

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No. 13-cv-01471-CMA-NYW

BRAIN SYNERGY INSTITUTE, LLC, d/b/a CARRICK BRAIN CENTERS,

Plaintiff,

v.

ULTRATHERA TECHNOLOGIES, INC., and
KEVIN MAHER,

Defendants.

MEMORANDUM OPINION AND ORDER

Magistrate Judge Nina Y. Wang

This matter comes before the court on two pending motions:

(1) Defendants UltraThera Technologies, Inc. and Kevin Maher (collectively, “Defendants”) Redacted Motion for Attorney Fees Pursuant to 35 U.S.C. § 285 (the “Motion for Fees”) [#137, filed Sept. 16, 2016]; and

(2) Plaintiff Brain Synergy Institute, LLC’s (“BSI”) Motion to Strike Portions of Defendants’ Reply in Support of Motion for Attorney Fees Pursuant to 35 U.S.C. § 285 (the “Motion to Strike”) [#147, filed Nov. 3, 2016].

Pursuant to the Order Referring Case dated June 10, 2013 [#5], the Reassignment dated February 9, 2015 [#75], and the Memoranda dated September 20, 2016 [#138] and November 7, 2016 [#149], the motions are before the undersigned Magistrate Judge. This court concludes that oral argument will not materially assist in the resolution of this matter. Accordingly, after carefully reviewing the motions and related briefing, the entire case file, and the applicable case

law, the court hereby DENIES the Motion for Fees and DENIES the Motion to Strike for the reasons stated herein.

BACKGROUND

This court has discussed the background of this case in detail in prior orders, *see, e.g.*, [#93], and will do so here only as it pertains to the pending motions. BSI filed its Complaint in this case on June 7, 2013. [#1]. This matter involves United States Patent No. 6,800,062 (the “‘062 Patent” or “Patent-in-Suit”), entitled “Comprehensive Vertigo Management,” issued on October 5, 2004, and names John Epley as the inventor. [#1-1]. The patent explains that [d]izziness, including vertigo and imbalance, is one of the most common complaints presented to the physician.” [#1-1- at 54–55]. The inventions of the ‘062 Patent are directed to the diagnosis and treatment of human disorders involving these symptoms. The Complaint alleges that Defendants infringe the ‘062 Patent by making, using, selling and/or offering to sell the GyroStim device (a rotating, computer-controlled chair used for diagnosing and treating vestibular-related disorders). [#1 at ¶¶ 14–19].

On December 5, 2014, after briefing by the parties and a *Markman* hearing, the Honorable Boyd N. Boland issued a Recommendation Regarding Claim Construction. [#69]. Magistrate Judge Boland’s Recommendation, which construed 15 disputed claim terms, was adopted by the Honorable Christine M. Arguello on January 11, 2016. [#90].

Then, on January 28, 2016, the undersigned issued a Recommendation granting in part and denying in part Defendants’ Motion for Judgment on the Pleadings [#77]. *See* [#93]. The undersigned recommended that Defendants’ motion be granted as to Claim 2 of the ‘062 Patent, as it was not directed towards patent-eligible subject matter under 35 U.S.C. § 101; that Defendants’ motion be denied as to Claim 13 because it was directed towards patent-eligible

subject matter; and that Defendants' motion be denied as to Claims 3–6, 8–10, and 14–16. [*Id.*]. Judge Arguello adopted and affirmed the Recommendation, overruling the Parties' respective objections on March 29, 2016. *See* [#103].

Subsequently, the case proceeded in accordance with this court's Supplemental Scheduling Order [#98], with certain extensions of various discovery deadlines pursuant to the Parties' joint motion to stay the proceedings. *See* [#121; #124]. However, on August 12, 2016, BSI filed its Unopposed Motion to Dismiss its claims with prejudice [#125] that Judge Arguello granted on August 15, 2016 [#127]. The Clerk of the Court entered its final judgment on August 15, 2016, and indicated that Defendants retained the right to seek recovery of attorney's fees at a later time pursuant to the applicable rule or statute. [#128].

On August 29, 2016, Defendants filed their Motion for Fees. [#130, #137].¹ BSI filed a response ("Opposition") [#139] and Defendants a reply ("Reply") [#143]. Subsequently, on November 3, 2016, BSI filed its Motion to Strike certain portions of Defendants' Reply in support of the Motion for Fees, because Defendants allegedly raised new arguments for the first time in that Reply. *See* [#147]. Defendants filed a response [#150] and BSI a reply [#151]. The motions are ripe for resolution, and the court considers the Parties' arguments below.

LEGAL STANDARDS

I. Fed. R. Civ. P. 12(f)

Pursuant to Rule 12(f) of the Federal Rules of Civil Procedure, a district court may "strike from a pleading an insufficient defense or any redundant, immaterial, impertinent, or scandalous matter." "The rule's purpose is to conserve time and resources by avoiding litigation of issues which will not affect the outcome of a case." *Sierra Club v. Tri-State Generation &*

¹ This court granted in part and denied in part Defendants' motion to file the Motion for Fees under restriction, and ordered Defendants to file a redacted version of the motion—the publicly available motion [#137]. *See* [#136].

Transmission Ass’n, 173 F.R.D. 275, 285 (D. Colo. 1997) (citation omitted). However, striking allegations or dismissing pleadings pursuant to Rule 12(f) is “a generally-disfavored, drastic remedy.” *Id.* (citing *U.S. v. Smuggler-Durant Mining Corp.*, 823 F. Supp. 873, 875 (D. Colo. 1993)). Ultimately, “discretion remains with the Court to grant or deny” a motion to strike. *Big Cats of Serenity Springs, Inc. v. Vilsack*, No. 13-cv-03275-REB-KLM, 2015 WL 1432069, at *13 (D. Colo. Mar. 25, 2015).

II. 35 U.S.C. § 285

The Patent Act provides that “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.”² 35 U.S.C. § 285. “[A]n ‘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.” *Sinox Co. Ltd. v. Wordlock, Inc.*, No. 14-cv-02797-CMA-KLM, 2016 WL 1258625, at *2 (D. Colo. Mar. 31, 2016) (quoting *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014)). The Supreme Court has explained that fee-shifting is appropriate when “a party’s unreasonable conduct—while not necessarily independently sanctionable—is nonetheless so ‘exceptional’ as to justify an award of fees.” *Octane Fitness, LLC*, 134 S. Ct. at 1757 (noting that either subjective bad faith or objectively baseless claims alone may warrant fee-shifting under § 285).

This determination is made on a case-by-case basis with the totality of the circumstances considered. *Bovino v. Levenger Co.*, No. 14-cv-00122-RM-KLM, 2016 WL 1597501, at *3–5 (D. Colo. Apr. 21, 2016). “The [Supreme] Court noted a non-exclusive list of factors to consider including ‘frivolousness, motivation, objective unreasonableness (both in the factual and legal

² Here, it is undisputed that Defendants are the prevailing party. *See Highway Equip. Co. Inc. v. FECO, Ltd.*, 469 F.3d 1027, 1035 (Fed. Cir. 2006) (holding that the defendant was the prevailing party when the plaintiff voluntarily dismisses its claims).

components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.” *Brilliant Optical Sols., LLC v. Comcast Corp.*, No. 13-cv-00886-REB, 2015 WL 1476691, at *2 (D. Colo. Mar. 27, 2015) (quoting *Octane Fitness, LLC*, 134 S. Ct. at 1756 n. 6). The Supreme Court also rejected the application of a clear-and-convincing standard of proof as to exceptional cases; rather, “[§] 285 demands a simple discretionary inquiry; it imposes no specific evidentiary burden[.]” *Octane Fitness, LLC*, 134 S. Ct. at 1758; accord *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 134 S. Ct. 1744, 1748 (2014) (explaining that the determination of whether a case is “exceptional” is a matter of discretion).

ANALYSIS

I. The Motion to Strike

Before reaching the merits of Defendants’ Motion for Fees, this court first addresses BSI’s Motion to Strike. [#147]. BSI argues that the court should strike virtually every argument raised in Defendants’ Reply to its Motion for Fees, because it improperly raises new arguments. Alternatively, BSI requests that this court consider its substantive responses to these arguments. [*Id.* at 2–4]. For the following reasons, this court DENIES the Motion to Strike.

As initial matters, Defendants argue that Rule 12(f) does not contemplate striking reply briefs, that BSI failed to confer regarding the entire scope of its Motion to Strike, and that BSI is not entitled to a sur-reply without leave of the court. [#150 at 2–4]. While these arguments may be procedurally correct, to the extent that new arguments are raised on reply, this court could either disregard them or permit a sur-reply. See *E.E.O.C. v. Outback Steak House of Florida, Inc.*, 520 F. Supp. 2d 1250, 1260 (D. Colo. 2007). Accordingly, this court finds that it is a better course of action to consider whether Defendants’ arguments are properly framed as a Reply.

“Reply briefs *reply* to arguments made in the response brief—they do not provide the moving party a new opportunity to present yet another issue for the court’s consideration.” *Gates Corp. v. Dorman Prod., Inc.*, No. 09-cv-02058-CMA-KLM, 2009 WL 4675099, at *2 (D. Colo. Dec. 7, 2009) (quoting *Novosteel SA v. United States*, 284 F.3d 1261, 1274 (Fed. Cir. 2002) (emphasis in the original)). “An exception [arises] when the new issue argued in the reply brief is offered in response to an argument raised in the [plaintiff’s] brief.” *In re Gold Res. Corp. Sec. Litig.*, 776 F.3d 1103, 1119 (10th Cir. 2015) (internal quotations omitted) (quoting *Beaudry v. Corr. Corp. of Am.*, 331 F.3d 1164, 1166 n. 3 (10th Cir. 2003)).

First, BSI asserts that Defendants argue for the first time in their Reply that BSI’s litigation misconduct makes this an exceptional case. [#147 at 4]. While it acknowledges that Defendants’ Motion for Fees articulates that the inquiry regarding an exceptional case concerns the substantive strength of a party’s litigating position *or* the reasonableness of the party’s litigation conduct, BSI contends that Defendants’ opening Motion for Fees is based solely on the alleged weaknesses in BSI’s legal arguments. [*Id.*]. Defendants respond that its Reply does not raise any new, improper arguments; rather, its Reply addresses the arguments raised in the Motion for Fees or responds to BSI’s arguments from its Opposition. [#150 at 2–3, 6–11]. Although Defendants did not expressly raise BSI’s litigation conduct in its affirmative Motion for Fees, BSI’s response nonetheless argues that its “pre-suit and litigation conduct has been reasonable and, quite-frankly, run-of-the-mill.” [#139 at 14]. BSI continues that, “[d]espite Defendants’ attempt to paint the picture otherwise,” the only misconduct Defendants identify is that BSI continued to assert its direct infringement claim despite Defendants’ belief that they would prevail on such a claim. [*Id.* at 15]. In arguing that its litigation conduct was “commonplace and routine,” BSI opened the door to Defendants’ arguments regarding litigation

conduct in its Reply.³ *See Borandi v. All. for Sustainable Energy, LLC*, No. 13-CV-02026-RM-MJW, 2015 WL 2208089, at *11 (D. Colo. May 8, 2015) (“Plaintiff goes beyond arguing that Defendant waived its argument that it is entitled to summary judgment on the wrongful discharge claim because he proffers that his claim meets the elements necessary to state a claim. Thus, Defendant is permitted to reply to this argument.”) (citing *In re Gold Res. Corp. Sec. Litig.*, 776 F.3d at 1119).

Next, BSI argues that Defendants’ Reply also improperly raises new arguments regarding what products were accused of infringement in this matter, and misinforms the court’s consideration of the substantive strength of BSI’s legal positions. BSI contends that Defendants, for the first time, inaccurately argue that the “Aerostim” and “Vestimumax,” prior iterations of the GyroStim at issue here, “were not accused products in this litigation.” [#147 at 7]. Defendants contend that this argument was also in response to arguments raised in BSI’s Opposition to the Motion for Fees. [#150 at 9]. Specifically, in its Opposition, BSI argued that there was evidence of the GyroStim’s direct infringement of the ‘062 Patent; however, in support of this assertion, BSI cited to evidence concerning the Aerostim and Vestimumax, not the GyroStim. [*Id.*; #139 at 9–11]. According to Defendants, its discussion of these two products, while not mentioned in their Motion for Fees, was in response to BSI’s arguments, not an attempt to raise new arguments on reply. [#150 at 9–10]. Again, this court respectfully agrees. In its Motion for Fees, Defendants argue extensively that BSI failed to adduce any evidence of direct infringement. [#137 at 9–12]. In response, BSI cites to evidence allegedly supporting its

³ BSI also takes issue with certain statements under a section of Defendants’ reply titled “BSI Has Not Had Litigation Success.” [#147 at bullet point 5]. However, BSI does not argue why these statements constitute new arguments and, nonetheless, this court concludes that these statements are in direct response to BSI’s arguments that it *has had* success in this litigation. *See* [#139 at 8–9].

belief that the GyroStim directly infringed the '062 Patent and directs the court to several exhibits.⁴ *See* [#139 at 9–11]. In reply, Defendants refute the probativeness of BSI's evidence, arguing, "BSI attempts to confuse the Court by including photographs of products that are not even accused in this case . . . the discontinued AeroStim or Vestimumax[.]" [#143 at 5]. Contrary to BSI's assertion, this court concludes that Defendants' discussion of the AeroStim and Vestimumax, while not expressly included in the Motion for Fees, is nevertheless a proper response to arguments raised by BSI in its Opposition to the Motion for Fees. *See Altamirano v. Chem. Safety & Hazard Investigation Bd.*, 41 F. Supp. 3d 982, 993 (D. Colo. 2014).

Lastly, BSI argues that Defendants' Reply improperly contains new facts related to its alleged fees. *See* [#147 at 9]. However, BSI concedes that, in doing so, Defendants were responding to BSI's argument that the Motion for Fees is procedurally deficient because it did not comply with the Federal Rules of Civil Procedure or this District's Local Rules of Civil Practice. [*Id.*]. Accordingly, the discussion as to the amount of fees raised in Defendants' Reply is not a new argument.

Based on the foregoing, this court concludes that Defendants' Reply does not raise new arguments, and the bulk of BSI's Motion to Strike responds to the arguments in Defendants' Reply. Consequently, this court **DENIES** the Motion to Strike.

II. The Motion for Fees

Defendants move for fees pursuant to 35 U.S.C. § 285 because this case is "exceptional." [#137]. Namely, BSI's direct infringement claim was frivolous, because it knew that Defendants did not make, use, sell and/or offer to sell the VNG goggles with the GyroStim and because BSI

⁴ BSI also seeks to strike certain statements in the reply that it did not produce evidence of direct infringement; however, BSI does not argue why this specific language should be stricken, but, nonetheless, this court concludes that this language supports Defendants' arguments raised in the Motion for Fees, and that it is a response to BSI's arguments in opposition to the Motion for Fees. *See* [#147 at 3 bullet point one].

failed to plead an indirect infringement claim until the eleventh hour. *See [id. at 9–5]*. In reply, Defendants reassert their contention that BSI’s direct infringement claim was frivolous and pursued in bad faith, and that BSI’s litigation conduct was unreasonable. [#143]. This court considers these arguments below.

A. Strength of BSI’s Litigation Position

First, Defendants argue that BSI knew that Defendants did not provide VNG goggles, the claimed “second-category data,” with the GyroStim, which is required for direct infringement of the ‘062 Patent. [#137 at 9]. Defendants contend that the GyroStim itself does not obtain “second-category data,” a fact BSI knew because it never alleged as much but, rather, identified the VNG goggles as satisfying this requirement. [*Id.*]. According to Defendants, VNG goggles were not provided along with the GyroStim and Micromedical (a non-party) manufactures the VNG goggles. Defendants contend that despite this knowledge as early as June 2012 (when it first purchased a GyroStim), BSI nonetheless asserted a direct infringement claim but not a contributory infringement or inducement claim. [*Id.* at 9–12]. By the time that BSI moved to amend its Complaint to assert a new theory of indirect infringement, it was one month prior to the May 30, 2016 discovery cut-off and four years after it should have understood that any direct infringement claim could not succeed. [*Id.* at 10–12 (discussing documents sent to BSI regarding its two purchases of a GyroStim, as well as discovery documents, all of which made no mention of included VNG goggles)].

Second, Defendants argue that, because BSI failed to plead an indirect infringement claim, its persistence in pursuing a direct infringement claim despite any evidence renders this an “exceptional” case. [*Id.* at 12]. In support, Defendants rely on *Bovino v. Levensger Company*, wherein the Honorable Raymond P. Moore held that Mr. Bovino’s direct infringement claim

“was baseless and factually unsupported from the beginning of the case,” and, thus, was “exceptional.” 2016 WL 1597501, at *4. Defendants argue that this case is analogous to *Bovino* because BSI knew that it could not support its direct infringement claim but nonetheless persevered. [#137 at 12–15].

BSI responds that its direct infringement claim was not frivolous or pursued in bad faith because the court ruled in favor of BSI in two separate rulings “addressing the merits” of its claims, *e.g.*, the court’s ruling on claim construction and Defendants’ invalidity defenses.⁵ [#139 at 8–9 (citing [#69; #103])]. Further, BSI argues that substantial evidence, including Defendants’ website and advertisements promoting the GyroStim, supported its contention that Defendants “used and provided VNG goggles with their GyroStim products[.]” [*Id.* at 9–10]. Moreover, it was not “until UltraThera’s 30(b)(6) deposition” that BSI learned that Defendants denied providing VNG goggles with the GyroStim based on Mr. Maher’s testimony. [*Id.* at 10–11]. BSI argues that Mr. Maher admitted that UltraThera specifically marketed the GyroStim with VNG goggles (or a functional equivalent) “included,” and, only removed such depictions after the inception of this action. [*Id.* at 4, 10]. BSI further asserts that Defendants failed to inform it that they did not include VNG goggles with the GyroStim through discovery responses or otherwise, and, upon learning that, BSI timely sought leave to amend its Complaint to include an indirect infringement claim.

In reply, Defendants reassert its arguments that BSI lacked any evidence of direct infringement, and argues that BSI had an obligation to investigate its direct infringement claim

⁵ BSI also opposes Defendants’ Motion for Fees on grounds that the motion is procedurally deficient under both the Federal Rules of Civil Procedure and this District’s Local Rules of Civil Practice governing motions for attorney’s fees because those Rules require a party to state the amount sought or a fair estimate. [#139 at 7–8]. A court may first determine the issue of liability before receiving submissions as to the value of those fees. *See Bovino*, 2016 WL 1597501, at *9. Because this court finds no liability for fees, any error on the part of Defendants is harmless.

prior to filing this suit. [#143 at 4–5]. Further, Defendants aver that BSI relies on evidence of non-accused products—the AeroStim and Vestimumax, and refutes BSI’s contention that it has had success in this litigation on its direct infringement claim. *See [id. at 5–6, 7–8]*. Again, Defendants argue that this case is analogous to *Bovino* and, therefore, is “exceptional.” [*Id.* at 7]. For the following reasons, the court respectfully concludes that this case is distinguishable from *Bovino*, and does not rise to the level of exceptional.

In *Bovino*, Mr. Bovino alleged that defendant Levenger Company (“Levenger”) directly and indirectly infringed United States Patent No. 6,977,809 (“the ‘809 Patent”). 2016 WL 1597501, at *1. Mr. Bovino alleged that the ‘809 Patent was “directed to a portable computer having an integral case;” however, his direct infringement claim alleged that Levenger infringed his patent by selling or manufacturing *only* portable computer cases. *Id.* at *4. Judge Moore concluded that “the fact that plaintiff only alleged that defendant’s sold personal computer cases indicates strongly that plaintiff was more than fully aware that its patent did not cover defendant’s products for purposes of direct patent infringement.” *Id.*

Here, Defendants argue that BSI is guilty of similar conduct. [#137 at 13; #143 at 7]. Defendants argue that BSI asserts its direct infringement claim against the GyroStim only, despite its belief that the GyroStim in combination with the VNG goggles actually infringed the ‘062 Patent and despite its knowledge that Defendants did not use or provide VNG goggles with the GyroStim. [#137 at 13–15; #143 at 7]. BSI counters that its Complaint properly alleged that Defendants’ GyroStim devices infringed “all the limitations of the asserted claims.” [#139 at 13]. BSI further distinguishes *Bovino* because in this case, unlike *Bovino*, Defendants’ counterclaims did not assert that they did not use or provide VNG goggles with the GyroStim, and Defendants only raised this issue late in discovery. [*Id.*].

Though Defendants argue that BSI knew almost a year prior to initiating this suit that Defendants did not use, make, sell, and/or offer to sell VNG goggles in combination with the GyroStim, the record before this court finds that there was, at least, a dispute of fact as to whether Defendants used or provided VNG goggles with its GyroStim. *See [id. at 9–11; #139-3; #139-4; #139-5; #139-6 at 87:19–88:22 (Mr. Maher testifying that in May 2013, after being contacted by BSI about infringement issues with the ‘062 Patent, UltraThera removed language regarding the use of VNG goggles from its website, but that this information was inaccurate nonetheless)].* Indeed, Defendants fail to point to any correspondence, or discovery response, or motion prior to March 2016, which expressly alerted BSI that VNG goggles were not sold or otherwise offered by them with the GyroStim and that a claim for direct infringement was, therefore, fatally flawed. “[F]or a case dismissed before trial to be designated exceptional, evidence of the frivolity of the claims must be reasonably clear without requiring a mini-trial on the merits for attorneys’ fees purposes.” *Trover Grp., Inc. v. Dedicated Micros USA*, No. 2:13-CV-1047-WCB, 2015 WL 4910875, at *3 (E.D. Tex. Aug. 17, 2015) (internal quotations and citations omitted). And, unlike *Bovino*, it is not readily apparent that BSI’s direct infringement claim “was baseless and factually unsupported from the beginning of this case.” 2016 WL 1597501, at *4; *cf. CreAgri, Inc. v. Pinnaclife, Inc.*, No. 11-CV-6635-LHK, 2014 WL 2508386, at *10 (N.D. Cal. June 3, 2014) (“[T]he Court notes that Pinnaclife’s contention that CreAgri’s infringement case was objectively baseless is undermined by the fact that CreAgri substantially prevailed at the claim construction phase”).

Also distinguishable from *Bovino* are the facts that BSI provided the court with an explanation for its dismissal of its claims, *i.e.*, settlement negotiations were unsuccessful and the expense of litigation became too great [#125-1 at 2], and that nothing suggests BSI is subject to

sanctions under Rule 11. 2016 WL 1597501, at *4–5. Ultimately, while Defendants argue that they would have won at either summary judgment or trial had the case proceeded, *see* [#143 at 5, 8], “from the record at bar [] the court can[not] say with any certainty that defendants not only would have succeeded on the merits, but that the strength of their arguments would have been exceptionally dispositive.” *Computer Software Prot., LLC v. Adobe Sys. Inc.*, No. CV 12-451-SLR, 2015 WL 1517402, at *2 (D. Del. Mar. 31, 2015) (footnote omitted); *cf. Bovino v. Amazon.com, Inc.*, No. 13-CV-02111-MSK-MJW, 2016 WL 943780, at *3 (D. Colo. Mar. 14, 2016) (concluding that, based on the record, “the Court cannot conclude that Mr. Bovino’s overbroad claims meaningfully magnified an otherwise colorable claim of indirect patent infringement, so as to transform an ordinary case into an exceptional one for which fee shifting is appropriate.”). Indeed, to the extent that BSI was permitted to bring a direct infringement claim, there is nothing before this court to establish unequivocally that BSI could not have prevailed on such a claim.

B. BSI’s Litigation Conduct

Though the Supreme Court clarified that a party’s litigation conduct need not be independently sanctionable to justify an award of fees under § 285, *Octane Fitness, LLC*, 134 S. Ct. at 1757, the United States Court of Appeals for the Federal Circuit (“Federal Circuit”) held that “district courts can turn to [] pre-*Octane Fitness* case law for guidance” when considering a party’s litigation misconduct. *SFA Sys., LLC v. Newegg Inc.*, 793 F.3d 1344, 1349 (Fed. Cir. 2015). “[M]any forms of misconduct can support a district court’s exceptional case finding, including . . . litigation misconduct; vexatious, unjustified, and otherwise bad faith litigation; a frivolous suit; or willful infringement.” *Pragmatus Telecom LLC v. Newegg Inc.*, No. CV 12-1533-RGA, 2016 WL 675529, at *2 (D. Del. Feb. 18, 2016) (internal quotations omitted)

(quoting *Monolithic Power Sys., Inc. v. O2 Micro Int'l Ltd.*, 726 F.3d 1359, 1366 (Fed. Cir. 2013)). For example, courts have held that a party's destruction of relevant documents, exploitation of the "high cost to defend complex litigation to extract nuisance value settlements," and misrepresentations to the court regarding the law of claim constructions and the constructions themselves, constitutes litigation misconduct. *See SFA Sys., LLC*, 793 F.3d at 1350 (citing cases).

In its response to the Motion for Fees, BSI argues that this case is not exceptional, because its litigation conduct was "reasonable and, quite frankly, run-of-the-mill." [#139 at 14]. BSI avers that Defendants take issue with its pre-litigation conduct, *e.g.*, legally acquiring the '062 Patent, legally threatening to enforce the patent, and legally initiating enforcement proceedings,⁶ but Defendants fail to demonstrate how BSI's litigation conduct was unreasonable. [*Id.* at 15]. Rather, Defendants maintain that BSI's misconduct was pursuit of its direct infringement claim even though Defendants believed they would prevail on the merits. [*Id.*].

Defendants counter that BSI's conduct "was anything but reasonable and run-of-the-mill." [#143 at 8]. First, BSI engaged in an "ongoing campaign to keep information from UltraThera" when it failed to respond to Defendants' discovery, requiring a motion to compel. [*Id.*]. Next, BSI refused to come to Colorado for its Rule 30(b)(6), which also required the court's intervention, and, once its Rule 30(b)(6) deponents arrived in Colorado, both were unprepared. [*Id.* at 8–9]. And, most importantly, BSI pursued a "futile infringement claim[.]" [*Id.* at 9].

⁶ BSI characterizes this behavior as "commonplace and routine," because companies "routinely purchase patents to give themselves leverage in the market in which they operate . . . Enforcing these patents against others via 'threats' of litigation is the norm and precedes nearly every patent lawsuit." [#139 at 15].

While true that the Parties had discovery disputes, this court respectfully concludes that these disputes do not establish that BSI's litigation conduct was unreasonable. First, Magistrate Judge Boland granted in part and denied in part, including Defendants' request for fees, Defendants' motion to compel, concluding that BSI was justified in refusing to respond to several requests for production and interrogatories. *See* [#70; #71]. Next, upon the case's reassignment, the undersigned Magistrate Judge held only two discovery dispute conferences regarding Defendants' depositions of BSI's Rule 30(b)(6) deponents. *See* [#115; #117]. Accordingly, this court cannot conclude that these incidents demonstrate that BSI's litigation conduct was unreasonable. *See Cabot Corp. v. Sol. Tech., Inc.*, 122 F. Supp. 2d 599, 647–49 (W.D.N.C. 2000) (holding that the defendant's litigation conduct was not so in excess of the normal give and take of discovery in patent litigation to render the case exceptional when there was no evidence that defendant prolonged the process for obtaining relevant information, despite discovery being prolonged, expensive, and contested by both parties); *cf. Realtek Semiconductor Corp. v. Marvell Semiconductor, Inc.*, No. C-04-4265 MMC, 2005 WL 3634617, at *7 (N.D. Cal. Nov. 21, 2005) (holding that the plaintiff's failure to comply with its discovery obligations, including its failure to respond to interrogatories without explanation until ordered to do so and its demands for additional depositions that it then refused to cooperate in scheduling, rendered the case "exceptional"). Indeed, while this court, in its discretion, required Plaintiff's Rule 30(b)(6) deponents to appear in Colorado for their depositions, there is case law from this District that "the deposing party should be required to take the deposition at a location in the vicinity in which the deponent resides, even if the deponent is a party." *Delorey v. P&B Transp. Inc.*, No. 07-CV-01916-WYD-KMT, 2008 WL 2751342, at *1 (D. Colo. July 11, 2008).

Similarly, this court concludes that BSI's pursuit of its direct infringement claim does not constitute litigation misconduct. As discussed *supra*, despite Defendants' assertions that they would have prevailed on the merits of BSI's direct infringement claim, this court cannot conclude that Defendants provided BSI with clear and unequivocal information that it did not sell or provide VNG goggles with the GyroStim until the Rule 30(b)(6) deposition in March 2016. In addition, BSI moved to amend its operative pleading to include indirect infringement soon after the deposition. [#104]. Finally, the Parties jointly moved the court to extend deadlines to accommodate settlement discussions, and when those were unfruitful, BSI moved to voluntarily dismiss the case [#125]. Accordingly, this court concludes that Defendants have failed to establish "some material inappropriate conduct related to the matter in litigation, such as . . . vexatious or unjustified litigation," *see Medtronic Navigation, Inc. v. BrainLAB Medizinische Computersystems GmbH*, No. CIV 98CV-01072-RPM, 2008 WL 410413, at *5 (D. Colo. Feb. 12, 2008), and this court hereby **DENIES** the Motion for Fees.

CONCLUSION

For the reasons stated herein, **IT IS ORDERED** that:

- (1) Defendants UltraThera Technologies, Inc. and Kevin Maher Redacted Motion for Attorney Fees Pursuant to 35 U.S.C. § 285 [#137] is **DENIED**; and
- (2) Plaintiff Brain Synergy Institute, LLC's Motion to Strike Portions of Defendants' Reply in Support of Motion for Attorney Fees Pursuant to 35 U.S.C. § 285 [#147] is **DENIED**.

DATED: April 25, 2017

BY THE COURT:

s/Nina Y. Wang
Nina Y. Wang
United States Magistrate Judge