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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

GAMEVICE, INC.,
Plaintiff,
v.
NINTENDO CO., LTD., et al.,
Defendants.

Case No. [18-cv-01942-RS](#)

**ORDER DENYING MOTION FOR
RULE 11 SANCTIONS**

I. Introduction

In this patent infringement lawsuit, Plaintiff Gamevice, Inc. (“Gamevice”) avers that Defendants Nintendo Co., Ltd. and Nintendo of America, Inc. (collectively “Nintendo”) infringed three of its patents. Nintendo brings a motion for sanctions pursuant to Federal Rule of Civil Procedure 11 after Gamevice’s filing of an Amended Complaint, arguing that Gamevice’s claims are frivolous following Gamevice’s loss in proceedings concerning the same patents before the United States International Trade Commission (“ITC”). As explained below, imposing sanctions at this stage in the litigation requires the Court prematurely to assess the merits of this case. The motion for sanctions is therefore denied without prejudice. Pursuant to Civil Local Rule 7-1(b), this motion is suitable for decision without oral argument and the hearing scheduled for May 26, 2022 is vacated.

II. Factual and Procedural Background

Gamevice is a designer and manufacturer of attachable handheld controllers for use with

1 mobile phones and tablets. Nintendo similarly develops gaming technology, including video game
2 controllers and consoles. In March 2018, Gamevice sued Nintendo for alleged infringement of two
3 of Gamevice’s patents, U.S. Patent Nos. 9,808,713 (the “713 patent”) and 9,855,498 (the “498
4 patent”).¹ On June 15, 2018, the Court granted the parties’ joint stipulation to stay the claims
5 pending the resolution of proceedings filed by Gamevice in the ITC concerning those same
6 patents.

7 Gamevice filed its first ITC complaint in March 2018, alleging that Nintendo infringed
8 claims of the ‘798 and ‘498 patents, the same patents at issue in this case.² Following claim-
9 construction briefing and hearing, the ALJ rejected many of Gamevice’s proposed constructions
10 and entered a Summary Determination of Non-Infringement and an Initial Determination of No
11 Violation. Gamevice appealed the ALJ’s constructions to the full Commission and the Federal
12 Circuit, and lost at both levels.³ Gamevice initiated a second ITC action, alleging that Nintendo
13 infringed claims of U.S. Patent No. 10,391,393 (the “393 patent”), which was issued after the
14 initiation of the litigation before this Court and the ITC.⁴ The ALJ issued an Initial Determination
15 finding no infringement and the Commission summarily adopted the ALJ’s Initial Determination
16 as its Final Determination. Gamevice appealed the Final Determination to the Federal Circuit but
17 dismissed its appeal before briefing began.

18 Following resolution of the proceedings before the ITC and the Federal Circuit, this Court
19 dissolved the stay. On March 3, 2022, the Court granted Gamevice’s motion to amend its
20 complaint to add infringement allegations based on the ’393 patent. Nintendo did not oppose the

21 ¹ Nintendo counterclaimed, alleging Gamevice infringed three of its own patents, and the parties
22 jointly dismissed Nintendo’s counterclaims on September 2, 2020.

23 ² *In the Matter of Certain Portable Gaming Console Systems with Attachable Handheld Controllers*
24 *and Components Thereof*, Inv. No. 337-TA-1111, referred to by the parties as the “1111
25 Investigation.”

26 ³ The Federal Circuit entered a Rule 36 summary affirmance of the Commissions’s constructions,
27 and did not address Gamevice’s arguments before the court.

28 ⁴ *In the Matter of Certain Portable Gaming Console Systems with Attachable Handheld Controllers*
and Components Thereof II, Inv. No. 337-TA-1197, referred to by the parties as the “1197
Investigation.”

1 motion to amend given the liberal policy allowing amendments, but indicated it would move for
2 sanctions based on Gamevice’s continued pursuit of its infringement claims in this forum despite
3 prior losses before the ITC and Federal Circuit. On March 30, 2022, Nintendo filed this motion for
4 Rule 11 sanctions.

5 **III. Legal Standard**

6 Federal Rule of Civil Procedure 11 requires that before an attorney files a pleading,
7 motion, or other submission, the attorney must certify that “the claims, defenses, and other legal
8 contentions are warranted by existing law or by a nonfrivolous argument for extending,
9 modifying, or reversing existing law or for establishing new law[.]” Fed. R. Civ. P. 11(b)(2).
10 Further, the attorney must certify “the factual contentions have evidentiary support or, if
11 specifically so identified, will likely have evidentiary support after a reasonable opportunity for
12 further investigation or discovery[.]” Fed. R. Civ. P. 11(b)(3). These certifications must be made
13 “to the best of the [attorney]’s knowledge, information, and belief, formed after an inquiry
14 reasonable under the circumstances[.]” Fed. R. Civ. P. 11(b). If a “court determines that Rule
15 11(b) has been violated, the court may impose an appropriate sanction on any attorney, law firm,
16 or party that violated the rule or is responsible for the violation.” Fed. R. Civ. P. 11(c)(1).

17 When evaluating whether to impose Rule 11 sanctions in a patent case, courts apply the
18 law of the circuit in which the district court is located. *See Raylon, LLC v. Complus Data*
19 *Innovations, Inc.*, 700 F.3d 1361, 1367 (Fed. Cir. 2012). In the Ninth Circuit, “sanctions must be
20 imposed on the signer of a paper if either a) the paper is filed for an improper purpose, or b) the
21 paper is ‘frivolous.’” *Townsend v. Holman Consulting Corp.*, 929 F.2d 1358, 1362 (9th Cir. 1990)
22 (citation omitted). A filing is frivolous if it “is both baseless and made without a reasonable and
23 competent inquiry.” *Id.* The Federal Circuit has “interpreted Rule 11 to require, at a minimum, that
24 an attorney interpret the asserted patent claims and compare the accused device with those claims
25 before filing a claim alleging infringement.” *Q-Pharma, Inc. v. Andrew Jergens Co.*, 360 F.3d
26 1295, 1300-01 (Fed. Cir. 2004). Further, the Federal Circuit has stated in the context of motions
27 for attorneys’ fees under 35 U.S.C. § 285 “that a party cannot assert baseless infringement claims
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1 and must continually assess the soundness of pending infringement claims, especially after an
2 adverse claim construction.” *Taurus IP, LLC v. DaimlerChrysler Corp.*, 726 F.3d 1306, 1328
3 (Fed. Cir. 2013).

4 **IV. Discussion**

5 Nintendo argues that Gamevice “is pursuing the same infringement theory before this
6 Court that the ITC has rejected twice” and “pursu[ing] claims in a district court after the same
7 claims have been demonstrated to be meritless in the ITC is sanctionable.” Motion for Rule 11
8 Sanctions, p.19. Although ITC decisions and the Federal Circuit’s decisions in appeals from ITC
9 decisions do not have preclusive effect on district courts, the Federal Circuit has stated that
10 “[d]istrict courts are not free to ignore holdings of this court that bear on cases before them.”
11 *Texas Instruments Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996).

12 Gamevice correctly notes that because a party is not precluded from relitigating issues that
13 arose in ITC proceedings in a district court, the fact of relitigation is not enough to impose
14 sanctions. Nintendo argues that Gamevice does not have “an objectively reasonable basis for
15 proceeding despite objective evidence . . . that Gamevice’s theories are wrong both in law and in
16 fact.” Motion for Rule 11 Sanctions, p.2. Gamevice counters that it has a reasonable belief that
17 litigation in this Court will have a different result than the ITC proceedings because it believes this
18 Court will construe several claim terms differently than the ITC.

19 Nintendo repeatedly discusses *Linex Technologies v. Hewlett-Packard*, No. C-13-159 CW,
20 2014 WL 4616847 (N.D. Cal. Sept. 15, 2014), in which another court in this district imposed
21 attorneys’ fees against the same law firm which now represents Gamevice for pursuing patent
22 infringement claims despite prior unsuccessful proceedings before the ITC. As Gamevice correctly
23 notes, attorneys’ fees in *Linex* were imposed after the Court entered judgment for the Defendant
24 on all claims. The difference in timing between this case and *Linex* is critical. Granting sanctions
25 at this stage essentially requires the Court to evaluate the merits of the case prior to briefing and
26 argument on claim construction. *Cf In re Protegrity Corp.*, No. 3:15-MD-02600-JD, 2017 WL
27 747329, at *3 (N.D. Cal. Feb. 27, 2017) (in denying attorney’s fees under 35 U.S.C. § 285, stating

1 that “[e]vidence of the frivolity of the claims must be reasonably clear without requiring a ‘mini-
2 trial’ on the merits for attorneys’ fees purposes” (internal quotation marks and citation omitted)).
3 Such an inquiry is not an efficient use of the Court’s resources, and risks prematurely determining
4 an outcome in the case.

5 To be clear, that Gamevice has lost these same infringement claims before the ITC
6 foreshadows that it will likely have a difficult path in succeeding on its claims. At this stage,
7 however, Rule 11 sanctions are not warranted. The motion for Rule 11 sanctions is therefore
8 denied without prejudice. Should developments in the case make clear that such sanctions are
9 indeed warranted without requiring the Court prematurely to delve into the merits, Nintendo may
10 again move for sanctions.

11 **V. Conclusion**

12 For all the foregoing reasons, Nintendo’s motion for Rule 11 sanctions is denied without
13 prejudice.

14 **IT IS SO ORDERED.**

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16 Dated: May 18, 2022

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18 RICHARD SEEBORG
19 Chief United States District Judge

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