Enovsys’s failure to properly apportion damages, particularly
20 in Parr’s Supplemental Report, was substantively the weakest aspect
21 of its case. Even though Enovsys had been explicitly cautioned of
22 the need to apportion damages, the revenue bases established by
23 Calculations 1 and 2 in the Supplemental Report “fail[ed] to even
24 attempt apportionment” (Id. at 14). Calculations 3 and 4
25 simply applied “a 57% adjustment to Calculation 1 and Calculation
26 2, respectively, [and were] similarly unreliable as they also
27 fail[ed] to tie damages to specific features of the invention.”
28 (Id. at 18). The 57% figure was derived from a Pew Study Report

1 that even Parr admitted was "not linked directly to location
2 information."²⁰ (Id.).

3
4 However, the weakness of Parr's damages reports, by itself,
5 is not a sufficient basis for the Court to find that in the totality
6 of the circumstances, this case was "exceptional." The cases cited
7 in AT&T's Notice of Supplemental Authority, presumably in support
8 of its contention that a court may exercise its discretion to award
9 Section 285 fees even if only an isolated portion of a party's case
10 is substantively weak, do not show otherwise.

11
12 In Cartner I, for example, the trial court concluded that "the
13 case" was properly declared "exceptional" as of the date the
14 Federal Circuit revised the trial court's claim construction on
15 appeal and remanded for further proceedings. Cartner I, 2013 WL
16 943844, at *1. The trial court declined to award attorney's fees
17 for the period preceding the Federal Circuit's opinion because

18
19 ²⁰ As the Court explained in its Order dismissing Parr's
20 Supplemental Report, "The Pew Study addresses concerns about the
21 privacy of photos, contacts and other files stored on cell phones,
22 as well as browsing and search history, in addition to location
23 tracking features. Indeed, even the Pew Study shows that only '19%
24 of cell owners have turned off the location tracking feature on
25 their cell phone because they were concerned that other individuals
26 or companies could access that information.' Parr appears to
27 conclude that any type of privacy concern expressed by cell phone
28 app users is a proxy for location-based privacy concerns, and that
location-based privacy concerns necessarily measure how consumers
value Enovsys' selective location disclosure technology. The Pew
Study does not specifically address selective location disclosure
technology and therefore is not a reliable source for the
conclusions Parr attempts to draw from it in his Supplemental
Report." (Dkt. No. 559 at 18-19 (internal citations, footnote,
and emphasis omitted).

1 "plaintiffs had a right to resolve a claim construction which they
2 believed to be erroneous." Id. at *2. However, the court concluded
3 the case qualified as exceptional following the Federal Circuit's
4 opinion because even though the plaintiffs "knew or should have
5 known [at that point that] their infringement claims were
6 baseless," they continued to pursue the litigation for six months
7 before finally agreeing to a consent judgment in favor of the
8 defendant. Id. In Cartner II, the Federal Circuit affirmed the
9 finding of exceptionality and the attorney's fees award in Cartner
10 I, noting that a case may become exceptional due to a plaintiff's
11 litigation misconduct, which includes "prolonging litigation in
12 bad faith." Cartner II, 561 Fed. App'x at 963. The court of
13 appeal further found that the award of attorney's fees for the
14 period following its revision of the claim construction "properly
15 reflects the extra legal effort [defendant] had to expend to
16 counteract [plaintiff's] misconduct" in continuing to litigate
17 claims that were now clearly baseless. Id. at 964 (internal
18 quotation marks and citation omitted). Cartner does not support
19 the argument that attorney's fees may be awarded based on the
20 substantive weakness of a discrete aspect of a plaintiff's case,
21 particularly if, under the totality of the circumstances, that
22 weakness does not extend to the litigation as a whole.

23
24 In Phonometrics, one of a host of overlapping cases brought
25 by the same plaintiff against various manufacturers, sellers and
26 hotels alleging infringement of the same patent, the Federal
27 Circuit affirmed the trial court's determination that the case
28 against defendant Westin Hotel became frivolous as of the date the

1 court of appeal construed the relevant claim in a related case on
2 appeal. Phonometrics, 350 F.3d at 1253. After the Federal
3 Circuit's claim construction, the trial court dismissed the cases
4 brought separately against certain hotel defendants for failure to
5 allege a claim with the requisite specificity and awarded
6 attorney's fees under Section 285. Id. In a consolidated order,
7 the Federal Circuit reversed the orders dismissing plaintiff's
8 claims under Rule 12(b)(6) on procedural grounds, see Phonometrics,
9 Inc. v. ITT Sheraton Corp. ("Sheraton I"), 2000 WL 286624, at *1
10 (Fed. Cir. Mar. 16, 2000), and, in a separate consolidated order,
11 vacated the trial court's grants of attorney's fees. See
12 Phonometrics, 350 F.3d at 1248 (citing Phonometrics, Inc. v. ITT
13 Sheraton Corp. ("Sheraton II"), 232 F.3d 914 (Fed. Cir. 2000)
14 (unpublished)). The trial court subsequently awarded attorney's
15 fees after granting summary judgment in Westin's favor. The
16 Federal Circuit affirmed the finding that the case was exceptional,
17 noting that plaintiff continued to pursue its case against Westin
18 even though plaintiff "never even articulated a viable infringement
19 theory as to Westin" and knew that its claim "could not meet the
20 standard for infringement" under the court of appeal's claim
21 construction. Phonometrics, 350 F.3d at 1246. The Federal Circuit
22 also affirmed the award of attorney's fees from the date of its
23 claim construction in the related case, except to the extent that
24 the trial court awarded fees for work on the appeals in Sheraton I
25 and Sheraton II, where plaintiff had prevailed on procedural, not
26 substantive, grounds. Id. at 1250.

1 Phonometrics, like Cartner, does not support AT&T's position
2 here. In Phonometrics, the Federal Circuit agreed with the trial
3 court that the entire case pursued by plaintiff against Westin was
4 "unjustified, vexatious and [in] bad faith" following the court of
5 appeal's claim construction in a related case. Id. at 1246. The
6 Court does not interpret the Federal Circuit's decision to exclude
7 from the trial court's attorney's fees award the fees incurred for
8 the appeals where plaintiff succeeded on procedural grounds to mean
9 that a court may award attorney's fees under Section 285 for only
10 an aspect of a case without finding that the case, under the
11 totality of the circumstances, was substantively weak.

12
13 Finally, Touchtunes Music is also distinguishable. In that
14 case, defendant asserted counterclaims in plaintiff's declaratory
15 relief action claiming that plaintiff infringed several different
16 patents whose rights had been assigned to defendant. After
17 granting summary judgment of non-infringement in plaintiff's favor
18 on all of defendant's counterclaims, the trial court awarded
19 attorney's fees under Section 285. In determining the proper scope
20 of the fees, the court appears to have treated each patent
21 independently because (1) even though the court's claim
22 construction was the triggering event after which the continued
23 litigation of any given patent was "in bad faith or objectively
24 baseless," the court construed the claims for different patents on
25 different dates, and (2) the patents were at issue in the
26 litigation for different periods, both because defendant brought
27 claims based on different patents at different times, and because
28 defendant conceded his claims relating to certain patents before

1 summary judgment proceedings. See Touchtunes Music, Case No. 07-
2 11450 RWS, slip op. Dkt. No. 291 at 43 (S.D. N.Y. Apr. 30, 2014).
3 Because the continued litigation of each patent at some point
4 became entirely frivolous, the Touchtunes Music court did not reach
5 the question of whether fees under Section 285 could be awarded
6 when a discrete aspect of the litigation pertaining to a particular
7 patent was weak, even if the continued litigation relating to that
8 patent overall was not improper.

9
10 As such, AT&T has not shown that even though "Enovsys knew it
11 had to apportion damages," its failure to do so rendered this
12 entire case "exceptional." ATT&T has not shown that when a discrete
13 aspect of a case is lacking "substantive strength," the opposing
14 party has satisfied the "totality of the circumstances" test. In
15 addition, AT&T has not established that even if the deficiencies
16 in Enovsys's damages reports failed to render this case exceptional
17 under Section 285, fees can be awarded without such a finding.
18 (Reply at 11). Accordingly, AT&T has not shown that Enovsys's
19 inadequate damages reports warrant an award of attorney's fees
20 under Section 285.

21
22 **D. Improper Conduct At Trial**

23
24 AT&T argues that it is entitled to attorney's fees under the
25 "totality of the circumstances" because at trial, Enovsys "wholly
26 ignored highly relevant AT&T technical documents and testimony";
27 attempted to assert a stricken infringement theory for
28 "continuously tracking" that required a curative instruction from

1 the Court; and insisted that its patents' conception dates predated
2 AT&T's prior art, even though it offered no evidence of diligence.
3 (Motion at 18-19; Reply at 11-12). Enovsys argues that its expert,
4 Dr. Rose, "relied primarily on internal AT&T technical documents,"
5 the "same documentation that the Court had ruled created genuine
6 issues that required trial." (Opp. at 17). Enovsys further
7 contends that although its counsel in closing argument "may have
8 cited evidence that did not support the tracking theory, Enovsys
9 certainly did not introduce any new theory." (Id.). Enovsys also
10 argues that it was justified in refusing to agree to the curative
11 instruction proposed by AT&T because the Court did not adopt it.
12 (Id.).

13
14 Dr. Rose's purported failure to consider "highly relevant"
15 documents and testimony may go to the weight that AT&T believes Dr.
16 Rose's opinions should have been accorded, but does not render this
17 case exceptional. Each party in litigation is entitled, within
18 reason, to emphasize the evidence it believes best supports its
19 position, and Enovsys's observation that the evidence Dr. Rose
20 relied on was sufficient for Enovsys's case to survive summary
21 judgment is well taken. Similarly, Enovsys's reference in its
22 rebuttal closing argument to an exhibit supporting a precluded
23 continuous tracking theory was not so egregious as to render this
24 case exceptional, particularly because the error was isolated,
25 apparently inadvertent, and easily contained. (See Order Granting
26 in Part AT&T's Motion for Corrective Instruction, Dkt. No. 658; see
27 also Motion for Corrective Instruction, Dkt. No. 654).

