

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	SACV 13-01066-AG (AJWx)	Date	March 21, 2016
Title	ICON Health & Fitness Inc. v. Polar Electro, Oy		

Present: The Honorable **ANDREW J. GUILFORD**

Lisa Bredahl

Not Present

Deputy Clerk

Court Reporter / Recorder

Tape No.

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

**Proceedings: [IN CHAMBERS] ORDER DENYING DEFENDANTS'
MOTION FOR ATTORNEY'S FEES AND COSTS**

Pending before the Court is Defendants' Motion for Attorney's Fees and Costs. (Dkt. 68.) Defendants' Motion is **DENIED**.

1. BACKGROUND

In July 2013, Plaintiff ICON Health & Fitness, Inc., LLC ("ICON" or "Plaintiff") filed a Complaint against Defendants Polar Electro Inc. and Polar Electro Oy (collectively "Polar" or "Defendants") for allegedly infringing U.S. Patent No. 5,720,200 ("the '200 Patent"). (Complaint, Dkt. 1.)

During this litigation, the United States Patent and Trademark Office ("PTO") instituted an *ex parte* reexamination of the '200 Patent. (PTO *Ex Parte* Reexamination Communication Transmittal Form, Dkt. 22-3.) In May 2014, this Court granted Defendants' Motion to Stay Case Pending Reexamination. (Dkt. 25.) The stay was lifted in July 2015, following the conclusion of the reexamination. (Dkt. 29.)

The Court held a *Markman* hearing on August 25, 2016, and issued a corresponding claim construction order the next day. (Dkt. 58.) To address a discovery dispute that implicated two of the disputed claim terms, the Court permitted supplemental briefing and later issued a

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supplemental claim construction order. (Dkt. 65.)

After the claim construction order was issued, ICON sent a letter in December 2015 to Polar's counsel proposing that the parties stipulate to an entry of judgment of noninfringement. (Reply, Ex. E, Dkt. 74-2.) On January 11, 2016, the parties filed a stipulated motion to dismiss without prejudice. (Dkt. 66.) The motion was granted the same day. (Dkt. 67.)

On January 25th, 2016, Polar filed this Motion for an award of attorney's fees and costs. (Dkt. 68.) ICON opposes the Motion. (Dkt. 72.) Polar has filed a Reply. (Dkt. 74.)

2. LEGAL STANDARD

In patent cases, the court "may award reasonable attorney fees to the prevailing party" if the case is "exceptional." 35 U.S.C. § 285.

Previously, the Federal Circuit defined an "exceptional" case as one that either involves "material inappropriate conduct" or is both "objectively baseless" and "brought in subjective bad faith." *Brooks Furniture Mfg., Inc. v. Dutailier Int'l, Inc.*, 393 F.3d 1378, 1381 (2005). But that standard has since been construed as being "unduly rigid, and it impermissibly encumbers the statutory grant of discretion to the district courts." *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749, 1755 (2014).

In *Octane Fitness*, the Supreme Court eased the requirements to get attorney's fees. *Universal Electronics, Inc. v. Universal Remote Control, Inc.*, No. SACV 12-00329-AG (JPRx), 2015 WL 5470164 at *1 (C.D. Cal. Sep. 4, 2015). An "exceptional" case was held to be "simply one that stands out from others with respect to the substantive strength of a party's litigating position . . . or the unreasonable manner in which the case was litigated." *Octane*, 134 S. Ct. at 1756. "District courts may determine whether a case is 'exceptional' in the case-by-case exercise of their discretion, considering the totality of the circumstances." *Id.* Relevant factors may include: frivolousness, motivation, objective unreasonableness (both in factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence. *Id.*

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3. ANALYSIS

This case does not stand out from others as warranting an award of attorney's fees.

Polar argues that this case is exceptional because of ICON's unreasonable claim construction positions for the following two claim phrases:

- 1) means for sensing the acceleration of the foot when the foot is pushing off from an underlying surface and for generating a foot push off signal; and
- 2) means for sensing the deceleration of the foot when the foot is striking against an underlying surface and for generating a foot strike signal.

(Dkt. 68 at 4.)

In particular, Polar contends that ICON's claim construction theories lacked support and "were devised solely as a backdrop for ICON's spurious infringement claims" by improperly extending the claim scope beyond the disclosed "switch technology" to cover "complex accelerometer technology." (Dkt. 68 at 1; Dkt. 74 at 10.) ICON responds that its position was not unreasonable because two alternative theories supported a claim construction that would cover accelerometers. The first is that § 112, ¶ 6 does not apply, which would open the realm of qualifying devices to any sensor that otherwise performs all of the claimed functions. Alternatively, if § 112, ¶ 6 does apply, the disclosure in the specification is sufficient to disclose an accelerometer to one skilled in the art as a structure for performing the claimed function. (Dkt. 72 at 14.) According to ICON, both alternative claim construction positions were supported by case law, warranted by the claim language and specification of the '200 Patent, and supported by expert testimony.

In advancing these claim construction positions, ICON cited supporting case law and applied them to the claim language and specification of the '200 Patent. Although the means-plus-function issues were resolved in Polar's favor, ICON's positions on these questions were not frivolous or objectively baseless. It was not unreasonable or exceptional for ICON to argue against the application of the means-plus-function doctrine, even if the Court ultimately rejected the argument. *See Gaymar Indus., Inc. v. Cincinnati Sub-Zero Prods., Inc.*,

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790 F.3d 1369, 1373 (Fed. Cir. 2015) (“fees are not awarded solely because one party's position did not prevail”) (quoting *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014)).

Polar also contends that ICON should have dismissed its case earlier because of the unfavorable prosecution history generated during the *ex parte* reexamination of the '200 Patent. (Dkt. 68 at 6-7, 14-15.) During the reexamination, the PTO Examiner construed the two means clauses using the “broadest reasonable interpretation” standard and nevertheless found that the “means for sensing the acceleration” and “means for sensing deceleration” comprise a plurality of membrane switches. (*Id.*) Based on this, Polar argues that ICON should not have continued to assert claim constructions broader than even the broadest reasonable construction. (*Id.*)

But Polar's argument places undue reliance on the reexamination history, which lacks any analysis of the key disputes surrounding the means clauses: whether § 112, ¶ 6 applies, and whether the scope of structures corresponding to the means clauses includes accelerometers. Although the PTO Examiner discussed the “means for sensing” in the context of the switch embodiment, he made no determinations as to whether other corresponding structure performs the claimed function. (Statement of Reasons for Patentability and/or Confirmation, Dkt. 45, Ex. D.) In addition, district courts are not bound by a construction or argument given by a PTO examiner. *See, e.g., Pfizer, Inc. v. Apotex, Inc.*, 480 F.3d 1348, 1359 (Fed. Cir. 2007) (“Our case law consistently provides that a court is never bound by an examiner's finding in an *ex parte* patent application proceeding.”). Because the reexamination did not have a significant legal effect on the claim construction, it was not unreasonable for ICON to maintain the litigation.

Ultimately, the viability of ICON's proposed constructions turned on whether the Court agreed with ICON on the legal issues of (i) the applicability of § 112, ¶ 6 and (ii) how a person of ordinary skill in the art would understand the specification of the '200 Patent. ICON had legal and evidentiary support for its claim construction positions, which plausibly covered the accused products. ICON's infringement theories remained viable until the Court issued the Supplemental Claim Construction Order on October 16, 2015. (Dkt. 65.) Shortly thereafter, the parties stipulated to dismissal without prejudice (Dkt. 66.) Between the

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Supplemental Claim Construction Order and the dismissal, ICON did not continue to litigate this case. *See NXP B.V. v. Blackberry, Ltd.*, 58 F.Supp. 3d 1313, 1319 (M.D. Fla. 2014) (Feb. 18, 2015) (plaintiffs' choice to drop patents from the case "rather than pursuing them to verdict and then appealing the claim construction order, actually weighs in favor of a finding of reasonableness."). Therefore, ICON was not unreasonable for maintaining the case through claim construction.

The Court, in its discretion and in the consideration of the totality of the circumstances, concludes that this case is not an exceptional one that "stands out from others" under the *Octane* standard.

Polar also seeks an award of costs of \$658.50. (Dkt. 68 at 18.). The Court declines to award costs.

4. DISPOSITION

Defendants' Motion is **DENIED**.

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