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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

WHITEPAGES, INC.,
Plaintiff,
v.
JEFFREY ISAACS, et al.,
Defendants.

Case No. [16-cv-00175-RS](#)

**ORDER DENYING MOTION FOR
ATTORNEY FEES**

I. INTRODUCTION

In January 2016, Plaintiff Whitepages, Inc. (“Whitepages”) filed a complaint against Defendant Greenflight Venture Corporation (“Greenflight”) and its CEO, Jeffrey Isaacs, for a declaratory judgment of non-infringement of Patent No. 8,861,698 (“the ’698 patent”). In May 2016, Whitepages moved for judgment on the pleadings that the ’698 patent discloses only “abstract ideas” outside the permissible scope of patent protection, and therefore is invalid under 35 U.S.C. § 101. That motion was granted. Whitepages now moves for attorney fees and costs pursuant to the Patent Act fee-shifting provision, 35 U.S.C. § 285, characterizing this as an “exceptional” case based on both the merits of Greenflight’s validity position and the manner in which it litigated the case. This case, however, is not “exceptional,” even under the more inclusive standard recently articulated by the Supreme Court in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S.Ct. 1749 (2014). Whitepage’s motion is denied.¹

II. BACKGROUND

The relevant factual and procedural background is described in the July 25, 2016 order

¹ Pursuant to Civil Local Rule 7-1(b), this matter is suitable for disposition without oral argument.

1 granting Whitepages’ motion for judgment on the pleadings (“Order”). To summarize, the ’698
2 patent describes a method by which a user can input a telephone number into a website or mobile
3 phone interface and return the name information associated with the queried phone number.
4 While telephone operating companies have long maintained Caller Name ID (“CNAM”) databases
5 for landline customers, and that information is accessible online through reverse telephone number
6 searches, those databases only include landline numbers contained in public telephone books and
7 not mobile phone numbers. CNAM databases for mobile phone subscribers reside with the
8 carriers and are accessed through the industry standard SS7 protocol. The patent-in-suit bridges
9 the gap between CNAM and internet reverse search.

10 The prosecution history for the ’698 patent shows that the claims were initially rejected as
11 drawn to unpatentable subject matter under 35 U.S.C. § 101. Isaacs overcame that rejection and
12 the claims were subsequently amended with the assistance of the patent examiner, after the
13 Supreme Court’s *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S.Ct. 2347 (2014) decision, leading
14 to issuance of the patent in October 2014.

15 Isaacs founded Greenflight to exploit the ’698 patent. Greenflight offers a mobile phone
16 application, through the Apple App Store, which allows mobile phone users to identify the name
17 associated with a phone number. This dispute arose in August 2015 when Isaacs discovered that
18 Whitepages was offering, also through the Apple App Store, a mobile application that allows users
19 to identify incoming telephone calls. Believing Whitepages was infringing the ’698 patent,
20 Greenflight initiated Apple’s dispute resolution process. In response, Whitepages filed this action
21 for declaratory judgment of non-infringement on January 11, 2016. Three days later, Greenflight
22 sued Whitepages in Florida, where Greenflight is based, for patent infringement. On March 4,
23 2016, the parties reached an agreement that Greenflight would dismiss the Florida action and
24 assert its infringement counterclaims here and, in exchange, Whitepages would dismiss the state
25 tort claims it had filed in this case. Whitepages then moved for judgment on the pleadings. That
26 motion was granted on the basis that the ’698 patent is invalid because the abstract idea of looking
27 up a name associated with a phone number is patent-ineligible.

1 **III. LEGAL STANDARD**

2 Section 285 invests the district court with discretion to award reasonable attorney fees in
3 patent infringement actions to the prevailing party in “exceptional cases.” The statutory language
4 is clear. It imposes one and only one constraint on a district court’s discretion to award attorney
5 fees in patent litigation: “The power is reserved for ‘exceptional’ cases.” *Octane*, 134 S.Ct. at
6 1755–56. Before the decision in *Octane*, the Federal Circuit had limited fee shifting to patent cases
7 in which the prevailing party demonstrated, by clear and convincing evidence, either (1) litigation
8 misconduct; or (2) that the litigation was both objectively baseless and brought in subjective bad
9 faith. *Brooks Furniture Mfg., Inc. v. Dutailier Int’l, Inc.* (“*Brooks Furniture*”), 393 F.3d 1378,
10 1381–82 (Fed. Cir. 2005). In the first scenario, a court could award fees only “when there has
11 been some material inappropriate conduct related to the matter in litigation, such as willful
12 infringement, fraud or inequitable conduct in procuring the patent, misconduct during litigation,
13 vexatious or unjustified litigation, conduct that violates Fed.R.Civ.P. 11, or like infractions.”
14 *Brooks Furniture*, 393 F.3d at 1381. “Absent misconduct in conduct of the litigation or in
15 securing the patent, [fees] may be imposed against the patentee only if both (1) the litigation is
16 brought in subjective bad faith, and (2) the litigation is objectively baseless.” *Id.* In the
17 alternative, a court could award fees where it found that the patentee’s position is “so unreasonable
18 that no reasonable litigant could believe it would succeed” and that the patentee “actually
19 know[s]” that to be true. *iLOR, LLC v. Google, Inc.*, 631 F.3d 1372, 1377–78 (Fed. Cir. 2011);
20 *see Octane*, 134 S.Ct. at 1754.

21 *Octane* rejected this “rigid and mechanical formulation.” *Octane*, 134 S.Ct. at 1754. With
22 regard to litigation misconduct, the Court diverged from the Federal Circuit’s focus on
23 sanctionable conduct, holding that “a district court may award fees in the rare case in which a
24 party’s unreasonable conduct—while not necessarily independently sanctionable—is nonetheless
25 so ‘exceptional’ as to justify an award of fees.” *Octane*, 134 S.Ct. at 1757. Nor must the district
26 court find that the litigation was both objectively baseless and brought in subjective bad faith to
27 award fees. “[A] case presenting either subjective bad faith or exceptionally meritless claims may
28 sufficiently set itself apart from mine-run cases to warrant a fee award.” *Id.*

1 the validity of Greenflight’s patent later in the proceedings.

2 Whitepages relies heavily on *eDekka LLC v. 3balls.com, Inc.*, Nos.15-541, 15-858, 2015
 3 WL 9225038 (E.D. Tex. Dec. 17, 2015). There, the plaintiff was a non-practicing entity that had
 4 sued a large number of defendants alleging infringement. The court was concerned that eDekka
 5 was filing baseless suits simply to obtain nuisance value settlements from entities seeking to avoid
 6 the cost of litigation. The patent-in-suit was issued years before the *Alice* decision and the court
 7 found eDekka “repeatedly offered insupportable arguments” in support of its validity position. *Id.*
 8 at *4. For example, eDekka argued that the patent “serves as a teaching tool for computer users”
 9 and that the patent claims “require[d] a special purpose computer” when the patent “plainly d[id]
 10 not require a computer.” *Id.* at *3. Whitepages attempts to analogize to *eDekka* by arguing that
 11 Greenflight characterized the “inventive concept” of the ’698 patent as a ““software bridge”
 12 nowhere disclosed in the specification.” Mot. at 16. Isaac’s patent application, however, refers to
 13 the invention as “a post-page caller name identification system that *bridges* SS7 retrievable caller
 14 data with a user-accessible IP interface.” Ramos Decl., Ex. 1 at 7 (emphasis added). Moreover,
 15 Greenflight’s characterization of the inventive concept as a “bridge” does not misrepresent the
 16 fundamental nature of the invention. Thus, unlike eDekka, Greenflight did not advance a validity
 17 position that had “absolutely no basis in the claim language.” *eDekka*, at *3. The merits of this
 18 case ultimately favored Whitepages, but that alone cannot justify shifting fees onto Greenflight.

19 **B. Greenflight’s Litigation Conduct**

20 “The purpose of section 285, unlike that of Rule 11, is not to control the local bar’s
 21 litigation practices—which the district court is better positioned to observe—but is remedial and for
 22 the purpose of compensating the prevailing party for the costs it incurred in the prosecution or
 23 defense of a case where it would be grossly unjust, based on the baselessness of the suit or because
 24 of litigation or Patent Office misconduct, to require it to bear its own costs.” *Highmark, Inc. v.*
 25 *Allcare Health Mgmt. Sys., Inc.*, 687 F.3d 1300, 1310, n.1 (Fed.Cir.2012), *vacated and remanded*,
 26 134 S.Ct. 1744 (2014); *see Octane*, 134 S.Ct. at 1757 (“sanctionable conduct is not the appropriate
 27 benchmark”).

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1 Although *Octane* ostensibly liberalized the standard for fee shifting, and clearly reduced
 2 the prevailing party’s burden from clear and convincing to a preponderance of the evidence, post-
 3 *Octane* decisions awarding fees have generally relied upon egregious behavior. *See, e.g., Intellect*
 4 *Wireless, Inc. v. Sharp Corp.*, No. 10–6763, 2014 WL 2443871 (N.D. Ill. May 30, 2014)
 5 (awarding fees based on false declarations before the PTO, without which, the court concluded,
 6 the plaintiff would not have obtained the patents at issue). In one pre-*Octane* decision, another
 7 court in this district denied sanctions but held in abeyance a likely award of damages based on
 8 findings of litigation misconduct, including findings that plaintiffs knew before filing suit they
 9 may not even own the patent, manufactured venue in Texas via a sham corporate façade, asserted
 10 an unreasonable number of patent claims, sandbagged defendant with newly-produced documents
 11 and infringement contentions, and “played fast and loose with the rules for being admitted to
 12 practice pro hac vice in this district.” *Network Prot. Sciences, LLC v. Fortinet, Inc.*, No. 12–
 13 01106, 2013 WL 4479336 (N.D. Cal. Aug. 20, 2013).

14 At no point did Greenflight’s conduct rise to such a level. Whitepages relies heavily on its
 15 pre-litigation communications with Isaac and his wife, arguing that they misrepresented the scope
 16 of the ’698 patent and articulated an infringement theory inconsistent with their ultimate validity
 17 position.² From the start, however, Isaac informed counsel for Whitepages that his pre-litigation
 18 communications about the scope of the patent were “a courtesy to facilitate dialogue and not a
 19 binding narrowing (or expansion) of claims.” Kohm Decl., Ex. 12. He noted that “it could be
 20 easy to misconstrue or confuse process/system components” and that “the language of the patent
 21 takes precedent over [his] own annotations.” *Id.* Whitepages relies on *Kilopass Technology Inc.*
 22 *v. Sidense Corporation*, 2014 WL 395670 (N.D. Cal. Aug. 12, 2014), where the court found that a

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² The parties dispute whether Whitepages violated California’s “no contact” rule by communicating with Isaac directly and whether those communications were protected by the litigation privilege. Because the communications do not support a finding of exceptional misconduct, neither inquiry is dispositive. In any event, it appears counsel for Whitepages was under the reasonable impression that Fox Rothschild represented Greenflight only with respect to the Florida action. *See* Kohm Decl., Ex. 19.

1 plaintiff's "attempt to argue one thing to th[e] court, then argue a different thing to the [Board of
2 Patent Appeals and Interferences ("BPAI")], and then attempt to change its position before the
3 BPAI only after it resulted in an unfavorable ruling from th[e] Court amounts to 'gamesmanship.'" *Id.*
4 at *10. Greenflight's conduct does not compare.

5 Whitepages also accuses Greenflight of refusing to cooperate on basic procedural matters.
6 It argues that Greenflight filed an "unnecessary" patent infringement action in Florida, "renege"
7 on an agreement to extend time for Whitepages to respond to that complaint, "initially refused" to
8 stipulate to the consolidation of the two cases in California, and filed a "completely meritless"
9 motion for reconsideration. Mot. at 21. Failure to extend common courtesies, however, does not
10 compel a fee award. Greenflight filed suit in Florida because it is incorporated and has its
11 principal place of business there. The parties reached an agreement regarding the appropriate
12 forum for the litigation within a reasonably short period of time. As part of that agreement,
13 Greenflight agreed to dismiss the Florida action and not challenge personal jurisdiction or venue
14 in California.³ While Greenflight's motion for reconsideration was ultimately denied, the motion
15 was not "completely meritless." Indeed, Greenflight's motion for leave to file the motion for
16 reconsideration was granted.

17 Finally, Whitepages accuses Greenflight of engaging in unreasonable and abusive conduct.
18 It argues that Greenflight "repeatedly harassed" Apple to remove Whitepages' application from
19 the App Store, "personally attacked Whitepages' counsel," and threatened to "hit [Whitepages]
20 hard" if it proceeded with this motion. Mot. 20-22. Yet, neither party is without fault for the level
21 of hostility in this case. Both engaged in aggressive litigation tactics.⁴ Greenflight argues that
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23 ³ Greenflight argues that agreement precludes Whitepages from seeking fees. In fact, it only
24 limited the parties' right to seek fees associated with the dismissal of the Florida action. *See*
25 Kohm Decl., Ex. 39 at ¶ 1 ("The Parties will enter a stipulation of dismissal in the Florida Action .
26 . . . and such stipulation shall be filed no later than March 4, 2016, with each party to bear its own
27 costs and fees[.]").

28 ⁴ For this reason, Greenflight's informal request for an award of its fees and costs in defending
against this motion is denied.

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Whitepages rebuffed Isaacs’ attempts to resolve this matter informally and threatened to sue Isaacs and his wife in their personal capacities as a ruse to secure a favorable forum. On balance, Greenflight’s behavior may reasonably be interpreted as part of its good-faith effort to advance its position in the face of Whitepage’s equally aggressive approach. Within this context, Greenflight’s manner of litigation was not sufficiently egregious to justify fee-shifting.

V. CONCLUSION

Whitepages’ motion for attorney fees is denied.

IT IS SO ORDERED.

Dated: October 26, 2016


RICHARD SEEBORG
United States District Judge