

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IRONBURG INVENTIONS LTD.,

Plaintiff,

v.

VALVE CORPORATION,

Defendant.

PARTIAL JUDGMENT
IN A CIVIL CASE

CASE NO. C17-1182 TSZ

X **Jury Verdict.** This action came before the court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

X **Decision by Court.** This action came on for consideration before the court. The issues have been considered and a decision has been rendered.

All claims and counterclaims involving U.S. Patent Nos. 8,641,525 and 9,089,770 having been resolved,¹ all matters involving U.S. Patent Nos. 9,289,688 and 9,352,229 having been stayed,² and the Court finding no just reason for delay, *see* Fed. R. Civ. P. 54(b), partial judgment is hereby ENTERED as follows: (1) consistent with the verdict rendered by the jury, docket nos. 416 and 417, judgment is ENTERED in favor of plaintiff Ironburg Inventions Ltd. (“Ironburg”) and against defendant Valve Corporation (“Valve”) on Ironburg’s claims for infringement of U.S. Patent No. 8,641,525 in the amount of \$4,029,533.93, together with costs to be taxed in the manner set forth in Local Civil Rule 54(d) and interest pursuant to 28 U.S.C. § 1961 at the rate of eight-hundredths of one percent (0.08%) per annum from the date of this judgment until paid in full; and (2) consistent with the Court’s ruling that the accused device does not literally or under the doctrine of equivalents infringe Claims 13 or 14 of U.S. Patent No. 9,089,770 (the ’770 Patent), *see* Minute Order at ¶ 1(g) (docket no. 301), judgment is ENTERED in favor of Valve on its fourth counterclaim for

¹ *See* Order (docket no. 458); Verdict (docket nos. 416 & 417); Minute Order (docket no. 325) (granting Stip. Mot. re: first counterclaim (docket no. 323)); Minute Order at ¶ 1(a) (docket no. 322) (dismissing third counterclaim at moot); Order (docket no. 320) (dismissing ninth counterclaim for declaratory judgment re: inequitable conduct); Minute Order at ¶ 1(g) (docket no. 301).

² *See* Minute Order at 1 n.1 (docket no. 303); Minute Order at ¶ 2(b) (docket no. 148).

declaratory judgment of non-infringement, Ironburg's claims involving the '770 Patent are DISMISSED with prejudice, and Valve may tax costs in connection with such claims in the manner set forth in Local Civil Rule 54(d).

Dated this 19th day of July, 2021.

Ravi Subramanian
Clerk

s/Gail Glass
Deputy Clerk

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IRONBURG INVENTIONS LTD.,

Plaintiff,

v.

VALVE CORPORATION,

Defendant.

SUPPLEMENTAL PARTIAL
JUDGMENT IN A CIVIL CASE

CASE NO. C17-1182 TSZ

 Jury Verdict. This action came before the court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

 X **Decision by Court.** This action came on for consideration before the court. The issues have been considered and a decision has been rendered.

THE COURT HAS ORDERED THAT

All claims and counterclaims involving U.S. Patent Nos. 8,641,525 and 9,089,770 having been resolved, *see* Partial Judgment (docket no. 464), and the Court finding no just reason for delay in connection with the related matter of prejudgment interest, *see* Order (docket no. 495) (citing Fed. R. Civ. P. 54(b)), supplemental partial judgment is hereby ENTERED in favor of plaintiff Ironburg Inventions Ltd. and against defendant Valve Corporation in the amount of \$322,859.38 as prejudgment interest from August 15, 2019, to July 19, 2021, which shall bear post-judgment interest pursuant to 28 U.S.C. § 1961 at the rate of eight-hundredths of one percent (0.08%) per annum, compounded annually, from July 19, 2021, until paid in full.

Dated this 27th day of September, 2021.

Ravi Subramanian

Clerk

s/Gail Glass

Deputy Clerk

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3 UNITED STATES DISTRICT COURT
4 WESTERN DISTRICT OF WASHINGTON
5 AT SEATTLE

6 IRONBURG INVENTIONS LTD.,

7 Plaintiff,

8 v.

9 VALVE CORPORATION,

10 Defendant.

C17-1182 TSZ

ORDER

11 THIS MATTER comes before the Court to construe certain claim terms in United
12 States Patent Nos. 8,641,525 (the “525 Patent”) and 9,089,770 (the “770 Patent),
13 pursuant to *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995), and
14 *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005). Before this action was
15 transferred from the Northern District of Georgia, the parties submitted a Joint Claim
16 Construction Statement, docket no. 64, attached to which was a list of eighteen disputed
17 claim terms. Ex. 1 (docket no. 64-1). The last nine of those eighteen terms relate to
18 United States Patent Nos. 9,289,688 and 9,352,229, as to which the Court has stayed
19 plaintiff’s infringement claims. *See* Minute Order at ¶ 2(b) (docket no. 148). With
20 regard to the first, third, and fourth disputed claim terms, namely (1) directional
21 references (*i.e.*, top, bottom, front, back, end, side, inner, outer, upper, lower),
22 (3) “inherently resilient and flexible,” and (4) “substantially the full distance between the
23 top edge and the bottom edge,” the Court previously adopted the Patent Trial and Appeal

1 Board's interpretations. Minute Order at ¶ 1 (docket no. 153). The fifth disputed claim
2 term, *i.e.*, (5) "the front end," was stricken from the parties' joint claim chart and will not
3 be construed by the Court. *See id.* at ¶ 2.

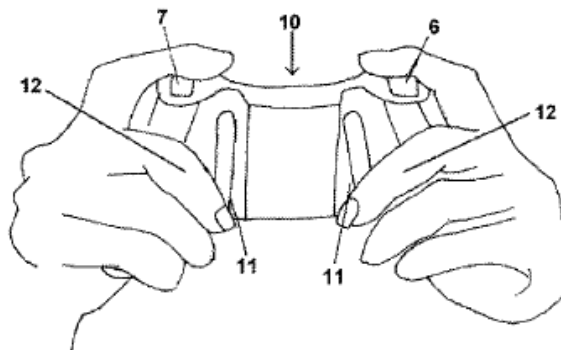
4 Defendant Valve Corporation ("Valve") contends that the second, fourth, sixth,
5 seventh, and eighth disputed claim terms are indefinite. In adopting the Patent Trial and
6 Appeal Board's interpretation of the fourth disputed claim term, the Court reserved ruling
7 on whether the term is indefinite. *See id.* at ¶ 1. The second and sixth disputed claim
8 terms are duplicative, both involving (2)/(6) "elongate member," which appears in each
9 patent at issue. Valve has offered a construction of "elongate member" in the event that
10 the Court does not find the term indefinite. With regard to the seventh and eighth
11 disputed claim terms, namely (7) "a first/second distance between the top edge and the
12 bottom edge" and (8) "substantially all of the first/second distance," the parties have
13 agreed that, if the Court concludes such claim terms are not indefinite, the Court need not
14 further construe such claim terms.

15 The Court is asked, however, to construe the ninth disputed claim term, which is
16 (9) "the medial portion is closer to the top edge than a distal end of each of the first
17 handle and the second handle." *See* Tr. (Jan. 5, 2018) at 19-22 (docket no. 157). As a
18 result, the Court will first consider whether disputed claim terms (2)/(6), (4), (7), and (8)
19 are indefinite, and regardless of how it rules on that question, the Court will then address
20 the parties' request that disputed claim term (9) be construed. The other disputed claim
21 term that might require interpretation is (2)/(6) "elongate member," but only if it is not
22 deemed indefinite. Having reviewed the parties' supplemental briefs and other relevant
23 filings, the Court now enters the following order.

1 Background

2 Both the '525 Patent and the '770 Patent disclose an “improved controller for a
3 game console that is intended to be held by a user in both hands in the same manner as a
4 conventional controller,” but which has “two additional controls located on the back in
5 positions to be operated by the middle fingers of a user.” '525 Patent & '770 Patent at
6 Abstract. With one exception, the disputed claim terms involve limitations related to the
7 rear controls, which are described in the specification as “paddles 11” and in the claims
8 as including an “elongate member.” *See id.* at Col. 3, Line 51; '525 Patent at Col. 4,
9 Line 52; '770 Patent at Col. 4, Lines 50-52. The '525 Patent requires that each “elongate
10 member” extend “substantially the full distance between the top edge and the bottom
11 edge” of the outer case of the hand held controller. '525 Patent at Col. 4, Lines 53-54. In
12 contrast, the '770 Patent describes each “elongate member” independently, with the “first
13 elongate member” extending “at least half of a first distance between the top edge and the
14 bottom edge” and the “second elongate member” extending “at least half of a second
15 distance between the top edge and the bottom edge” of the outer case of the video game
16 controller. '770 Patent at Col. 4, Lines 53-59. Both patents contain the following

17 illustration:



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19
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21 '525 Patent & '770 Patent at Fig. 3. In a separate, dependent claim, the '770 Patent states
22 that the first elongate member must extend “along substantially all of the first distance,”
23

1 while the second elongate member must extend “along substantially all of the second
2 distance.” ’770 Patent at Col. 4, Lines 61-64 (Claim 2). In a different dependent claim,
3 the ’770 Patent specifies that the “medial portion” between the first convex portion of the
4 bottom edge of the video game controller, which defines the first handle, and the second
5 convex portion of the bottom edge of the video game controller, which defines the second
6 handle, must be “closer to the top edge than a distal end of each of the first handle and the
7 second handle.” *Id.* at Col. 5, Lines 8-10 (Claim 5); *see also* Col. 4, Line 65 – Col. 5,
8 Line 3 (Claim 3 on which Claim 5 depends). This limitation concerning the “medial
9 portion” is the only disputed claim term that does not involve the controls (or paddles or
10 elongate members) on the back of the device.

11 **Discussion**

12 **A. Indefiniteness¹**

13 A patent is presumed valid. 35 U.S.C. § 282(a). Such presumption may be
14 overcome on the ground of indefiniteness only if a patent’s “claims, read in light of the
15 specification delineating the patent, and the prosecution history, fail to inform, with
16 reasonable certainty, those skilled in the art about the scope of the invention.” *Nautilus,*

17
18 ¹ The Court is unconvinced by plaintiff’s argument that, in pursuing an inter partes review before the
19 Patent Trial and Appeal Board, Valve somehow conceded that the terms of the patents at issue are not
20 indefinite. Valve could not have raised indefiniteness in an inter partes review, *see* 35 U.S.C. § 311(b),
21 and thus, it cannot be deemed to have forfeited its right to present such defense in this matter. Similarly,
22 collateral estoppel or issue preclusion does not operate to bar Valve from presenting its indefiniteness
23 contentions to this Court. *See Granite Rock Co. v. Int’l Bhd. of Teamsters, Freight, Constr., Gen. Drivers, Warehousemen & Helpers, Local 287*, 649 F.3d 1067, 1070 (9th Cir. 2011) (collateral estoppel requires, at a minimum, that the issue sought to be relitigated be identical to an issue necessarily decided in a previous proceeding). Finally, for the same reason that the positions taken by Valve during inter partes review do not bind it in this litigation with respect to indefiniteness, the contentions made by third party Collective Minds Gaming Co., Ltd. in separate inter partes review proceedings have no persuasive value on the subject.

1 Inc. v. Biosig Instruments, Inc., 134 S. Ct. 2120, 2124 (2014). An invalidity defense must
2 be proven by “clear and convincing evidence.” Microsoft Corp. v. i4i Ltd. P’ship, 564
3 U.S. 91, 95 (2011). The Court concludes that Valve has not carried its burden of showing
4 that disputed claim terms (2)/(6) “elongate member,” (4) “substantially the full distance
5 between the top edge and the bottom edge,” (7) “a first/second distance between the top
6 edge and the bottom edge,” and (8) “substantially all of the first/second distance” are
7 indefinite. The disputed claim terms contain words of degree (“elongate,” “between,”
8 and “substantially”) that provide a sufficient standard of measurement.

9 As observed by the Federal Circuit, claim language “employing terms of degree
10 has long been found definite where it provided enough certainty to one of skill in the art
11 when read in the context of the invention.” Biosig Instruments, Inc. v. Nautilus, Inc., 783
12 F.3d 1374, 1378 (Fed. Cir. 2015). The certainty that the law requires in patents is not
13 greater than is reasonable and, in evaluating a claim for indefiniteness, the Court must
14 take into account the inherent limitations of language, as well as the “modicum of
15 uncertainty” that is the “price of ensuring the appropriate incentives for innovation.” See
16 id. at 1378-79 (quoting Nautilus, 134 S. Ct. at 2128). A patent must merely be “precise
17 enough to afford clear notice of what is claimed, thereby ‘appris[ing] the public of what
18 is still open to them.’” Id. at 1378 (quoting Nautilus, 134 S. Ct. at 2129 (alteration in
19 original) (quoting Markman, 517 U.S. at 373)).

20 In Biosig, on remand from the Supreme Court, the Federal Circuit held that the
21 term “spaced relationship” was not indefinite. The patent at issue was for a heart rate
22 monitor that included (coincidentally) an “elongate member” with a first and second half;
23 each half contained a live electrode and a common electrode in “spaced relationship”

1 with each other. 783 F.3d at 1376. The Federal Circuit reiterated its earlier analysis that
2 an ordinarily skilled artisan would understand the claim language to require “the spaced
3 relationship to be neither infinitesimally small nor greater than the width of a user’s
4 hands.” *Id.* at 1382. The *Biosig* Court reasoned that the distance between the electrodes
5 could not exceed the width of a user’s hands because the patent claim required the
6 electrodes to “independently detect electrical signals at two distinct points of a hand,” and
7 that an infinitesimally small distance between the electrodes was infeasible because it
8 would effectively merge the electrodes into one detection point. *See id.* at 1383 (quoting
9 *Biosig Instruments, Inc. v. Nautilus, Inc.*, 715 F.3d 891, 899 (Fed. Cir. 2013), *vacated*,
10 134 S. Ct. 2120 (2014)). As a result, the Federal Circuit concluded that a skilled artisan
11 “would understand the inherent parameters of the invention as provided in the intrinsic
12 evidence.” *Id.* at 1384.

13 **1. Elongate Member**

14 *Biosig* undermines Valve’s contention that disputed claim term (2)/(6) “elongate
15 member” is indefinite. *Biosig* is not the only decision of the Federal Circuit involving
16 claim language that included the phrase “elongate member”² or the term “elongate” to
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18
19 ² *See Red Dog Mobile Shelters, LLC v. Kat Indus., Inc.*, 664 Fed. App’x 905 (Fed. Cir. 2016) (“elongate
20 member” in patent for re-deployable mobile above-ground shelter); *Hologic, Inc. v. SenoRx, Inc.*, 639
21 F.3d 1329 (Fed. Cir. 2011) (“elongate member” in patent for a surgical apparatus to provide balloon
22 brachytherapy, a form of radiation treatment); *Cordis Corp. v. Boston Scientific Corp.*, 99 Fed. App’x 928
23 (Fed. Cir. 2004) (“elongate member” in patent for a balloon-expandable coronary stent); *Thomas & Betts
Corp. v. Litton Sys., Inc.*, 720 F.2d 1572 (Fed. Cir. 1983) (“elongate member” in patent for an electrical
connecting device); *see also Voda v. Cordis Corp.*, 536 F.3d 1311 (Fed. Cir. 2008) (“elongate tubular
member” in patent for assembly guiding the path of a therapeutic catheter); *Union Carbide Corp. v. Am.
Can Co.*, 724 F.2d 1567 (Fed. Cir. 1984) (“elongate flexible binding member” in patent for packaging
process).

1 modify another noun, for example, guard panel, stem, tube, or base portion.³ Despite the
2 prevalence of the word “elongate” in patents spanning a variety of industries, Valve has
3 cited no case in which the Federal Circuit has found the term “elongate,” when used as an
4 adjective, to be indefinite. Rather, in at least one (albeit unpublished) decision, the
5 Federal Circuit has construed “elongate” consistently with its dictionary meaning as
6 referring to “a structure ‘having a form notably long in comparison to its width.’” *See*
7 *Dana Innovations v. Speakercraft, Inc.*, 1996 WL 748250 at *2 (Fed. Cir. Dec. 2, 1996)
8 (citing Webster’s Third New Int’l Dictionary 737 (1986)).

9 Valve’s reliance on another unpublished decision, *GE Lighting Solutions, LLC v.*
10 *Lights of Am., Inc.*, 663 Fed. App’x 938 (Fed. Cir. 2016), is misplaced. The patent in that
11 case used the verb form “elongated,” which connotes an “extending in length.” *See id.* at
12 940. The patent claims disclosed a “thermally conductive core” and required that such
13 core be “elongated.” *Id.* Acknowledging that “elongated” is “undoubtedly a term of
14 degree,” the *GE Lighting* Court concluded that the verb tense was indefinite because it set
15 no bounds for the dimensions of the core, the specification offered no explanation, the
16 drawings provided no assistance, and the prosecution history merely informed a skilled
17 artisan that the core could not be “disk or plate shaped” or “generally planar.” *Id.* at 940-
18 41. In contrast, in this matter, the patents use the word “elongate” in its usual sense, as a

21 ³ *L.B. Plastics, Inc. v. Amerimax Home Prods., Inc.*, 499 F.3d 1303 (Fed. Cir. 2007) (“elongate polymer
22 guard panel” in patent for composite gutter guard); *Howmedica Osteonics Corp. v. Tranquil Prospects,*
23 *Ltd.*, 401 F.3d 1367 (Fed. Cir. 2005) (“elongate stem” in patent for an intramedullary prosthesis (hip joint
replacement)); *Stryker Corp. v. Davol Inc.*, 234 F.3d 1252 (Fed. Cir. 2000) (“elongate tube” in patent for
surgical irrigation system); *In re Fritch*, 972 F.2d 1260 (Fed. Cir. 1992) (“continuous elongate, thin
gauge, flexible base portion” in patent for landscape edging device).

1 modifier indicating that an element is “notably long in comparison to its width,” and the
2 specification and drawings reflect such interpretation. *See* ’525 Patent & ’770 Patent at
3 Col. 3, Lines 51-53 (“The paddles **11** are elongate in shape and substantially extend in a
4 direction from the top edge to bottom edge of the controller.”); *see also id.* at Figs. 2 & 3.
5 Contrary to Valve’s suggestion, disputed claim term (2)/(6) “elongate member” is not
6 indefinite.

7 **2. Substantially**

8 The requirement that the elongate members extend “substantially the full distance
9 between the top edge and the bottom edge” of the outer case of the hand held controller,
10 as set forth in disputed claim term (4), is likewise not indefinite. The Patent Trial and
11 Appeal Board has construed this phrase as meaning that the elongate members extend
12 “largely but not necessarily the entire distance between the top and the bottom edges.”
13 Ex. C to Becker Decl. (docket no. 142-3 at 14). Valve challenges the substitution of the
14 word “largely” for “substantially,” arguing that both expressions are vague and fail to
15 advise a person of ordinary skill in the art how long the elongate members must be.

16 The Court disagrees. The adverb “substantially” is a term of approximation
17 generally understood to indicate “largely but not wholly that which is specified.” *See*
18 *LNP Eng’g Plastics, Inc. v. Miller Waste Mills, Inc.*, 275 F.3d 1347, 1354 (Fed. Cir.
19 2001) (quoting Webster’s Ninth New Collegiate Dictionary 1176 (9th ed. 1983)). With
20 respect to the rear controls, the word “substantially” is reasonably precise, given that the
21 purpose of the elongate shape is to allow “a user to engage the paddles with any of the
22 middle, ring, or little finger.” *See* ’525 Patent at Col. 3, Lines 56-58. As in *Biosig*, in
23 which the term “spaced relationship” correlated with the width of a user’s hand, in this

1 matter, the elongate members, which extend “substantially the full distance” between the
2 top and bottom edges of the controller case, can be calibrated by a skilled artisan to suit
3 the average span of a human hand.⁴ *See Biosig*, 783 F.3d at 1383; *see also Andrew Corp.*
4 *v. Gabriel Elecs., Inc.*, 847 F.2d 819, 821-22 (Fed. Cir. 1988) (reversing the district
5 court’s conclusion that the phrases “substantially equal” and “closely approximate” were
6 indefinite). Thus, disputed claim term (4) does not support Valve’s invalidity contention,
7 and it will be construed in the manner articulated by the Patent Trial and Appeal Board.

8 **3. First/Second Distance**

9 As identified by the parties, disputed claim terms (7) “a first/second distance
10 between the top edge and the bottom edge” and (8) “substantially all of the first/second
11 distance” are too truncated for an appropriate indefiniteness analysis. These phrases must
12 be understood in the context in which they appear in the claims at issue. Claim 1 of the
13 ’770 Patent discloses a video game controller with (i) an outer case having a top edge and
14 a bottom edge, (ii) a “first back control,” and (iii) a “second back control.” ’770 Patent at
15 Col. 4, Lines 39-47. The first back control includes a “first elongate member” and the
16 second back control includes a “second elongate member.” *Id.* at Col. 4, Lines 49-52.
17 The first elongate member “extends along at least half of a first distance between the top
18 edge and the bottom edge,” while the second elongate member “extends along at least
19 half of a second distance between the top edge and the bottom edge.” *Id.* at Col. 4, Lines
20

21
22 ⁴ For this reason, Valve’s reliance on *Fairfield Indus., Inc. v. Wireless Seismic, Inc.*, 2015 WL 1034275
23 (S.D. Tex. Mar. 10, 2015), is misplaced. *See Legacy Separators LLC v. Halliburton Energy Servs. Inc.*,
2016 WL 3017140 at *8-*9 (S.D. Tex. May 26, 2016) (distinguishing *Fairfield* and concluding that the
term “substantially” is not indefinite when “used to account for natural limitations”).

1 53-59. Each distance is measured along “the longitudinal axis” of the elongate member.
2 *Id.* at Col. 4, Lines 55-56 & 59-60. Claim 2 of the ’770 Patent, which depends on
3 Claim 1, indicates that the first elongate member “extends along substantially all of the
4 first distance,” while the second elongate member “extends along substantially all of the
5 second distance.” *Id.* at Col. 4, Lines 61-64. Separately defining the two elongate
6 members permits them to be of different lengths; however, the first and second distances
7 could also be equivalent.

8 The Court is satisfied that the claim language is not indefinite. Both the first and
9 second distance must be within the dimensions of the outer case, *i.e.*, between the top and
10 bottom edges of the case. This limitation establishes a maximum span with reasonable
11 certainty. Given the purpose of the elongate members, which is to allow a user to engage
12 the back controls with the middle, ring, or little fingers, *see* ’770 Patent at Col. 3, Lines
13 56-58, the first and second distances cannot be “infinitesimally small,” *see Biosig*, 783
14 F.3d at 1383. Rather, the minimum first and second distances must be in a range that
15 would reach the area of the designated fingers, taking into account that the length of each
16 elongate member must be at least half of the respective distance for purposes of Claim 1,
17 and substantially all of the respective distance for purposes of Claim 2. For the reasons
18 previously discussed, use of the term “substantially” does not render Claim 2 indefinite.
19 Because a skilled artisan would understand the parameters outlined in the claim language
20 with reference to the average size of a human hand, the Court concludes that disputed
21 claim terms (7) and (8) are not indefinite. *See Andrew Corp.*, 847 F.2d at 821-22
22 (observing that this type of imprecision in a claim limitation “does not impart invalidity,”
23

1 but is instead “to be considered in determination of infringement”). The Court concludes
2 that Valve’s indefiniteness challenges to the ’525 and ’770 Patents lack merit.⁵

3 **B. Claim Construction**

4 The Court has both the authority and the obligation to construe as a matter of law
5 the meaning of language used in a patent claim. *Markman*, 52 F.3d at 979. In doing so,
6 the Court must consider the intrinsic evidence in the record, meaning the claims, the
7 specification, and the prosecution history.⁶ *Id.* The words of a patent claim are generally
8 assigned their “ordinary and customary meaning.” *Phillips*, 415 F.3d at 1312.⁷ When, as
9 is the situation here, the claim terms are clear enough to permit the trier of fact to perform
10 its work, the Court need not engage in further analysis or attempt to rewrite or otherwise
11 alter the language that has received the United States Patent and Trademark Office’s

13 ⁵ Before this matter was transferred from the Northern District of Georgia, plaintiff moved to strike and
14 exclude the opinions of Valve’s expert Robert Dezmelyk. After the case was transferred, the Clerk of the
15 Court advised counsel that all undecided motions must be noted in accordance with Local Civil Rule 7(d).
16 *See* Letter (docket no. 118). Plaintiff did not note the motion or otherwise bring it to the Court’s attention
17 until it filed its supplemental response brief in connection with claim construction. *See* Pla.’s Supp. Resp.
18 Br. at 3 (docket no. 169 at 6). In light of the rulings herein regarding Valve’s assertions of indefiniteness,
19 plaintiff’s motion to strike, docket no. 70, is STRICKEN as moot.

17 ⁶ The specification is “the single best guide to the meaning of a disputed term.” *Phillips*, 415 F.3d at
18 1315. If the specification reveals a definition given to a claim term that differs from the meaning it would
19 otherwise possess, the inventor’s lexicography trumps the ordinary and customary, or dictionary,
20 construction. *Id.* at 1316. Similarly, the prosecution history evidences how the inventor understood the
21 terms used in the patent. *Id.* at 1317. Because the prosecution history, however, represents the “ongoing
22 negotiation” between the United States Patent and Trademark Office and the applicant, it might suffer
23 from a lack of clarity and is often less useful for claim construction purposes than the specification. *Id.*
In addition, although the prosecution history “can and should be used to understand the language used in
the claims,” it may not itself “enlarge, diminish, or vary” the limitations in the claims. *Markman*, 52 F.3d
at 980.

21 ⁷ The ordinary and customary meaning of a claim term is the definition ascribed to it by “a person of
22 ordinary skill in the art in question at the time of the invention.” *Phillips*, 415 F.3d at 1313. The context
23 in which a claim term is used might also be instructive. *Id.* at 1314. In addition, the other claims of a
patent might illuminate the meaning of a term, through consistent usage of the same term, or inclusion in
a dependent claim of an additional term not present in the related independent claim. *Id.* at 1314-15.

1 imprimatur. *See Ballard Med. Prods. v. Allegiance Healthcare Corp.*, 268 F.3d 1352,
2 1358 (Fed. Cir. 2001) (“*Markman* does not require a district court to follow any particular
3 procedure in conducting claim construction. It merely holds that claim construction is the
4 province of the court, not a jury. . . . As long as the trial court construes the claims *to the*
5 *extent necessary* to determine whether the accused device infringes, the court may
6 approach the task in any way that it deems best.” (emphasis added)); *see also Static*
7 *Control Components, Inc. v. Lexmark Int’l, Inc.*, 502 F. Supp. 2d 568, 575-76 (E.D. Ky.
8 2007).⁸

9 **1. Elongate Member**

10 Valve proposes to interpret “elongate member” to mean “distinct slender object
11 having a length much greater than a maximum width.” Valve’s construction improperly
12 imports limitations (distinct, slender, much greater than a maximum) into the claims at
13 issue, and the Court declines to adopt it. The term “elongate member” means what it
14 says, and the Court is satisfied that no further interpretation is necessary.

15 **2. Medial Portion**

16 With respect to dependent Claim 5 of the ’770 Patent, Valve wishes to rewrite the
17 claim language to read: “the medial portion is closer to the top edge **of the controller**
18

19 _____
20 ⁸ In *Static Control*, the district court criticized one side’s “exhortation to attach a synonym to self-defined
21 and simple words” because it invited “a meaningless result that mocks the notion of construction.” 502
22 F. Supp. 2d at 576. The district court used as an example the term “dog,” which a party might argue, in
23 light of intrinsic evidence, must be construed as weighing less than 50 pounds, and as a result, such
party’s accused dog is non-infringing because it is too heavy. *Id.* at 575. Determining whether a “dog”
has a maximum weight would be an exercise in claim construction, but deciding whether “dog” means
“canine” is a pointless endeavor, prompting the query of how an accused “dog” would infringe but an
accused “canine” would not. *Id.*

1 than **the medial portion is to** a distal end of each of the first handle and the second
2 handle.” Ex. 1 to Joint Claim Constr. Stmt. (docket no. 64-1 at 8) (additional text in bold
3 and underlined). These modifications are unnecessary and the Court declines to adopt
4 them. The phrase “of the controller” is duplicative and technically incorrect. The term
5 “top edge” is understood from the context of Claim 5, which depends on Claim 3, which
6 in turn depends on Claim 1, in which “top edge” is defined as an element of the “outer
7 case” of the video game controller. The verbiage “the medial portion is to” adds nothing,
8 and it might create a limitation that is not in the language of Claim 5. The Court is
9 persuaded that disputed claim term (9) need not be construed under *Markman*.

10 **Conclusion**

11 For the foregoing reasons, the Court ORDERS:

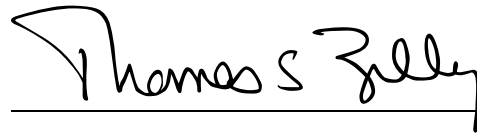
- 12 (1) Disputed claim terms (2)/(6), (4), (7), and (8) are not indefinite;
- 13 (2) Valve’s proposed interpretations of disputed claim terms (2)/(6) and (9)
14 are rejected;
- 15 (3) The parties’ stipulated motion, docket no. 188, to continue the trial date
16 and extend related deadlines is GRANTED in part and DENIED in part,
17 as follows:
 - 18 (a) The deadline for disclosure of expert testimony pursuant to
19 Federal Rule of Civil Procedure 26(a)(2) is EXTENDED to
20 July 6, 2018; rebuttal experts shall be disclosed in accordance
21 with Federal Rule of Civil Procedure 26(a)(2)(D)(ii);
 - 22 (b) The deadline for filing discovery motions is EXTENDED to
23 July 19, 2018;
 - (c) The deadline for completing discovery is EXTENDED to
August 15, 2018;
 - (d) The deadline for filing dispositive motions is EXTENDED to
August 23, 2018;

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- (e) The deadline for mediation is EXTENDED to September 14, 2018; and
 - (f) All other dates and deadlines set forth in the Minute Order entered January 8, 2018, docket no. 153, shall remain in full force and effect.
- (4) The Clerk is directed to send a copy of this Order to all counsel of record and to Magistrate Judge Donohue.

IT IS SO ORDERED.

Dated this 7th day of June, 2018.



Thomas S. Zilly
United States District Judge

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4 UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
5 AT SEATTLE

6 IRONBURG INVENTIONS LTD.,

7 Plaintiff,

8 v.

9 VALVE CORPORATION,

10 Defendant.

C17-1182 TSZ

ORDER

11 THIS MATTER comes before the Court on (i) plaintiff’s motion regarding inter
12 partes review estoppel, docket no. 260, and (ii) plaintiff’s motion for partial summary
13 judgment concerning inequitable conduct, docket no. 258. Having reviewed all papers
14 filed in support of, and in opposition to, the motions, the Court enters the following order.

15 **Background**

16 Plaintiff Ironburg Inventions Ltd. (“Ironburg”), a limited company based in the
17 United Kingdom, and defendant Valve Corporation (“Valve”), a Washington corporation,
18 compete in the video-game controller market. *See* Order at 1 (docket no. 116). Ironburg
19 licenses its patents to Scuf Gaming International, LLC and Microsoft Corporation.
20 2d Am. Compl. at ¶ 11 (docket no. 44). Valve produces a device known as the “Steam
21 Controller.” *Id.* at ¶ 12. Ironburg alleges that Valve’s Steam Controller infringes four
22 patents, namely United States Patent No. 8,641,525 (the “’525 Patent”), United States
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1 Patent No. 9,089,770 (the “’770 Patent”), United States Patent No. 9,289,688 (the “’688
2 Patent”), and United States Patent No. 9,352,229 (the “’229 Patent”). *Id.* at Counts I-IV.
3 In light of related matters pending before the United States Patent and Trademark Office
4 (“PTO”) Patent Trial and Appeal Board (“PTAB”), Ironburg’s claims concerning the
5 ’688 and ’229 Patents have been stayed. *See* Minute Order at ¶ 2(b) (docket no. 148).
6 The pending motions and this Order relate to the ’525 and ’770 Patents (the “patents-in-
7 suit”).

8 This litigation commenced in the Northern District of Georgia in December 2015.¹
9 *See* Compl. (docket no. 1). Sometime thereafter, Valve requested inter partes review
10 (“IPR”) by the PTAB of all twenty claims in the ’525 Patent and all twenty claims in the
11 ’770 Patent. *See* Exs. C & D to Becker Decl. (docket nos. 262-3 & 262-4). The PTAB
12 instituted inter partes review on most, but not all, of the grounds set forth in Valve’s IPR
13 petitions. *See* Exs. E & F to Becker Decl. (docket nos. 262-5 & 262-6). In September
14 2017, the PTAB issued its final written decisions in the related IPR proceedings. Exs. K
15 & L to Becker Decl. (docket nos. 262-11 & 262-12). In July 2019, the United States
16 Court of Appeals for the Federal Circuit affirmed the PTAB’s rulings. Ex. A to Joint
17 Status Report (docket no. 302-1). Ironburg and Valve dispute the extent to which the

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21 ¹ In June 2017, after the United States Supreme Court held, in *TC Heartland LLC v. Kraft Foods*
22 *Group Brands LLC*, 137 S. Ct. 1514 (2017), that a domestic corporation “resides” only in the
23 state of its incorporation for purposes of the patent venue statute, Valve sought to transfer this
Id.

1 PTAB's conclusions preclude Valve from challenging the validity of the patent claims
2 remaining in this matter.

3 **A. IPR Proceedings**

4 In September 2016, when the PTAB instituted the IPR proceedings at issue, the
5 United States Supreme Court had not yet decided *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348
6 (2018), which invalidated the PTAB's former practice of instituting inter partes review as
7 to less than all of the claims in the IPR petition. Consistent with its earlier protocol, the
8 PTAB instituted inter partes review concerning the '525 and '770 Patents with regard to
9 less than all of the claims and less than all of the prior art references cited in Valve's IPR
10 petition. The following table summarizes the claims and prior art references as to which
11 the related IPR proceedings, IPR2016-00948 and IPR2016-00949, were instituted.

12

Table 1: Grounds Addressed in IPR Proceedings		
Patent	Claims	Prior Art References
'525 Patent IPR2016-00948	1, 6, 13, 14, 16, 17, 19, and 20	Tosaki ²
	1-11, 13, 16, 17, and 20	Enright ³ and Tosaki
	18	Enright, Tosaki, and Oelsch ⁴
'770 Patent IPR2016-00949	1, 3-12, 15-17, 19, and 20	Tosaki
	1-12 and 14-20	Enright and Tosaki

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17 See Exs. E & F to Becker Decl. (docket nos. 262-5 & 262-6).

18 In IPR2016-00948, the PTAB concluded that Claims 1, 6, 13, 14, 16, 17, 19, and
19 20 of the '525 Patent were anticipated by Tosaki and that Claim 20 of the '525 Patent

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 ² United States Patent No. 5,989,123 issued to Kenji Tosaki and Masanori Kudou.

22 ³ United States Patent Application Publication No. 2010/0073283 A1 filed by Robert Enright.

23 ⁴ United States Patent No. 4,032,728 issued to Jurgen Oelsch.

1 was obvious over Enright and Tosaki. Ex. K to Becker Decl. (docket no. 262-11). In
 2 IPR2016-00949, the PTAB determined that Claims 1, 3-12, 15-17, 19, and 20 of the
 3 '770 Patent were anticipated by Tosaki and that Claims 1-12, 15-18, and 20 of the '770
 4 Patent were obvious over Enright. Ex. L to Becker Decl. (docket no. 262-12). The
 5 PTAB rejected Valve's other invalidity contentions, including its reliance on Oelsch in
 6 combination with Enright and Tosaki. See Exs. K & L to Becker Decl. The claims
 7 surviving inter partes review and still pending in this matter are Claims 2-5, 7-12, 15, and
 8 18 of the '525 Patent and Claims 13 and 14 of the '770 Patent, all of which are dependent
 9 claims.

10 With regard to these remaining patent claims, Valve had sought inter partes review
 11 in reliance on the following prior art references:

12

Table 2: Grounds Rejected by PTAB		
Patent	Claims	Prior Art References
'525 Patent	15	Enright, Tosaki, and Ono ⁵
	2, 4, 5, 7, 8, 12, and 15	Tosaki and Jimakos ⁶
'770 Patent	13	Enright, Tosaki, and Ono
	13 and 14	Tosaki and Jimakos

16 See Exs. C and D to Becker Decl. (docket nos. 262-3 & 262-4). The PTAB concluded,
 17 however, that Valve had not demonstrated a "reasonable likelihood" of prevailing on its
 18 contentions that the claims listed in Table 2 are unpatentable as obvious over the prior art
 19 references identified. See Exs. E and F to Becker Decl. (docket nos. 262-5 & 262-6). In
 20

21 ⁵ United States Patent Application Publication No. 2001/0025778 A1 filed by Atsushi Ono.

22 ⁶ "Rapid Fire Mod for Wireless Xbox 360 Controller, Step by Step Tutorial with Pictures,"
 23 posts 341-346 by Jimakos Sn (available at <http://forums.xbox-scene.com>).

1 defending against the infringement allegations in this litigation, Valve continues to rely
 2 on the combinations of (i) Enright, Tosaki, and Ono, and (ii) Tosaki and Jimakos
 3 (collectively, the “non-instituted grounds”) to challenge the validity of most of the
 4 remaining patent claims.

5 Valve also asserts that the following prior art references, which were not raised in
 6 the IPR proceedings (collectively, the “non-petitioned grounds”), render most of the
 7 remaining patent claims obvious:

Table 3: Grounds Not Raised in IPR Petitions		
Patent	Claims	Prior Art References
'525 Patent	2-3, 5, 9-11, and 18	Kotkin ⁷
	2, 4, 5, and 7-11	Willner, ⁸ Koji, ⁹ and Raymond ¹⁰
'770 Patent	13 and 14	Willner and Koji

12 See Def.’s Resp. at 1 (docket no. 276).¹¹ In its motion regarding IPR estoppel, Ironburg
 13 contends that Valve should be estopped from pursuing invalidity defenses on the grounds
 14 set forth in Tables 2 and 3, the non-instituted grounds and the non-petitioned grounds,
 15 respectively.

18 ⁷ United States Patent Application Publication No. 2010/0298053 A1 filed by David Kotkin.

19 ⁸ United States Patent No. 6,760,013 B2 issued to Michael Willner and Scott Arnel.

20 ⁹ Japanese Patent Application No. JP-A H10-020951 filed by Tsuchiya Koji.

21 ¹⁰ United States Patent No. 5,773,769 issued to Christopher Raymond.

22 ¹¹ Valve argues that, in addition to the patent claims enumerated in Table 3, certain patent claims
 23 already invalidated by the PTAB are obvious in light of (i) Kotkin or the combinations of either
 (ii) Willner, Koji, and Raymond, or (iii) Willner and Koji. The Court need not address this
 assertion because such invalidated patent claims are longer at issue in this lawsuit.

1 **B. Accusation of Inequitable Conduct**

2 In its separate motion for partial summary judgment, Ironburg seeks to prevent
3 Valve from asserting inequitable conduct as an affirmative defense or counterclaim. In
4 answering Ironburg's Second Amended Complaint, docket no. 44, Valve alleged that,
5 during the prosecution of the '525 and '770 Patents, Ironburg failed to disclose a prior art
6 reference, namely website posts titled "Rapid Fire Mod for Wireless Xbox 360
7 Controller, Step by Step Tutorial with Pictures," which Valve has denominated as the
8 "Mod document," but which the PTAB abbreviated as "Jimakos" in connection with
9 Valve's IPR petitions. *See* Def.'s Answer, Affirmative Defenses & Counterclaims at
10 ¶¶ 59-98 (docket no. 49); *see also* Exs. E (at 17 n.5) & F (at 11 n.3) to Becker Decl.
11 (docket nos. 262-5 & 262-6).

12 Valve's fifth affirmative defense and ninth (declaratory judgment) counterclaim
13 rely solely on Jimakos (or the Mod document) as a basis to deem the '525 and '770
14 Patents unenforceable as a result of inequitable conduct committed before the PTO
15 during the patent application process.¹² In moving to strike the affirmative defense and
16 dismiss the counterclaim, Ironburg contends that Jimakos does not have the requisite
17 "materiality" to support a finding of inequitable conduct, citing the PTAB's refusal to
18 institute inter partes review as to the combination of Tosaki and Jimakos. Ironburg also
19 asserts that Jimakos was, in fact, disclosed to the patent examiner.

21 ¹² Before this case was transferred from the Northern District of Georgia, the Honorable Thomas
22 W. Thrash, Jr. denied, without explanation, Ironburg's motion to strike both Valve's affirmative
23 defense and its counterclaim premised on inequitable conduct. Order (docket no. 67). Valve
makes no argument that this earlier ruling bars the current motion for partial summary judgment.

1 **Discussion**

2 **A. Inter Partes Review Estoppel**

3 The Supreme Court’s decision in SAS significantly altered the jurisprudential
4 landscape with regard to IPR estoppel. Prior to SAS, in interpreting the relevant provision
5 of the Leahy-Smith America Invents Act,¹³ the Federal Circuit held that, when the PTAB
6 instituted IPR proceedings on some, but not all, grounds set forth in an IPR petition,
7 estoppel did not attach to the grounds on which the PTAB declined to institute inter
8 partes review. *See Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293,
9 1300 (Fed. Cir. 2016). Since SAS was issued, other district courts have addressed the
10 continued viability of Shaw in two contexts, namely with respect to (i) “non-instituted”
11 grounds, *i.e.*, grounds contained in the IPR petition that did not survive the PTAB’s
12 former triage process, and (ii) “non-petitioned” grounds, *i.e.*, grounds not raised in the
13 IPR petition. *See Trustees of Columbia Univ. v. Symantec Corp.*, 390 F. Supp. 3d 665
14 (E.D. Va. 2019) (involving only non-petitioned grounds); *Palomar Techs., Inc. v. MRSI*
15 *Sys., LLC*, 373 F. Supp. 3d 322 (D. Mass. 2019) (involving non-petitioned grounds);
16 *Am. Tech. Ceramics Corp. v. Presidio Components, Inc.*, 2019 WL 365709 (E.D.N.Y.

17 _____
18 ¹³ The statute at issue reads:

19 The petitioner in an inter partes review of a claim in a patent under this chapter
20 that results in a final written decision under section 318(a), or the real party in
21 interest or privy of the petitioner, may not assert either in a civil action arising in
22 whole or in part under section 1338 of title 28 or in a proceeding before the
International Trade Commission under section 337 of the Tariff Act of 1930 that
the claim is invalid on any ground that the petitioner raised or reasonably could
have raised during that inter partes review.

23 35 U.S.C. § 315(e)(2).

1 Jan. 30, 2019) (involving non-petitioned grounds); *Cal. Inst. of Tech. v. Broadcom Ltd.*,
2 2018 WL 7456042 (C.D. Cal. Dec. 28, 2018) (involving both non-instituted and non-
3 petitioned grounds); *SiOnyx, LLC v. Hamamatsu Photonics K.K.*, 330 F. Supp. 3d 574
4 (D. Mass. 2018) (involving both non-instituted and non-petitioned grounds).

5 In this matter, Valve asserts that the remaining claims of the patents-in-suit are
6 invalid on the basis of non-instituted and/or non-petitioned grounds. With regard to the
7 non-instituted grounds, Ironburg seeks to preclude Valve from relitigating the PTAB's
8 decision that such invalidity defenses lack merit. As to the non-petitioned grounds,
9 Ironburg argues that Valve should be estopped from raising such challenges in this
10 litigation because it could have but failed to do so in the prior IPR proceedings. The
11 Court agrees with Ironburg with respect to both categories of invalidity contentions.

12 **1. Non-Instituted Grounds**

13 To rule on Ironburg's motion for IPR estoppel with respect to non-instituted
14 grounds, the Court must analyze the legal effect of the PTAB's pre-SAS institution of
15 IPR proceedings on some, but not all, grounds stated in the IPR petition. In *SiOnyx*, a
16 case with a procedural posture similar to the one here, the district court concluded that
17 § 315(e)(2) estoppel applied to the non-instituted grounds. *See* 330 F. Supp. 3d at 601.
18 Like Valve in this case, the IPR petitioner in *SiOnyx*, Hamamatsu Corporation, had the
19 opportunity to but did not request any SAS-based relief. *See id.* at 601 & n.18; *see also*
20 *Google LLC v. Lee*, 759 Fed. App'x 998 (Fed. Cir. 2019) (remanding to the PTAB to
21 address non-instituted grounds). The *SiOnyx* Court ruled that, because Hamamatsu
22 Corporation "reasonably could have raised" the non-instituted grounds by seeking a
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1 post-SAS remand to the PTAB, but failed to do so, it was estopped from further pursuing
2 those contentions. 330 F. Supp. 3d at 601.

3 The Court is persuaded that SiOnyx reached the correct result. See also Cal. Inst.
4 of Tech., 2018 WL 7456042 at *8. The Court is aware that two previous district court
5 cases determined, in light of Shaw, that § 315(e)(2) estoppel did not attach to non-
6 instituted grounds, but both of those opinions were issued before SAS. See Milwaukee
7 Elec. Tool Corp. v. Snap-On Inc., 271 F. Supp. 3d 990 (E.D. Wis. 2017); Oil-Dri Corp.
8 of Am. v. Nestlé Purina Petcare Co., 2017 WL 3278915 (N.D. Ill. Aug. 2, 2017). SAS
9 rendered unnecessary the adherence to Shaw that formed the basis of the decisions in
10 Milwaukee Electric and Oil-Dri. See Cal. Inst. of Tech., 2018 WL 7456042 at *7
11 (observing that “the factual circumstances encountered by Shaw . . . are unlikely to arise
12 again”).

13 The Court concludes that § 315(e)(2) bars Valve from relitigating “any ground . . .
14 raised” during inter partes review, including grounds that the PTAB declined to include
15 in the IPR proceeding and as to which Valve did not seek a remand pursuant to SAS.
16 This ruling is consistent with the Federal Circuit’s view that a partial IPR institution error
17 on the part of the PTAB is waivable. See PGS Geophysical AS v. Iancu, 891 F.3d 1354,
18 1362 (Fed. Cir. 2018). In PGS Geophysical, the Federal Circuit made clear that it will
19 not sua sponte take notice of such “ultra vires” acts by the PTAB or remand to the PTAB
20 in the absence of an explicit SAS challenge, citing the private and public interests in
21 securing a decision on the patentability issues presented on appeal to the Federal Circuit,
22 as well as the principles of finality and judicial expediency. Id. at 1362-63. Because
23

1 Valve had the opportunity to, but did not, seek a remand to the PTAB for it to further
2 consider the non-instituted grounds at issue, which are enumerated in Table 2, Ironburg’s
3 motion for IPR estoppel is GRANTED with respect to such grounds.

4 **2. Non-Petitioned Grounds**

5 As to the invalidity contentions that Valve raises in this litigation, but never
6 presented to the PTAB, *i.e.*, the non-petitioned grounds listed in Table 3, the parties do
7 not quarrel over the applicable standard for IPR estoppel, but they disagree concerning
8 whether the test has been met. Section 315(e)(2) precludes, in a subsequent civil action,
9 an invalidity contention premised on any ground that the petitioner “reasonably could
10 have raised” during inter partes review. 35 U.S.C. § 315(e)(2). The statutory language
11 has been interpreted to include any patent or printed publication about which a petitioner
12 actually knew or that “a skilled searcher conducting a diligent search reasonably could
13 have been expected to discover.” *SiOnyx*, 330 F. Supp. 3d at 602 (quoting 157 CONG.
14 REC. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl)); *see also Cal. Inst. of Tech.*,
15 2018 WL 7456042 at *8; *Milwaukee Elec.*, 271 F. Supp. 3d at 1029-30. The question
16 before the Court is whether a “skilled searcher” could have been reasonably expected to
17 find the prior art references identified in Table 3, namely Willner, Kotkin, Koji, and
18 Raymond.

19 None of the references at issue are of recent vintage. Willner was available in
20 2004, Kotkin was published in 1999, and Koji and Raymond were both accessible by
21 1998. *See Collective Minds Gaming Co. v. Ironburg Inventions Ltd.*, 2018 WL 2938858
22 at *2 nn.1-4 (PTAB June 7, 2018) (regarding ’525 Patent); *Collective Minds Gaming Co.*

1 v. Ironburg Inventions Ltd., 2018 WL 2939036 at *2 nn.1-3 (PTAB June 7, 2018)
2 (regarding '770 Patent).

3 Sometime prior to June 2018, another IPR petitioner, namely Collective Minds
4 Gaming Co. Ltd. (“Collective Minds”), cited each of these references to the PTAB as a
5 ground, either alone or in combination, for declaring unpatentable the exact same patent
6 claims identified in Table 3. Id. The PTAB instituted the inter partes review requested
7 by Collective Minds¹⁴ while the appeal concerning the inter partes review initiated by
8 Valve was still pending in the Federal Circuit. Ironburg contends that the IPR petitions
9 filed by Collective Minds demonstrate that, not only could a skilled searcher be
10 reasonably expected to discover the documents at issue, but in fact, a diligent search
11 revealed them during roughly the same timeframe.

12 In response, Valve makes no attempt to argue that the reference denominated as
13 Willner was not actually known, or was undiscoverable via a diligent search, at the time
14 Valve filed its IPR petitions. Indeed, any such assertion would lack credibility because
15 Willner was cited by the patent examiner on the face sheets of both patents-in-suit. See
16 '525 Patent at 2 (docket no. 44-1); '770 Patent at 2 (docket no. 44-2). Two of the three
17 non-petitioned grounds that Valve seeks to pursue in this matter rely on Willner in
18 combination with other references, and Valve offers no argument that, in the absence of
19 Willner, the other prior art renders the claims at issue unpatentable.

21
22 ¹⁴ Collective Minds and Ironburg eventually settled, and their IPR proceedings were terminated.
23 Collective Minds Gaming Co. v. Ironburg Inventions, Ltd., 2018 WL 6624854 (PTAB Dec. 14,
2018).

1 Valve contends merely that whether Kotkin, Koji, and Raymond could have been
2 found by a skilled searcher constitutes a question of fact, citing SiOnyx. SiOnyx,
3 however, is distinguishable. In SiOnyx, the patent owner, which bore the burden of
4 showing that IPR estoppel applied, had presented no factual evidence indicating that a
5 diligent search would have revealed the prior art reference at issue. 330 F. Supp. 3d at
6 602-03. The SiOnyx Court wanted to see the “search string and search source that would
7 identify” the reference and “evidence, likely expert testimony, why such a criterion
8 would be part of a skilled searcher’s diligent search.” Id. at 603 (quoting Clearlamp,
9 LLC v. LKQ Corp., 2016 WL 4734389 at *9 (N.D. Ill. Mar. 18, 2016)). As made clear by
10 the SiOnyx and Clearlamp Courts, this type of evidence is just one method of establishing
11 what a diligent search would have revealed. In this matter, Ironburg has taken a different
12 approach and provided virtually contemporaneous IPR petitions citing the exact prior art
13 references on which Valve now seeks to rely.

14 In an effort to create a factual dispute, one of Valve’s attorneys, Reynaldo C.
15 Barceló, has stated under oath that, “[d]espite its reasonably diligent search efforts, Valve
16 did not discover” Kotkin, Koji, or Raymond before filing its IPR petitions concerning the
17 ’525 and ’770 Patents, and that “Valve is not aware of how or when Collective Minds . . .
18 located Kotkin, Koji, or Raymond.” Barceló Decl. at ¶¶ 8-9 (docket no. 277). Neither
19 Valve’s own failure to discover the references nor its lack of information concerning how
20 Collective Minds did so raise any dispute of “material” fact. See Anderson v. Liberty
21 Lobby, Inc., 477 U.S. 242, 248 (1986) (“the substantive law will identify which facts are
22 material”). What Barceló and Valve have not said is that a “skilled searcher” could not
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1 have been “reasonably expected” to find Kotkin, Koji, or Raymond. Having apparently
2 simply copied the analysis put forward by Collective Minds and not engaged in its own
3 queries, Valve has offered no evidence concerning the degree of difficulty involved in
4 locating the prior art references at issue. See id. at 255 & 257 (to survive a dispositive
5 motion, the adverse party must present “affirmative evidence,” which “is to be believed”
6 and from which all “justifiable inferences” are to be favorably drawn).

7 Based on this record, the Court concludes, as a matter of law, that (i) Willner was
8 actually known and/or easily found before Valve petitioned for inter partes review, and
9 (ii) Kotkin, Koji, and Raymond were, in fact, discovered by another interested party
10 during the same period when Valve was motivated to learn of such references. The Court
11 further rules, as a matter of law, that a skilled searcher could have been reasonably
12 expected to find all of these references, and Valve’s argument that a triable issue exists
13 on this subject lacks merit. Ironburg’s motion for IPR estoppel is GRANTED with
14 respect to the non-petitioned grounds set forth in Table 3.

15 **B. Inequitable Conduct**

16 Having determined that Valve’s non-instituted and non-petitioned invalidity
17 contentions are precluded under § 315(e)(2), the Court turns to Valve’s affirmative
18 defense and counterclaim asserting that Ironburg cannot enforce any of the remaining
19 patent claims because it engaged in inequitable conduct in prosecuting the ’525 and
20 ’770 Patents by withholding from the PTO the prior art known as Jimakos (the Mod
21 document). See supra note 6 & § B of the Background. Inequitable conduct constitutes
22 an equitable defense to patent infringement. See *Therasense, Inc. v. Becton, Dickinson*
23

1 & Co., 649 F.3d 1276, 1285 (Fed. Cir. 2011). The Federal Circuit has described the
2 remedy for inequitable conduct, which renders the entire patent unenforceable, as the
3 “atomic bomb” of patent law. *Id.* at 1288. The taint of a finding of inequitable conduct
4 as to one patent can spread to other related patents and applications, thereby endangering
5 a company’s patent portfolio, and it cannot be cured by reissuance or reexamination. *Id.*
6 at 1288-89. It can also spawn antitrust and unfair competition claims, provide a basis for
7 deeming the case “exceptional” and awarding attorney’s fees, and permit a piercing of
8 the attorney-client privilege on the ground of fraud. *Id.* at 1289. Given the dire
9 consequences of a finding of inequitable conduct and prior abuses of the doctrine, the
10 Federal Circuit in *Therasense* tightened the standards for proving the defense. *See id.* at
11 1290.

12 To establish inequitable conduct, an accused infringer must show by clear and
13 convincing evidence that the patentee misrepresented or omitted “material” information
14 with the specific “intent to deceive” the PTO. *Id.* at 1287. If the accused infringer meets
15 its burden, then the Court must weigh the equities to determine whether the applicant’s
16 conduct before the PTO warrants rendering the entire patent unenforceable. *Id.* Valve’s
17 accusation of inequitable conduct against Ironburg does not meet these standards.

18 **1. Not Material**

19 In response to Ironburg’s motion for summary judgment, Valve, which bears the
20 burden of proving inequitable conduct on the part of Ironburg, has not raised a triable
21 issue concerning whether the prior art alleged to have been withheld from the PTO, *i.e.*,
22 Jimakos (the Mod document), is “material.” *See Celotex Corp. v. Catrett*, 477 U.S. 317,
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1 322 (1986) (summary judgment is appropriate “against a party who fails to make a
2 showing sufficient to establish the existence of an element essential to that party’s case,
3 and on which that party will bear the burden of proof at trial”). With regard to the
4 withholding of prior art, the materiality required to prevail on an inequitable conduct
5 accusation is measured under a “but for” standard. *Therasense*, 649 F.3d at 1291.

6 A reference is “but for” material if the PTO would not have allowed the patent
7 claim had it been aware of the undisclosed prior art. *Id.* In making this determination,
8 the Court must apply the preponderance of the evidence standard and give the patent
9 claims their broadest reasonable construction. *Id.* at 1291-92. The “but for” test of
10 materiality is more narrow than the definition set forth in PTO Rule 56,¹⁵ and in
11 considering whether inequitable conduct has occurred, the Court must evaluate whether
12 the patentee’s behavior “resulted in the unfair benefit of receiving an unwarranted claim.”
13 *Id.* at 1292, 1293-94. If the patent would have issued anyway, the applicant has obtained
14 no advantage from omitting the prior art (which would be, by definition, immaterial), and
15 enforcement of an otherwise valid patent does not injure the public. *Id.* at 1292.

16 In refusing to institute IPR proceedings on Valve’s claim of obviousness in light
17 of Jimakos in combination with Tosaki,¹⁶ the PTAB explained that “[t]he improvement
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19 ¹⁵ PTO Rule 56 defines “material” information as follows: “(1) It establishes, by itself or in
20 combination with other information, a prima facie case of unpatentability of a claim; or (2) It
21 refutes, or is inconsistent with, a position the applicant takes in: (i) Opposing an argument of
unpatentability relied on by the Office, or (ii) Asserting an argument of patentability.” 37 C.F.R.
§ 1.56(b).

22 ¹⁶ In this action, Valve tries to rely on Jimakos without Tosaki, observing that the PTAB did not
23 consider whether Jimakos alone rendered any of the patent claims invalid. Valve’s attempt to
cite Jimakos as a solo reference is barred by IPR estoppel. Valve knew of and cited Jimakos at

1 disclosed by Jimakos is to add a rapid fire feature.” See Ex. P to Becker Decl. (docket
2 no. 259-16 at 28-29); Ex. Q to Becker Decl. (docket no. 259-17 at 16-17). Valve’s
3 reliance on Jimakos, however, had “nothing to do with [this] rapid fire capability,” and
4 the PTAB concluded Valve had not demonstrated a reasonable likelihood of prevailing
5 on its assertion that certain patent claims were obvious over Tosaki and Jimakos.¹⁷ Id.

6 Valve persists in its failure to explain how Jimakos’s rapid fire feature is linked to
7 any patentability challenge. In his report, Valve’s expert, Robert Dezmelyk, opines that
8 Jimakos is “material” with regard to “at least” Claim 20 of the ’525 Patent and Claim 1 of
9 the ’770 Patent.¹⁸ See Ex. K to Schafer Decl. (docket no. 279-11 at 18). In expressing
10 this opinion, Dezmelyk does not even once mention the rapid fire improvement that is the
11 core of the invention disclosed by Jimakos. See id. (docket no. 279-11 at 18-35). Instead
12 of addressing the analytic weakness that was identified by the PTAB, Valve argues that
13 the PTAB’s ruling is somehow not relevant or not binding because inequitable conduct
14 and invalidity are “distinct considerations” and, in inter partes review, the PTAB cannot
15 decide charges of inequitable conduct, citing 35 U.S.C. § 311. See Def.’s Resp. at 11 &
16 14 (docket no. 278). Valve’s contention ignores the substance of the PTAB’s decision,

17 _____
18 the time it petitioned for inter partes review, and it may not now argue that the patent claims are
19 obvious over Jimakos independently, even in the context of an inequitable conduct accusation as
20 opposed to an invalidity contention, because Valve failed to raise such challenge before the
21 PTAB. See 35 U.S.C. § 315(e)(2).

21 ¹⁷ In not seeking a remand from the Federal Circuit to the PTAB when it had the opportunity to
22 do so, Valve waived any argument that the PTAB erred in declining to institute inter partes
23 review as to the combination of Tosaki and Jimakos. See PGS Geophysical, 891 F.3d at 1362.

¹⁸ These claims have already been declared unpatentable by the PTAB on other grounds and are
no longer at issue in this lawsuit.

1 which, on the merits, rejected Jimakos (in combination with Tosaki) as a basis for
2 invalidating various patent claims because Valve had failed to establish the reference's
3 materiality. Valve has fared no better in response to Ironburg's motion for partial
4 summary judgment, and the Court concludes, as a matter of law, that Valve cannot carry
5 its burden at trial of proving that the PTO would not have allowed the patent claims at
6 issue if Jimakos had been disclosed by Ironburg in the manner that Valve contends was
7 required.

8 **2. No Intent to Deceive**

9 Moreover, Valve has not shown the requisite intent to deceive. Conduct that is
10 merely negligent or grossly negligent, satisfying only a "should have known" standard,
11 does not suffice to prove the requisite intent; rather, clear and convincing evidence must
12 demonstrate that the patentee "made a deliberate decision to withhold a known material
13 reference." *Therasense*, 649 F.3d at 1290 (emphasis in original). Intent may not be
14 inferred solely from the materiality of the reference, and intent is not proven by simply
15 the absence of a good faith explanation for withholding the prior art. *Id.* at 1290 & 1291.
16 The Court may, however, infer intent from indirect and circumstantial evidence, so long
17 as the required specific intent to deceive the PTO is "the single most reasonable inference
18 able to be drawn from the evidence." *Id.* at 1290. If the evidence supports one or more
19 other reasonable inferences, then an intent to deceive cannot be found. *Id.* at 1290-91.

20 The record in this matter establishes two key facts relevant to Ironburg's intent.
21 First, Jimakos (the Mod document) was not identified in either (i) the patent applications,
22 or (ii) the Information Disclosure Statement filed with the PTO on October 29, 2012, by
23

1 Stephen Terrell, one of Ironburg’s attorneys. See Exs. E & H to Becker Decl. (docket
2 nos. 259-5 & 259-8); Ex. C to Schafer Decl. (docket no. 279-3); see also Counterclaims
3 at ¶ 91 (docket no. 49); Answer to Counterclaims at ¶ 91 (docket no. 180). Second, on
4 August 5, 2013, Terrell filed another Information Disclosure Statement, attached to
5 which were (i) a copy of Ironburg’s application for a patent in the United Kingdom
6 (“UK”), see Ex. L to Becker Decl. (docket no. 259-12 at 6-13), and (ii) a copy of the
7 search report generated by the UK patent examiner, id. (docket no. 259-12 at 14-15).¹⁹
8 Both the face sheet of the UK patent application and the UK patent examiner’s search
9 report list Jimakos (the Mod document) as prior art. See id. (docket no. 259-12 at 6 &
10 14).

11 In his deposition, Terrell testified that, sometime before he filed the first
12 Information Disclosure Statement in October 2012, he had received from John Rule, one
13 of Ironburg’s attorneys in the UK, a portable document format (“PDF”) file containing
14 four references, including Jimakos. See Terrell Dep. at 43:7-60:24, Ex. I to Becker Decl.
15 (docket no. 259-9). Rule had instructed Terrell to disclose the prior art to the PTO. Id.
16 At the time, Terrell did not understand that the PDF included more than one reference,
17 and in the Information Disclosure Statement filed in October 2012, he cited only the first
18 of the four documents. See id. Terrell has explained that, rather than attaching to the
19 Information Disclosure Statement a printout of the 59-page PDF, which was difficult to

21
22 ¹⁹ After the UK patent examiner issued written objections to Ironburg’s patent application, see
23 Ex. D to Becker Decl. (docket no. 259-4), the application was abandoned. See Pla.’s Mot. at 3
(docket no. 258).

1 read, he provided the Uniform Resource Locator (“URL”) or web address for the first
2 (and, he thought, only) reference forwarded by Rule. *See id.* Terrell did not learn of his
3 error until this litigation. *See id.* at 60:18-24.

4 Although both the UK patent application and the UK examiner’s search report
5 appended to the Information Disclosure Statement submitted in August 2013 listed all
6 four references assembled in the PDF sent by Rule to Terrell sometime before the end of
7 October 2012, Valve contends that the prior art was never disclosed to the PTO.
8 According to Valve, a reference other than a patent must be separately listed on an
9 information disclosure statement (“IDS”), and a copy of the document must be attached
10 to the IDS, before the prior art will be considered by the PTO. Valve cites 37 C.F.R.
11 § 1.98(a)(2)(ii)²⁰ and the Manual of Patent Examining Procedure at § 609.05(a) ¶ 6.49.06
12 for this proposition, but neither regulation limits the scope of what a patent examiner may
13 view as prior art.

16 ²⁰ The regulation on which Valve relies requires that an information disclosure statement include
17 a “legible copy” of “[e]ach publication or that portion which caused it to be listed [in the IDS],
18 other than U.S. patents and U.S. patent application publications unless required by the Office.”
19 37 C.F.R. § 1.98(a)(2)(ii). Another regulation, which was not mentioned by Valve, indicates
20 that, if an information disclosure statement does not comply with 37 C.F.R. §§ 1.97 and 1.98
21 (because it is untimely or deficient), “it will be placed in the file but will not be considered by the
22 Office.” 37 C.F.R. § 1.97(i). Valve makes no argument that Ironburg’s August 2013 IDS was
23 ignored by the PTO pursuant to § 1.97(i), and the record reflects that the patent examiner did, in
fact, review the August 2013 IDS, albeit with regard to a subject different from the effect of the
Jimakos reference, namely whether a device described in an online article titled “Review: Scuf
Xbox 360 Controller” by Dave Burns constituted prior art. *See* Ex. M to Becker Decl. (docket
no. 259-13); *see also* Ex. E to Becker Decl. (docket no. 259-5 at 20 & 37) (reflecting that, based
on a declaration by Simon Burgess, a co-inventor who assigned the ’525 and ’770 Patents to
Ironburg, the patent examiner concluded that the device in the Burns article was a derivation of
Burgess’s invention and, therefore, not disqualifying prior art).

1 Moreover, even if imbedding Jimakos in another document attached to an IDS was
2 insufficient to disclose Jimakos as a reference, the August 2013 filing nevertheless
3 contradicts Valve's assertion that Ironburg operated with an intent to deceive the PTO.
4 Rule's intent was clearly otherwise; he wanted and requested Terrell to provide Jimakos
5 (and three other references) to the PTO. *See* Terrell Dep. at 52:22-53:2 & 62:1-13, Ex. I
6 to Becker Decl. (docket no. 259-9). Terrell was, at most, negligent when he submitted
7 the Information Disclosure Statement in October 2012 and did not list each reference
8 contained in, or attach, the PDF forwarded by Rule. The August 2013 Information
9 Disclosure Statement corroborates Terrell's testimony about his inadvertent error; if
10 Terrell had known about Jimakos and intentionally omitted the reference from the
11 October 2012 IDS, he would not have included it in the August 2013 IDS. *See id.* at
12 122:4-10. Based on this record, the requisite specific intent to deceive is not "the single
13 most reasonable inference able to be drawn from the evidence," *see Therasense*, 649 F.3d
14 at 1290, and the Court concludes, as a matter of law, that Valve cannot meet its burden to
15 prove Ironburg withheld Jimakos (the Mod document) with the intent to deceive the PTO.

16 **3. Weight of Equities**

17 Even if the Court were required to weigh the equities in this matter, it would not,
18 in exercising its discretion, conclude that the supposed misconduct before the PTO
19 warrants rendering the '525 and '770 Patents entirely unenforceable. The harsh remedy
20 sought by Valve is simply not commensurate with the behavior attributed to Ironburg. In
21 drawing this conclusion, the Court takes particular note of the following undisputed facts:
22 (i) the PTAB refused to institute IPR proceedings with respect to the same reference that
23

1 Valve asserts Ironburg deceptively withheld from the PTO, and (ii) Jimakos (the Mod
2 document) was actually identified in the materials submitted to the PTO in August 2013.

3 **Conclusion**

4 For the foregoing reasons, the Court ORDERS:

5 (1) Plaintiff's motion regarding inter partes review estoppel, docket no. 260, is
6 GRANTED, and defendant is precluded from raising at trial invalidity contentions based
7 on the non-instituted and non-petitioned grounds described in Tables 2 and 3;

8 (2) Plaintiff's motion for partial summary judgment concerning inequitable
9 conduct, docket no. 258, is GRANTED, defendant's fifth affirmative defense relating to
10 inequitable conduct is STRICKEN, and defendant's ninth counterclaim for declaratory
11 judgment on the issue of inequitable conduct is DISMISSED with prejudice;

12 (3) In light of the Court's ruling on plaintiff's motion for partial summary
13 judgment regarding inequitable conduct, plaintiff's contingent motion, docket no. 294,
14 for the alternative remedy of bifurcating trial, with inequitable conduct being tried
15 separately to the bench after a jury trial on infringement, is STRICKEN as moot;

16 (4) Based on the record to date, the patent claims remaining in this matter are
17 Claims 2-5, 7-12, 15, and 18 of the '525 Patent and Claims 13 and 14 of the '770 Patent,
18 and the issues left for trial are as follows: (i) plaintiff's first and second claims of
19 infringement, relating to the '525 and '770 Patents, respectively; (ii) plaintiff's request
20 for enhanced damages pursuant to 35 U.S.C. § 284; and (iii) defendant's first, second,
21 third, and fourth counterclaims for declaratory judgment of either invalidity or non-
22 infringement relating to the '525 and '770 Patents;

1 (5) The parties are DIRECTED to meet and confer and to provide a Joint
2 Status Report within twenty-one (21) days of the date of this Order addressing the
3 following subjects:

4 (a) whether, in light of the Court’s rulings, defendant’s first and third
5 counterclaims seeking declaratory judgments of invalidity as to the ’525 and ’770
6 Patents, respectively, should be dismissed with prejudice, and whether defendant’s
7 first affirmative defense asserting invalidity should be stricken in part as to the
8 ’525 and ’770 Patents;

9 (b) which of the patent claims remaining in the matter are alleged to be
10 infringed by defendant’s accused device;

11 (c) when will the parties be prepared for trial;

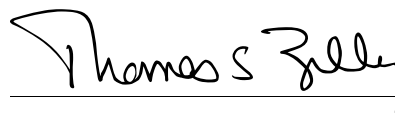
12 (d) how long do the parties anticipate trial will last; and

13 (e) what scheduling conflicts, if any, do the witnesses and counsel have
14 during the three-month period surrounding the proposed trial date;

15 (6) The Clerk is directed to send a copy of this Order to all counsel of record.

16 IT IS SO ORDERED.

17 Dated this 8th day of November, 2019.

18 

19 Thomas S. Zilly
20 United States District Judge

1
2
3 UNITED STATES DISTRICT COURT
4 WESTERN DISTRICT OF WASHINGTON
5 AT SEATTLE

6 IRONBURG INVENTIONS LTD.,

7 Plaintiff,

8 v.

9 VALVE CORPORATION,

10 Defendant.

C17-1182 TSZ

ORDER

11 THIS MATTER comes before the Court on defendant Valve Corporation's motion
12 for judgment as a matter of law ("JMOL") or new trial, docket no. 435, and plaintiff
13 Ironburg Inventions Ltd.'s motion for enhanced damages, docket no. 439. Having
14 reviewed all papers filed in support of, and in opposition to, each motion, and having
15 concluded that oral argument, which neither party requested, is unnecessary, the Court
16 enters the following order.

17 **Background**

18 A virtual jury trial commenced in this matter on January 25, 2021. On February 1,
19 2021, the jury rendered a verdict in favor of plaintiff Ironburg Inventions Ltd. and against
20 defendant Valve Corporation, finding that defendant had willfully infringed Claims 2, 4,
21 7, 9, 10, 11, and 18 of United States Patent No. 8,641,525 (the "'525 Patent"),¹ and

22 ¹ In its operative pleading, plaintiff alleged that defendant infringed four patents, namely
23 the '525 Patent and United States Patent Nos. 9,089,770 (the "'770 Patent"), 9,289,688 (the

1 awarding to plaintiff \$4,029,533.93 in damages. *See* Verdict (docket nos. 416 & 417).
2 Defendant seeks judgment as a matter of law or, in the alternative, a new trial, arguing
3 that the jury’s findings of infringement and willfulness, as well as its award of damages,
4 were unsupported by the evidence. In contrast, plaintiff asks the Court to treble the jury’s
5 award of damages pursuant to 35 U.S.C. § 284.

6 In his opening statement, counsel for defendant told the jury that “this is about as
7 straightforward a patent case as you could ever hope to get because every decision that
8 you will have to make in this trial you can make with just two pieces of evidence.”
9 Tr. (Jan. 26, 2021) at 197:11-14 (docket no. 431). According to defendant’s attorney, the
10 “first piece of essential evidence” was the ’525 Patent. *Id.* at 197:15-16. And, the second
11 “piece of essential evidence” was the accused device, a video game apparatus known as
12 the “Steam Controller.” *Id.* at 198:11-13. Defendant’s lawyer asked the jury to “focus on
13 those two pieces of essential evidence,” which would “be at the heart of this entire trial,”
14 and he indicated that, if the jury did so and based its decision “on reality,” it would have
15

16 “’688 Patent”), and 9,352,229 (the “’229 Patent”). *See* 2d Am. Compl. at Counts I-IV (docket
17 no. 44). In light of related matters pending before the Patent Trial and Appeal Board (“PTAB”),
18 plaintiff’s claims concerning the ’688 and ’229 Patents have been stayed. *See* Minute Order at
19 ¶ 2(b) (docket no. 148). As a result of other inter partes review (“IPR”) proceedings before the
20 PTAB, various claims of the ’525 and ’770 Patents are no longer at issue. *See* Ex. K to Becker
21 Decl. (docket no. 262-11) (in IPR2016-00948, the PTAB concluded that Claims 1, 6, 13, 14, 16,
22 17, 19, and 20 of the ’525 Patent were either anticipated and/or obvious); Ex. L to Becker Decl.
23 (docket no. 262-12) (in IPR2016-00949, the PTAB determined that Claims 1-12 and 15-20 of the
’770 Patent were invalid in light of prior art). The claims surviving the IPR process were
Claims 2-5, 7-12, 15, and 18 of the ’525 Patent and Claims 13 and 14 of the ’770 Patent, all of
which are dependent claims. As to Claims 13 and 14 of the ’770 Patent, the Court granted
summary judgment in favor of defendant, ruling as a matter of law that the accused device does
not literally or under the doctrine of equivalents infringe those claims. *See* Minute Order at
¶ 1(g) (docket no. 301). Of the still valid claims of the ’525 Patent, only Claims 2, 4, 7, 9, 10,
11, and 18 were asserted by plaintiff at trial as having been infringed by defendant.

1 “no trouble making the right decision at the end of this case.” *Id.* at 199:17-22. During
2 closing argument, defendant’s attorney reminded the jurors about the “two pieces of
3 essential evidence” – the patent and the controller – and proclaimed that “[e]verything
4 that you need to do at the end of this trial you can do with these two things.” Tr. (Jan. 29,
5 2021) at 940:10-12 (docket no. 426). The Court agrees that this case is straightforward
6 and can be decided on the ’525 Patent and the accused device. The jury appears to have
7 done exactly that, but defendant does not like the result the jury reached. Defendant’s
8 dissatisfaction does not constitute grounds for judgment as a matter of law or a new trial.

9 **A. The ’525 Patent**

10 The ’525 Patent was admitted into evidence as Trial Exhibit 1. *See* Am. Ex. List
11 (docket no. 398); *see also* Ex. A to 2d Am. Compl. (docket no. 44-1). The ’525 Patent
12 discloses an “improved controller for a game console that is intended to be held by a user
13 in both hands in the same manner as a conventional controller,” but which has “two
14 additional controls located on the back in positions to be operated by the middle fingers
15 of a user.” *See* ’525 Patent at Abstract (numerical cross-references to drawings omitted).
16 Claim 1 of the ’525 Patent, on which all claims that the jury found were infringed
17 depend, reads as follows:

- 18 **1.** A hand held controller for a game console comprising:
19 an outer case comprising a front, a back, a top edge, and a bottom edge,
20 wherein the back of the controller is opposite the front of the controller
21 and the top edge is opposite the bottom edge; and
22 a front control located on the front of the controller;
23 wherein the controller is shaped to be held in the hand of a user such that the
user’s thumb is positioned to operate the front control; and
a first back control and a second back control, each back control being
located on the back of the controller and each back control including an

1 elongate member that extends substantially the full distance between the
2 top edge and the bottom edge and is inherently resilient and flexible.

3 *Id.* at Col. 4, Lines 41-55. At trial, defendant argued that the '525 Patent did not read on
4 the accused device because the Steam Controller lacked two separate members that
5 (i) are “elongate,” (ii) extend substantially the full distance between the top and bottom
6 edges, and (iii) are inherently resilient and flexible. Defendant repeats these assertions in
7 its motion for JMOL or new trial.²

8 Defendant does not deny that the Steam Controller contains the additional
9 limitations set forth in the dependent claims at issue, namely Claims 2, 4, 7, 9, 10, 11, and
10 18. Those additional limitations are as follows:

11 Claim 2: “a top edge control located on the top edge of the controller,”
12 which controller is “shaped such that the user’s index finger
13 is positioned to operate the top edge control”

14 Claim 4: in addition to the elements of Claim 2, “at least one of the
15 back controls has functions in addition to the top edge control
16 and the front control”

17 Claim 7: “each elongate member is mounted within a recess located in
18 the case of the controller”

19 Claim 9: “each elongate member has a thickness between about 1 mm
20 and 10 mm”

21 Claim 10: “each elongate member has a thickness between about 1 mm
22 and 5 mm”
23

² In its motion for JMOL or new trial, defendant has also renewed its objection to an instruction informing the jury that the phrase “for a game console,” which is a statement of intended purpose or use, is not limiting. *See* Instruction No. 16A (docket no. 413). The Court has previously outlined the law and legal analysis supporting the instruction given to the jury, *see* Appendix A to Minute Order (docket no. 384 at 25-28), and defendant’s motion, which seeks reconsideration of the Court’s earlier ruling, is DENIED.

1 Claim 11: “each elongate member has a thickness between about 1 mm
2 and 3 mm”

3 Claim 18: “at least one of the back controls is formed as an integral part
4 of the outer case.”

5 *Id.* at Col. 4, Lines 56-59 & 63-65; Col. 5, Lines 4-6 & 11-16; Col. 6, Lines 9-10. With
6 respect to Claims 7, 9, 10, and 11, defendant’s position is simply that the accused device
7 does not contain the elongate members required by Claim 1. The jury having found
8 otherwise, however, defendant does not separately contend that the elongate members are
9 not mounted within a recess in the case of the controller, for purposes of Claim 7, or that
10 they are not between about 1 and 3 mm in thickness, for purposes of Claims 9, 10, and
11 11.

11 **B. The Steam Controller**

12 The accused device was admitted into evidence as Trial Exhibit 115. *See* Am. Ex.
13 List (docket no. 398); *see also* Minutes (docket no. 405). Each juror received a Steam
14 Controller via overnight delivery and had access to the accused device during closing
15 arguments and deliberations. *See* Tr. (Jan. 29, 2021) at 895:9-12, 898:15-17, 940:13-16
16 (docket no. 426). The front of the Steam Controller is depicted in the following excerpts
17 from other admitted exhibits:



22 Trial Ex. 217



23 Trial Ex. 133

1 The back of the accused device is shown in the following photograph of the Steam
2 Controller that was provided to the Court:



8 Trial Ex. 115

9 The questions presented to the jury, and now before the Court, involve the center panel,
10 which can be removed from the device:



18 Trial Ex. 115
19 (center panel)

20 At trial, plaintiff's theory was that the left and right ends of the center panel (circled in
21 the above illustration) constitute the requisite elongate members that extend substantially
22 the full distance between the top and bottom edges of the controller and are inherently
23 resilient and flexible. Plaintiff's counsel explained to the jury that the middle (relatively

1 flat) portion of the center panel is merely additional material, which cannot form the basis
2 of an infringement defense. *See* Tr. (Jan. 29, 2021) at 988:13-15 (docket no. 426). In
3 contrast, defendant contended that the entire center panel (described by defendant as the
4 “battery door”), and not just the two ends of the panel, functioned as a “back control,”
5 and thus, the Steam Controller did not have at least two elongate members that extended
6 the requisite distance and were resilient and flexible. In reaching its verdict, the jury
7 necessarily rejected defendant’s view.

8 **Discussion**

9 **A. Enhanced Damages**

10 The Patent Act allows the Court to “increase the damages up to three times the
11 amount found [by a jury] or assessed [by the Court].” 35 U.S.C. § 284. The Supreme
12 Court has interpreted this provision as authorizing “punitive” damages in cases of
13 “willful or bad-faith infringement.” *See Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct.
14 1923, 1930 (2016). The discretion enjoyed by district courts to increase damages
15 pursuant to § 284 has narrowed over time, and such enhancements “are generally
16 reserved for egregious cases of culpable behavior.” *Id.* at 1932. The type of conduct
17 warranting treble damages is “willful, wanton, malicious, bad-faith, deliberate,
18 consciously wrongful, flagrant, or . . . characteristic of a pirate.” *Id.* Misbehavior of this
19 caliber, however, does not always dictate an award of treble damages, and the Court must
20 consider the circumstances of each case in exercising its discretion in deciding whether to
21 increase damages and, if so, by what amount. *Id.* at 1933. The Court must avoid
22 enhancing damages in cases arguably classified as “garden-variety” so as not to disrupt
23

1 the delicate balance between promoting innovation through patent protection and
2 facilitating imitation and refinement through imitation, which are “necessary to invention
3 itself and the very lifeblood of a competitive economy.” *Id.* at 1935.

4 In this matter, the Court exercises its discretion **not** to increase the damages
5 calculated by the jury. *See Presidio Components, Inc. v. Am. Tech. Ceramics Corp.*, 875
6 F.3d 1369, 1382 (Fed. Cir. 2017) (“an award of enhanced damages does not necessarily
7 flow from a willfulness finding”). In doing so, the Court takes into account that Claim 1
8 of the ’525 Patent has been declared invalid by the PTAB, and thus, the features that
9 plaintiff accuses defendant of intentionally copying and/or making “no attempt to design
10 around,” *see* Pla.’s Resp. at 13 (docket no. 448), namely the two back controls comprised
11 of elongate members, are not themselves protected by the ’525 Patent. Plaintiff will not
12 be permitted to invoke any infringement of Claim 1 as a basis for “punitive” or enhanced
13 damages with respect to the infringement of other, dependent, claims of the ’525 Patent.
14 Moreover, the lead designer of the accused device, Jeffrey Bellinghausen, testified that
15 the first time he saw the ’525 Patent was at his deposition in this litigation, which was
16 after the development of several prototypes, as well as the commercial version, of the
17 Steam Controller. *See* Tr. (Jan. 27, 2021) at 451:17-19 & 492:22-493:6 (docket no. 424);
18 *see also id.* at 387:5-6 (Jason Beach testified that the commercial version was released in
19 2015); *id.* at 462:25-464:12 & 481:23-24 (prototypes were named in an alphabetical
20 sequence, the “Chell” prototype was exhibited in January 2014, the “Dog” prototype was
21 shown in mid-2014, and the commercial version was known as “Gordon Prime”). The
22 record does not support a conclusion that defendant pirated plaintiff’s invention or that
23

1 the alleged misbehavior at issue in this case is more egregious than “garden variety”
2 infringement and aggressive litigation tactics involving competitors that independently
3 arrived at similar solutions to the same problem. Plaintiff’s motion for enhanced
4 damages, docket no. 439, is DENIED, and defendant’s motion for JMOL or new trial on
5 willfulness is STRICKEN as moot.

6 **B. Judgment as a Matter of Law**

7 A jury’s verdict must be upheld if it is supported by substantial evidence. *See*
8 *Wallace v. City of San Diego*, 479 F.3d 616, 624 (9th Cir. 2006); *see also Harris Corp. v.*
9 *Ericsson Inc.*, 417 F.3d 1241, 1248 (Fed. Cir. 2005) (regional circuit, rather than Federal
10 Circuit, standards apply to motions brought under Federal Rule of Civil Procedure 50).
11 Evidence is substantial if it is adequate to support the jury’s conclusions, even if drawing
12 a contrary conclusion from the evidence is possible. *Wallace*, 479 F.3d at 624. In ruling
13 on a motion for JMOL, the Court may not make credibility determinations or weigh the
14 evidence. *EEOC v. Go Daddy Software, Inc.*, 581 F.3d 951, 961 (9th Cir. 2009). Rather,
15 the Court must draw all inferences from the evidence in the light most favorable to the
16 nonmoving party, and it must disregard all evidence favorable to the moving party that
17 the jury was not required to believe. *Winarto v. Toshiba Am. Elecs. Components, Inc.*,
18 274 F.3d 1276, 1283 (9th Cir. 2001). The Court must accept the jury’s credibility
19 findings consistent with the verdict, and it may not substitute its view of the evidence for
20 that of the jury. *Id.* Judgment as a matter of law may be granted only when the evidence,
21 as appropriately viewed, permits only one reasonable conclusion and such conclusion
22
23

1 runs contrary to the jury’s verdict. *A.D. v. Cal. Highway Patrol*, 712 F.3d 446, 453 (9th
2 Cir. 2013).

3 **1. Infringement**

4 In its motion for JMOL, defendant seeks a ruling that the Steam Controller does
5 not, as a matter of law, meet every limitation of Claim 1 of the ’525 Patent and therefore
6 does not infringe any of the dependent claims at issue. Infringement is a question of fact
7 requiring a jury to compare an invention claimed in a patent with an accused device. *See*
8 *Teleflex, Inc. v. Ficoso N. Am. Corp.*, 299 F.3d 1313, 1323 (Fed. Cir. 2002). A jury’s
9 verdict is supported by substantial evidence when a “reasonable mind might accept [the
10 evidence admitted at trial] as adequate to support” it. *See id.* at 1324. Defendant argues
11 that plaintiff failed to offer expert opinion applying the ordinary and customary meaning
12 of elongate member,³ instead presenting testimony that the left and right ends of the
13 center panel on the back of the Steam Controller were “elongated”⁴ and relying on design
14 “artifacts,” rather than the actual boundaries of the back controls to assert infringement.

15
16 ³ The Court previously rejected defendant’s proposed definition of the term “elongate member,”
17 concluding that the phrase needed no construction and “means what it says.” *See* Order at 12
18 (docket no. 189). In concluding, contrary to defendant’s contention, that “elongate member” is
19 not indefinite, the Court observed that the Federal Circuit has construed “elongate” as referring
to “a structure ‘having a form notably long in comparison to its width.’” *Id.* at 7 (quoting *Dana*
Innovations v. Speakercraft, Inc., No. 95-1472, 1996 WL 748250, at *2 (Fed. Cir. Dec. 2, 1996)
(citing WEBSTER’S THIRD NEW INT’L DICTIONARY 737 (1986)).

20 ⁴ In its response, docket no. 448, plaintiff aptly observes that, although its expert described the
21 back controls on the accused device as “elongated,” meaning “notably longer than wide,”
22 Tr. (Jan. 27, 2021) at 554:16 & 19-20, and 575:7-8 & 10-11 (docket no. 424), he also used the
23 patent term “elongate member” twelve (12) times during the course of his testimony to describe
the claim limitations and how they read on the Steam Controller, *see id.* at 554:11, 556:4, 558:3,
559:20, 560:3, 569:11, 570:11, 15, 21, & 23, and 573:13 & 23.

1 See Def.’s Mot. at 2-3 (docket no. 435). Defendant also challenges plaintiff’s expert’s
2 testimony concerning whether the back controls of the Steam Controller had the requisite
3 flexibility and dimensions.

4 As acknowledged by defendant’s attorney (in both his opening statement and
5 closing arguments), the jury needed to consider only the ’525 Patent and the Steam
6 Controller, and thus, expert testimony was not necessary; the technology at issue was
7 “easily understandable.” See Lee v. Mike’s Novelties, Inc., 543 Fed. App’x 1010, 1015
8 (Fed. Cir. 2013) (quoting Centricut, LLC v. Esab Grp., Inc., 390 F.3d 1361, 1369 (Fed.
9 Cir. 2004)); see also Moleculon Rsch. Corp. v. CBS, Inc., 793 F.2d 1261, 1270 (Fed. Cir.
10 1986) (“We have never *required* a party to proffer expert testimony . . . on application of
11 claim language to accused devices.” (emphasis in original)). The invention at issue in
12 this matter is indeed “straightforward,” Tr. (Jan. 26, 2021) at 197:11 (docket no. 431),
13 and the jury could therefore have reached its decision on infringement by ignoring all of
14 the expert testimony and focusing solely on the patent and the accused device. The jury
15 also could have been persuaded by plaintiff’s expert despite defendant’s attempts to
16 highlight the alleged flaws in his analysis through cross-examination⁵ and the

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18 ⁵ In its cross-examination of plaintiff’s expert, defendant asked only four questions. See
19 Tr. (Jan. 28, 2021) at 599:12-601:7 (docket no. 432). Defendant’s inquiry focused solely on
20 whether plaintiff’s expert (Garry Kitchen) or the lead designer of the Steam Controller (Jeffery
21 Bellinghausen) had superior knowledge. See id. This tactic proved ineffective when the expert
22 acknowledged that the lead designer knew about the accused device, but questioned whether
23 Bellinghausen had studied the ’525 Patent (he hadn’t) or possessed the qualifications necessary
to render opinions about the patent or its alleged infringement. See id. at 600:24-601:6. Having
mounted no challenge at trial to Kitchen’s use of the term “elongated,” as opposed to “elongate,”
or to the substance of any of his opinions, defendant cannot fault the jury for finding Kitchen’s
testimony credible and sufficient (in combination with the patent-in-suit and the Steam
Controller) to demonstrate infringement by a preponderance of the evidence.

1 presentation of contrary lay and expert opinions. Defendant’s attacks on plaintiff’s
2 expert’s testimony fail to demonstrate a lack of substantial evidence to support the jury’s
3 finding of infringement, and they do not come close to showing an entitlement to the
4 requested judgment of non-infringement as a matter of law.

5 **2. Damages**

6 **a. Request for Remittitur**

7 Defendant contends that it is entitled to judgment as a matter of law concerning
8 the amount of damages, which may not be less than a reasonable royalty, *see* 35 U.S.C.
9 § 284. The Court may not disturb a jury’s award of damages unless it is “clearly
10 unsupported by the evidence,” or “grossly excessive,” “monstrous,” or “shocking to the
11 conscience.” *Brady v. Gebbie*, 859 F.2d 1543, 1557 (9th Cir. 1988). Moreover, the
12 Court may not unilaterally reduce the amount of damages without running afoul of the
13 Seventh Amendment right to a jury trial. *See Kennon v. Gilmer*, 131 U.S. 22, 29 (1889)
14 (“no court of law . . . is authorized, according to its own estimate of the amount of
15 damages which the plaintiff ought to have recovered, to enter an absolute judgment for
16 any other sum than that assessed by the jury”). If the jury’s award finds substantial
17 support in the record and falls within “the range sustainable by the proof,” the Court must
18 resist any temptation to “play Monday morning quarterback” or supplant the jury’s
19 evaluation with its own. *L.A. Mem’l Coliseum Comm’n v. Nat’l Football League*, 791
20 F.2d 1356, 1366 (9th Cir. 1986).

21 Defendant suggests that the appropriate amount of damages is \$210,000, which its
22 expert, Ambreen Salters, testified was the total cost defendant would have incurred to
23

1 reconfigure the Steam Controller to have four square-shaped back controllers, an
2 allegedly non-infringing design. *See* Tr. (Jan. 28, 2021) at 717:18-720:13 (docket
3 no. 432). On cross-examination, Salters acknowledged that she has no expertise relating
4 to the technical aspects of video-game controllers or about the markets for such devices.
5 *Id.* at 721:19-722:7. In estimating the expenses associated with an alternative design,
6 Salters relied on the opinion of another expert, Robert Dezmelyk, in whose report the
7 following photograph of a four-button prototype appeared:



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17 Trial Ex. 224; *see also* Tr. (Jan. 28, 2021) at 724:5-725:9 (docket no. 432). The lead
18 designer of the Steam Controller testified that this “super-early” prototype predated by
19 “quite a bit” (perhaps by a year) the series of alphabetically-named prototypes generated
20 by his team. Tr. (Jan. 27, 2021) at 505:16-506:14 (docket no. 424). Bellinghausen
21 explained that one of the goals in the controller design process was to emulate portions of
22 a computer keyboard for purposes of improving the velocity of user input. *Id.* at 509:22-
23 510:5. Another design consideration was the avoidance of accidental button clicks while

1 a user is playing a game. *Id.* at 519:11-25. Prototypes were tested in various ways,⁶ and
2 further development factored in the feedback. *See id.* at 511:20-23 (“sometimes they’d
3 say, well, this is good, but I had a hard time reaching this, or this hurt my finger . . . [a]nd
4 so we’d take that input”); *see also id.* at 517:9-518:1 & 520:21-522:9 (describing certain
5 changes made in response to comments about the Chell⁷ prototype). The concept of four
6 square back buttons did not survive this iterative approach, and from the Dog prototype
7 forward, every version of the Steam Controller included the center panel (or battery door)
8 at issue in this litigation. *See id.* at 522:10-523:3.

9 When asked how much defendant spent on designing and developing the Steam
10 Controller, Salters answered, “It seems like it was \$70 million.” Tr. (Jan. 28, 2021) at
11 726:2 (docket no. 432). In response to a follow-up question about whether the figure was
12 actually \$100 million, Salters replied, “It could be. I recall the number \$70 million. But
13 it could be 100.” *Id.* at 726:4-5. Given this substantial expenditure of funds, the early
14 movement away from a four-button design, and the quantum of data gathered from the
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16 ⁶ Some versions were tested in the lab or by other employees at home, but the Chell prototype
17 was distributed to approximately 2,000 game developers. *See* Tr. (Jan. 27, 2021) at 470:21-24,
508:2-4, 511:13-19, 515:18-516:7, & 528:14-24 (docket no. 424).

18 ⁷ The Chell prototype incorporated two back controllers that were long and narrow in shape:



23 Trial Ex. 9.

1 target audience for the Steam Controller, the jury could have reasonably rejected as not
2 credible Salters’s testimony that four square controllers “would have been absolutely an
3 acceptable alternative to the consumer” and “offered the same benefits as the accused
4 design.” *Id.* at 718:3-5. The jury also could have reasonably disbelieved Salters’s
5 estimate that defendant could have put a controller with four back switches on the market
6 for only another \$210,000, when it had spent so much more on developing the accused
7 device. Defendant’s assertion that the jury’s award of damages should be reduced to the
8 amount proposed by Salters lacks merit.

9 **b. Calculation of Reasonable Royalty**

10 The jury was instructed that a reasonable royalty is “the payment for the license
11 [to make, use, or sell the claimed invention] that would have resulted from a hypothetical
12 negotiation between plaintiff and defendant, if such negotiation had occurred at the time
13 when the infringing activity first began.” Instruction No. 18A (docket no. 413). The jury
14 was further instructed that plaintiff had “the burden of demonstrating the value that any
15 infringing features of defendant’s product add to the desirability of the product as a whole
16 and of apportioning the value of the patented contributions from the value of other
17 features of defendant’s product.” *Id.* The jury was also told that any royalty it awarded
18 “must reflect the value attributable to the infringing features of defendant’s product, and
19 nothing more.” *Id.* Defendant does not dispute that the above language, which is adapted
20 from the Northern District of California’s Model Instruction No. 5.7, correctly states the
21 law. *See also* Minute Order at App’x A (docket no. 384 at 32-35). Rather, defendant
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1 challenges the admissibility and sufficiency of evidence that plaintiff proffered in support
2 of a royalty rate.

3 Plaintiff presented several different rates to the jury, ranging from \$7 to \$2.05 per
4 unit, resulting in royalties for 1,612,136 infringing devices, see Instruction No. 5 at ¶ 11
5 (docket no. 413); see also Trial Ex. 112, of between \$11.28 million and \$3.3 million,
6 respectively. See Tr. (Jan. 29, 2021) at 998:10-22 (docket no. 426); Tr. (Jan. 28, 2021) at
7 641:13-16 & 668:9-12 (docket no. 432). The jury's award of \$4,029,533.93, see Verdict
8 (docket no. 417), reflects an average royalty rate of \$2.4995 per Steam Controller. The
9 jury having rejected plaintiff's theory relating to a \$7 per unit royalty rate, the Court
10 focuses on the separate analysis plaintiff proffered in support of its other figures, which
11 were based in part on royalties paid by a third party, namely Microsoft Corporation
12 ("Microsoft").

13 Plaintiff's parent company, Scuf Gaming, Inc., see Corp. Disclosure Statement
14 (docket no. 138), and its related entities produce and distribute the Scuf Controller. See
15 Tr. (Jan. 26, 2021) at 240:5-242:16, 268:14-270:10, & 285:4-286:19 (docket no. 431).
16 Microsoft markets a competing product known as the Elite Controller. Id. at 288:20-
17 289:2. Microsoft also produces a video game platform branded as Xbox. See id. at
18 290:8-11, 292:6-7, & 314:11-24. Plaintiff, its parent and affiliated companies, and
19 Microsoft are parties to a set of licensing agreements, pursuant to which the Xbox logo
20 may be used in connection with Scuf Controllers, and Microsoft pays certain amounts to
21 plaintiff for the use of its intellectual property ("IP"), including the '525 Patent. See
22 Tr. (Jan. 28, 2021) at 651:19-653:5 & 656:3-657:10; see also Trial Exs. 21, 22, & 23.

1 In computing the rates at issue, plaintiff's expert, Kenneth Serwin, Ph.D., used the
 2 minimum royalties set forth in the Microsoft agreements, which varied depending on
 3 whether the controllers were sold as part of a bundle or in standalone form, and which
 4 decreased over time; he then adjusted upward to account for the "reverse" Xbox license,
 5 as well as downward to reflect the value of the '525 Patent in comparison to the balance
 6 of plaintiff's IP portfolio. *See* Tr. (Jan. 28, 2021) at 667:22-668:12 (docket no. 432).
 7 Serwin's opinions are summarized as follows:

ALLOCATION ('525 PATENT)	FIRST TWO YEARS		AFTER SECOND YEAR	
	STANDALONE	BUNDLED	STANDALONE	BUNDLED
57%	\$2.68	\$2.45	\$2.39	\$2.05
80%	\$3.75	\$3.43	\$3.35	\$2.87

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 11 *Id.* at 668:7-12; *see also* Serwin Report at ¶¶ 73-74, Ex. 1 to Chaney Decl. (docket
 12 no. 254-1). In estimating that the '525 Patent accounted for 57% of the worth of all
 13 intellectual property owned by plaintiff, Serwin relied on an analysis performed by others
 14 in connection with the 2015 buyout of the shares of plaintiff's co-founder Simon Burgess.
 15 *See* Tr. (Jan. 28, 2021) at 658:23-663:5 (docket no. 432); Tr. (Jan. 26, 2021) at 242:14-
 16 243:22 (docket no. 431); *see also* Trial Ex. 78.

17 With respect to Serwin's alternative apportionments of 57% and 80%,⁸ defendant
 18 incorporates by reference, in its pending Rule 50(b) motion, the arguments made in its

19 _____
 20 ⁸ Duncan Ironmonger, the Chief Executive Officer of Scuf Gaming, Inc., testified that 80% of
 21 the Scuf Controller's worth is in its back functions (or paddles). Tr. (Jan. 26, 2021) at 266:19,
 22 278:13-19, 337:25-338:9, & 350:19-20 (docket no. 431). Serwin's 80% analysis was, however,
 23 based on the opinion of plaintiff's technical expert Garry Kitchen. *See* Tr. (Jan. 28, 2021) at
 664:10-23 (docket no. 432). Defendant contends that Ironmonger's lay opinion was unsupported
 by any data and that, because Kitchen did not himself testify about the 80% appraisal, Serwin
 was merely parroting hearsay, which should not have been admitted. Defendant's evidentiary

1 Rule 50(a) motion, docket no. 412, namely that Serwin’s opinions are unreliable and
2 inadmissible. These contentions were rejected when the Court denied defendant’s
3 pretrial motion to exclude Serwin’s testimony. See Minute Order (docket no. 319). All
4 of defendant’s challenges go to the weight, not the admissibility, of Serwin’s testimony,
5 and at trial, defendant had ample opportunity to expose any weaknesses in Serwin’s
6 opinions. Indeed, during cross-examination, defendant elicited from Serwin the time
7 period during which the Burgess buyout analysis was conducted, *i.e.*, early 2016, which
8 was after this litigation began. See Tr. (Jan. 28, 2021) at 677:4-7 & 677:24-678:1 (docket
9 no. 432). Whether this sequence of events raised any doubt about the neutrality and/or
10 accuracy of the Burgess buyout analysis was a matter solely within the province of the
11 jury to decide.

12 The evidence adduced at trial adequately supported a conclusion that the invention
13 disclosed in the ’525 Patent bore a 57:43 relationship to the rest of plaintiff’s IP portfolio,
14 and that applying this ratio to the royalty rates paid by Microsoft was an appropriate
15 method for calculating the portion of those rates that is attributable to the ’525 Patent.
16 The royalties received by plaintiff for licensing the ’525 Patent were among the factors
17 the jury was instructed (without objection from either party) to consider. See Instruction
18 No. 18A (docket no. 413 at 30, ¶ 1); see also Pla.’s Objections (docket no. 393); Def.’s
19 Objections (docket no. 390); Jt. Statement of Objections & Exs. B & C (docket nos. 374,

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22 objection was properly overruled at trial, see id. at 664:21-23; see also Fed. R. Evid. 703, and
23 given the verdict, which indicates that the jurors disregarded Serwin’s “80%” figures, all of
which exceed the jury’s average royalty rate, defendant’s challenge to the related portions of
Ironmonger’s and Serwin’s testimony does not support the requested relief.

1 374-2, & 374-3). The jury was also advised about several other factors relevant to the
2 computation of a reasonable royalty, some of which defendant contends the Court
3 misstated, but during his closing argument, defendant’s attorney opted not to discuss
4 damages, see Tr. (Jan. 29, 2021) at 967:13-24 (docket no. 426), or explain to the jurors
5 defendant’s views about how the various factors should be considered and the ways in
6 which plaintiff’s damages analysis was flawed.

7 The jury was left with a stark choice between \$11.28 million, which plaintiff’s
8 lawyer suggested in his rebuttal, see id. at 998:10-22, and \$0, which defendant’s counsel
9 urged would necessarily be the result of finding no infringement, see id. at 967:20-24.
10 Having not argued to the jurors that Serwin’s methodology was problematic,⁹ defendant

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12 ⁹ In its oral motion for JMOL pursuant to Rule 50(a), defendant said nothing about damages, see
13 Tr. (Jan. 28, 2021) at 693:2-697:20 (docket no. 432), alluding to the subject only after the oral
14 motion had been denied, in the context of describing the contents of a forthcoming written
15 motion under Rule 50(a), id. at 701:22-702:6. The written motion, docket no. 412, was filed at
16 3:31 p.m. on January 29, 2021, after the jury had begun deliberations, see Minutes (docket
17 no. 414), which was not consistent with the principles underlying Rule 50. See Martinez Moll v.
18 Levitt & Sons of Puerto Rico, Inc., 583 F.2d 565, 569 (1st Cir. 1978) (the purpose of requiring a
19 Rule 50(a) motion to preserve the ability to bring a Rule 50(b) motion is “to alert the opposing
20 party to the movant’s claim on insufficiency before the case goes to the jury, so that his opponent
21 may possibly cure any deficiency in his case should the motion have merit”). Moreover, neither
22 defendant’s cross-examination of plaintiff’s expert nor the direct testimony of defendant’s expert
23 effectively informed the jury or forewarned plaintiff or the Court about the substance of
defendant’s post-trial criticisms of Serwin’s opinions. For example, with respect to Serwin’s
alleged failure to apportion between the patented and unpatented features of the Steam
Controller, defendant asked during cross-examination whether Serwin had done “any allocation
to determine how much of that 57 percent should go to other features of the Steam Controller
that are not patented.” Tr. (Jan. 28, 2021) at 673:13-15 (docket no. 432). Serwin’s response
was, “That would be an incorrect calculation. So, no.” Id. at 673:16. Defendant’s attorney did
not explore the subject any further until defendant’s own expert, Ambreen Salters, was on the
stand and the following testimony was elicited: “Microsoft had agreed to pay the exact same
royalty whether or not its . . . Elite Controllers even had back paddles on them.” Id. at 713:14-
16. Salters went on to summarize the features of the Steam Controller other than the back
paddles, but she never offered an opinion concerning the relative worth of these elements of the
device, which are not accused of infringing the ’525 Patent. See id. at 714:17-715:7. Rather

1 will not be heard to complain in a Rule 50(b) motion about the jury’s exercise of its
2 discretion in applying a royalty rate or rates¹⁰ within the range supported by Serwin’s
3 testimony. *See Coachman v. Seattle Auto Mgmt., Inc.*, No. C17-187 RSM, 2019 WL
4 4695660, at *5 (W.D. Wash. Jan. 3, 2019) (observing that the defendants, who “elected
5 not to address damages in their closing,” should have made their post-trial arguments to
6 the jury); *see also Fuji Photo Film Co. v. Jazz Photo Corp.*, 394 F.3d 1368, 1378 (Fed.
7 Cir. 2005) (citing *Unisplay, S.A. v. Am. Elec. Sign Co.*, 69 F.3d 512, 519 (Fed. Cir. 1995)
8 (“a jury’s [royalty] choice simply must be within the range encompassed by the record as
9 a whole”). Defendant’s Rule 50(b) motion is DENIED.

10 C. New Trial

11 Federal Rule of Civil Procedure 59(a) does not enumerate any specific basis for a
12 new trial, but rather binds the Court to “historically recognized” grounds, which include
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15 than undermining the link between the Microsoft royalties and the ’525 Patent, Salters’s
16 testimony bolstered Serwin’s approach, which compared the Elite Controller and the Steam
17 Controller, both of which have aspects of value other than the invention disclosed in the
18 ’525 Patent, and then considered the prices that Microsoft paid to have the flexibility to add the
19 features protected by the ’525 Patent. *See id.* at 672:24-673:9. Because Microsoft owed these
20 amounts to plaintiff regardless of whether it ever took advantage of the license it had purchased,
reasonable jurors could infer that the royalty rates were lower than if payment had been premised
on actual use of the patented elements. This conclusion does not detract from Serwin’s opinion
concerning what portion of Microsoft’s outlay related to the ’525 Patent, and defendant’s
untimely contention that Serwin should have been required to calculate the relative value of each
infringing and non-infringing feature of the Steam Controller ignores the nature of the evidence
in the record and fails to state a reason for upsetting the jury’s award of damages.

21 ¹⁰ The jury might have used a different rate for bundled Steam Controllers than for those sold
22 separately and/or a higher figure for the first two years than for the remainder of the period
during which the accused device was distributed; it was provided the sales data necessary to
make those calculations. *See* Trial Exs. 112 & 113.

1 (i) a verdict being “against the weight of the evidence”; (ii) the damages being excessive;
2 and (iii) a trial having been unfair to the moving party. *See Molski v. M.J. Cable, Inc.*,
3 481 F.3d 724, 729 (9th Cir. 2007). In addition, the Court may grant a new trial if the
4 verdict was based on false or perjurious evidence or to “prevent a miscarriage of justice.”
5 *See id.* (quoting *Passantino v. Johnson & Johnson Consumer Prods., Inc.*, 212 F.3d 493,
6 510 n.15 (9th Cir. 2000)). The relevant inquiry is whether, giving full respect to the
7 jury’s findings and considering all of the evidence, the Court is left with “the definite and
8 firm conviction that a mistake has been committed.” *Landes Constr. Co. v. Royal Bank*
9 *of Canada*, 833 F.2d 1365, 1371-72 (9th Cir. 1987); *see* 11 Charles Alan Wright, et al.,
10 FED. PRAC. & PROC. § 2806 & n.26 (3d ed. 2012) (citing *United States v. U.S. Gypsum*
11 *Co.*, 333 U.S. 364, 395 (1948) (applying a similar test for when a reviewing court may
12 upset a trial court’s finding of fact in a nonjury case)). Defendant has articulated eight
13 reasons why it believes it is entitled to a new trial, four of which relate to liability and the
14 other four of which concern damages. Each argument is discussed below.

15 **1. Liability**

16 **a. Ironmonger Versus Quackenbush**

17 The first two of defendant’s four grounds for a new trial on liability present
18 inconsistent challenges concerning certain evidence that was either admitted during or
19 excluded from trial. On the one hand, defendant asserts that plaintiff’s co-founder
20 Duncan Ironmonger was improperly allowed to offer lay opinions about infringement.
21 On the other hand, defendant contends that its General Counsel Karl Quackenbush
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1 should have been permitted to state his lay opinions about non-infringement. Neither of
2 defendant's contradictory arguments has merit.

3 Ironmonger did not provide lay opinions about infringement, but rather explained
4 why plaintiff's attorney, at Ironmonger's behest, sent a cease-and-desist letter to
5 defendant via Quackenbush in early December 2015. *See* Tr. (Jan. 26, 2021) at 320:15-
6 325:4 (docket no. 431) (discussing Trial Ex. 25). During the course of his narrative,
7 Ironmonger described what he observed when he and his team disassembled a sample
8 Steam Controller. *Id.* at 321:4-7. Defendant posed no objection until Ironmonger said,
9 "There's actually a button under here. What they've done is they've disguised the two
10 paddles." *Id.* at 321:20-24. After defendant's objection was overruled, Ironmonger
11 continued, "That is a button. Under here you can hear it click. . . . And what this
12 conveniently does is it conveniently hits, with the paddles, the button. The same way
13 Scuf has the button, which obviously we all agree would not be very easy to access for
14 many people, depending on hand size, but we put a paddle over the button so it's usable."
15 *Id.* at 322:3-9.

16 Contrary to defendant's accusation, the Court did not err in overruling defendant's
17 objection because Ironmonger was not opining about how the patent claim terms read on
18 the accused device, but was instead comparing how the center panel of the Steam
19 Controller and the back paddles of the Scuf Controller activate the switches (or buttons)
20 underneath them. Moreover, as a co-developer of the Scuf Controller and a co-inventor
21 on the '525 Patent, Ironmonger was not required to check his technical expertise at the
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1 proverbial door of the virtual courtroom, and any blurring of the lines between the factual
2 realm and the infringement arena was harmless.

3 In contrast, the record does not reflect that Karl Quackenbush has expertise about
4 the patent-in-suit or the development of the accused device. Indeed, when asked in his
5 deposition why defendant made no changes to the Steam Controller in response to a letter
6 from plaintiff's lawyer dated March 7, 2014, Trial Ex. 9, Quackenbush replied, "I don't
7 think I can answer without telling you about the legal advice we got." Quackenbush Dep.
8 at 40:10-16, Ex. 15 to Wanger Decl. (docket no. 329-15). When asked during trial how
9 many versions of the Steam Controller were created between the issuance of the cease-
10 and-desist letter in March 2014 and the release of the final design for sale to the public in
11 November 2015, Quackenbush admitted that he "couldn't say." Tr. (Jan. 27, 2021) at
12 437:24-438:2 & 438:12-14 (docket no. 424).

13 Notwithstanding Quackenbush's apparent lack of personal knowledge, defendant
14 assigns error to the Court's exclusion of his "subjective beliefs regarding infringement or
15 lack of infringement," *see* Minutes (docket no. 406). Not only would such testimony
16 have constituted the type of lay opinion defendant otherwise argues is inadmissible, it
17 was improperly proffered in lieu of the underlying advice of counsel as to which
18 defendant had asserted the attorney-client privilege. *See In re Lidoderm Antitrust Litig.*,
19 No. 14-md-2521, 2016 WL 4191612, at *1 (N.D. Cal. Aug. 9, 2016) ("when the record
20 shows that attorney-client advice played a significant role in formulating a party's
21 subjective beliefs on central issues in the case, the adversaries are entitled to disclosure of
22 the otherwise privileged material to test the credibility of those subjective beliefs"). As a
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1 consequence of the Court’s ruling, plaintiff’s lawyer told the jurors in his rebuttal that
2 what they never heard from defendant was, “We don’t infringe. . . . Mr. Quackenbush
3 never said that.” Tr. (Jan. 29, 2021) at 996:25-997:3 (docket no. 426). Defendant did not
4 contemporaneously object, and it never requested a limiting instruction. Moreover, in its
5 current motion, defendant does not contend that either plaintiff’s counsel’s argument or
6 the exclusion of Quackenbush’s subjective beliefs constitutes a basis for a new trial on
7 infringement. Rather, defendant raises the evidentiary matter only to seek a new trial on
8 willfulness, which is a moot issue. *See supra* at 9:4-5.

9 **b. Prosecution History**

10 Defendant’s third basis for a new trial on liability is that all 222 pages of
11 defendant’s proposed exhibit 208, which is a certified copy of the United States Patent
12 and Trademark Office’s (“PTO’s”) file relating to the ’525 Patent, should have been
13 admitted into evidence. In support of this proposition, defendant cites only one case,
14 *RLIS, Inc. v. Cerner Corp.*, No. 3:12-CV-209, 2015 WL 4040569 (S.D. Tex. July 1,
15 2015), which concerns solely whether and to what extent the prevailing defendant was
16 entitled to costs. The decision does not discuss why the patent prosecution history was
17 admissible at trial; it concludes only that the costs associated with obtaining a certified
18 copy of the PTO’s file should be taxed against the plaintiff. *See id.* at *4. The order in
19 *RLIS*, however, indicates that the defendant persuaded the jury that the patents-in-suit
20 were invalid, *see id.* at *1, and thus, the likely rationale for allowing the prosecution
21 history into evidence in that matter does not apply in the case before the Court, in which
22 all viable invalidity contentions were decided, in advance of trial, by the PTO’s Patent
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1 Trial and Appeal Board, the final decision of which was affirmed by the Federal Circuit.
2 See Ex. K to Becker Decl. (docket no. 262-11); Ex. A to Jt. Status Report (docket
3 no. 302-1); see also Order (docket no. 320) (granting plaintiff's motion regarding inter
4 partes review estoppel and precluding defendant from asserting at trial non-instituted and
5 non-petitioned invalidity defenses). Defendant has not identified any specific portion of
6 the prosecution history that was relevant to infringement (or damages) and that would
7 have been helpful. Its contention that the exclusion of this voluminous and potentially
8 bewildering exhibit warrants a new trial is belied by defendant's position at trial that
9 the only evidence the jurors needed to consider was the '525 Patent and the Steam
10 Controller.

11 **c. Indefiniteness**

12 Defendant's final argument in support of a new trial on liability, which is couched
13 in terms of the verdict being "against the clear weight of the evidence," but which just
14 renews assertions made during the claim construction process, is treated as a motion for
15 reconsideration and is DENIED. For the reasons set forth in the Order entered June 7,
16 2018, docket no. 189, the claim terms "elongate member" and "substantially" are not
17 indefinite.

18 **2. Damages**

19 With respect to damages, defendant contends that a new trial is required to correct
20 the following alleged errors: (i) misstatements in Instruction No. 18A of certain factors
21 for determining a reasonable royalty; (ii) omission from the verdict form of a special
22 interrogatory concerning whether the accused device satisfies the limitations of Claim 1
23

1 of the '525 Patent; (iii) exclusion of prior art evidence; and (iv) opening statements and
2 testimony about an alleged settlement offer. These arguments lack merit.

3 **a. Instruction No. 18A**

4 Jury instructions “must fairly and adequately cover the issues presented, must
5 correctly state the law, and must not be misleading.” *Madrigal v. Allstate Ins. Co.*, 215 F.
6 Supp. 3d 870, 909 (C.D. Cal. 2016) (quoting *Gantt v. City of Los Angeles*, 717 F.3d 702,
7 706 (9th Cir. 2013)). A court, however, “is not required to use the exact words proposed
8 by a party, incorporate every proposition of law suggested by counsel or amplify an
9 instruction if the instruction as given allowed the jury to determine intelligently the issues
10 presented.” *Id.* (quoting *L.A. Mem’l Coliseum Comm’n v. Nat’l Football League*, 726
11 F.2d 1381, 1398 (9th Cir. 1984)). An instruction is proper, even if phrased differently
12 than a party desires, if it “adequately allows the party to argue its theory of the case to the
13 jury.” *Id.* at 910 (quoting *Fiorito Bros., Inc. v. Fruehauf Corp.*, 747 F.2d 1309, 1316 (9th
14 Cir. 1984)).

15 Instruction No. 18A included certain factors that were initially articulated in
16 *Ga.-Pac. Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116 (S.D.N.Y. 1970), and are
17 known as the “*Georgia-Pacific* factors.” Defendant contends that the Court misstated
18 four of the fourteen factors, which read as follows:

- 19 (3) The nature and scope of the license **or licenses** as exclusive or
20 nonexclusive, or as restricted or non-restricted in terms of
21 territory or with respect to whom the manufactured product
22 may be sold;
- 22 (5) The commercial relationship between plaintiff **and any**
23 **licensees** and/or defendant, for example, whether they are

1 competitors in the same territory and/or in the same line of
2 business, or whether they are inventor and promoter;

3 (6) Whether products with features covered by the '525 Patent are
4 sold along with other products (“convoyed sales”) or generate
5 sales of other products (“derivative sales”) of plaintiff, **any of
its licensees**, and/or defendant, and the extent of such
6 convoyed or derivative sales; and

7 (7) The duration of the '525 Patent and the term of **any license**.

8 Instruction No. 18A (docket no. 413) (emphasis added). Defendant challenges the
9 Court’s inclusion of the bolded and underlined text.

10 Contrary to defendant’s assertion, Instruction No. 18A closely tracks the language
11 used in the *Georgia-Pacific* decision. The *Georgia-Pacific* factors were drawn from “a
12 conspectus of the leading cases” concerning the determination of a reasonable royalty for
13 a patent license and were changed as the *Georgia-Pacific* Court thought necessary. *See*
14 318 F. Supp. at 1120 (describing the factors as “mutatis mutandis”). The first *Georgia-*
15 *Pacific* factor, which sets the stage for most of the other factors, reads: “The royalties
16 received by the patentee for the licensing of the patent in suit, proving or tending to prove
17 an established royalty.” *Id.* This statement does not preclude, but rather envisions, that
18 more than one license might have been granted for the patent at issue, and it makes clear
19 that the next several *Georgia-Pacific* factors concern **any** existing license, as opposed to
20 the hypothetical license between the patentee and the alleged infringer for which the jury
21 was tasked with determining a reasonable royalty. The factors that defendant accuses the
22 Court of misstating inquire about the characteristics of **any** existing license (for example,
23 any exclusivity, geographic boundaries, limitations on customers, or specific term or

1 duration) and the circumstances under which such license or licenses were granted (for
2 example, whether the parties to any license are competitors or affiliates, and whether the
3 licensed products are conveyed or bundled with, or generate derivative sales of, other
4 items). These factors relate to the patentee (*i.e.*, plaintiff) and its licensees (in this matter,
5 the Scuf Gaming entities and Microsoft), and the emphasized text of Factors 3, 5, 6, and 7
6 correctly construed the guidance of *Georgia-Pacific*. Moreover, Instruction No. 18A
7 allowed each side to argue its theories concerning damages to the jury, notwithstanding
8 defendant’s tactical decision not to do so.

9 To the extent that Instruction No. 18A invited the jury to compare defendant with
10 the Scuf Gaming entities and/or Microsoft, the perceived problem does not stem from the
11 inclusion of the language as to which defendant assigns error, but rather from the addition
12 of “defendant,” which is not an actual licensee of plaintiff and is not among the entities
13 contemplated in the related *Georgia-Pacific* factors. *See* 318 F. Supp. at 1120. The
14 Court omitted “defendant” from its initial draft of Instruction No. 18A, but incorporated
15 the word upon defendant’s insistence. *See* Minute Order at ¶ 1 & App’x A (docket
16 no. 384); *see also* Ex. C to Jt. Statement of Objections (docket no. 374-3). Thus, the only
17 invitation at issue here involves defendant’s invited error, on which it may not now rely
18 in seeking a new trial. *See* Fed. R. Civ. P. 51(d); *see also* *Cordis Corp. v. Medtronic Ave.*
19 *Inc.*, 511 F.3d 1157, 1172 (Fed. Cir. 2008); *Gilchrist v. Jim Slemons Imports, Inc.*, 803
20 F.2d 1488, 1493 (9th Cir. 1986).

1 **b. Verdict Form**

2 The Court has “complete discretion whether a general or special verdict is to be
3 returned” by a jury. *Mateyko v. Felix*, 924 F.2d 824, 827 (9th Cir. 1990). A special
4 verdict form is proper if it contains questions “adequate to obtain a jury determination of
5 the factual issues essential to judgment.” *Id.*; *see also Dugan v. Nance*, No. CV 11-8145,
6 2013 WL 6633072, at *14 (C.D. Cal. Dec. 16, 2013). Defendant cites no authority for
7 the proposition that a verdict form must inquire about patent claims that are not alleged to
8 have been infringed, and its contention that omission of a question about Claim 1 of the
9 ’525 Patent somehow misled the jury is contradicted by both the instructions given to the
10 jury and defendant’s own arguments at trial.

11 Instruction No. 16 told the jurors that, because Claims 2, 4, 7, 9, 10, 11, and 18
12 depend from Claim 1, if the Steam Controller did not meet all of the requirements of
13 Claim 1, then their verdict must be for defendant as to every asserted patent claim. *See*
14 Instruction No. 16 (docket no. 413 at 22:20-23:4). Moreover, Instruction No. 16A
15 focused on certain terms in Claim 1, and by explicit extension, its dependent claims, *see*
16 Instruction No. 16A (docket no. 413 at 24-25). Finally, defendant’s presentation at trial
17 centered almost entirely on the theme that the accused device did not satisfy the elements
18 of Claim 1, *see, e.g.*, Tr. (Jan. 29, 2021) at 945:17-949:11 (docket no. 426) (analogizing
19 the limitations of Claim 1 to links in a chain and arguing that the chain is broken in three
20 different places). To suggest, as defendant has, that the verdict form caused the jurors to
21 lose sight of the importance of Claim 1 in their infringement analysis inappropriately
22 impugns both the intelligence and earnestness of the eight individuals who each swore an

1 oath to decide the case based solely on the evidence before them¹¹ and to follow the
2 instructions of the Court.

3 **c. Prior Art**

4 Defendant contends that evidence about prior art was improperly excluded, but it
5 identifies no proposed exhibit that was offered and refused. During the course of trial,
6 the subject of prior art arose when plaintiff's counsel objected, outside the presence of
7 the jury, to certain demonstrative exhibits that defendant intended to publish while
8 examining its expert.¹² *See* Tr. (Jan. 28, 2021) at 591:1-592:2 (docket no. 432). In
9 response to plaintiff's oral motion to strike, defendant's attorney acknowledged that the
10

11 ¹¹ Defendant accuses plaintiff's counsel of misrepresenting, during his closing argument, the
12 testimony of defendant's expert. Plaintiff's counsel said, "Now, the verdict form in this case
13 talks about infringement, . . . and it lists Claims 2, 4, 7, 9, 10, 11, and 18. . . . [W]e saw
14 Mr. Dezmelyk today talk about issues he had with Claim 1, which all these claims depend from.
15 But he didn't have an issue with any of the other claims. . . . [H]e didn't take issue with any of
16 the elements in those claims." Tr. (Jan. 29, 2021) at 908:19-909:2 (docket no. 426). This
17 statement was an accurate summary of Robert Dezmelyk's testimony; he opined that the Steam
18 Controller did not meet the limitations of Claim 1, and therefore, did not infringe the dependent
19 claims, but he did not separately analyze the elements of Claims 2, 4, 7, 9, 10, 11, and 18. *See*
20 *id.* at 812:9-23. Even if plaintiff's counsel misspoke, a new trial is not a required remedy. The
21 jury was instructed that arguments by the lawyers are not evidence and that, if the facts as the
22 jurors remember them differ from the way the attorneys have summarized them, then the jurors'
23 memories controls. Instruction No. 6 (docket no. 413). Moreover, defendant's counsel had
ample opportunity to correct the record during his closing argument, and he opted to return to the
substance of Dezmelyk's opinion, namely that the Steam Controller lacked three of the elements
required by Claim 1. *Id.* at 941:8-950:12. Defendant's position was made more than obvious to
the jury, and the verdict form did not need an interrogatory about Claim 1.

¹² Instead of making a record concerning the demonstrative exhibits that it was not permitted to
share with the jurors, defendant has provided excerpts of its expert's report on invalidity. *See*
Ex. 5 to Lujin Decl. (docket no. 437-5). Defendant does not, however, suggest that the invalidity
report was itself admissible as evidence, and it does not specify which illustrations in the report
were to be replicated, or which prior art references were to be discussed, in the demonstrative
exhibits at issue. Defendant's paltry showing is alone a basis for denying the related portion of
its motion for a new trial.

1 figures at issue were not in defendant’s expert’s report on non-infringement, but were
2 instead in the expert’s report on invalidity, portions of which had been incorporated by
3 reference. *Id.* at 592:10-19. The Court ruled that materials not included in the report
4 disclosing the opinions about which the expert would be testifying, namely those
5 concerning non-infringement, could not be used in a demonstrative way or shown to the
6 jury. *Id.* at 593:14-17; *see also* Fed. R. Civ. P. 26(a)(2).

7 The Court did not, however, preclude defendant’s expert from reciting at trial the
8 opinions about prior art that were set forth in his non-infringement report. *Id.* at 596:18-
9 597:11. In his non-infringement report, Robert Dezmelyk indicated that he “expect[ed]
10 to testify that the alleged inventions disclosed in the Asserted Patents offer no appreciable
11 advantages as compared to the state of the art and the non-infringing alternatives.” *See*
12 Report at ¶ 11, Ex. 7 to Schafer Decl. (docket no. 256-7). Dezmelyk also observed in his
13 non-infringement report that “the technology claimed in the Asserted Patents represents,
14 at best, a minor incremental improvement over prior art.” *Id.* at ¶ 70. Defendants cite
15 no ruling of the Court that prevented Dezmelyk from providing these opinions at trial.
16 Indeed, in the absence of any objection from plaintiff, defendant’s damages expert
17 (Salters) repeated Dezmelyk’s beliefs almost verbatim. *See* Tr. (Jan. 28, 2021) at 716:3-
18 16 (docket no. 432) (“the idea for putting back paddles on a controller was . . . already
19 invented before the ’525 Patent was even applied for. . . . [T]he ’525 Patent did not
20 invent the entire paddle. What it invented was certain aspects of the paddle: the shape
21 and the rigidity of the paddle Mr. Dezmelyk believes that that’s just a minor
22 incremental improvement over what had already existed.”). To the extent that the jury
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1 did not quite comprehend Salters’s point,¹³ the fault rests not with the Court or its rulings,
2 but with defendant’s distracting theory about non-infringing alternatives and its strategic
3 gamble to say nothing about damages during its closing argument.

4 **d. Alleged Settlement Offer**

5 In his opening statement, plaintiff’s counsel said that plaintiff “requested \$7 per
6 controller from [defendant] in exchange for a license.” Tr. (Jan. 26, 2021) at 195:3-4
7 (docket no. 431). Defendant did not object. *See id.* After the first witness testified, and
8 before the jury returned from a lunch recess, defendant’s attorney told the Court that
9 “[w]e believe those communications are inadmissible under Rule 408. And I just want to
10 make sure that we don’t have to deal with objecting to those types of questions in the
11 presence of the jury.” *Id.* at 256:15-18. The Court made clear that “[s]ettlement is off the
12 table. . . . [T]he rules are clear. If there were [settlement] discussions, they can’t be
13 asked about one way or another.” *Id.* at 257:3-5. Defendant thereafter presented no
14

15 ¹³ Whether even Salters understood the import of her testimony is unclear. She did not perform
16 the analysis suggested by the observation that the invention at issue in this matter is not the back
17 controllers themselves, but rather only their thickness (*see* Claims 9, 10, and 11), their location
18 within a recess or their formation as part of the controller case (*see* Claims 7 and 18), and their
19 function as compared with those of other controls on the device (*see* Claims 2 and 4). And she
20 missed the relevant question in the damages case, *i.e.*, how much of the value of the ’525 Patent
21 (regardless of the patent’s worth relative to the rest of plaintiff’s IP portfolio) is attributable to
22 the dependent claims asserted in this litigation. Defendant having failed to argue to the jury (or
23 in its post-trial motion) that the infringed claims of the ’525 Patent have less worth than the
patent as a whole, and plaintiff’s evidence having indicated that Microsoft paid certain royalties
regardless of which, if any, parts of the ’525 Patent it practiced, *see supra* note 9, the Court
concludes that this issue does not warrant a new trial on damages because it was not a product of
any procedural irregularity or injustice to defendant, and the verdict is neither against the weight
of the evidence nor excessive, *see* Tr. (Jan. 28, 2021) at 621:8-10 (docket no. 432) (indicating
that the retail price of the Steam Controller was \$49.99, meaning that a royalty of less than \$2.50
per unit represents a rate of roughly 5%); *see also* Tr. (Jan. 26, 2021) at 285:6-9 (docket no. 431)
(revealing that plaintiff receives royalties of 5% on the Scuf Controller).

1 motion to strike or for a limiting instruction concerning the portion of plaintiff's opening
2 statement relating to the demand for a \$7 per unit royalty.

3 During the examination of defendant's General Counsel (Quackenbush), and over
4 defendant's objection, plaintiff elicited testimony that, in the context of attempting to
5 resolve this dispute before litigation commenced, one of plaintiff's attorneys suggested
6 that defendant could pay a royalty. Tr. (Jan. 27, 2021) at 420:9-25 (docket no. 424).
7 According to Quackenbush, this attorney told him that the price plaintiff charged the
8 Scuf Gaming entities for a license to the '525 Patent was \$7 per device. *Id.* at 421:1-8.
9 Defendant contends that this evidence was inadmissible pursuant to Federal Rule of
10 Evidence 408, and that it was prejudiced when plaintiff's attorney used, in his rebuttal
11 (when defendant would have no opportunity to respond), the aforementioned \$7 rate to
12 request over \$11 million in damages.

13 The amount that plaintiff received in connection with the Scuf Gaming controller
14 was stated earlier in the proceedings, without objection, by Duncan Ironmonger, as well
15 as by the finance director for Scuf Gaming International, LLC, a subsidiary of Scuf
16 Gaming, Inc. *See* Tr. (Jan. 26, 2021) at 285:6-286:11 (docket no. 431) (describing a
17 royalty rate of 5-7%, depending on geography, with respect to a device sold, on average,
18 in 2014 for \$150 and currently for \$182); *see also id.* at 354:10-13, 355:9-13, & 357:4-
19 11; Trial Ex. 97. The jurors were presumably capable of calculating that five percent
20 (5%) of \$150 is \$7.50. The jurors also, however, disregarded the \$7 figure and applied a
21 much lower royalty rate. Thus, even if Quackenbush's testimony described the type of
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1 negotiations excluded by Rule 408, any error was harmless. Defendant has provided no
2 basis for a new trial, and its Rule 59 motion is DENIED.

3 **Conclusion**

4 For the foregoing reasons, the Court ORDERS:

5 (1) Plaintiff Ironburg Inventions Ltd.'s motion for enhanced damages, docket
6 no. 439, is DENIED;

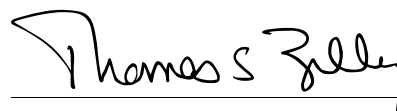
7 (2) Defendant Valve Corporation's motion for judgment as a matter of law or
8 new trial, docket no. 435, is STRICKEN IN PART as moot with regard to willfulness and
9 otherwise DENIED;

10 (3) The parties are DIRECTED to file a Joint Status Report within fourteen
11 (14) days of the date of this Order concerning the status of plaintiff's claims involving
12 U.S. Patents Nos. 9,289,688 and 9,352,229, which were stayed by Minute Order entered
13 December 6, 2017, docket no. 148, and whether the Court should direct that partial
14 judgment consistent with the jury's verdict be entered pursuant to Federal Rule of Civil
15 Procedure 54(b); and

16 (4) The Clerk is DIRECTED to send a copy of this Order to all counsel of
17 record.

18 IT IS SO ORDERED.

19 Dated this 26th day of May, 2021.

20
21 

22 Thomas S. Zilly
23 United States District Judge

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3 UNITED STATES DISTRICT COURT
4 WESTERN DISTRICT OF WASHINGTON
5 AT SEATTLE

6 IRONBURG INVENTIONS LTD, a United
Kingdom limited company

7 Plaintiff,

Case No. 2:17-CV-01182 TSZ

8 v.

TAXATION OF COSTS

9 VALVE CORPORATION, a Washington
corporation

10 Defendants.

11
12
13 Costs in the above-entitled cause are hereby taxed against Plaintiff IRONBURG
14 INVENTIONS LTD., and on behalf of Defendant(s) VALVE CORPORATION, in the amount
15 of \$46,744.01, comprised of the following:

16 Deponent or Fee Type	Cost Requested	Cost Disallowed	Cost Allowed
17 Fees for service of summons and subpoena	\$410.00	-0	\$410.00
18 Fees for printed or electronically recorded transcripts necessarily obtained for use in the case	\$41,799.31	-0	\$41,799.31
19 Fees for Witnesses	\$176.84	-0	\$176.84
20 Fees for Exemplification and the costs of making copies of any materials where the copies are necessarily obtained for use in the case	\$4,357.86	-0	\$4,357.86
21			
22			
23			

TAXATION OF COSTS -1

Totals	Costs Requested	Costs Disallowed	Costs Allowed
	\$46,744.01	\$0	\$46,744.01

Entered this 15th day of September, 2021

Ravi Subramanian, Clerk
U. S. District Court

By: s/ PATRICK SHERWOOD
Patrick Sherwood, Deputy in Charge

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6 UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
7 AT SEATTLE

8 IRONBURG INVENTIONS LTD.,

9 Plaintiff,

10 v.

11 VALVE CORPORATION,

12 Defendant.

C17-1182 TSZ

ORDER

13 THIS MATTER comes before the Court on a motion, docket no. 467, brought by
14 plaintiff Ironburg Inventions Ltd. (“Ironburg”) for attorney fees pursuant to 35 U.S.C.
15 § 285 and prejudgment interest pursuant to 35 U.S.C. § 284. Having reviewed all papers
16 filed in support of, and in opposition to, the motion, the Court enters the following order.

17 **Background**

18 After a virtual trial in this matter, a jury rendered a verdict in favor of Ironburg
19 and against defendant Valve Corporation (“Valve”), finding that Valve had willfully
20 infringed Claims 2, 4, 7, 9, 10, 11, and 18 of United States Patent No. 8,641,525 (the
21 “’525 Patent”), and awarding to Ironburg \$4,029,533.93 in damages. *See* Verdict (docket
22 nos. 416 & 417). Ironburg now seeks a ruling that it is entitled to attorney fees in
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1 connection with this litigation, as well as two inter partes review (“IPR”) proceedings
2 before the United States Patent and Trademark Office’s Patent Trial and Appeal Board
3 (“PTAB”) involving the ’525 Patent and a related appeal to the Federal Circuit. The
4 estimated amount of such attorney fees exceeds \$6.5 million. *See* Becker Decl. at ¶¶ 9 &
5 10 (docket no. 468).

6 Ironburg also requests prejudgment interest calculated **from June 1, 2015**, the
7 date on which Valve first sold the infringing device known as a Steam Controller, *see*
8 Instr. No. 5 at ¶¶ 7 & 11 (docket no. 413), **to July 19, 2021**, the date of the Partial
9 Judgment, docket no. 464. Ironburg asks the Court to apply the prime rate used by banks
10 in the United States, which varied between 3.25 and 5.50 percent per annum during the
11 more than six-year period at issue; Ironburg proposes an average rate of 4.08 percent,
12 compounded *monthly*, resulting in a prejudgment interest amount of \$1,133,011. *See*
13 Becker Decl. at ¶ 15 (docket no. 468).

14 Valve contends that Ironburg is not entitled to attorney fees because this case is
15 not “exceptional” within the meaning of 35 U.S.C. § 285. Valve further argues that, if
16 prejudgment interest is awarded, it should be calculated on the basis of the rate specified
17 in 28 U.S.C. § 1961(a) (“the weekly average 1-year constant maturity Treasury yield, as
18 published by the Board of Governors of the Federal Reserve System, for the calendar
19 week preceding the date of the judgment”). According to Valve, during the timeframe
20 in question, the rate set forth in § 1961(a) fluctuated between 0.04 and 2.74 percent, with
21 an average of 1.12 percent, and if compounded *annually*, the average rate would yield
22 prejudgment interest in the amount of \$282,465.14. Lujin Decl. at ¶ 7 (docket no. 476).

1 **Discussion**

2 **A. Attorney Fees**

3 The Patent Act authorizes the Court “in exceptional cases” to award “reasonable
4 attorney fees to the prevailing party.” 35 U.S.C. § 285. An “exceptional” case is one
5 that “stands out from others with respect to the substantive strength of a party’s litigating
6 position . . . or the unreasonable manner in which the case was litigated.” *Octane*
7 *Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014). The Court has
8 discretion to determine on a case-by-case basis whether the “exceptional” threshold has
9 been crossed; the Court need not apply any “precise rule or formula,” but must consider
10 the “totality of the circumstances.” *Id.* Having reviewed the procedural history of this
11 case and being well-acquainted with the evidence presented at trial, the Court concludes
12 that neither the strength of Ironburg’s infringement claim nor the weaknesses in Valve’s
13 defenses “stand out” from the litigating positions of parties in other matters, and that
14 Valve did not conduct itself in an unreasonable manner in battling against Ironburg in this
15 action or related proceedings.

16 Ironburg suggests that this case is “exceptional” for eight reasons: (i) the jury
17 found that Valve’s infringement of the ’525 Patent was willful; (ii) Valve pursued
18 partially unsuccessful IPR proceedings; (iii) Valve proceeded to trial without any
19 invalidity defenses; (iv) at trial, Valve offered no direct evidence of a subjective belief
20 that the Steam Controller did not infringe the ’525 Patent; (v) Valve made no attempt to
21 design around the ’525 Patent; (vi) Valve engaged in a pattern of excessive litigation;
22 (vii) Valve exhibited “contempt” for the ’525 Patent; and (viii) Valve’s conduct was
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1 motivated by an intent to harm Ironburg. *See* Pl.’s Mot. at §§ III(B)-(I) (docket no. 467).
2 For the reasons set forth in the Order entered May 26, 2021, docket no. 458, in which the
3 Court declined to award enhanced or treble damages to Ironburg, the Court rejects
4 Ironburg’s first, fourth, fifth, and seventh grounds for seeking attorney fees. The Court
5 previously concluded that any willfulness in this matter was “garden-variety” and did not
6 warrant enhancing damages. *See* Order at 7-9 (docket no. 458). The uncontroverted
7 testimony of Valve’s lead designer was that he first saw the ’525 Patent at his deposition
8 in this litigation, which was after the development of several prototypes, as well as the
9 commercial version, of the Steam Controller. *See id.* at 8 (citing Tr. (Jan. 27, 2021) at
10 387:5-6, 451:17-19, 462:25-464:12, 481:23-24, & 492:22-493:6 (docket no. 424)). The
11 record does not support a theory that Valve copied, “pirated,” or manifested “contempt”
12 for Ironburg’s invention, and the jury’s finding of willfulness does not convert this case
13 into an “exceptional” one.

14 Ironburg’s eighth assertion that Valve behaved with an ill motive is unsupported
15 by any evidence. Ironburg cites for support only a juror’s statement during voir dire and
16 the timing of Valve’s sales of the Steam Controller. *See* Pl.’s Mot. at 11 nn.14 & 15
17 (docket no. 467). The former has no relevance to Valve’s intent and the latter establishes
18 only that Valve sought to purge its inventory of an unprofitable and discontinued product.
19 The Court is not persuaded that Valve acted with the type of malice imputed by Ironburg,
20 particularly given that Valve and Ironburg (and/or its affiliates) no longer compete in the
21 hand-held game-controller market.

1 Finally, Ironburg’s second, third, and sixth contentions concerning Valve’s tactics
2 do not fairly characterize the course of this and related proceedings. This matter has been
3 hard fought by **both** sides. The case began in the Northern District of Georgia on
4 December 3, 2015, *see* Compl. (docket no. 1), before the United States Supreme Court
5 decided *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514 (2017).
6 When, a little over two weeks after *TC Heartland* was decided, Valve moved for merely
7 *leave* to file a motion to transfer venue, *see* Def.’s Mot. (docket no. 107), Ironburg filed a
8 10-page objection, *see* Pl.’s Resp. (docket no. 108). When the Georgia Court gave Valve
9 an opportunity to seek a new forum, *see* Order (docket no. 109), Ironburg attempted to
10 persuade the then-presiding judge that *TC Heartland* did not constitute an intervening
11 change in the law and that Valve had waived its right to challenge venue, *see* Pl.’s Resp.
12 (docket no. 111). The Georgia Court rejected this view, ruling that *TC Heartland*
13 “undoubtedly changed the venue landscape,” and on August 3, 2017, after this matter had
14 been pending for 20 months, the case was transferred to this district. Order at 8 & 11
15 (docket no. 116). Ironburg would not be entitled pursuant to § 285 to any attorney fees
16 related to its failed efforts to remain in the Northern District of Georgia, and Valve’s
17 campaign to move the litigation to its place of residence was neither unreasonable nor
18 exceptional.

19 Shortly after the action arrived in this district, the PTAB issued final written
20 decisions in the IPR proceedings concerning two of the four patents-in-suit, namely the
21 ’525 Patent and U.S. Patent No. 9,089,770 (the “’770 Patent”), and as to the other two
22 patents-in-suit, U.S. Patent Nos. 9,289,688 (the “’688 Patent”) and 9,352,229 (the
23

1 “’229 Patent”), IPRs had been instituted.¹ See Minute Order at ¶ 2 (docket no. 148).
2 Contrary to Ironburg’s apparent suggestion, Valve was the prevailing party in the IPRs
3 involving the ’525 and ’770 Patents, having persuaded the PTAB to invalidate all
4 independent claims and several dependent claims of both patents. See Exs. K & L to
5 Becker Decl. (docket nos. 262-11 & 262-12). These rulings were later affirmed by the
6 Federal Circuit. See Ex. A to Joint Status Report (docket no. 302-1). Moreover, as to the
7 ’770 Patent, Valve successfully sought a summary judgment of non-infringement with
8 respect to the only two dependent claims of the patent that remained viable and were
9 asserted in this action. See Minute Order at ¶ 1(g) (docket no. 301).

10 As a result of the IPRs, claim construction, and motion practice, see Order (docket
11 no. 189) (rejecting Valve’s indefiniteness challenges); Order (docket no. 320) (granting
12 Ironburg’s motion regarding IPR estoppel), no invalidity issues were presented to the
13 jury. Ironburg’s reliance on this fact as a basis for deeming the case “exceptional” is
14 misplaced. Valve’s victories before the PTAB and the Federal Circuit, which narrowed
15 the matters for the jury’s consideration, do not inure to Ironburg’s benefit in its quest for
16

17 ¹ Since December 6, 2017, Ironburg’s infringement claims relating to the ’688 and ’229 Patents
18 have been stayed. See Minute Order at ¶ 2(b) (docket no. 148). Ironburg’s current motion for
19 attorney fees does not involve Valve’s litigation conduct with respect to those two patents-in-
20 suit. Nevertheless, the Court observes that the PTAB invalidated the two independent and
21 several of the dependent claims of the ’688 Patent and was affirmed on this ruling by the Federal
22 Circuit. See Ex. 1 to Lujin Decl. (docket no. 476-1). In addition, the Federal Circuit vacated a
23 portion of the PTAB’s decision that was adverse to Valve, reversing the evidentiary basis for the
PTAB’s conclusion that other dependent claims of the ’688 Patent and certain claims of the ’229
were not shown to be unpatentable, and the matter has been remanded to the PTAB for further
proceedings. See id. Thus, the Federal Circuit’s opinion on appeal was generally favorable to
Valve.

1 attorney fees. Moreover, although the Court’s rulings also played a role in eliminating
2 invalidity as an issue for trial, Valve’s positions with respect to indefiniteness and IPR
3 estoppel were not so lacking in merit that their assertion could be considered vexatious.
4 And, to Valve’s credit, almost a year before trial, it stipulated to withdraw any defenses
5 asserted under 35 U.S.C. § 112 with respect to the ’525 Patent. See Joint Stipulation
6 (docket no. 323); Minute Order (docket no. 325).

7 With respect to discovery disputes, this case had remarkably few, and they were
8 generally decided in Valve’s, not Ironburg’s, favor by the magistrate judge to whom they
9 were referred. See Minutes (docket no. 184) (denying Ironburg’s motion to compel
10 responses to certain requests for production, but requiring the deposition of Jane Lo, who
11 is the equivalent of a comptroller for Valve); Ex. 5 to Wanger Decl. (docket no. 443-5)
12 (uncertified transcript of hearing); see also Order (docket no. 248) (granting Valve’s
13 motion to compel materials related to Ironburg’s knowledge and non-disclosure of certain
14 prior art). The magistrate judge who oversaw discovery did not award attorney fees to
15 either side in connection with motion practice or have occasion to issue warnings about
16 possible sanctions, which reflects the ordinariness of the discovery squabbles in this
17 matter. The record simply does not support Ironburg’s accusation that Valve engaged in
18 “scorched earth” tactics during the discovery process.

19 Both parties expressed reluctance to proceed to trial via virtual means, but worked
20 cooperatively to do so after the Court made clear that waiting until an unforeseeable end
21 to the pandemic to hold the trial in person was not an option. Throughout the entire trial,
22 the attorneys, party representatives, and witnesses conducted themselves professionally
23

1 and appeared to treat each other with due respect and cordiality. Valve’s defenses to
2 Ironburg’s infringement contentions were far from frivolous, as evidenced by Ironburg’s
3 election not to seek partial summary judgment in advance of trial or judgment as a matter
4 of law on liability before the jury rendered its verdict, and nothing about Valve’s decision
5 to fight Ironburg’s claims at trial and in post-trial motions or its methods of doing so rose
6 to the level of “exceptional” for purposes of § 285. Ironburg’s request for attorney fees is
7 DENIED.

8 **B. Prejudgment Interest**

9 Prior to 1946, the Patent Act contained no reference to interest, and under
10 common law standards, prejudgment interest was available in two circumstances:

11 (i) when damages were liquidated; and (ii) when damages were unliquidated, only if
12 “exceptional circumstances,” like “bad faith” on the part of the infringer, existed. *See*
13 *Gen. Motors Corp. v. Devex Corp.*, 461 U.S. 648, 651-52 (1983). As a result of

14 amendments adopted in 1946, the Patent Act now provides that

15 Upon finding for the claimant the court shall award the claimant damages
16 adequate to compensate for the infringement, but in no event less than a
17 reasonable royalty for the use made of the invention by the infringer, together
18 with interest and costs as fixed by the court.

19 35 U.S.C. § 284. The Supreme Court has held that this language did not adopt the
20 common law requirements for prejudgment interest and that courts have discretion to
21 award prejudgment interest as appropriate. *Devex*, 461 U.S. at 656-57. The Court is
22 “afforded wide latitude in the selection of interest rates,” and may consider a variety of
23 factors, including any protracted nature of the litigation at issue and a patentee’s need to

1 borrow money at the prime or higher rates to finance its operations while prosecuting its
2 infringement case. *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 939 F.2d 1540, 1545 (Fed. Cir.
3 1991); *see Apple, Inc. v. Samsung Elecs. Co.*, 67 F. Supp. 3d 1100, 1121-22 (N.D. Cal.
4 2014). The Court also has discretion concerning whether prejudgment interest is simple
5 or compound (and, if compounded, whether on a monthly, annual, or other basis). *See*
6 *Gyromat Corp. v. Champion Spark Plug Co.*, 735 F.2d 549, 557 (Fed. Cir. 1984). The
7 Court’s decision on these matters must be guided by the goal of adequately compensating
8 the patent owner for the infringement. 35 U.S.C. § 284; *Devex*, 461 U.S. at 655 (“In the
9 typical case an award of prejudgment interest is necessary to ensure that the patent owner
10 is placed in as good a position as he would have been in had the infringer entered into a
11 reasonable royalty agreement.”).

12 Although Ironburg seeks prejudgment interest from June 1, 2015, Ironburg has
13 also indicated, in the context of asking for attorney fees premised in part on Valve’s
14 “accelerated inventory purge,” that a “significant percentage” of Steam Controllers were
15 sold in November 2019. *See* Pl.’s Mot. at 11 & n.15 (docket no. 467). Given this sales
16 pattern, the 20 months from December 2015 through August 2017 spent litigating in
17 Ironburg’s inappropriate choice of forum, and the stay of this matter in effect from
18 November 15, 2018, through August 15, 2019, *see* Minute Orders (docket nos. 301 &
19 303), while awaiting the Federal Circuit’s decision on the IPR proceedings involving the
20 ’525 and ’770 Patents, the Court begins with the conclusion that prejudgment interest
21 from June 1, 2015, would constitute a windfall to Ironburg. The more appropriate date
22 from which prejudgment interest should be calculated is August 15, 2019, when the
23

1 aforementioned stay was lifted. The Court further concludes that, given the totality of the
2 circumstances, prejudgment interest should be awarded at the average prime rate, as
3 computed by Ironburg (4.08%), rather than the rate set forth in § 1961(a), but that
4 compounding annually, rather than monthly, adequately compensates Ironburg for the
5 loss of use of the royalties that the jury found should have been paid by Valve. *See*
6 *Datascope Corp. v. SMEC, Inc.*, 879 F.2d 820, 823, 829 (Fed. Cir. 1989) (affirming an
7 award of prejudgment interest at the prime rate compounded annually).

8 **Conclusion**

9 For the foregoing reasons, the Court ORDERS:

10 (1) Ironburg’s motion, docket no. 467, for attorney fees pursuant to 35 U.S.C.
11 § 285 and prejudgment interest pursuant to 35 U.S.C. § 284, is DENIED in part and
12 GRANTED in part, as follows. The Court concludes that this case is not “exceptional”
13 within the meaning of § 285, and that Ironburg is not entitled to attorney fees. Under
14 § 284, the Court has discretion to and should award prejudgment interest absent some
15 justification for withholding such relief. *See Devex*, 461 U.S. at 657. The Court
16 concludes that prejudgment interest at the rate of four and eight-hundredths of one
17 percent (4.08%) per annum, compounded annually, from August 15, 2019, to July 19,
18 2021, is warranted and sufficient, resulting in prejudgment interest in the amount of
19 \$322,859.38,² which shall bear interest at the rate specified by 28 U.S.C. § 1961, from

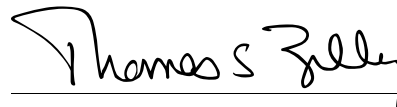
21 ² The amount of prejudgment interest for the period from August 15, 2019, to August 15, 2020,
22 is \$164,404.98; the amount of prejudgment interest for the period from August 15, 2020, to
23 July 19, 2021, is \$158,454.40 (calculated as \$468.80/day x 338 days).

1 the date of the partial judgment (July 19, 2021), until paid in full. *See Bio-Rad Labs.,*
2 *Inc. v. Nicolet Instrument Corp.*, No. 88-1066, 1988 WL 33364, at *1 (Fed. Cir. Apr. 15,
3 1988) (rejecting the argument that prejudgment interest should be paid between the date
4 of the original judgment and the date on which the amount of prejudgment interest was
5 “reduced to judgment,” observing that post-judgment interest on the prejudgment interest
6 had been awarded).

7 (2) For the reasons set forth in the Partial Judgment, docket no. 464, as to
8 which the prejudgment interest herein awarded to Ironburg is related, the Court finds no
9 just reason for delay, *see* Fed. R. Civ. P. 54(b). The Clerk is therefore directed to enter a
10 supplemental partial judgment consistent with this Order and to send a copy of this Order
11 and the supplemental partial judgment to all counsel of record.

12 IT IS SO ORDERED.

13 Dated this 27th day of September, 2021.

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16 Thomas S. Zilly
17 United States District Judge
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