

No. 19-1283, -1284

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

DRAGON INTELLECTUAL PROPERTY, LLC,

Plaintiff – Appellee,

v.

DISH NETWORK, LLC,

Defendant – Appellant.

v.

ROBERT E. FREITAS, FREITAS & WEINBERG LLP,
JASON S. ANGELL,

Respondents – Appellees

DRAGON INTELLECTUAL PROPERTY, LLC,

Plaintiff – Appellee,

v.

SIRIUS XM RADIO, INC.,

Defendant – Appellant.

v.

JASON S. ANGELL, ROBERT E. FREITAS,
FREITAS & WEINBERG LLP,

Respondents – Appellees

On Appeal From the United States District Court
For The District of Delaware
No. 1:13-cv-02066 RGA, 1:13-cv-02067 RGA

APPELLEES' CORRECTED BRIEF

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2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:

N/A

3. Parent corporations and publicly held companies that own 10 percent or more of stock in the party:

N/A

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter an appearance in this case) are:

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5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. See Fed. Cir. R. 47.4(a)(5) and 47.5(b).

Dragon Intellectual Property, LLC v. DISH Network LLC, No. 13-cv-2066-RGA (D. Del.) and *Dragon Intellectual Property, LLC v. Sirius XM Radio Inc.*, No. 13-cv-2067-RGA (D. Del.)

Dated: May 7, 2019

/s/Robert E. Freitas
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STATEMENT OF RELATED CASES

Pursuant to Federal Circuit Rule 47.5, Respondents-Appellees provide as follows:

(a) The following appeal was previously before this Court:

Dragon Intellectual Property, LLC v. Apple Inc. et al., Nos. 2016-2186, 2016-2453, 2016-2454, 2016-2456, 2016-2459, 2016-2460, 2016-2461, 2016-2462, 2016-2463, 2016-2464, 700 F. App'x 1005 (Fed. Cir. Nov. 1, 2017) before Circuit Judges Moore, Mayer, and Stoll.

There are no other appeals in or from the same civil action or proceeding in the lower court that was previously before this Court or any other appellate court.

(b) The following cases will be directly affected by this Court's decision in the pending appeal:

Dragon Intellectual Property, LLC v. DISH Network LLC, No. 13-cv-2066-RGA (D. Del.) and *Dragon Intellectual Property, LLC v. Sirius XM Radio Inc.*, No. 13-cv-2067-RGA (D. Del.).

In *Dragon Intellectual Property, LLC v. DISH Network LLC, et al.*, Nos. 2016-2468, 2016-2492, this Court affirmed a final decision of the Patent Trial and Appeal Board finding Dragon Intellectual Property, LLC's ("Dragon") U.S. patent no. 5,930,444 ("444 patent") invalid as obvious over a combination of "continuous recording devices," as it had been urged to do by appellant DISH Network L.L.C. ("DISH"), joined by appellant Sirius XM Radio Inc. ("Sirius"). In this appeal, DISH and Sirius continue pursuit of the inconsistent theory that Dragon acted unreasonably when it contested the idea that all "continuous recording devices" were disclaimed during the prosecution of the '444 patent.

The appellants' continued pursuit of the disclaimer theory is not based on the merits of the disclaimer argument, as their brief makes clear. Years after the fact, DISH and Sirius are still trying to take advantage of harsh language used by the district court in its claim construction order. But the district court's harsh language is not sufficient to obscure its substantive and methodological error in finding a disclaimer, or to erase the fact that the '444 patent has been held invalid on the basis of a combination the district court found to be "clearly and unequivocally" disclaimed during prosecution.

Repetition of the district court’s harsh language is also not sufficient to justify disregard of the long-settled law establishing that there are no “prevailing parties” in moot cases, as the district court recognized. The unprincipled alternatives to the settled law advocated by DISH and Sirius cannot be adopted.

“[T]he ‘touchstone of the prevailing party inquiry must be the material alteration of the legal relationship of the parties.’” *CRST Van Expedited, Inc. v. E.E.O.C.*, 136 S. Ct. 1642, 1646 (2016) (quoting *Texas State Teachers Ass’n v. Garland Indep. School Dist.*, 489 U.S. 782, 792-93 (1983)). The “material alteration” must be the result of a judicial decision. See *Buckhannon Bd. & Care Home v. W. Va. Dep’t of Health & Human Res.*, 532 U.S. 598, 605 (2001); *Raniere v. Microsoft Corp.*, 887 F.3d 1298, 1306 (Fed. Cir. 2018). A federal court has no power to adjudicate when a case has become moot, and the termination of a case for mootness has “no effect on the parties’ legal relationship.” *Rice Services Ltd. v. United States*, 405 F.3d 1017, 1028 n.6 (Fed. Cir. 2005) (citing *North Carolina v. Rice*, 404 U.S. 244, 246 (1971)).

When a case becomes moot during the appellate process, vacatur of a judgment entered before mootness is required. See *United States v.*

Munsingwear, Inc., 340 U.S. 36, 39 (1950). The district court properly vacated the pre-mootness judgments entered in the *DISH* and *Sirius* cases, and by doing so, eliminated any basis for a claim that it had altered the legal relationships of the parties.

DISH and Sirius do not contest vacatur of the judgments on appeal. They claim, however, that it is “irrelevant” that the judgments were vacated. That argument, and the appellants’ related attempt to claim “prevailing party” status on the basis of the vacated judgments, reflects a basic misunderstanding of the law. It is the “established practice,” when a case becomes moot during an appeal, to “reverse or vacate the judgment below and remand with a direction to dismiss.” *Id.* “The point of vacatur is to prevent an unreviewable decision ‘from spawning any legal consequences,’ so that no party is harmed by what we have called a ‘preliminary adjudication.’” *Camreta v. Greene*, 563 U.S. 692, 713 (2011) (quoting *Munsingwear*, 340 U.S. at 40). The judgments were vacated, as required by the law, specifically to prevent the “preliminary adjudications” from “spawning legal consequences” in the form of prevailing party determinations. Nothing is more relevant.

DISH and Sirius assert that this Court has decided that success before the Patent and Trademark Office renders a litigant a “prevailing party” under 35 U.S.C. section 285, but *Inland Steel Co. v. LTV Steel Co.*, 364 F.3d 1318 (Fed. Cir. 2004), and *PPG Industries, Inc. v. Celanese Polymer Specialties Co.*, 840 F.2d 1565, 1568 (Fed. Cir. 1988), the cases on which the appellants rely, said no such thing. The prevailing party determination in *Inland Steel* was explicitly based on the dismissal with prejudice of the district court proceeding, not on the defendants’ administrative success. *PPG Industries* did not address “prevailing party” status at all. The argument that DISH and Sirius are “prevailing parties” because they achieved success in a forum other than the district court is not supported by *Inland Steel* or *PPG Industries*, and it is not consistent with the cases establishing that “prevailing” means prevailing in district court.

This Court’s affirmance of the Board’s decision invalidating the ’444 patent rendered moot the lawsuits filed by Dragon. *See Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330, 1340 (Fed. Cir. 2013). Mootness eliminated the possibility that there could be a future judicial decision altering the legal relationship between Dragon and any of the

defendants, and required vacatur of the prior judgments. The district court properly vacated the judgments over arguments DISH and Sirius have abandoned in this Court. DISH and Sirius are not “prevailing parties.” The district court’s denial of their exceptional case motions must be affirmed.

JURISDICTIONAL STATEMENT

DISH and Sirius based their jurisdictional analysis on the entry of judgments by the district court, but the judgments were vacated. DS Br. at 4-5. DISH and Sirius waived the opportunity to challenge vacatur of the judgments by not including a challenge to the district court’s vacatur order in their opening brief. *See SmithKline Beecham Corp. v. Apotex Corp.*, 439 F.3d 1312, 1319 (Fed. Cir. 2006). The vacated judgments cannot form a part of a proper jurisdictional analysis.

Although the analysis presented by the appellants is mistaken, this Court has jurisdiction over their appeal from the district court order denying their exceptional case motions. The order denying the appellants’ section 285 motion is a “final decision” under 28 U.S.C. section 1295(a)(1) for reasons similar to those that would have made it

an appealable order made after the judgment in a case in which judgment was entered and not vacated.

The district court properly concluded that the *DISH* and *Sirius* cases are moot and granted Dragon's motion to vacate the judgments entered before the cases became moot. Appx0007-0011. In the same order, the court denied Dragon's request for dismissal of the cases as moot because attorneys' fees motions were pending. Appx0011-0012. The court "retained jurisdiction" for the limited purpose of resolving those motions. Appx0012. The attorneys' fees motions were thus the only matters remaining for decision.

The district court subsequently issued orders denying the attorneys' fees motions made by all of the defendants in the *Dragon* cases. Appx0001-0004, Appx5559-5561. The order denying the motions filed by DISH and Sirius was the last order. Appx0001-0004. As a result of the vacatur order and the orders denying the attorneys' fees motions, all matters before the district court were resolved. The order denying the motions by DISH and Sirius addressed all remaining issues, and it is appealable under 25 U.S.C. section 1295(a)(1). See *Fireman's Fund Ins. Co. v. Eng*, 313 F.3d 1344, 1348-1349 (Fed. Cir. 2002).

COUNTERSTATEMENT OF THE CASE

Dragon's Complaints.

Dragon filed complaints for patent infringement against DISH, Sirius, and various others on December 20, 2013. Dragon alleged that various products used or sold by the defendants infringed the '444 patent. DISH and Sirius filed their answers on February 26, 2014 and February 14, 2014, respectively. Appx0053-0058, Appx2669-2677.

The Orderly Conduct Of The *Dragon* Cases.

The *Dragon* cases proceeded in a smooth fashion. There were no allegations of litigation misconduct by Dragon, and the discovery proceedings were not particularly protracted or contentious.

There was no suggestion that Dragon attempted to obtain a “nuisance value” settlement, or did not genuinely litigate on the merits. The record showed that Dragon rejected a multimillion-dollar settlement offer. Appx2358-2359. Dragon was in the case to win on the merits, and that is what it attempted to do.

The District Court's Claim Construction Order.

In normal fashion, the *Dragon* cases proceeded through initial discovery toward the claim construction process. Pursuant to the local

rules of the District of Delaware, the parties made a joint claim construction submission, with the respective positions of the parties set forth in a single filing.

The defendants based much of their claim construction position on the idea that the applicants for the '444 patent had disclaimed all “continuous recording devices” during prosecution. “The party seeking to invoke prosecution history disclaimer bears the burden of proving the existence of a ‘clear and unmistakable’ disclaimer that would have been evident to one skilled in the art.” *Trivascular, Inc. v. Samuels*, 812 F.3d 1056, 1063-64 (Fed. Cir. 2016) (citing *Elbex Video, Ltd. v. Sensormatic Elecs. Corp.*, 508 F.3d 1366, 1371 (Fed. Cir. 2007). *See Atofina v. Great Lakes Chem. Corp.*, 441 F.3d 991, 996 (Fed. Cir. 2006) (“Our primary focus in determining the ordinary and customary meaning of a claim limitation is to consider the intrinsic evidence of record, viz., the patent itself, including the claims, the specification and, if in evidence, the prosecution history, from the perspective of one of ordinary skill in the art.”) (citing *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312–17 (Fed. Cir. 2005) (*en banc*)). But the defendants did not present expert testimony establishing how “the intrinsic evidence of record” would have been

understood by one of ordinary skill in the relevant art.¹ Dragon, which did not have the burden of proof, also did not provide expert testimony during the claim construction process.

The defendants' disclaimer argument was based on the interactions between the applicants and multiple examiners over an extended period of time about the "Sata" reference, U.S. patent no. 5,134,499. The defendants argued that the applicants' distinction of Sata was based on the idea that Sata disclosed a "continuous recording device," but the actual submissions were not so simple. Dragon provided an extensive discussion of the prosecution history, backed by unchallenged expert testimony, in opposition to the defendants' exceptional case motions. *See* Appx0923-0931, Appx0943-0957, Appx2394-2412.

¹ The expert retained by DISH for the *inter partes* review acknowledged that the level of skill in the art relevant to the '444 patent was "a Bachelor's Degree in Electrical Engineering or Computer Science or a similar technology degree and at least one year of industry experience related to audio/video processing in consumer appliances, with particular emphasis on analog and digital television signals." Appx2392-2393. Dragon's experts identified a similar level of skill. *Id.* This is therefore not among the class of cases in which the level of skill is "so easily understandable" that expert testimony is not essential. *See Chore-Time Equip., Inc. v. Cumberland Corp.*, 713 F.2d 774, 779 (Fed. Cir. 1983).

The defendants' claim construction submission was also flawed because of critical omissions. Passages from the prosecution history were excerpted, with important segments inconsistent with the disclaimer argument excised. Appx2396-2403.²

The district court accepted the defendants' portrayal of the prosecution history. Appx4401-4404. No expert testimony was presented by the defendants, but the court also proclaimed the purported disclaimer involved in this case to be as clear as any it had seen, save one. Appx4404. The court's comment set off a frenzy among the defendants that, at least in the case of DISH and Sirius, has not subsided to this day.³

² Dragon presented an extensive discussion of the prosecution history, supported by expert testimony, in opposition to the defendants' exceptional case motions. *See* Appx0923-0931, Appx0943-0957, Appx2394-2412.

³ The district court's comment appears based on its own, non-technical reaction, rather than the perspective of a person of skill in the art. The use of a personal standard is not the correct approach, even for a technically qualified decisionmaker. *See Brand v. Miller*, 487 F.3d 862, 869 (Fed. Cir. 2007); *In re Zurko*, 258 F.3d 1379, 1383 (Fed. Cir. 2001). *Cf. Medichem, S.A. v. Rolabo, S.L.*, 437 F.3d 1157, 1164 (Fed. Cir. 2006) ("In making obviousness determinations, the test is 'whether the subject matter of the claimed inventions would have been obvious to one skilled in the art at the time the inventions were made, *not* what would be obvious to a judge after reading the patents in suit and hearing the testimony.") (citing *Panduit Corp. v. Dennison Mfg. Co.*, 774 F.2d 1082,

Following entry of the claim construction order, Dragon promptly proposed and executed a procedure by which the parties would stipulate, based on the district court's disputed claim construction, to entry of judgments of non-infringement, while preserving Dragon's right to appeal. *See* Appx0123-0130. The district court entered judgments on April 27, 2016. Appx0140, Appx5533. Dragon filed timely appeals. Appx5534, Appx5536.

The Unsuccessful Rule 11 Motions.

Shortly after the district court issued its claim construction order, the lawyer appellees submitting this brief withdrew as Dragon's counsel. Their unchallenged motion for leave to withdraw explained that the relationship between Dragon and its counsel had broken down, and the motion was granted, but not before the first of a series of unsuccessful efforts by the defendants to take advantage of the district court's harsh language was set in motion. *See* Appx0112-0114.

Dragon's Delaware counsel advised the defendants that Dragon's lawyers would be seeking leave to withdraw. He requested a telephone

1092 (Fed. Cir. 1985)). With no expert testimony, the district court could not apply the perspective of a person having ordinary skill in the art.

meeting to discuss the motion, as required by local practice. One of the defense lawyers asked to delay the call. The reason for the request became clear when that lawyer filed a hastily assembled motion for sanctions under Rule 11.

Dragon and its former counsel opposed the Rule 11 motion on a variety of procedural and substantive grounds, among them the fact that the moving parties had not complied with the “safe harbor” provision of Rule 11(c)(2). With previously unprovided expert testimony and an extensive analysis of the prosecution history, Dragon and its former counsel demonstrated why the district court’s finding of a disclaimer was mistaken. Appx5646-5668, Appx5679-5733.

Although criticized for their failure to submit the required expert testimony, and thoroughly and specifically challenged on the merits through expert testimony, the defendants offered none. They claimed instead that the district court had already decided that Rule 11 had been violated, despite the fact that no such issue had been presented.

The district court did not consider the merits of the defendants’ Rule 11 motion. The motion was denied because it was untimely. Appx5567-5569. The motion was a reaction to the claim construction

order, made long after the governing law required Rule 11 motions to be made.

The DISH *Inter Partes* Review.

As the claim construction process unfolded, DISH, joined by Sirius, was advocating before the Patent Trial and Appeal Board that the '444 patent was invalid as obvious over a combination of “continuous recording devices,” devices of the type the district court found disclaimed.

Among the theories of invalidity asserted in the DISH *inter partes* review was the idea that a combination of U.S. patent no. 5,241,428 issued to Goldwasser and U.S. patent no. 5,126,982 issued to Yifrach invalidated the '444 patent under 35 U.S.C. section 103. Appx2526. The undisputed record shows that Goldwasser and Yifrach are “continuous recording devices” of the type the district court found disclaimed. Appx0925, Appx0952. The Patent Trial and Appeal Board determined that the combination of these purportedly disclaimed devices rendered the challenged claims obvious, and its decision was affirmed by this Court. Appx2523-2531.

Goldwasser was the primary reference on which the appellants relied. Appx2528. DISH asserted an embodiment described in Goldwasser as the “random access embodiment.” Figure 4 of Goldwasser depicts an algorithm that describes the “control” of the storage and retrieval of information. The algorithm shows a “continuous” loop of write operations. There are no interrupts associated with the write/record operation, and it occurs “continuously.” “This process allows data representing the video signal to be continuously stored.”

DISH’s expert, Anthony Wechselberger, acknowledged that the control process described in Goldwasser Figure 4 describes a “continuous” recording process. In its final element, Goldwasser Claim 1 includes a “means for controlling operation of said means for storing and said means for playback such that said converted signal can be continuously stored on said storage medium during either continuous or intermittent reconstitution [playback] of the stored signal as a video signal” The expert testimony presented by Dragon in opposition to the post-claim construction motions filed by the defendants established that a person having ordinary skill in the art would understand

Goldwasser to be a “continuous recording device” of the type found by the district court to have been disclaimed. Appx0925, Appx0952.

It was agreed by all that Goldwasser does not disclose a “keyboard having a record key and a playback key,” and does not disclose the unique “control circuit” of the ’444 Patent. Goldwasser discloses a “control panel” to which an address controller is responsive, but no details of the “control panel” are disclosed. DISH therefore sought to combine “Freeze” and “Playback” keys from Yifrach to supplement Goldwasser.

Yifrach is also a “continuous recording device.” Yifrach describes an audio device that uses a “cyclic storage device” as a “buffer” continuously to store content that is received by the device. Yifrach describes its “buffer system” and “cyclic storage device” as “a digital storage device, such as a RAM (random access memory) having a storage capacity for continuously storing the audio signals last outputted by the demodulator 13 over a predetermined time interval.” The evidence presented in opposition to the Rule 11 motion, and months later in opposition to the appellants’ section 285 motion, shows that a person having ordinary skill in the art would understand Yifrach to

disclose a “continuous recording device” of the type the district court found disclaimed. Appx0925, Appx0952.

This Court’s decision in the DISH *inter partes* review establishes that the combination of Goldwasser and Yifrach, the “continuous recording devices” on which DISH relied, falls within the canceled claims of the ’444 patent. That conclusion cannot be reconciled with the idea that all “continuous recording devices” were disclaimed during prosecution. The appellants’ brief does not attempt to explain how a combination of “continuous recording devices” could render the patent invalid as obvious if “continuous recording devices” were disclaimed in prosecution.

In the district court, the appellants acknowledged that their disclaimer argument would be foreclosed if the patent were invalidated as anticipated under 35 U.S.C. section 102, but they claimed it is possible that all “continuous recording devices” could be disclaimed, and the ’444 patent nonetheless invalid as obvious over a combination of “continuous recording devices.” They cited no authority supporting this contention.

A patent claim cannot be determined to be invalid under section 103 unless all of the elements of the challenged claim are present in the combination. *See, e.g., Real Time Data, LLC v. Iancu*, 912 F.3d 1368, 1373 (Fed. Cir. 2019); *Merk & Cie v. Gnosis S.p.A.*, 808 F.3d 829, 833 (Fed. Cir. 2015). This Court has affirmed the Board’s conclusion that all of the elements of the asserted claims of the ’444 patent are present in the specific combination of Goldwasser and Yifrach advocated by DISH.

The obviousness determination also means that the “basic principle” under which Goldwasser operates was not changed when Goldwasser and Yifrach were combined. A combination that would alter the “basic principle” under which a reference was designed to operate could not render an invention obvious. *In re Gordon*, 733 F.2d 900, 902 (Fed. Cir. 1984); *In re Ratti*, 270 F.2d 810, 813 (C.C.P.A. 1959); MPEP § 2143.VI. (“The Proposed Modification Cannot Change The Principle Of Operation Of A Reference”). With the addition of the key from Yifrach, the Goldwasser/Yifrach combination is thus a “continuous recording device.”

Because Yifrach is a “continuous recording device,” the key taken from Yifrach to complete the invalidating combination is a key that

operated as a feature of a “continuous recording device.” Because the “basic principle” of operation of Yifrach could not be altered to complete an obviousness combination, the Yifrach key does not change Goldwasser such that the combination is anything other than a “continuous recording device.” Yet the appellants continue to insist that Dragon was not entitled to contest the notion that “continuous recording devices” were “clearly and unequivocally” disclaimed.

Dragon’s Appeal.

Dragon exercised proper diligence in prosecuting its appeal from the district court judgments. Appx0010. The appeals in Dragon’s District of Delaware cases were consolidated with the appeals from the decisions of the Patent Trial and Appeal Board in the DISH and Unified Patents *inter partes* reviews.

On appeal, the defendants were reluctant to stand behind the disclaimer that had been found by the district court. As already mentioned, the district court determined that all “continuous recording devices” were disclaimed during the prosecution of the ’444 patent, Appx4404, as the defendants had argued. Appx4402. On appeal, however, the defendants argued a different and narrower purported

disclaimer, one that was limited to “certain” “continuous recording devices.” Appx5589, Appx5608, Appx5632. The defendants’ counterstatement of the issues on appeal even attempted to reframe the disclaimer issue as whether the district court “correctly found that the applicants disclaimed coverage of certain types of continuous recording devices.” Appx5589. This is not what the district court found, but this is how the defendants attempted to reshape the case on appeal.

Shortly after oral argument, this Court affirmed the Patent Trial and Appeal Board’s conclusion that the combination of Goldwasser and Yifrach made claims 1-4, 7-10, 13-14 unpatentable. Appx2531. As a result, the Court dismissed the appeals from the final decision in the Unified Patents *inter partes* review, and the appeals from the district court judgments, as moot. Appx2537-2538, Appx2533-2535.

Vacatur Of The Judgments.

Following the issuance of this Court’s mandates in the *Dragon* appeals, Dragon promptly filed a motion to vacate the judgments previously entered. The intervening mootness resulting from this Court’s affirmance of the Board’s decision required vacatur under

longstanding law. Appx2486, Appx2503-2506.⁴ Dragon relied on the “established practice” described in *Munsingwear*, and followed since then. The Supreme Court has explained that “[t]he point of vacatur is to prevent an unreviewable decision ‘from spawning any legal consequences,’ so that no party is harmed by what we have called a ‘preliminary adjudication,’” *Camreta v. Greene*, 563 U.S. 692, 713 (2011) (quoting *Munsingwear*, 340 U.S. at 40), and Dragon took prompt action to eliminate the possibility that it might be harmed by an improper “prevailing party” determination.

Dragon demonstrated that neither of the narrow circumstances identified as exceptions to the vacatur requirement was present. Appx2506-2510, Appx2637-2639. The mootness occasioned by the invalidation of the ’444 patent was not caused by Dragon. And, as the district court recognized, Dragon had not forfeited its right to appeal, or to seek vacatur. To the contrary, Dragon availed itself of all of the

⁴ Dragon previously filed a petition for rehearing asking this Court to direct the district court to vacate the judgments and dismiss the cases as moot, while pointing out the independent authority of the district court under Federal Rule of Civil Procedure 60(b)(6). Appx4421-4434. The petition was denied without comment, and the district court properly concluded that the denial of the petition did not limit its Rule 60(b)(6) authority. Appx4465-4466. The appellants do not claim otherwise on appeal.

available procedural rights. Appx0010. The judgments were accordingly vacated, a result the appellants do not challenge on appeal.

The Defendants' Section 285 Motion.

DISH and Sirius eventually filed superficial section 285 motions that did little more than quote the district court's claim construction order. The motions were not supported by expert testimony, and they barely addressed the merits of the disclaimer argument. The appellants' stance was that consideration of the merits of their claim of exceptionality was not proper because the issue had already been resolved, apparently by the district court's comparison of this case to others.

DISH and Sirius also offered brief and conclusory "alternative" arguments based on 28 U.S.C. section 1927. The governing Third Circuit law requires proof of "subjective bad faith," *see LaSalle Nat'l Bank v. First Conn. Holding Grp.*, 287 F.3d 279, 288 (3d Cir. 2002); *Martin v. Brown*, 63 F.3d 1252, 1263 n.13 (3d Cir. 1995), but the appellants did not address or even acknowledge the standard. Settled law makes clear that the filing of a complaint, or the failure to investigate a case properly before filing, are not actionable under

section 1927, see *In re Schaefer Salt Recovery, Inc.*, 542 F.3d 90, 101 (3d Cir. 2008); *Zuk v. E. Pa. Psych. Inst. Of the Med. Coll. Of Pa.*, 103 F.3d 294, 297 (3d Cir. 1996), but DISH and Sirius claimed a failure to investigate, and they relied on the filing of the complaints in the *Dragon* cases as a violation of section 1927. The carelessness with which *Dragon*'s lawyers were attacked was made clear by the false assertion in DISH's memorandum that "Freitas," a defined term used to refer to two lawyers and a law firm, signed the complaints. DISH went so far as to assert that "Freitas" had "obviously" signed the complaints. Appx0169. "Obviously," DISH didn't even bother to determine who actually signed the complaint. See Appx0049-0052, Appx2665-2668.

The Response To The Motion.

Dragon and its former counsel opposed the motions filed by DISH and Sirius. Appx2360-2419, Appx1023-1049. *Dragon* and its former counsel again presented expert testimony addressing the disclaimer argument from the perspective of a person having ordinary skill in the art, and they addressed the legal standards that had not been properly applied by the district court. Appx0923-0931, Appx0943-0957. They also pointed to aspects of the prosecution history that were not addressed by

the district court, including those that had been obscured in the incomplete excerpts cited by the defendants. The opposition papers also pointed out the inconsistent position taken by DISH and Sirius before the PTAB.

Expert testimony had been submitted in response to the Rule 11 motion hastily assembled by the other defendants, and DISH and Sirius had access to the Rule 11 submissions. The appellants did not, however, submit contrary expert testimony. Nor did they explain how it could have been possible for the district court to find a disclaimer or decide that Dragon's position was unreasonable without the benefit of expert testimony.

The Appeals By DISH And Sirius, But No Others.

DISH and Sirius, but no other defendants, appealed the district court order denying their exceptional case motions.

SUMMARY OF THE ARGUMENT

This case presents an occasion for the straightforward application of the settled rules that govern situations in which a case becomes moot during the appellate process. The rules are necessary because a federal court loses the power to adjudicate when a case becomes moot. The

rules are based on the simple idea that it is not appropriate to allow the judgment of a district court, a “preliminary” resolution of a dispute in the statutory scheme, to result in “any legal consequences” when review of the judgment is prevented by mootness not caused by the appellant.

The district court understood these rules and applied them correctly. The court properly determined that the cases in issue were moot, and that vacatur of the judgments entered before mootness was required. Having vacated the judgments, the district court properly determined that the appellants could not claim to be “prevailing parties” under 35 U.S.C. section 285. Following vacatur of the judgments, the appellants could not point to a decision by the district court “materially altering the legal relationship of the parties,” the “touchstone” of prevailing party analysis. *CRST*, 136 S. Ct. at 1646 (quoting *Texas State*, 489 U.S. at 792-93). See *Buckhannon*, 532 U.S. at 605; *Raniere v. Microsoft Corp.*, 887 F.3d 1298, 1306 (Fed. Cir. 2018). The district court correctly denied the appellants’ exceptional case motions.

“No principle is more fundamental to the judiciary’s proper role in our system of government than the constitutional limitation of federal-

court jurisdiction to actual cases or controversies.” *Momenta Pharms., Inc. v. Bristol-Meyers Squibb Co.*, 915 F.3d 764, 767 (Fed. Cir. 2019). A case or controversy is present only when the parties have a “personal stake” in the outcome of the dispute, *see Gill v. Whitford*, 138 S. Ct. 1916, 1929 (2018) (citing *Baker v. Carr*, 369 U. S. 186, 204 (1962)), and “the requirement of such a personal stake ‘ensures that courts exercise power that is judicial in nature.’” *Id.* (quoting *Lance v. Coffman*, 549 U.S. 437, 441 (2007)).

Article III of the Constitution requires that “[a]n actual controversy must be extant at all stages of review, not merely at the time the complaint is filed.” *Alvarez v. Smith*, 558 U.S. 87, 92 (2009); *U.S. Bancorp Mortg. Co. v. Bonner Mall P’ship*, 513 U.S. 18, 21 (1994); *Momenta*, 915 F.3d at 770 (“it is established that jurisdiction must exist throughout the judicial review, and an intervening abandonment of the controversy produces loss of jurisdiction.”). “If a case does not ‘present a case or controversy’ due to developments during litigation, those claims become moot.” *Momenta*, 915 F.3d at 770 (internal quotation marks omitted) (quoting *Canadian Lumber Trade Alliance v. United States*, 517 F.3d 1319, 1338 (Fed. Cir. 2008)). A moot case must be dismissed as

such. *See Genesis HealthCare Corp. v. Symczyk*, 569 U.S. 66, 72 (2013) (“If an intervening circumstance deprives the plaintiff of a ‘personal stake in the outcome of the lawsuit,’ at any point during the litigation, the action can no longer proceed, and must be dismissed as moot.”) (quoting *Lewis v. Continental Bancorp*, 494 U.S. 472, 477-78 (1990)).

It is the “established practice,” when a case becomes moot during an appeal, to “reverse or vacate the judgment below and remand with a direction to dismiss.” *See United States v. Munsingwear, Inc.*, 340 U.S. 36, 39 (1950). “When that procedure is followed, the rights of all parties are preserved; none is prejudiced by a decision which in the statutory scheme was only preliminary.” *Id.* at 40.

The Supreme Court has explained that “[t]he point of vacatur is to prevent an unreviewable decision ‘from spawning any legal consequences,’ so that no party is harmed by what we have called a ‘preliminary adjudication.’” *Camreta v. Greene*, 563 U.S. 692, 713 (2011) (quoting *Munsingwear*, 340 U.S. at 40). But “harm” based on the “legal consequences” that could flow from a determination that the appellants are prevailing parties is the entire point of this appeal.

The appellants do not contest the vacatur of the judgments on appeal. Misunderstanding the rules that prevent “any legal consequences” based on unreviewed judgments, they nonetheless attempt to accomplish what *Munsingwear* and *Camreta* forbid.

The appellants claim it is “irrelevant” that the judgments were vacated. That assertion cannot be defended. Of course, it is “relevant” that the only possibility for a claim of a judicial act creating a “material alteration of the legal relationship of the parties” has been eliminated. The judgments were vacated, as required by the law, specifically to prevent them from “spawning legal consequences” of the type the appellants seek.

The appellants’ other arguments fare no better. “Prevailing” under section 285 and the other statutes and rules that provide for fee shifting means “prevailing” in district court. Federal fee shifting statutes are to be construed consistently, *see, e.g., Brickwood Contractors, Inc. v. United States*, 288 F.3d 1371, 1377 (Fed. Cir. 2002); *Raniere v. Microsoft Corp.*, 887 F.3d 1298, 1306 (Fed. Cir. 2018), and there is no basis for departing from the construction that requires prevailing in

district court. Success before the Patent Trial and Appeal Board does not make a litigant a “prevailing party” under section 285.

The appellants’ assertion that this Court has decided otherwise is incorrect. In *Inland Steel Co. v. LTV Steel Co.*, 364 F.3d 1318 (Fed. Cir. 2004), the Court based its “prevailing party” determination on the dismissal of the district court proceeding with prejudice. *PPG Industries, Inc. v. Celanese Polymer Specialties Co., Inc.*, 840 F.2d 1565 (Fed. Cir. 1988) did not resolve a “prevailing party” dispute.

The appellants’ suggestion that lawyers are subject to section 285 is also mistaken. This Court has held otherwise, and there is “no legal basis” for a contrary conclusion. See *Phonometrics, Inc. v. Westin Hotel Co.*, 350 F.3d 1242, 1248-49 (Fed. Cir. 2003).

The district court’s prior finding that all “continuous recording devices” were disclaimed during the prosecution of Dragon’s ’444 patent was, at best, fairly debatable. The defendants did not present expert testimony providing a proper basis for a disclaimer finding, and they have not answered the expert testimony Dragon presented in opposition to their section 285 motion. The district court used harsh language when it found a disclaimer, but that does not mean the court’s

conclusion was sound, and it does not provide a basis on which the rules preventing “any legal consequences” from resulting from unreviewed judgments should not be followed.

ARGUMENT

STANDARD OF REVIEW

The Federal Circuit reviews a district court’s determination of whether a litigant is the “prevailing party” under 35 U.S.C. section 285 de novo. *SSL Servs., LLC v. Citrix Sys.*, 769 F.3d 1073, 1086 (Fed. Cir. 2014).

I. THE *DISH* AND *SIRIUS* CASES ARE MOOT.

A. A “Case Or Controversy” Must Be Present Throughout The Life Of A Federal Case.

“No principle is more fundamental to the judiciary’s proper role in our system of government than the constitutional limitation of federal-court jurisdiction to actual cases or controversies.” *Momenta Pharms., Inc. v. Bristol-Meyers Squibb Co.*, 915 F.3d 764, 767 (Fed. Cir. 2019) (citing *DaimlerChrysler Corp. v. Cuno*, 547 U.S. 332, 341–42 (2006) (quoting *Raines v. Byrd*, 521 U.S. 811, 818 (1997))). A case or controversy is present only when the parties have a “personal stake” in the outcome of the dispute. *See Gill v. Whitford*, 138 S. Ct. 1916, 1929

(2018) (citing *Baker v. Carr*, 369 U. S. 186, 204 (1962)). “[T]he requirement of such a personal stake ‘ensures that courts exercise power that is judicial in nature.’” *Id.* (quoting *Lance v. Coffman*, 549 U.S. 437, 441 (2007)).

Article III of the Constitution requires that “[a]n actual controversy must be extant at all stages of review, not merely at the time the complaint is filed.” *Alvarez v. Smith*, 558 U.S. 87, 92 (2009); *U.S. Bancorp Mortg. Co. v. Bonner Mall P’ship*, 513 U.S. 18, 21 (1994); *Momenta*, 915 F.3d at 770 (“it is established that jurisdiction must exist throughout the judicial review, and an intervening abandonment of the controversy produces loss of jurisdiction.”) (citing *Arizonans for Official English v. Arizona*, 520 U.S. 43, 67 (1997) and *Friends of the Earth, Inc. v. Laidlaw Envtl. Servs. (TOC), Inc.*, 528 U.S.167, 189 (2000)). “To ensure a case remains ‘fit for federal-court adjudication,’ the parties must have the necessary [personal] stake not only at the outset of litigation, but throughout its course.” *Camreta*, 563 U.S. at 701 (quoting *Arizonans for Official English*, 520 U.S. at 67). “If a case does not ‘present a case or controversy’ due to developments during litigation, those claims become moot.” *Momenta*, 915 F.3d at 770 (internal

quotation marks omitted) (quoting *Canadian Lumber Trade Alliance v. United States*, 517 F.3d 1319, 1338 (Fed. Cir. 2008)). A moot case must be dismissed as such. See *Genesis HealthCare Corp. v. Symczyk*, 569 U.S. 66, 72 (2013) (“If an intervening circumstance deprives the plaintiff of a ‘personal stake in the outcome of the lawsuit,’ at any point during the litigation, the action can no longer proceed, and must be dismissed as moot.”) (quoting *Lewis v. Continental Bancorp*, 494 U.S. 472, 477-78 (1990)); *Target Training Int’l, Ltd. v. Extended Disc N. Am.*, 645 F. App’x 1018, 1022 (Fed. Cir. 2016) (“The jurisdictional doctrine of mootness derives from Article III section 2 of the U.S. Constitution, which limits a federal court’s jurisdiction to live cases or controversies. . . . A moot case must, therefore, be dismissed.”).

Patent cases present no exception to these principles. In *Fresenius*, this Court noted that the defendant “wisely agree[d] that in general, when a [patent] claim is cancelled, the patentee loses any cause of action based on that claim, and any pending litigation in which the claims are asserted becomes moot.” The Court was cautious, but it is always, not merely “in general,” that the pending litigation becomes moot, as it did in *Fresenius*. See *Fresenius*, 721 F.3d at 1347 (“In light of

the cancellation of Baxter's remaining claims, Baxter no longer has a viable cause of action against Fresenius. Therefore, the pending litigation is moot. We vacate the district court's judgment and remand with instructions to dismiss.").

B. The *Dragon* Cases Became Moot When This Court Affirmed The Board's Decision Invalidating The Asserted Claims.

As *Fresenius* shows, when a patent is held invalid in administrative proceedings, any "pending litigation" in which the patent is asserted, not merely a pending appeal, becomes moot. Under the "established practice" employed in cases that become moot during an appeal, vacatur of the underlying judgment and dismissal of the case as moot is required. *See generally Munsingwear*, 340 U.S. at 39. *See id.* at 40 n.2 ("This has become the standard disposition in federal civil cases . . ."). That is why the *Fresenius* court "vacate[d] the district court's judgment and remand[ed] with instructions to dismiss." *Fresenius*, 721 F.3d at 1347. In the *Dragon* cases, the district court understood and implemented the "established practice" by vacating the judgments entered before the cases became moot. *See* Appx0007-0011. DISH and Sirius resisted vacatur below, Appx2542-2567, but they do

not challenge the district court's conclusion that vacatur was appropriate on appeal.

C. An Interest In Attorneys' Fee Recovery Does Not Create A Case Or Controversy.

The appellants briefly argued in the district court that the *Dragon* cases are not moot because "an actual case or controversy continues to exist at least as to defendants' claims for attorneys' fees." Appx2552-2554. The Supreme Court has held otherwise, and that argument is not asserted in this Court.

"Th[e] interest in attorney's fees is, of course, insufficient to create an Article III case or controversy where none exists on the merits of the underlying claim" *Lewis v. Continental Bank Corp.*, 494 U.S. 472, 480 (1990); *Diamond v. Charles*, 476 U.S. 54, 70-71 (1986) ("[T]he mere fact that continued adjudication would provide a remedy for an injury that is only a byproduct of the suit itself does not mean that the injury is cognizable under Art. III."); *Tunik v. MSPB*, 407 F.3d 1326, 1330-31 (Fed. Cir. 2005). Mootness cannot be avoided by a claim for attorneys' fees.

II. VACATUR PREVENTS UNREVIEWED DECISIONS FROM “SPAWNING LEGAL CONSEQUENCES.”

As explained below, the “touchstone” of the prevailing party inquiry required under section 285 and other federal fee shifting statutes is “the material alteration of the legal relationship of the parties,” accomplished as the result of a judicial decision. *CRST*, 136 S. Ct. at 1646 (quoting *Texas State*, 489 U.S. at 792-93).⁵ For decades, the “established practice” in federal court has been that the judgment in a case that becomes moot during appeal is vacated and the case is dismissed as moot, with no determination of the rights of the parties. *See generally Munsingwear*, 340 U.S. at 39.

“The point of vacatur is to prevent an unreviewable decision ‘from spawning any legal consequences,’ so that no party is harmed by what we have called a ‘preliminary adjudication.’” *Camreta*, 563 U.S. at 713. Here, the district court understood that by vacating the judgments, it was eliminating any “alteration of the legal relationship of the parties,”

⁵ The appellants mistakenly assert that the decision by this Court affirming the decision by the Patent Trial and Appeal Board in the *DISH inter partes* review supplied the necessary “judicial *imprimatur*.” *See CRST*, 136 S. Ct. at 1646 (quoting *Buckhannon*, 532 U.S. 598, 605 (2001)). To be a “prevailing party” in district court, one must “prevail” in district court. Success in another forum is not sufficient, as explained in Section VI. below.

and ensuring that the unreviewed judgments in moot proceedings would not “spawn legal consequences.” Appx0007-0010.

A. The Explicit Purpose Of The “Established Practice” Is To Prevent Unreviewed Decisions From “Spawning Legal Consequences.”

The “established practice” has its roots in basic fairness principles. When a litigant is not able to conclude the process of appellate review, it is not appropriate for an adjudication made before the case became moot to have preclusive effect, or to result in other “legal consequences.” See *Munsingwear*, 340 U.S. at 40-41. The purpose of the “established practice” is to prevent precisely what the appellants advocate here, the possibility that a decision by a district court would escape appellate or *certiorari* review, yet result in issue preclusion, claim preclusion, or other “legal consequences.” *Camreta*, 563 U.S. at 713.⁶

⁶ The merits of a mooted lawsuit could theoretically be evaluated in connection with the appeal of an attorneys’ fees award, but this would not be a “judicial” review. “[I]t is axiomatic that a federal court may not address ‘the merits of a legal question not posed in an Article III case or controversy’” *Aqua Marine Supply v. Aim Machining, Inc.*, 247 F.3d 1216, 1219 (Fed. Cir. 2001). A case or controversy no longer exists when a case becomes moot. *Lewis*, 494 U.S. at 480. “Of course, no statute could authorize a federal court to decide the merits of a legal question not posed in an Article III case or controversy.” *U.S. Bancorp Mortg. Co. v. Bonner Mall P’ship*, 513 U.S. 18, 21 (1994).

In the district court, the appellants offered a series of self-described “public interest” arguments in an attempt to avoid the fairness principles on which the “established practice” is based. They asserted that recognizing the “established practice” would deprive them of a “hard-won” victory, but every successful party could say the same. They claimed the district court had “invested time and attention” to the issues, but that argument could have been made in *Munsingwear* and all of its progeny.

The appellants also advocated allowing the unreviewed district court decision to “spawn legal consequences” because leaving the judgments undisturbed “could send a strong message to parties that they cannot escape the consequences of bringing forth frivolous lawsuits.” The appellants “message” idea presumptuously assumes the district court’s disclaimer finding would have been affirmed. The even-handed application of the law would not indulge such an assumption.

The appellants have ignored a central purpose of the case or controversy requirement. As Chief Justice Roberts explained in *Hollingsworth v. Perry*, 570 U.S. 693, 700 (2013), the requirement that federal courts refrain from acting in the absence of an actual case or

controversy “is an essential limit on our power: It ensures that we act *as judges*, and do not engage in policymaking properly left to elected representatives.” Federal courts are simply not in the business of “sending messages” in moot cases, and district courts lack the power to circumvent the normal process by which their judgments are reviewed by a court of appeals.

B. The Settled Law Precludes The “Legal Consequences” Sought By The Appellants.

The appellants seek to use the vacated judgments as a springboard to prevailing party status, but the very point of the “established practice” “is to prevent an unreviewed decision ‘from spawning any legal consequences’” *Camreta*, 563 U.S. at 713. The public interest is served, the Supreme Court has held, by ensuring “that no party is harmed by what we have called a ‘preliminary’ adjudication.” *Id.* But “harm” from the district court judgments is precisely the point of this appeal.

In *Munsingwear* and repeatedly since then, the Supreme Court has determined that it would not be fair to allow a judgment that evaded review as a result of intervening mootness to have preclusive effect, or otherwise to “spawn legal consequences.” The appellants’

argument that the district court should have, and this Court should, fashion an alternative rule has no basis.

III. MOOT CASES DO NOT PRODUCE “PREVAILING PARTIES.”

A. The Mootness Limits On The Power Of A Federal Court.

The appellants appear to believe there was a choice to be made by the district court, that the court had power to decide whether to proceed as it would have proceeded if the cases had not become moot. This notion runs counter to the “case or controversy” requirement this Court recently described as “fundamental to the judiciary’s proper role in our system of government.” *Momenta*, 915 F.3d at 767.

It has long been understood that federal courts have a duty “to decide actual controversies by a judgment which can be carried into effect, and not to give opinions upon moot questions or abstract propositions, or to declare principles or rules of law which cannot affect the matter in issue in the case before it.” *Oil Workers Unions v. Missouri*, 361 U.S. 363, 367 (1960) (quoting *Mills v. Green*, 159 U.S. 651, 653 (1895)). “[A] federal court has neither the power to render advisory opinions nor ‘to decide questions that cannot affect the rights

of litigants in the case before them.” *Preiser v. Newkirk*, 422 U.S. 395, 401 (1975) (quoting *Rice*, 404 U.S. at 246).

“Article III of the Constitution grants the Judicial Branch authority to adjudicate ‘Cases’ and ‘Controversies.’ In our system of government, courts have ‘no business’ deciding legal disputes or expounding on law in the absence of such a case or controversy.”

Already, LLC v. Nike, Inc., 568 U.S. 85, 90 (2013) (citing *DaimlerChrysler Corp. v. Cuno*, 547 U. S. 332, 341 (2006)); *Church of Scientology v. United States*, 506 U.S. 9, 12 (1992).

“Simply stated, a case is moot when the issues presented are no longer ‘live’ or the parties lack a legally cognizable interest in the outcome.” *Powell v. McCormack*, 395 U.S. 486, 496 (1969). *See also City of Erie v. Pap’s A.M.*, 529 U.S. 277, 287 (2000) (quoting *County of Los Angeles v. Davis*, 440 U.S. 625, 631 (1979)). When a case becomes moot, a federal court loses the power to adjudicate. And, of course, “[o]ne does not prevail in a suit that is never determined.” *Buckhannon*, 532 U.S. at 620 (Scalia, J., concurring).

B. There Is No Judicial Decision “Materially Altering The Legal Relationship Of The Parties” When A Case Is Terminated For Mootness.

In *Buckhannon*, 532 U.S. at 603, the Supreme Court explained that “prevailing party” is “a legal term of art” that has been employed by Congress in various statutes in which the “American Rule” is displaced by a statutory authorization for fee shifting.⁷ *Buckhannon* was decided in the context of the background legal principle establishing “that Congress had not ‘extended any roving authority to the Judiciary to allow counsel fees as costs or otherwise whenever the courts might deem them warranted.’” *Id.* at 610 (quoting *Alyeska Pipeline Serv. Co. v. Wilderness Soc.*, 421 U.S. 240, 260 (1975)). *Buckhannon* confirmed that a judicial decision creating a “material alteration of the legal relationship of the parties” is required for prevailing party status. *See id.* at 604-05.

Buckhannon rejected the “catalyst rule,” under which a party was entitled to “prevailing party” attorneys’ fees when the filing of a

⁷ *Buckhannon* involved two statutes, but in *Brickwood Contractors, Inc. v. United States*, 288 F.3d 1371, 1377 (Fed. Cir. 2002), this Court held the *Buckhannon* rule applicable under others. *See also Raniere v. Microsoft Corp.*, 887 F.3d 1298, 1306 (Fed. Cir. 2018) (noting “the Supreme Court’s clear command to construe the term ‘prevailing party’ consistently across fee-shifting regimes”).

complaint served as the “catalyst” for a voluntary change in the defendants’ behavior. The catalyst theory “allows an award where there is no judicially sanctioned change in the legal relationship of the parties.” 532 U.S. at 605. “A defendant’s voluntary change in conduct, although perhaps accomplishing what the plaintiff sought to achieve by the lawsuit, lacks the necessary judicial *imprimatur* on the change.” *Id.* “Never have we awarded attorney’s fees,” the Court said, “for a nonjudicial ‘alteration of actual circumstances.’” *Id.* at 606. *See Ranieri*, 887 F.3d at 1304-05 (“[a]cknowledging Buckhannon’s requirement that the change in the relationship between the parties ‘must be marked by ‘judicial *imprimatur*’”).

This Court’s recent precedent reiterates the requirement that there be a decision by the district court accomplishing the change:

The relevant inquiry post-*CRST*, then, is not limited to whether a defendant prevailed on the merits, but also considers whether the district court’s decision—“a judicially sanctioned change in the legal relationship of the parties”—effects or rebuffs a plaintiff’s attempt to effect a “material alteration in the legal relationship between the parties.”

Raniere, 887 F.3d at 1306 (quoting *CRST*, 136 S. Ct. at 1646). A “decision” that changes the legal relationship between the parties is required, regardless of whether it is the plaintiff or (as in *Raniere*) the defendant seeking prevailing party status. *See Raniere*, 887 F.3d at 1305-06.⁸

Justice Ginsburg criticized the approach taken by the *Buckhannon* majority. She decried the outcome providing that “a plaintiff whose suit prompts the precise relief she seeks does not ‘prevail,’ and hence cannot obtain an award of attorney’s fees, unless she also secures a court entry memorializing her victory.” *Id.* at 622 (Ginsburg, J., dissenting). Subsequent cases have nonetheless made it clear that the *Buckhannon* standard continues to provide the governing rule. “[T]he ‘touchstone of the prevailing party inquiry must be the material alteration of the legal relationship of the parties.’” *CRST*, 136 S. Ct. at 1646 (quoting *Texas State*, 489 U.S. at 792-93). “This change must be marked by ‘judicial imprimatur.’” *Id.* (quoting *Buckhannon*,

⁸ As *Raniere* explains, *CRST* held that a defendant need not prevail “on the merits” in order to be a prevailing party. *Raniere*, 887 F.3d at 1306. In *Raniere*, as in prior cases, a dismissal with prejudice was sufficient, even though the dismissal with prejudice was based on the plaintiff’s lack of standing, rather than the merits of its claim. But, as *Raniere* also makes clear, *see id.*, a “decision,” an adjudication of the case resulting in an alteration of the legal relationship between the parties, is also required.

532 U.S. at 605) (emphasis in original). There is no “judicial imprimatur” where, as here, a case comes to an end because of Article III mootness.

The “material alteration of the legal relationship of the parties” standard is widely recognized and applied. *See Robinson v. O’Rourke*, 891 F.3d 976, 981 (Fed. Cir. 2018) (“[T]he relief requires a ‘material alteration of the legal relationship of the parties.’”) (quoting *Buckhannon*, 532 U.S. at 604); *Raniere*, 887 F.3d at 1304 (citing *CRST*, 136 S. Ct. at 1646, *Texas State Teachers*, 489 U.S. at 792-93, and *Buckhannon*, 532 U.S. at 604-05); *E. Iowa Plastics, Inc. v. PI, Inc.*, 832 F.3d 899, 906-07 (8th Cir. 2016); *Kirk v. New York State Dep’t of Educ.*, 644 F.3d 134, 137 (2d Cir. 2011); *Cadkin v. Loose*, 569 F. 3d 1142, 1148 (9th Cir. 2009).

IV. THE DISTRICT COURT DID NOT ALTER THE LEGAL RELATIONSHIP OF THE PARTIES.

The district court vacated the judgments entered in the *DISH* and *Sirius* cases. The cases thus came to an end without a “decision,” and without any action by the district court altering the legal relationships between Dragon and the appellants.

DISH and Sirius do not point to the end of the cases as a point at which the *Buckhannon* “alteration” standard was met. Indeed, they try to ignore the end of the cases. The appellants actually assert that it is “irrelevant” that the judgments were vacated. DS Br. at 37. But in a legal context in which the *sine qua non* is a judicial decision altering the legal relationship of the parties, nothing could be more “relevant.” When a pre-mootness judgment is vacated, there is no judicial act altering the legal relationship of the parties, and no basis upon which it can be said that the *Buckhannon* test is satisfied.

The claim that vacatur of the judgments was “irrelevant” may be based on an argument the appellants did not make in the district court. On appeal, the appellants have cited *Diffenderfer v. Gomez-Colon*, 587 F.3d 445 (1st Cir. 2009), a pre-*Camreta* civil rights case on which they did not rely below.

In *Diffenderfer*, a permanent injunction prohibiting the enforcement of a “Spanish language only” ballot requirement was issued. *Id.* at 449. The defendant appealed, and, while the appeal was pending, the law was changed to require bilingual ballots. *Id.* at 450.

Before the law was changed, the district court awarded attorneys' fees to the plaintiffs under 42 U.S.C. section 1988. *Id.* The fee award was made because the plaintiffs "had prevailed before the district court on the merits of the § 1983 action." *Id.* The defendant appealed the fee award. *Id.*

The First Circuit held "that the district court's judgment should be vacated because it was rendered moot by an independent, intervening act of legislation." *Id.* at 451. Following vacatur, there was no judicial decision altering the legal relationship of the parties. The attorneys' fees award had been made because the plaintiffs "had prevailed before the district court on the merits of the § 1983 action." Vacatur of the judgment should have resulted in vacatur of the fee award, once the basis for a claim of a "material alteration of the legal relationship of the parties" was eliminated.

The First Circuit understood that "a party's interest in recouping attorney's fees does not create a stake in the outcome sufficient to resuscitate an otherwise moot controversy." *Id.* at 452 (citing *Lewis*, 494 U.S. at 480). The court also understood that "[v]acatur of a moot case means that the initial, favorable judgment plaintiffs obtained from the

district court is no longer binding law.” *Id.* at 453. But the court did not grasp the significance of the fact that the initial decision is “no longer binding law,” and it missed “the point” of vacatur that was later made clear in *Camreta*.

The defendant inexplicably unnecessarily and imprecisely argued that vacatur of the judgment is “identical in effect to a reversal of the district court’s judgment on the merits.” *See Diffenderfer*, 587 F.3d at 453. This argument led the court mistakenly to cite *Buckhannon* for the mistaken idea that “a ‘prevailing party’ is a party who managed to obtain a favorable, material alteration in the legal relationship between the parties prior to the intervening act of mootness.” *Id.* No such thought is expressed in *Buckhannon*, and this idea is obviously not consistent with *Buckhannon* or *Camreta*.⁹ If obtaining a judgment, later vacated, made a litigant a prevailing party, the “point” of vacatur as explained by *Camreta* would be lost. *See Camreta*, 563 U.S. at 713.

The *Diffenderfer* court also cited the Supreme Court’s pre-*Buckhannon*, pre-*Camreta* 1990 comment in *Lewis* that “[w]hether

⁹ The *Diffenderfer* court also cited a collection of lower court cases that pre-date *Buckhannon* or *Camreta*, or both, and cannot be reconciled with them, or involve statutes that do not contain the “prevailing party” language in issue here and in *Buckhannon*.

Continental can be deemed a ‘prevailing party’ in the District Court, even though its judgment was mooted after being rendered but before the losing party could challenge its validity on appeal, is a question of some difficulty.” *Id.* at 483. But the Court overlooked the important comments by the *Lewis* Court.

Lewis explicitly stated that “[a]n order vacating the judgment on grounds of mootness would deprive Continental of its claim for attorney’s fees under 42 U.S.C. § 1988 (assuming, arguendo, it would have such a claim), because such fees are available only to a party that ‘prevails’ by winning the relief it seeks.” *Id.* at 480 (citing *Rhodes v. Stewart*, 488 U.S. 1 (1988) and *Hewitt v. Helms*, 482 U.S. 755 (1987)). At this point in the litigation, Continental had “[won] the relief it seeks” on summary judgment. *Id.* at 475. But the Supreme Court had no “difficulty” categorically stating that vacatur would eliminate Continental’s “prevailing party” claim under section 1988, just as vacatur eliminated the appellants’ similar claim here.

The *Lewis* Court also emphasized that where “it appears that the only concrete interest in the controversy has terminated,” even when, as in *Lewis*, the plaintiff had previously obtained a judgment in district

court, “reasonable caution is needed to be sure that mooted litigation is not pressed forward, and unnecessary judicial pronouncements on even constitutional issues obtained, solely in order to obtain reimbursement of sunk costs.” *Id.* at 480. Directly refuting the appellants’ argument that pre-mootness relief is all that matters, the *Lewis* Court also said that “[s]ince the judgment below is vacated on the basis of an event that mooted the controversy before the Court of Appeals’ judgment issued, Continental was not, at that stage, a ‘prevailing party’ as it must be to recover fees under § 1988.” *Id.* at 483 (citing *Rhodes v. Stewart*, 488 U.S. at 3-4). *Diffenderfer* cannot be squared with *Lewis*, and it is plainly not consistent with the other governing Supreme Court cases.

There is no “difficulty” answering any question presented in this appeal. Under *Buckhannon* and *Camreta*, there is no doubt that the very “point” of vacatur is to prevent what the *Diffenderfer* court then thought permissible. When mootness intervenes, vacatur is required. Vacatur ensures that an unreviewed district court decision does not “spawn legal consequences” in the form of claim or issue preclusion, “prevailing party” status, or otherwise. That is “the point” that was missed in *Diffenderfer*, and “the point” missed by the appellants.

V. INLAND STEEL AND PPG INDUSTRIES DO NOT SUPPORT THE APPELLANTS.

The appellants claim that this Court's decision in *Inland Steel Co. v. LTV Steel Co.*, 364 F.3d 1318 (Fed. Cir. 2004), establishes that a litigant's success in an administrative proceeding makes the litigant a "prevailing party" under section 285. The *Inland Steel* Court did not state or suggest in any manner that the defendant's success in a reexamination proceeding made it a prevailing party under section 285. There is no indication that any argument to that effect was even made in *Inland Steel*. The appellants' argument based on *PPG Industries, Inc. v. Celanese Polymer Specialties Co., Inc.*, 840 F.2d 1565 (Fed. Cir. 1988), fails because *PPG Industries* did not involve a prevailing party assessment. The "sole question" considered in *PPG Industries* was whether the district court abused its discretion in denying an award of certain expenses. 840 F.2d at 1567. The Court did not consider whether the defendant was a prevailing party, and a case is not precedent for an issue it does not address. *See, e.g., Webster v. Fall*, 266 U.S. 507, 511 (1925); *Sacco v. United States*, 452 F.3d 1305, 1308 (Fed. Cir. 2006).

The appellants say the *Inland Steel* Court upheld a determination that a defendant in a district court lawsuit was a prevailing party

“following” its success in a reexamination proceeding. DS Br. at 31.

They similarly state that in *PPG Industries*, a defendant was held to be a prevailing party “following” the cancellation of asserted patent claims in an administrative proceeding. The appellants’ statements should not be taken as support for the idea that either case conferred prevailing party status *because* a litigant succeeded in an administrative proceeding.

In *Inland Steel*, the district court dismissed the case before it with prejudice after cancellation of the asserted patent claims in reexamination. *See* 364 F.3d at 1320. This Court held the defendant a prevailing party because of the dismissal with prejudice, not because it obtained cancellation in reexamination. *See id.* at 1320-21.

The Court recently emphasized the significance of a dismissal with prejudice in *Raniere*. *See Raniere*, 887 F.3d at 1307 (“The district court’s dismissal *with prejudice* of Raniere’s infringement suit was tantamount to a decision on the merits, making it sufficient to establish Appellees as prevailing parties.”). *See id.* (“This case is, thus, materially distinguishable from *Varian* because the dismissal here was *with*

prejudice.”).¹⁰ The same point had been made in prior cases. *See id.* (citing *Highway Equip. Co. v. FECO, Ltd.*, 469 F.3d 1027, 1035 (Fed. Cir. 2006)) (“a voluntary dismissal with prejudice under Federal Rule of Civil Procedure 41(a)(2) ‘has the necessary judicial imprimatur to constitute a judicially sanctioned change in the legal relationship of the parties, such that the district court properly could entertain [the defendant’s] fee claim under 35 U.S.C. § 285.’”). *See also Power Mosfet Techs., LLC v. Siemens AG*, 378 F.3d 1396, 1416 (Fed. Cir. 2004). *Highway Equipment* explicitly held that a dismissal with prejudice “has the necessary judicial imprimatur to constitute a judicially sanctioned change in the legal relationship of the parties, such that the district court properly could entertain [the defendant’s] fee claim under 35 U.S.C. § 285.” 469 F.3d at 1035.

¹⁰ The Court’s depiction of the dismissal with prejudice as “tantamount to a decision on the merits” may have been a bit of an understatement. As the *Raniere* Court later pointed out, in *Power Mosfet Techs., LLC v. Siemens AG*, 378 F.3d 1396 (Fed. Cir. 2004), the Court had previously stated that “[t]he dismissal of a claim with prejudice . . . is a judgment on the merits under the law of the Federal Circuit.” *Id.* at 1416 (citing *Hallco Mfg. Co. v. Foster*, 256 F.3d 1290, 1297 (Fed. Cir. 2001)). *Raniere* applied this conclusion to dismissals under Federal Rule of Civil Procedure 41(b). *See Raniere*, 887 F.3d at 1308.

Raniere, 887 F.3d at 1308, cited *Schwarz v. Folloder*, 767 F.2d 125 (5th Cir. 1985), which explained the point simply: “Dismissal of an action with prejudice is a complete adjudication of the issues presented by the pleadings and is a bar to a further action between the parties. An adjudication in favor of the defendants, by court or jury, can rise no higher than this.” *See id.* at 129-30 (quoting *Smoot v. Fox*, 340 F.2d 301, 303 (6th Cir. 1964)).

When the Court addressed the question of whether the defendant was a prevailing party in *Inland Steel*, it addressed only the dismissal with prejudice. There was no suggestion that the defendant “prevailed” because of its success in the reexamination.

VI. SUCCESS BEFORE THE PTAB DOES NOT MAKE A LITIGANT A PREVAILING PARTY IN DISTRICT COURT.

Other than their reliance on *Inland Steel* and *PPG Industries*, the appellants offer no legal argument in support of their claim that success before the Board might make them “prevailing parties” under section 285. Various cases show that success in other forums is not sufficient. *See Lui v. Comm’n on Adult Entm’t Establishments*, 369 F.3d 319, 327-28 (3d Cir. 2004) (party cannot be the prevailing party in federal court even if successful defense of state criminal court charges vindicates the

federal claim); *Quinn v. Missouri*, 891 F.2d 190, 194 (8th Cir. 1989) (“The ultimate question is whether appellees should be considered ‘prevailing parties’ in the federal court action, a prerequisite to eligibility for attorney fees under section 1988. Although appellees were victorious in the state court litigation, they gained nothing from their federal court suit.”) (citation omitted).

There is no basis for concluding that the term “prevailing party,” as it appears in section 285, Federal Rule of Civil Procedure 54(d), and other fee shifting statutes refers to success in forums other than the district court before which a case is pending. As this Court has held, the “prevailing party” standard adopted in *Buckhannon* applies to all federal fee shifting statutes. *See Ranieri*, 887 F.3d at 1306; *Brickwood Contractors*, 288 F.3d at 1377. A unique exception for post-grant review proceedings is not plausible, and the appellants cite no authority supporting the idea that success in another forum makes a litigant a prevailing party under all of the statutes and rules allowing cost or fee recovery by “prevailing parties.”

As the Supreme Court explained in *Buckhannon*, the American Rule is that “attorney’s fees will not be awarded absent ‘explicit

statutory authority.” 532 U.S. at 608. Section 285 does not contain any “explicit” reference supporting a fundamental alteration of the ordinary meaning of the term “prevailing party,” or the slightest hint that Congress intended an exception to the presumptive rule that a “prevailing party” is a party that prevailed in district court.

DISH and Sirius do not explain how an interpretation of section 285 that recognized success outside of the district court would be implemented. It would be an odd legal structure in which a district court would pass on the merits, much less the quality, of arguments made before another body. Stranger still is the notion that such a regime would emerge, or emerge uniquely for patent cases, with no word from Congress.

Further difficulty would inhere in the required evaluation of the “totality of the circumstances” under section 285. *See Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014). Under the arrangement suggested by the appellants, a district court would be required to consider not only what happened before it, but also before another body. District courts “live” with a case as it develops and proceeds before them. *Highmark Inc. v. Allcare Health Mgmt. Sys.*, 572

U.S. 559, 564 (2014). They have unique knowledge that makes an informed exercise of discretion, and meaningful consideration of the totality of the circumstances, a possibility. Injecting proceedings before another body into the analysis would change the process, and the justification for an abuse of discretion standard, considerably.

The policy arguments offered by the appellants are far from compelling, and not consistent with the normal way statutes are interpreted. The appellants do not contend that Congress took any willful action to alter section 285 when it enacted the *inter partes* review procedure. They do not offer evidence supporting a conclusion that Congress decided that a defendant that has deliberately foregone district court litigation and chosen *inter partes* review is more worthy than a plaintiff whose complaint, in Justice Ginsburg's words, "prompts the precise relief she seeks." *Buckhannon*, 532 U.S. at 622 (Ginsburg, J., dissenting). DISH and Sirius do not explain why the legislative tradeoff between the rights and benefits available in district court should be tilted so that those who forego district court litigation for an administrative forum they believe more favorable can rely on a statute enacted in 1952 without post-grant proceedings in mind. Patent

challengers surely want to have their cake and eat it too, but that is not enough to allow a conclusion that the meaning of the statute has been altered *sub silentio*, or a basis for judicial policy making.¹¹

When, long after section 285 was adopted in 1952, Congress created the *inter partes* review process in the America Invents Act, or, for that matter, when Congress created the patent reexamination procedure, it could have provided for the award of costs or attorneys'

¹¹ DISH and Sirius attempt to make something of the fact that *inter partes* review is a “substitute” for litigation in district court. DS Br. at 46. Interestingly, the legislative history uses the term “alternative,” rather than “substitute.” See *PPC Broadband, Inc. v. Corning Optical Comms. RF, LLC*, 815 F.3d 734, 741 (2016) (“Congress intended these programs to provide ‘quick and cost effective alternatives’ to litigation in the courts. H.R.Rep. No. 112–98, pt. 1, at 48 (2011), as reprinted in 2011 U.S.C.C.A.N. 67, 78.”). Whether a “substitute” or “alternative,” an administrative proceeding is not a judicial proceeding in which “prevailing party” status may be obtained.

The rights of patent owners and patent challengers are altered in various ways in *inter partes* review, many to the extreme detriment of patent owners. Patent owners (and challengers, who typically do not wish to assert the right) lose the right to a jury trial. The “alternative” burden of proof allows patent claims to be cancelled without clear and convincing proof of invalidity. Despite the intentional and important differences between the judicial and administrative procedures, should a party can be considered a “prevailing party” under section 285 simply because *inter partes* review can be labelled a “substitute” or “alternative” to district court litigation? That is a question for Congress. The meaning of the widely-used legal term of art “prevailing party” has not been altered for the purpose of *inter partes* review with no word from Congress.

fees in administrative proceedings, or it could have made a party who succeeded in an administrative proceeding a “prevailing party,” but it did not do so. Congress did not take any “explicit” action of the type required to alter the American Rule, and there is no basis for the claim that success in *inter partes* review, or any other administrative proceeding makes a litigant a “prevailing party” in district court.

VII. THERE IS “NO LEGAL BASIS” FOR AN ARGUMENT THAT LAWYERS CAN BE HELD LIABLE UNDER SECTION 285.

A. *Phonometrics v. Westin Hotel Co.* Precludes The Assertion Of Section 285 Against Counsel.

In *Phonometrics, Inc. v. Westin Hotel Co.*, 350 F.3d 1242, 1248-49 (Fed. Cir. 2003), this Court applied its ruling in a prior non-precedential opinion holding that “Section 285 is a fee shifting statute that in exceptional cases may require the losing party to reimburse the prevailing party its attorney fees. Sheraton has provided us with no legal basis for entering a fee award against the losing party’s attorney under § 285. [] Counsel for Phonometrics is not liable for fees awarded under § 285; it can only be liable for excess fees awarded under § 1927.” See *Phonometrics, Inc. v. ITT Sheraton Corp.*, 64 F. App’x 219, 221-22 (Fed. Cir. 2003). In *Phonometrics v. Westin*, this Court noted that, unlike the district court in *Phonometrics v. ITT Sheraton Corp.*, “the

district court clearly specified that Phonometrics ‘is responsible for [the awarded] fees and costs pursuant to 35 U.S.C. § 285 [and its] counsel is responsible for [the awarded] fees and costs pursuant to 28 U.S.C. § 1927.’” *Phonometrics v. Westin Hotel Co.*, 350 F.3d at 1249 n.9. The fee award was therefore affirmed, contrary to the result in *Phonometrics v. ITT Sheraton Corp.*, where counsel was wrongly held liable under section 285. The appellants acknowledge *Phonometrics v. Westin Hotel Co.*, and they do not cite a single case in which a lawyer or a law firm was held liable under section 285.

Phonometrics v. Westin Hotel Co. is not the only case holding or recognizing that section 285 and other fee shifting statutes do not apply to lawyers. *Roadway Express, Inc. v. Piper*, 447 U.S. 752, 761-62 (1980), illustrates the general rule that fee shifting statutes that do not mention lawyers do not apply to lawyers. Before the Federal Circuit was created, the Fourth Circuit concluded that section 285 does not apply to lawyers, *see Stillman v. Edmund Scientific Co.*, 522 F.2d 798, 800 (4th Cir. 1975), and the district courts considering the issue have reached the same conclusion. *Lumos Tech. Co., Ltd. v. JEDMED Instrument Co.*, 2018 U.S. Dist. LEXIS 24238, *4, 2018 WL 910588

(S.D.N.Y. Feb. 14, 2018) (“There does not appear to be any legal basis for entering a fee award against the losing party’s attorney under § 285.”); *Tech. Props. Ltd. LLC v. Canon Inc.*, 2017 U.S. Dist. LEXIS 144204, *16 (N.D. Cal. Jan. 26, 2017); *Advanced Video Technologies LLC v. HTC Corp.*, 2015 WL 7621483, at *5 (S.D.N.Y. Aug. 28, 2015); *Rates Tech. Inc. v. Broadvox Holding Co., LLC*, 56 F. Supp. 3d 515, 526 (S.D.N.Y. Oct. 7, 2014) (“no legal basis [exists under section 285] for entering a fee award against the losing party’s attorney.”) (quoting *Phonometrics v. ITT Sheraton Corp.*, 64 Fed. App’x at 222).

The Supreme Court explained in *Buckhannon* that the American Rule is that “attorney’s fees will not be awarded absent ‘explicit statutory authority.’” 532 U.S. at 608. Section 285 “explicitly” allows an award of attorneys’ fees, but it does not mention counsel, and there is no “explicit” reference anywhere in the law supporting the notion that lawyers are subject to section 285.

The cases rejecting the application of section 285 to counsel are consistent with, and some are explicitly based on, the presumption long followed by the federal courts that “when a fee-shifting statute does not explicitly permit a fee award against counsel, it prohibits it. In short,

silence does not equal consent.” *In re Crescent City Estates, LLC*, 588 F.3d 822, 825 (4th Cir. 2009); *Healey v. Chelsea Res., Ltd.*, 947 F.2d 611, 624 (2d Cir. 1991); *Amlong & Amlong, P.A. v. Denny’s, Inc.*, 500 F.3d 1230, 1238 (11th Cir. 2007); *Steinert v. Winn Grp., Inc.*, 440 F.3d 1214, 1222 (10th Cir. 2006); *Pfingston v. Ronan Eng’g Co.*, 284 F.3d 999, 1005-06 (9th Cir. 2002); *Foster v. Mydas Assocs., Inc.*, 943 F.2d 139, 142 (1st Cir. 1991); *Brown v. Borough of Chambersburg*, 903 F.2d 274, 276-77 (3d Cir. 1990). The absence of a “carve out” for lawyers is not significant because the rule is that lawyers are not liable unless they are “carved in.”¹²

¹² The defendants argue that because Federal Rule of Appellate Procedure 38 has been held to apply to lawyers, the presumption consistently followed under fee shifting statutes should not be followed. This argument was rejected by the Fourth Circuit in *Crescent City Estates*. 588 F.3d at 829, n.*. The appellants’ Rule 38 argument has no apparent limits. For example, it would appear to make lawyers subject to liability for ordinary costs under Rule 54(d), an obviously incorrect outcome. *See Wilder v. GL Bus Lines*, 258 F.3d 126, 129-30 (2d Cir. 2001).

Interestingly, the Rule 38 cases cited by the appellants do not discuss the comment in the 1967 Advisory Committee Note to the original version of Rule 38 that “damages are awarded by the court in its discretion in the case of a frivolous appeal as a matter of justice to the appellee and as a penalty against the appellant.”

The appellants attempt to turn the rule on its head, even arguing that *Octane Fitness* provides support for the idea that section 285 applies to lawyers because it does not explicitly exclude lawyers. The same could be said about Federal Rule of Civil Procedure 54(d), 35 U.S.C. section 284, 15 U.S.C. section 15(a), and a multitude of other cost and fee shifting statutes, but there is “no legal basis” for a suggestion that lawyers are subject to any of them. Under the law, the absence of a lawyer carve out is not significant.

Statutes are always interpreted according to their context, *e.g.*, *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 133 (2000); *Davis v. Michigan Dept. of Treasury*, 489 U.S. 803, 809 (1989), and one point of context is that cost and fee shifting statutes and rules provide remedies that are traditionally available only against litigants. Another aspect of the context of section 285 is its history.

The attorneys’ fees language now found in section 285 was originally a part of 35 U.S.C. section 70. Before section 70 was enacted in 1946,¹³ the remedies available for patent infringement did not include an award of attorneys’ fees. Section 70 provided that “upon a Judgment

¹³ See Patent Act of August 1, 1946, § 1, 60 Stat. 778 (codified at 35 U.S.C. § 70) (1946 ed.).

being rendered in any case for an infringement the complainant shall be entitled to recover general damages which shall be due compensation for making, using, or selling the invention, not less than a reasonable royalty therefor, together with such costs, and interest, as may be fixed by the court.” The statute also provided that “[t]he court may in its discretion award reasonable attorney’s fees to the prevailing party upon the entry of Judgment on any patent case.” *See id.*, Appx5550.

Appearing as it did in a statute providing for the recovery of damages for infringement, the attorney’s fees and cost remedies set forth in section 70 were plainly not available against lawyers.

The attorneys’ fees language of section 70 was interpreted in a manner that limited recovery to special situations presenting an “injustice” warranting an award of attorneys’ fees.¹⁴ When the Patent Act was adopted in 1952, section 70 was divided among sections 283, 284, 285, 286, and 290, among others. The attorneys’ fees language taken from section 70 was amended in a manner consistent with the case law by adding the reference to “exceptional cases,” and codified in a new section 285.

¹⁴ *See, e.g., Park-In-Theatres, Inc. v. Perkins*, 190 F.2d 137, 142 (9th Cir. 1951). *See generally Octane Fitness*, 572 U.S. at 548-49.

The 1952 Reviser's Note for section 285 shows that no change in the reach of section 70 was intended when section 285 was adopted:

This section is substantially the same as corresponding provision in R.S. 4921, "in exceptional cases" has been added as expressing the intention of the present statute as shown by its legislative history and as interpreted by the courts.

S. Rep. No. 1979, 82nd Cong., 2d Sess. (1952), reprinted in 1952 U.S. Code Cong. & Ad. News 2394, 4223. In *Octane Fitness*, "the parties agree[d] that the recodification did not substantively alter the meaning of the statute." *Octane Fitness*, 572 U.S. at 549. Section 70 did not apply to lawyers, and neither does section 285.

The appellants make an exaggerated claim that "when the statute or rule is silent as to attorneys, courts are split as to attorney liability." DS Br. at 53, n.10. They cite statutes or rules that explicitly allow sanctions to be awarded against lawyers, and then cite a series of cases rejecting lawyer liability under various statutes. The only "split" mentioned is the pre-*Crescent City Estates* split regarding 28 U.S.C. section 1447(c), a bankruptcy removal statute. *Crescent City Estates* was decided in 2009. The appellants do not cite any cases repudiating *Crescent City Estates*, or resolving a dispute about even section 1447(c)

in a manner suggesting that the consistent rejection of the use of section 285 against lawyers is incorrect.¹⁵

B. There Are No “Circumstances” In Which Lawyers Qua Lawyers Are Subject To Section 285.

The appellants also suggest that there might be “circumstances” in which lawyers can be liable under section 285, even if they are not liable in every case. The basis for this suggestion is not clear. It finds no support in any statutory language or legislative history, and Congress has provided no guidelines that would provide proper notice of when liability might attach, or allow a court to make a proper assessment of whether a lawyer might be liable in a given case. The appellants provide no help understanding how a line might be drawn.

This case does not present an actual dispute on any issue involving the appellants’ fallback argument. There is no basis in the record showing a “special” circumstance involving the parties to this

¹⁵ The appellants also attempt to portray the Supreme Court’s observation about a district court’s “inherent power” in *Roadway Express* as somehow supportive of their position. *See Roadway Express*, 447 U.S. at 765. The court’s inherent power is not a statutory concept. A district court may impose sanctions against a lawyer under its “inherent power,” but only in the most extreme cases. *See generally id.* at 764. It is noteworthy that the appellants never sought relief against the appellee lawyers and law firm under the district court’s inherent power.

appeal. The appellants' vague request for advisory comment does not provide a basis for action by the Court.

C. Ample Remedies Are Available Against Lawyers In A Proper Case.

Result-oriented distortion or disruption of the law is not required because there are various ways to obtain relief against lawyers who have crossed the line. Explicit remedies for improper conduct are available by rule, *see, e.g.*, Fed. R. Civ. P. 11, 37(a)(4), and by statute, *see* 28 U.S.C. § 1927, in addition to the inherent power of the court reserved for the most extreme cases. *See Roadway Express*, 447 U.S. at 764-65.

When statutes and rules are intended to cover lawyers or law firms, they do so explicitly. *See* DS Br. at 53, n.10. And there are few instances of lawyer conduct worthy of sanction that cannot be reached by Rule 11, section 1927, or the inherent power of a district court. It is wrong to try to distort the law to meet a partisan objective, and it is unnecessary to do so if the objective is to remedy lawyer conduct genuinely requiring a remedy.

VIII. THERE IS NO BASIS FOR THE OTHER ADVISORY RELIEF REQUESTED BY THE APPELLANTS.

A. Federal Courts Do Not Issue Advisory Opinions.

The exercise of the judicial power granted by Article III is not possible in the absence of a case or controversy. *Momenta*, 915 F.3d at 767. “[A] federal court has neither the power to render advisory opinions nor ‘to decide questions that cannot affect the rights of litigants in the case before them.’” *Preiser*, 422 U.S. at 401.

The appellants ask the Court to offer advisory comment on the question of whether a prevailing party in district court may recover costs incurred before the Patent Trial and Appeal Board. Because the appellants are not “prevailing parties,” no such issue is presented. Moreover, the district court did not address any of the relevant issues, and there is no need for this Court to consider either the general question of whether costs incurred in *inter partes* review can ever be recovered, or, if so, which types of costs may be recovered and when. While waiting for a case concretely presenting these issues, the appellants would be well served presenting the related policy questions to Congress.

IX. CONCLUSION.

The district court's vacatur of the judgments entered before the *DISH* and *Sirius* cases became moot is not challenged in this Court. The district court properly vacated the judgments, and the court correctly determined that the appellants did not identify a judicial act "materially altering the legal relationship of the parties." The district court's determination that the appellants are not "prevailing parties" under 35 U.S.C. section 285 is therefore correct, and the court's order denying the appellants' motions for exceptional case determinations should be affirmed.

Dated: April 10, 2019

Respectfully submitted,

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**CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME
LIMITATION, TYPEFACE REQUIREMENTS, AND
TYPE STYLE REQUIREMENTS**

1. This brief complies with the type-volume limitation of Federal Rule of Federal Circuit Rule 32(a). This brief contains 13,624 words, excluding the parts of the motion exempted by Fed. R. App. P. 32(f).

2. This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6). This brief has been prepared in a proportionally spaced typeface using Microsoft Word in 14 point Century Schoolbook.

Dated: April 10, 2019

/s/Robert E. Freitas

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CERTIFICATE OF SERVICE

I hereby certify that on May 7, 2019, I filed or caused to be filed the foregoing with the Clerk of the United States Court of Appeals for the Federal Circuit via the CM/ECF system and served or caused to be served a copy on all counsel of record by the CM/ECF system.

Dated: May 7, 2019

/s/Robert E. Freitas
Robert E. Freitas