

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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AUTO-KAPS, LLC, :
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Plaintiff, : **MEMORANDUM**
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- against - : **DECISION AND ORDER**
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CLOROX COMPANY, :
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Defendant. :
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COGAN, District Judge.

Before the Court is defendant Clorox Company’s motion for attorneys’ fees under 35 U.S.C. § 285. Previously, I granted Clorox’s motion for summary judgment, holding that Clorox did not infringe on plaintiff Auto-Kaps, LLC’s patent, U.S. Patent No. 7,490,743 (“the ‘743 patent”), entitled “Dispenser Assembly.” Auto-Kaps, LLC v. Clorox Company, No. 15-cv-1737, 2016 WL 6988834 (E.D.N.Y. Nov. 29, 2016). In so ruling, I rejected plaintiff’s claim of infringement, which had alleged that Clorox’s trademarked “Smart Tube” spray bottle infringed the claims of the ‘743 patent including, without limitation, claim 1.

The Court assumes familiarity with the background facts and the Memorandum Decision and Order granting summary judgment, but briefly, Clorox moved for summary judgment on three claim limitations, (1) the mounting limitation, (2) the extension limitation, and (3) the coupling limitation, each of which is found in independent claim 1 of the ‘743 patent. A holding of non-infringement on any one of the three limitations would have guaranteed Clorox a summary judgment victory; I held that Clorox had not infringed all three limitations. Because I awarded summary judgment on all three grounds, Clorox argues that this is an “exceptional” case that merits the award reasonable attorneys’ fees. I disagree.

DISCUSSION

I. Legal Principles

At the conclusion of a patent case, the Patent Act provides that a “court in exceptional cases may award reasonable attorney fees to the prevailing party.” 35 U.S.C. § 285. Recently, in Octane Fitness, LLC v. ICON Health & Fitness, Inc., 134 S. Ct. 1749 (2014), the Supreme Court abrogated the previous case law regarding “exceptional cases,” instead holding that “an ‘exceptional’ case is simply one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.” 134 S. Ct. at 1756. The Court further held that district courts are to “determine whether a case is ‘exceptional’ in the case-by-case exercise of their discretion, considering the totality of the circumstances.” Id.

The Octane Fitness Court’s more flexible, totality-of-the-circumstances test suggests that courts consider “frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case)[,] and the need in particular circumstances to advance considerations of compensation and deterrence.” Id. n.6 (internal quotations marks omitted) (quoting Fogerty v. Fantasy, Inc., 510 U.S. 517, 534 n.19 (1994)). This list is non-exclusive, and the Octane Fitness factors do not displace other factors courts that have previously considered relevant, like determining “what pre-filing preparation, if any, was done by” plaintiff. Superior Fireplace Co. v. Majestic Prods. Co., 270 F.3d 1358, 1378 (Fed. Cir. 2001). In considering whether to award attorneys’ fees, courts should apply a preponderance of the evidence standard in determining the presence of any one of these factors. Octane Fitness, 134 S. Ct. at 1758.

II. Analysis

This case does not “stand[] out from others with respect to the substantive strength of [plaintiff’s] litigating position . . . or the unreasonable manner in which the case was litigated.” Octane Fitness, 134 S. Ct. at 1756. Clorox argues that the action was “frivolous,” “objectively unreasonable,” and that any “pre-filing preparation” would have shown Auto-Kaps that its complaint was meritless. I do not see Auto-Kaps’s arguments in the same way.

Although I ultimately ruled against Auto-Kaps, the issue was not “so clear-cut that it was unreasonable for [Auto-Kaps] to litigate the question until it obtained a ruling . . . on the matter.” Medtronic Navigation, Inc. v. BrainLAB Medizinische Computersysteme GmbH, 603 F.3d 943, 957 (Fed. Cir. 2010). The arguments Auto-Kaps raised regarding the mounting, extension, and coupling limitations, whether literally as to all three limitations or under the doctrine of equivalents as to the mounting and extension limitations, were not so manifestly unreasonable that no reasonable litigant would ever have pursued them. See Dominant Semiconductors Sdn. Bhd. v. OSRAM GmbH, 524 F.3d 1254, 1260 (Fed. Cir. 2008) (“To be objectively baseless, the infringement allegations must be such that no reasonable litigant could reasonably expect success on the merits.”).

Claims of baselessness are held to a “high bar,” Small v. Implant Direct Mfg. LLC, No. 06-CV-683 (NRB), 2014 WL 5463621, at *3 (S.D.N.Y. Oct. 23, 2014), aff’d, 609 F. App’x 650 (Fed. Cir. 2015), and Clorox’s argument that it sent Auto-Kaps a pre-litigation letter that mirrors this Court’s summary judgment holding fails to even approach that bar. Although “courts are more likely to award fees where a party knew or willfully ignored evidence of his claims’ meritlessness, where such meritlessness could have been discovered by basic pre-trial

investigation, or where such meritlessness is made clear to the court early in the litigation,” id., contrary to Clorox’s argument, that is not the case here.

The mounting and extension limitations, although more clearly not literal infringements, were colorable arguments under the doctrine of equivalents. See Anchor Sales & Mktg., Inc. v. Richloom Fabrics Grp., Inc., No. 15-CV-4442 (RA), 2016 WL 6126388, at *2 (S.D.N.Y. Oct. 20, 2016) (denying award of attorneys’ where plaintiff’s allegations “raised a non-trivial question with respect to the doctrine of equivalents”). Further, I resolved plaintiff’s coupling limitation on the basis of prosecution history estoppel, and although the argument “was ultimately unsuccessful, [I] regard it as plausible, particularly in light of the fact that argument-based estoppel requires a ‘clear and indisputable’ disclaimer of subject matter.” Medtronic Navigation, 603 F.3d at 957.

Much like the court in Chizmar v. ACCO Brands Corp., No. 14-CV-2181, 2015 WL 4388326 (S.D.N.Y. July 17, 2015), I also reject Clorox’s “claim that a more thorough pre-suit examination . . . would have shown [Auto-Kaps] that [its] claims were meritless,” because “[t]he Court’s summary judgment decision . . . turned less on the attributes of the [Smart Tube itself] than on questions of claim construction.” 2015 WL 4388326, at *2. Thus, this is not one of those “cases in which a defendant’s noninfringement can be factually proven and a plaintiff’s putative cause of action clearly eliminated before filing suit.” Small, 2014 WL 5463621, at *4; cf. Raylon, LLC v. Complus Data Innovations, Inc., 700 F.3d 1361, 1368 (Fed. Cir. 2012) (“Reasonable minds can differ as to claim construction positions and losing constructions can nevertheless be nonfrivolous.”).

Nor is there evidence in the record that plaintiff’s motivation for bringing this action was improper, or that the case presents a special need “to advance considerations of compensation

and deterrence.” Octane Fitness, 134 S. Ct. at 1756 n.6. Nothing in the record remotely suggests that Auto-Kaps is of the type of serial filer that vexatiously litigates to extract nuisance-value settlements, or that Auto-Kaps actually did that here.

I similarly reject defendant’s argument that plaintiff has conducted this litigation in an unreasonable manner. Both parties are guilty of gamesmanship or dilatory tactics, but neither parties’ conduct rises to the level where I thought sanctions were in order or that it was of the nature to weigh in favor of attorneys’ fees under § 285.

The crux of Clorox’s argument is that it prevailed and did so on three grounds. But that is simply insufficient to support an award of attorneys’ fees. An award of fees under § 285 is not meant to act as “a penalty for failure to win a patent infringement suit.” Octane Fitness, 134 S. Ct. at 1753 (internal quotation marks omitted); see also Stragent, LLC v. Intel Corp., No. 6:11-cv-421, 2014 WL 6756304, at *4 (E.D. Tex. Aug. 6, 2014) (“[T]he mere fact that the losing party made a losing argument is not a relevant consideration”).

Therefore, having determined that none of the factors outlined in Octane Fitness, or the ones that could be relevant here, like pre-suit investigation, weigh in favor of Clorox, I hold that this case is not an “exceptional” under § 285.

CONCLUSION

Defendant’s motion for attorneys’ fees is denied.

SO ORDERED.

U.S.D.J.

Dated: Brooklyn, New York
March 24, 2017