

1 in securing the patent, sanctions may be imposed against
2 the patentee only if both (1) the litigation is brought
3 in subjective bad faith, and (2) the litigation is
4 objectively baseless.

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6 There is presumption that the assertion of
7 infringement of a duly granted patent is made in good
8 faith.... Thus, the underlying improper conduct and the
9 characterization of the case as exceptional must be
10 established by clear and convincing evidence.... Even for
11 an exceptional case, the decision to award attorney fees
12 and the amount thereof are within the district court's
13 sound discretion.

14 Brooks Furniture Manufacturing, Inc. v. Dutailier

15 International, Inc., 393 F.3d 1378, 1381-2 (Fed. Cir. 2005)

16 (citations omitted).

17 Defendant's arguments generally boil down to the
18 assertion that since plaintiff or his counsel should have
19 realized the patent would be declared invalid this lawsuit
20 should not have been filed. While the Court ruled that the
21 patent was invalid, the issue required substantial briefing
22 and analysis such that the Court finds that the litigation was
23 not objectively baseless. Nor does the Court find that
24 plaintiff engaged in material inappropriate conduct related to
25 the litigation. In fact, plaintiff cooperated with defendant
26 in agreeing at the case management conference to permit the
27 invalidity issue to be resolved by an early motion for summary
28 judgment.

Adobe makes much of claimed inadequacies by plaintiff in
providing discovery. Yet, Adobe never filed a discovery
motion or sought Rule 37 sanctions. Had plaintiff been found
to have not made timely discovery, a Rule 37 sanction, not a
\$400,000 fee award, might have been appropriate. Even had the
claimed discovery, such as the 1996 TRLD demonstration, been

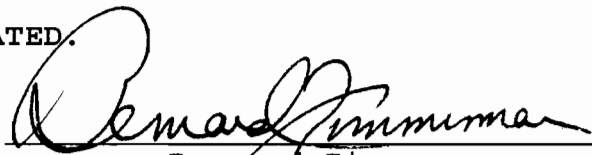
1 provided earlier, the Court would still have had to resolve
2 the anticipation issue.

3 Plaintiff's principal and the inventor of the patent in
4 dispute, David Middlebrook, submitted deposition testimony in
5 opposition to the motion for summary judgment. Given the
6 personal circumstances that led him to invent the methods for
7 processing text which are the subject of the '809 patent, the
8 Court is satisfied that Mr. Middlebrook genuinely believes
9 that he is the aggrieved party.

10 On this record, the Court finds that Adobe has not met
11 its high burden of showing by clear and convincing evidence
12 that the lawsuit was brought or prosecuted in bad faith or
13 that it was objectively baseless. See Media Queue, LLC v
14 Netflix, Inc. C9-1027, Doc. 226, (N.D.Cal. 2010). For the
15 same reasons that the Court believes fees are not warranted
16 under § 285, the Court is not prepared to impose sanctions
17 under its inherent authority to control litigation abuse.

18 **IT IS THEREFORE ORDERED** that defendant's motion for attorney's
19 fees and costs is **DENIED**. **IT IS FURTHER ORDERED** that
20 Defendant's motion to seal (Doc. No. 70) is **DENIED**. Defendant
21 has cited no authority which states that billing records are
22 generally confidential and sealable. Such records are
23 commonly analyzed in published opinions when courts determine
24 an award of attorney's fees. The hearing scheduled for
25 **August 4, 2010 is VACATED.**

26 Dated: July 27, 2010


Bernard Zimmerman
United States Magistrate Judge