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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

GEOTAG, INC.,
Plaintiff,
v.
ZOOSK, INC.,
Defendant.

No. C-13-0217 EMC

**ORDER DENYING DEFENDANT’S
MOTION TO REQUIRE AN
UNDERTAKING**

(Docket No. 183)

I. INTRODUCTION

Before the Court is Defendant and Counterclaimant Zoosk Inc.’s (“Zoosk”) motion to require an undertaking by GeoTag, Inc. (“GeoTag”) under California Civil Code section 1030 as a condition to GeoTag proceeding with this action. The Court finds this matter suitable for disposition without a hearing and thus **VACATES** the hearing on the motion set for February 27, 2014. The Court hereby **DENIES** the motion to require an undertaking.

II. FACTUAL AND PROCEDURAL BACKGROUND

GeoTag alleges that it is the owner, by assignment, of United States Patent No. 5,930,474 (the “474 Patent”), which is entitled “Internet Organizer for Accessing Geographically and Topically Based Information.” Complaint ¶ 5 (Dkt. No. 1). As alleged, this patent covers “systems and methods which comprise associating on-line information with geographical areas” such as a website being configured to “provide a geographical search area wherein at least one entry associated with a broader geographical area is dynamically replicated into at least one narrower geographical area.” *Id.* ¶ 6. GeoTag alleges that Zoosk, an online dating website, has infringed this patent on the member and/or profile search on the zoosk.com website. *Id.* ¶ 7. GeoTag is currently

1 involved in numerous patent actions relating to similar infringement claims relating to the '474
2 patent. For example, GeoTag, Inc. is currently proceeding against over 100 defendants in *GeoTag,*
3 *Inc. v. Frontier Communications Corp., et al.*, No. 2:10-cv-00265-JRG (E.D. Tex. July 23, 2010).

4 Zoosk has filed the instant motion, seeking to have this Court order GeoTag to post an
5 undertaking in the amount of \$750,000 to cover the costs and fees it expects to incur in this action.
6 Dkt. No. 183, at 5. Zoosk argues that it has shown a “reasonable possibility of success” in
7 defending against GeoTag’s action and that GeoTag will likely be insolvent at the time the instant
8 case is resolved – particularly in light of the fact that the defendants in the Eastern District of Texas
9 actions have filed several case-dispositive motions based on non-infringement and invalidity
10 defenses. Defendants have opposed this motion.

11 III. DISCUSSION

12 The Ninth Circuit has addressed the framework for the relief sought herein:

13 There is no specific provision in the Federal Rules of Civil Procedure
14 relating to security for costs. However, the federal district courts have
15 inherent power to require plaintiffs to post security for costs.
16 “Typically federal courts, either by rule or by case-to-case
determination, follow the forum state’s practice with regard to security
for costs, as they did prior to the federal rules; this is especially
common when a non-resident party is involved.”

17 *Simulnet E. Assocs. v. Ramada Hotel Operating Co.*, 37 F.3d 573, 574 (9th Cir. 1994) (quoting 10
18 Wright, Miller & Kane, *Federal Practice and Procedure: Civil 2nd* § 2671). Under California
19 Code of Civil Procedure section 1030, “[w]hen the plaintiff in an action . . . resides out of the state,
20 or is a foreign corporation, the defendant may at any time apply to the court by noticed motion for an
21 order requiring the plaintiff to file an undertaking to secure an award of costs and attorney’s fees
22 which may be awarded in the action . . .” Cal. Code Civ. Pro. § 1030(a). The statute requires the
23 defendant to show that there is a “reasonable possibility that the moving defendant will obtain
24 judgment in the action or special proceeding.” *Id.* § 1030(b).

25 “The purpose of the statute is to enable a California resident sued by an out-of-state resident
26 ‘to secure costs in light of the difficulty of enforcing a judgment for costs against a person who is
27 not within the court’s jurisdiction.’” *Alshafie v. Lallande*, 171 Cal. App. 4th 421, 428 (2009)
28 (quoting *Yao v. Superior Court*, 104 Cal. App. 4th 327, 331 (2002)). It further serves the purpose of

1 preventing “out-of-state residents from filing frivolous lawsuits against California residents.” *Id.* In
2 determining whether to order the posting of a bond, courts consider ““(I) the degree of
3 probability/improbability of success on the merits, and the background and purpose of the suit; (ii)
4 the reasonable extent of the security to be posted, if any, viewed from the defendant’s perspective;
5 and (iii) the reasonable extent of the security to be posted, if any, viewed from the nondomiciliary
6 plaintiff’s perspective.” *Simulnet E. Assocs. v. Ramada Hotel Operating Co.*, 37 F.3d 573, 573 (9th
7 Cir. 1994) (citations omitted); *see also Gabriel Technologies Corporation v. Qualcomm*
8 *Incorporated*, No. 08 CV 1992 MMA (POR), 2010 WL 3718848 (S.D. Cal. Sept. 20, 2010).

9 A. GeoTag Will Not Be Required to Post an Undertaking to Cover Zoosk’s Attorneys’ Fees

10 The Court must first decide what, precisely, the standard Zoosk must meet. Zoosk argues
11 that they need only show a “reasonable possibility” of success on the merits of the underlying
12 dispute. By contrast, GeoTag argues that Zoosk must show that they have a “reasonable possibility”
13 of prevailing on the issue of obtaining attorneys fees. Dkt. No. 190, at 8. This distinction is critical,
14 because under in patent infringement cases, a prevailing party is entitled to reasonable attorney fees
15 in “exceptional cases.” 35 U.S.C. § 285; *see also MMJK, Inc. v. Ultimate Blackjack Tour LLC*, No.
16 C07-3236 BZ, 2007 WL 3342562, at *1 (N.D. Cal. Nov. 7, 2007) (“[I]n patent disputes fees are only
17 awarded in exceptional cases at the court’s discretion.”). The Federal Circuit has “repeatedly
18 identified as ‘exceptional’ those cases involving ‘inequitable conduct before the [Patent Office];
19 litigation misconduct; vexatious, unjustified, and otherwise bad faith litigation; a frivolous suit or
20 willful infringement.’” *Forest Labs., Inc. v. Abbott Labs.*, 339 F.3d 1324, 1329 (Fed. Cir. 2003)
21 (quoting *Brasseler, U.S.A. I., L.P. v. Stryker Sales Corp.*, 267 F.3d 1370, 1380 (Fed. Cir. 2001)).

22 GeoTag relies on two district court orders in support of its argument that Zoosk must show
23 that it is “reasonably possible” that they would be able to demonstrate that this action is
24 “exceptional” for purposes of 35 U.S.C. § 285. First, in *Gabriel Technologies*, the district court
25 granted in part and denied in part the defendants’ motion for a bond under § 1030. While the district
26 court in that case found that the defendants satisfied the § 1030 standard by showing that they had a
27 “reasonable possibility of defeating Plaintiffs’ claims,” the court went on to recognize that
28 “[a]ttorney fee awards, however, are the exception in patent cases, not the rule.” *Gabriel*

1 *Technologies*, 2010 WL 3718848, at *13. Because the court found a “strong likelihood” that the
2 defendants “will ultimately prove [the] case [was] exceptional,” the court included the amount of
3 defendants’ attorney’s fees in the bond. *Id.* at *14. Ultimately, *Gabriel* is of questionable support to
4 GeoTag’s position. Not only did the court find that the defendants had met the section 1030
5 standard by merely showing a reasonable possibility of defeating the plaintiffs’ claim, it also
6 recognized that the plaintiffs had cited no case which “require” a defendant to demonstrate
7 “frivolousness as a prerequisite to a cost bond.” *Id.* at *5 n.5.

8 GeoTag’s second cited case – *Pittman v. Avish Partnership*, No. CV 10-1390-JST (Opx),
9 2011 WL 9160942 (C.D. Cal. June 2, 2011) – provides more support to GeoTag’s position. In that
10 case, defendants sought to require a plaintiff asserting a claim under the Americans with Disabilities
11 Act to file a security bond pursuant to section 1030. After stating the general standard under section
12 1030, the court stated:

13 The Court has the discretion to award attorney’s fees and costs to the
14 prevailing party on Plaintiff’s ADA claim. However, “[a]ttorney’s
15 fees under § 12205 should be awarded to a prevailing defendant only
16 if the plaintiff’s action was frivolous, unreasonable, or without
17 foundation.” The Court can award attorney’s fees under the Unruh
18 Act to plaintiffs, but not defendants. Thus, to warrant a security bond
19 for costs and attorney’s fees in this instance, *Defendant must show that
20 Plaintiff is foreign, and that there is reasonable possibility both that
21 Defendant will obtain judgment and that Plaintiffs claims are
22 frivolous, unreasonable, or without foundation.*

19 *Id.* at *2 (citations omitted) (emphasis added). The court ultimately ordered the posting of a security
20 bond, finding that defendant showed a “reasonable possibility that Plaintiff’s claims are frivolous.”

21 *Id.* at *3. The Ninth Circuit affirmed the district court’s holding on this point, finding that the
22 “district court properly concluded that it could require a security bond for costs and attorney’s fees
23 only if Defendants could show a reasonable possibility that they would prevail on the merits *and*
24 *that Plaintiff’s ADA claim was frivolous.*” *Pittman ex rel. L.P. v. Avish Partnership*, 525 F. App’x
25 591, 593 (9th Cir. 2013) (emphasis added). In support of this assertion, the Ninth Circuit cited its
26 prior opinion in *Brown v. Lucky Stores, Inc.*, 246 F.3d 1182 (9th Cir. 2001), where it held that fees
27 and costs may only be awarded under the ADA only if the claim was frivolous, unreasonable, or
28 without foundation. *Brown*, 246 F.3 at 1190.

1 While unpublished and thus not-binding on this Court, the Ninth Circuit’s order in
2 *Pittman* may be used as persuasive authority and “indicate[s] how the Ninth Circuit applies binding
3 authority.” *Nogales v. Beard*, No. 11cv2146-BTM(BLM), 2013 WL 6419259, at *9 n.2 (S.D. Cal.
4 Dec. 9, 2013). The Court agrees with the district court’s analysis, and concludes that Zoosk must
5 show a “reasonable possibility” that this case is “exceptional,” such that if it were to prevail, it
6 would be entitled to attorneys fees.

7 The Court finds that Zoosk has not met this standard. Zoosk is correct that the “reasonable
8 possibility” standard is relatively low. *See AF Holdings LLC v. Navasca*, No. C12-2396 EMC, 2013
9 WL 450383, at *1 (N.D. Cal. Feb. 5, 2013); *see also Baltayan v. Estate of Getemyan*, 90 Cal. App.
10 4th 1427, 1432 (2001) (noting that a defendant is “not required to show that there [is] no possibility
11 that [the plaintiff] could win at trial, but only that it [is] reasonably possible that [the defendant will]
12 win”). However, the “exceptional” case standard under § 285 is not. *See, e.g., Knorr-Bremse*
13 *Systeme Fuer Nutzfahzeuge GmbH v. Dana Corp.*, 372 F. Supp. 2d 833, 851 (E.D. Va. 2005)
14 (“Congress in choosing to limit district court authority to award attorney’s fees to ‘exceptional’
15 cases has made clear that this should occur only in rare or extraordinary cases.”). Attorney fees are
16 appropriate only where a prevailing party has shown by “clear and convincing evidence that a case
17 is exceptional.” *Avocet Sports Tech. Inc. v. Polar Electro Inc.*, No. C12-2234 EDL, 2013 WL
18 4067823, at *1 (N.D. Cal. Aug. 1, 2013).

19 Here, Zoosk only points to three facts in support of its argument (raised for the first time in
20 its reply brief): First, that GeoTag is a serial litigant asserting infringement of the ‘474 patent against
21 approximately 300 defendants, second, that they have asserted a construction that has been rejected
22 by a district judge in the Eastern District of Texas, and third, that GeoTag has licensed the ‘474
23 patent to multiple companies. (Dkt. No. 193, at 11-14). However, that GeoTag may be a serial
24 litigant does not mean (or even imply) that its claims are inherently brought in bad faith or without
25 merit. *See, e.g., Digitech Image Techs., LLC v. Newegg, Inc.*, No. 8:12-cv-01688-ODW (MRWx),
26 2013 WL 5604283, at *5 (C.D. Cal. Oct. 11, 2013) (“The Court is not persuaded by Newegg’s rote
27 attempt to shift the burden of paying legal fees by hurling Digitech into the crusade against ‘Patent
28 Trolls.’ A party seeking protection of constitutionally granted patent rights is not automatically the

1 villain simply because it brings infringement allegations against multiple defendants.”). Zoosk’s
2 remaining assertions similarly fail to establish even a “reasonable possibility” that this Court would
3 find that GeoTag has engaged in malfeasance.

4 Accordingly, Zoosk’s motion to require an undertaking is **DENIED** to the extent it seeks to
5 require GeoTag to post a bond to cover Zoosk’s reasonable attorney’s fees. This order is without
6 prejudice to Zoosk bringing a properly supported motion for attorney’s fees under § 285 should it
7 ultimately prevail.

8 B. Zoosk Has Failed to Establish a Reasonable Amount of the Bond to Cover Only Its Costs

9 Unlike attorney’s fees under § 285, an award of costs to a prevailing party does not require a
10 showing that the case is “exceptional” or that the opposing party engaged in bad faith. *See* Fed. R.
11 Civ. P. 54(d)(1) (“Unless a federal statute, these rules, or a court order provides otherwise, costs –
12 other than attorney’s fees – should be allowed to the prevailing party.”); *see also eBay Inc. v. Kelora*
13 *Sys., LLC*, No. C10-4947CW (LB), 2013 WL 1402736 (N.D. Cal. Apr. 5, 2013) (awarding costs to
14 the prevailing party in a patent infringement action). Here, the Court finds that the motion papers
15 demonstrate that Zoosk has demonstrated a sufficient “possibility” to satisfy section 1030’s
16 relatively low standard.

17 However, the Court will not grant Zoosk’s motion as it has wholly failed to provide any basis
18 for this Court to determine a reasonable bond amount to cover costs. As discussed, courts deciding
19 whether to order a bond should consider the “reasonable extent of the security to be posted” from
20 both the plaintiff’s and defendant’s perspective. *Simulnet*, 37 F.3d at 576. Zoosk’s rough
21 estimation, with absolutely no itemization, is inadequate. By contrast, in *Gabriel Technologies*, the
22 defendant provided the district court with an itemized chart of anticipated costs, which permitted the
23 court to determine the reasonableness of each claimed cost as well as the total amount. *Gabriel*
24 *Technologies*, 2010 WL 3718848, at *10-13. Similarly, in the *AF Holdings* case, defendant
25 provided this Court with a declaration and exhibits supporting the claimed attorneys fees and costs.
26 *See AF Holdings v. Navasca*, No. C12-3296 EMC, Dkt. Nos. 22, 32-1).

27 Zoosk argues in its reply brief, however, that the Court should simply look to *Gabriel*
28 *Technologies* and conclude that approximately 20% of its requested \$750,000 bond (\$150,000) is

