

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

ERICH SPECHT, an individual and doing business)	
as ANDROID DATA CORPORATION, and THE)	
ANDROID'S DUNGEON INCORPORATED,)	
)	
Plaintiffs/Counter-Defendants,)	
v.)	Civil Action No. 09-cv-2572
)	
GOOGLE INC.,)	Judge Harry D. Leinenweber
)	
Defendant/Counter-Plaintiff.)	

**PLAINTIFFS RESPONSE IN OPPOSITION TO
GOOGLE'S MOTION FOR ATTORNEYS' FEES**

Plaintiffs Erich Specht, an individual and doing business as Android Data Corporation and The Android's Dungeon Incorporated (collectively, "Specht"), by and through their attorney, and for their objection to Google's Motion for Attorney Fees state the following:

I. INTRODUCTION

Google improperly filed a joint motion for attorney fees against Specht under the Lanham Act 15 U.S.C. § 1117(a) with a motion for sanctions against Specht, Specht's current counsel, Martin Murphy, and past counsel, Novack and Macey LLP, under 28 U.S.C. § 1927. Separate motions to strike Google's motions for attorneys' fees and sanctions have been filed. The Court, preferring to rule on all related post trial motions at one time, directed the parties to file their respective responses and replies to the various motions by June 9, 2011. This is only Specht's response to Google's motion for attorney fees under the Lanham Act 15 U.S.C. § 1117(a). A response to Google's motion for sanctions has or will be addressed in other filings.

Specht, through his corporations, is the registered owner of the ANDROID DATA trademark, Registration Number 2,639,556 (“the ’556 Registration”) for: “Computer e-commerce software to allow users to perform electronic business transactions via a global computer network, in class 9 (U.S. CLS. 21, 23, 26, 36 and 38). No claim is made to the exclusive right to use “data,” apart from the mark as shown.”

Google sought to usurp Specht’s ’556 Registration by attempting to register the ANDROID mark for: “hardware; software”, in class 9. In other words Google wanted to reserve for itself the exclusive use of the word ANDROID as it related to all computer hardware and software. Google’s attempts were denied twice by the United States Patent and Trademark Office (“PTO”) citing a likelihood of confusion with Specht’s ANDROID DATA mark. The PTO specifically found that: “with the contemporaneous use of highly similar marks that share the dominant term ANDROID, consumers are likely to conclude that the goods are related and originate from a single source.”

Once Google made its intentions known and the PTO, citing Specht’s mark, denied Google, Specht had no choice but to defend his business, his goodwill and his mark. Specht was not using this litigation as a sword, he was defending his mark. Google did not merely use the ANDROID mark in commerce, it claimed exclusive ownership to the exclusion of Specht. Google intentionally chose the forum where any dispute would have to be resolved. Google could have used the mark without claiming exclusivity, contacted Specht to work out an agreement, filed a cancellation proceeding at the PTO, which is a relatively inexpensive proposition, or let the matter be litigated in Court. Google chose the last option. Not only did it choose this option, it viewed and documented its risk as low to medium. Google intentionally chose the most expensive forum and then mounted an oppressive defense in an attempt to prevent Specht from

protecting his mark. By filing its application with knowledge of Specht's mark, Google was attempting to usurp Specht's registration and placed Specht in a position of having to defend his registration or risk losing his mark and its associated goodwill. Once the PTO issued its decision in favor of Specht, and refused to register Google's mark, there was no relief from Google's unauthorized use which Specht could seek at the PTO. It also seemed likely that any attempts to contact Google directly would be met without any success. Thus, Specht's only recourse to defend his mark and goodwill would have to be through litigation.

Accordingly, Specht had no choice but to file a complaint for trademark infringement or let Google usurp his rights.

II. PROCEDURAL HISTORY

On April 28, 2009, Specht filed a complaint for trademark infringement against the Open Handset Alliance ("OHA"), the partnership which created ANDROID, and the OHA Partners, including Google. On June 4, 2009, Specht filed the First Amended Complaint ("FAC") against the OHA, OHA Partners, four individuals and Google subsidiary, Android, Inc.. On June 22, 2009, Google, Android, Inc., and the four individuals filed a motion to dismiss the FAC. On August 3, 2009, the Court granted in part and denied in part the motion to dismiss. The Court granted the motion to dismiss the four individuals, and Android, Inc. based upon disputed assertions in the declarations of the individuals, as set forth more specifically in the response to Google's motion for sanctions. The Court dismissed the OHA because Google alleged that it was not a business entity despite the fact that the complaint alleged it was a partnership. The Court denied Google's motion to be dismissed. In addition, the Court, *sua sponte*, dismissed the complaint against the OHA Partners. However, a recent decision by the

Court of Appeals suggests that the standard applied by this Court, i.e. the more specific pleading requirements set forth in *Ashcroft v. Iqbal*, 129 S. Ct. 1937 (2009), may not be correct standard to apply in considering a motion to dismiss where there are no special pleading requirements. *Swanson v. CITIBANK, NA*, 614 F. 3d 400 (7th Cir. 2010).

On October 6, 2009, Specht filed a five count Second Amended Complaint against Google only. Google filed its answer and a seven count counterclaim. On December 17, 2010 the Court entered summary judgment as to the SAC and two of the seven counterclaims in favor of Google. On January 31, 2011, Specht filed a motion for reconsideration of the order granting summary judgment under Federal Rule of Civil Procedure (“FRCP”) Rule 54. On February 24, 2011, the Court held that Specht’s motion for reconsideration was not filed within 28 days of judgment and was, therefore, too late under FRCP Rule 59. The Court then treated the motion for reconsideration as an FRCP Rule 60 motion and denied it. On February 24, 2011, after the Court ruled on Specht’s motion for reconsideration, Google made an oral motion to dismiss its remaining counterclaims without prejudice. The Court granted Google’s motion and stated that “Judgment was final as of today for purposes of the appeal.” On March 22, 2011, Specht filed a Notice of Appeal. Later that day, Google filed this motion for attorney fees.

III. ARGUMENT

A. Google’s Motion Is Untimely

As set forth more fully in Plaintiffs’ Motion to Strike Google’s Motion for Attorneys’ Fees, Google’s motion is an improper Rule 59(e) motion and not a Rule 54(d) motion as Goggle is now alleging. Even if the Court were to find that it is a Rule 54(d) motion (which it is not), it is untimely. The Court entered summary judgment on December 17, 2010. Under FRCP Rule 54(d) a claim for attorney's fees and related

nontaxable expenses must be made by motion and be filed no later than 14 days after the entry of judgment. Google filed its purported Rule 54(d) motion for attorney fees on March 22, 2011, well beyond the 14 days since the Court entered judgment. Under FRCP Rule 59(e), a motion to alter or amend a judgment must be filed no later than 28 days after the entry of the judgment. Google's motion was also filed more than 28 days after judgment was entered, and is also untimely under FRCP Rule 59(e). Thus Google's motion for attorney fees must be considered a Rule 60(b) motion and denied.

On pages 15 and 16 of its brief, Google, relying on the Court's February 24, 2011, holding, argues that Plaintiffs unreasonably and vexatiously multiplied the proceedings by filing an untimely [Rule 54] motion for reconsideration [on January 31, 2011]. If Plaintiffs' motion was untimely, then Google's motion which was filed almost 60 days later was clearly untimely. Accordingly, Google's Rule 54 motion is untimely and should be denied.

B. The Award of Fees Is Not Warranted Because Plaintiffs Have Not Committed Abuse Of Process In Suing

The Court need look no further than the PTO's refusal to register Google's Android mark to determine that Specht's decision to sue was objectively reasonable. The PTO twice refused to register Google's Android mark because it found that Google's mark is confusingly similar to Specht's Android Data mark. Google is mistakenly asking the Court to ignore objective reasonableness. Google, instead, argues that Plaintiffs' motives were subjectively unreasonable. However, the Court of Appeals has held that a motion for attorneys' fees under the Lanham Act is not a suit; it is a tail dangling from a suit ... and this means that an elaborate inquiry into the state of mind of the party from

whom reimbursement of attorneys' fees is sought should be avoided. *Nightingale Home Healthcare, Inc. v. Anodyne Therapy, LLC*, 626 F.3d 958, 965 (7th Cir. 2010).

In the United States, the prevailing litigant is ordinarily not entitled to collect a reasonable attorneys' fee from the non-prevailing party. *Alyeska Pipeline Service Co. v. Wilderness Society*, 421 US 240 (1975). This is known as the "American" rule. *Id.*

There are exceptions to the rule which may only be used in limited "exceptional" cases. The Lanham Act, 15 U.S.C. § 1117(a) allows attorneys' fees to be awarded to prevailing parties in Lanham Act suits - but only in "exceptional cases." *Nightingale Home Healthcare, Inc. v. Anodyne Therapy, LLC*, 626 F.3d 958, 960 (7th Cir. 2010). The Lanham Act makes an exception, albeit a narrow one (if "exceptional" is to be given proper force), to the "American" rule that forbids shifting the litigation expenses of the prevailing party to the loser. *Id.* at 962.

Under the holding in *Nightingale*, "A case under the Lanham Act is 'exceptional,' in the sense of warranting an award of reasonable attorneys' fees to the winning party, if the losing party was the plaintiff and was guilty of abuse of process in suing." *Id.* at 964-965. Three factors the courts consider in determining if a case is an abuse of process in suing are: First, whether the action was brought for the purpose of imposing disproportionate costs; second, whether the action was brought to obtain an advantage unrelated to obtaining a favorable judgment; and third, whether the relative size of the plaintiffs versus the defendants is disproportionate. *Nightingale*, 626 F.3d 958, 960 (7th Cir. 2010).

- 1. Specht Did Not Bring This Action For The Purpose Of Imposing Disproportionate Costs.**

Abuse of process in suing means that a case was initiated for the purpose of obtaining a concession on some other matter outside the litigation. For example, Plaintiff's bringing a case, not in order to obtain a favorable judgment, but instead, to burden the defendant with costs likely to drive it out of the market is an abuse of process in suing. *Nightingale*, 963. Specht clearly did not bring this case to burden Google with costs likely to drive Google out of business.

This is a reverse confusion case. Google, the much larger junior user, used its vast wealth to impose disproportionate costs on Plaintiffs. By declaring ANDROID its own, and not for example seeking a co-existence or any agreement with Specht, or filing a much less expensive cancellation proceeding at the PTO, Google chose the most expensive forum for Specht to defend his mark. Google chose this forum for the specific purpose of imposing disproportionate costs on Specht. Not the other way around as Google now alleges.

Google invited this litigation and has alleged in its motion that it spent \$1 million in attorney fees in this case. Plaintiffs' attorneys, on the other hand, have incurred over \$2.5 million in unpaid attorney time and over \$175,000 in unreimbursed costs. Clearly, this case was not pursued by Specht or his attorneys to impose disproportionate costs on Google. It was pursued solely for the purpose of obtaining a favorable judgment.

2. Specht Is Not Seeking An Unrelated Advantage Against Google

A second example of Abuse of process in suing is where a plaintiff brings a frivolous claim in order to obtain an advantage unrelated to obtaining a favorable judgment. *Nightingale*, 966. In the *Nightingale* case, Nightingale had previous dealings with the defendants and used the litigation to try to force price concessions. *Id*

at 965-966. In this case, however, Specht had no other dealings with Google. Thus, he did not bring this action to gain some unrelated concession and is not guilty of abuse of process in suing. He was merely protecting his goodwill and mark.

Google has consistently argued that Specht filed suit against the Open Handset Alliance Partners for the purpose of leveraging the Court into forcing a settlement. This is simply not true. While Google chose the name, Plaintiffs filed suit against the 47 OHA Partners because “together” they created Android. Google runs the Android project, but it intentionally positioned ANDROID as a product of the OHA because of their significant contributions and for the purpose of gaining carrier support. Specht has rightfully alleged that the OHA is a partnership and that the members are the Partners. An association of two or more business that carry on a business for a profit. Google calls it an industry group that promotes innovation in the field of mobile technology. An industry group that acts collectively to promote a product for a profit, that they all share, is a business. The 47 defendants were never joined to force the Court’s hand. There is simply no merit to Google’s argument and the Court should know that. Google also completely ignores the fact that not one of the Partners ever stepped forward and complained about being named. The only partner that filed a motion to dismiss was Google, and that motion was denied. The other OHA Partners were dismissed by the Court *sua sponte* and not in response to the motion of any party.

Google argues that Plaintiffs multiplied the costs and efforts in this case by alleging preposterous amounts of damages. This is simply not true. Under the counterfeiting claim, Specht sought the statutory amount of \$2 million against Google. The counterfeiting claim originated from a literal reading of the PTO’s decision that Google was using an identical mark and applying those facts literally to the statute.

Trademark law requires a certain degree of specialized knowledge. Specht's attorney, is, in the words of Judge Easterbrook, a generalist and not a specialist in the area of trademark litigation. Plaintiffs applied the PTO's finding, i.e. that the marks are "identical," literally to the counterfeiting statute and reasoned that the contemporaneous use of an "identical" mark belonging to someone else is a counterfeit. However, after reviewing the Court's opinion, Specht accepted the Court's holding and never sought to reinstate the counterfeiting claim again.

How can Google argue that a \$2 million claim is preposterous when it has maintained that Android is a multi billion dollar product necessitating a bond in the area of a "tarp installment," i.e. billions of dollar range. Google made an inflated claim for the purpose of influencing Specht's decision not to continue to pursue the TRO and preliminary injunction.

3. The Disparity In Size Weighs Heavily In Specht's Favor

In the Court's order granting summary judgment, the Court made note of the large disparity between the two businesses relative sizes. Google is a multi-billion dollar a year business, while, Specht made well less than a million dollars over the last ten years. The Seventh Circuit has held that disparity in size will often be relevant in evaluating the legitimacy of the suit. *Nightingale*, 964. In this case, there is no comparison. Disparity in size clearly favors Specht.

C. Attorney Fee Claim is Excessive And Unreasonable

Without sufficient supporting documents to permit Specht even an opportunity to refute its claims, Google is asking the Court to award it \$1 million in fees and costs. Google is making this outrageous demand even though "Google recognizes that Plaintiffs may be able to satisfy only a tiny portion of this judgment." (Google's Memo

p.2) Given the disparity in size between the parties and Plaintiffs limited resources a million dollar award would be excessive and unreasonable. The courts have held that fee awards are an equitable matter, thereby permitting the district court to consider the relative wealth of the parties. See, e.g., *Faraci v. Hickey-Freeman Co.*, 607 F.2d 1025, 1028 (2d Cir.1979) Accordingly, the request should be denied as excessive and unreasonable.

IV. Conclusion

For the foregoing reasons, Google’s motion for attorney fees should be denied because: the motion was filed untimely; this is not an exceptional case as it applies to Specht; the claimed fees are excessive and unreasonable; and the award of fees can have a chilling effect.

Respectfully submitted,

ERICH SPECHT, an individual and
doing business as ANDROID DATA
CORPORATION, and THE ANDROID’S
DUNGEON INCORPORATED

By: /s/Martin J. Murphy

Martin J Murphy
2811 RFD
Long Grove, IL 60047
(312) 933-3200
mjm@law-murphy.com

CERTIFICATE OF SERVICE

Martin J. Murphy, an attorney, certifies that he caused copies of the foregoing to be served by electronically filing the document with the Clerk of Court using the ECF system this 19th day of May, 2011.

/s/ Martin J. Murphy