

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

TRAXCELL TECHNOLOGIES, LLC,

Plaintiff,

v.

AT&T, INC. ET AL.,

Defendants.

No. 2:17-cv-00718-RWS-RSP  
(lead case)

**PROTECTIVE ORDER**

Plaintiff Traxcell Technologies, LLC and Defendants AT&T Corp.; AT&T Mobility LLC; Sprint Communications Company, LP; Sprint Spectrum L.P.; Sprint Solutions, Inc.; T-Mobile USA, Inc.; and Verizon Wireless Personal Communications LP (together with Plaintiff, “the Parties”) desire to expedite the flow of discovery materials, facilitate the prompt resolution of disputes over confidentiality of discovery materials, adequately protect information the Parties are entitled to keep confidential, ensure that only materials the Parties are entitled to keep confidential are subject to such treatment, and ensure that the Parties are permitted reasonably necessary uses of such materials in preparation for and in the conduct of trial, pursuant to Fed. R. Civ. P. 26(c). Accordingly, the Court ORDERS:

**I. INFORMATION SUBJECT TO THIS ORDER**

A. Discovery materials produced in this case may be labeled as one of three categories: CONFIDENTIAL, CONFIDENTIAL OUTSIDE COUNSEL ONLY, or RESTRICTED CONFIDENTIAL – SOURCE CODE as set forth in Sections I.E through I.G below. All three of the identified categories of information shall be identified collectively in this Order by the title “Protected Information.” This Order encompasses not only Protected Information, but also (1) any information copied or extracted from Protected Information; (2) all

copies, excerpts, summaries, or compilations of Protected Information; (3) any testimony, conversations, or presentations by Parties or their counsel that might reveal Protected Information; and (4) briefs, memoranda or other writings filed with the Court and exhibits thereto that contain or reflect the content of any such Protected Information.

B. The Parties acknowledge that this Order does not confer blanket protections on all disclosures during discovery, or in the course of making initial or supplemental disclosures under Rule 26(a). Designations under this Order shall be made with care and shall not be made absent a good faith belief that the designated material satisfies the criteria set forth below. If it comes to a Producing Party's attention that designated material does not qualify for protection at all, or does not qualify for the level of protection initially asserted, the Producing Party must promptly notify all other Parties that it is withdrawing or changing the designation.

C. Nothing in this Order shall be construed to prejudice any Party's right to use any Protected Information in court or in any court filing with the consent of the Producing Party or by Order of the Court.

D. Any Producing Party may seek further or additional protection of any Protected Information or to modify this Order in any way, including, without limitation, an Order that certain matter not be produced at all.

E. **Information Designated as "CONFIDENTIAL INFORMATION"**

1. For purposes of this Order, "CONFIDENTIAL INFORMATION" shall mean all information or material produced for or disclosed in connection with this action to a Receiving Party that a Producing Party considers in good faith to contain confidential, commercially sensitive, and/or proprietary information not otherwise known or available to the public. Any CONFIDENTIAL INFORMATION obtained by any Party from any person pursuant to discovery in this litigation may be used only for purposes of this litigation.

2. Any document or tangible thing containing or including any CONFIDENTIAL INFORMATION may be designated as such by the Producing Party by marking it "CONFIDENTIAL," "CONFIDENTIAL OUTSIDE COUNSEL ONLY," or

“RESTRICTED CONFIDENTIAL – SOURCE CODE” prior to or at the time copies are furnished to the Receiving Party.

3. Written discovery, documents (which include “electronically stored information,” as that phrase is used in Federal Rule of Civil Procedure 34), and tangible things that meet the requirements for the confidentiality designations listed in Paragraph I.A may be so designated by placing the appropriate designation on every page of the written material prior to production. For digital files being produced, the Producing Party may mark each viewable page or image with the appropriate designation, and mark the medium, container, and/or communication in which the digital files were contained. In the event that original documents are produced for inspection, the original documents shall be presumed “CONFIDENTIAL OUTSIDE COUNSEL ONLY” (unless otherwise designated at the time of inspection) during the inspection and re-designated, as appropriate during the copying process.

4. All CONFIDENTIAL INFORMATION not reduced to documentary, tangible or physical form or which cannot be conveniently designated as set forth in Paragraph I.E.3 shall be designated by the Producing Party by informing the Receiving Party of the designation in writing.

5. Any documents (including physical objects) made available for inspection by counsel for the Receiving Party prior to producing copies of selected items shall initially be considered, as a whole, designated CONFIDENTIAL OUTSIDE COUNSEL ONLY (unless otherwise designated at the time of inspection) and shall be subject to this Order. Thereafter, the Producing Party shall have a reasonable time to review and designate the appropriate documents as CONFIDENTIAL INFORMATION (or otherwise as appropriate) prior to furnishing copies to the Receiving Party.

6. The following are examples of information that is not CONFIDENTIAL INFORMATION:

a. Any information that is or, after its disclosure to a Receiving Party, becomes part of the public domain as a result of publication not involving a violation of this Order or other obligation to maintain the confidentiality of such information;

b. Any information that the Receiving Party can show was already publicly known prior to the disclosure;

c. Any information that the Receiving Party can show by written records was received by it from a source who obtained the information lawfully and under no obligation of confidentiality to the Producing Party;

d. Any information which the Receiving Party can show was independently developed by it after the time of disclosure by personnel who did not have access to the Producing Party's CONFIDENTIAL INFORMATION;

e. Any advertising materials that have been actually published or publicly disseminated; and

f. Any materials that have been disseminated to the public.

7. Documents designated CONFIDENTIAL and information contained therein shall be available only to:

a. Outside litigation counsel of record for the Receiving Party and supporting personnel employed in the law firm(s) of outside litigation counsel of record, such as attorneys, paralegals, legal translators, legal secretaries, legal clerks and shorthand reporters to whom it is reasonably necessary to disclose the information for this litigation;

b. Technical advisers and their necessary support personnel, subject to the provisions of Section III herein, and who have signed and provided the form attached hereto as Exhibit A; the term "technical adviser" shall mean independent outside expert witnesses or consultants (i.e., not employees of a Party or of a competitor of a Party, and who at the time of retention are not anticipated to become employees of a Party or a competitor of a Party) with whom counsel may deem it necessary to consult and who comply with Section III;

c. Up to three (3) employees of Defendant or a Defendant's parent company to whom disclosure is reasonably necessary for purposes of this litigation, and who have signed the form attached hereto as Exhibit A, except that Defendants' employees under this Paragraph shall not have access to any Co-Defendants' CONFIDENTIAL information;

d. The Court, its personnel and stenographic reporters (under seal or with other suitable precautions determined by the Court);

e. Independent legal translators retained to translate in connection with this action; independent stenographic reporters and videographers retained to record and transcribe testimony in connection with this action; graphics, translation, or design services retained by counsel for purposes of preparing demonstrative or other exhibits for deposition, trial, or other court proceedings in the actions; non-technical jury or trial consulting services not including mock jurors; persons or entities that provide litigation support services such as photocopying, preparing exhibits or demonstrations, organizing, storing, retrieving data in any form or medium; provided that all such outside vendors agree to maintain the confidentiality of documents pursuant to this Protective Order;

f. Any mediator who is assigned to hear this matter, and his or her staff, subject to their agreement to maintain confidentiality to the same degree as required by this Protective Order;

g. An author, signatory, or prior recipient of the document or the original source of the CONFIDENTIAL information. Such person shall be given access only to the specific document or information therein;

h. Up to three (3) employees of Plaintiff's company to whom disclosure is reasonably necessary for purposes of this litigation, and who have signed the form attached hereto as Exhibit A.

**F. Information Designated "CONFIDENTIAL OUTSIDE COUNSEL ONLY"**

1. The CONFIDENTIAL OUTSIDE COUNSEL ONLY designation is reserved for CONFIDENTIAL INFORMATION that constitutes or contains (a) commercially

sensitive marketing, financial, sales, web traffic, research and development, or technical data or information; (b) commercially sensitive competitive information, including, without limitation, information obtained from a non-party pursuant to a current Nondisclosure Agreement (“NDA”); (c) information or data relating to future products not yet commercially released and/or strategic plans; (d) commercial agreements, settlement agreements or settlement communications, the disclosure of which is likely to cause harm to the competitive position of the Producing Party; (e) trade secrets, pricing information, sales or marketing forecasts or plans, business plans, sales or marketing strategy, product development information, engineering documents, testing documents, employee information, customer lists, and other non-public information of similar competitive and business sensitivity, and/or (f) information that is likely to cause economic harm or significant competitive disadvantage to the Producing Party if disclosed. Documents marked CONFIDENTIAL OUTSIDE ATTORNEYS’ EYES ONLY or HIGHLY CONFIDENTIAL shall be treated as if designated CONFIDENTIAL OUTSIDE COUNSEL ONLY. In determining whether information should be designated as CONFIDENTIAL OUTSIDE COUNSEL ONLY, each Party agrees to use such designation only in good faith.

2. Documents designated CONFIDENTIAL OUTSIDE COUNSEL ONLY and information contained therein shall be available only to the persons or entities listed in Paragraphs I.E.7.a, b, d, e, f and g subject to any terms set forth or incorporated therein and not any person or entity listed in Paragraph I.E.7.c.

3. Notwithstanding any contrary provisions of Sections I.E and I.F, those persons identified Paragraph I.E.7.c shall be allowed access to the scope and settlement amount of any license agreement or settlement agreement regarding the asserted patents in this litigation solely for the purpose of facilitating settlement negotiations in this action.

**G. Information Designated “RESTRICTED CONFIDENTIAL – SOURCE CODE”**

1. The RESTRICTED CONFIDENTIAL – SOURCE CODE designation is reserved for CONFIDENTIAL INFORMATION that contains or substantively relates to a Party’s “Source Code,” which shall mean documents containing or substantively relating to confidential, proprietary and/or trade secret source code or technical design documentation, including computer code, scripts, assembly, object code, source code listings and descriptions of source code, object code listings and descriptions of object code, and Hardware Description Language (HDL) or Register Transfer Level (RTL) files that describe the hardware design of any ASIC or other chip. The following conditions shall govern the production, review and use of source code or design documentation information.

2. All such Source Code, and any other Protected Information designated as “RESTRICTED CONFIDENTIAL – SOURCE CODE,” shall be subject to the following provisions:

a. Source Code, to the extent any Producing Party agrees to provide any such information, shall ONLY be made available for inspection, not produced except as provided for below, and shall be made available in electronic format at one of the following locations chosen at the sole discretion of the Producing Party: (1) the offices of the Producing Party’s primary outside counsel of record in this action; (2) a single, non-party site located within any judicial district in which the Source Code is stored in the ordinary course of business (e.g., an escrow company); or (3) a location mutually agreed upon by the Receiving and Producing Parties. Any location under (1), (2) or (3) above shall be in the continental United States. Source Code will be loaded on a single, standalone, non-networked personal computer that is password protected, maintained in a secure, locked area, and disabled from having external storage devices attached to it (“Source Code Computer”). Use or possession of any input/output device or other electronic device (e.g., USB memory stick, cameras or any camera-enabled device, CDs, floppy disk, portable hard drive, laptop, cellular telephones, PDA, smartphones, voice recorders, etc.) is

prohibited while in the secured, locked area containing the Source Code Computer. All persons entering the locked room containing the Source Code must agree to submit to reasonable security measures to ensure they are not carrying any prohibited items before they will be given access to the locked room. The Source Code Computer will be made available for inspection until the close of discovery in this action between the hours of 9 a.m. and 5 p.m. local time on business days (i.e., weekdays that are not Federal holidays), upon reasonable written notice to the Producing Party, which shall not be less than five (5) business days in advance of the requested inspection. Prior to the first inspection of any requested Source Code, the Receiving Party shall provide twenty-one (21) days' notice of the Source Code that it wishes to inspect. No Defendant shall be required to make Source Code available for inspection prior to the date set forth in the Court's scheduling order for producing documents.

b. The Producing Party shall install tools that are sufficient for viewing and searching the code produced, on the platform produced, if such tools exist and are generally commercially available. The Receiving Party's outside counsel and/or experts may request that commercially available software tools for viewing and searching Source Code be installed on the Source Code Computer, provided, however, that (a) the Receiving Party possesses an appropriate license to such software tools; (b) the Producing Party approves such software tools; and (c) such other software tools are reasonably necessary for the Receiving Party to perform its review of the Source Code consistent with all of the protections herein. The Receiving Party must provide the Producing Party with the CD or DVD containing such licensed software tool(s) at least five (5) days in advance of the date upon which the Receiving Party wishes to have the additional software tools available for use on the Source Code Computer.



c. The Receiving Party's outside counsel and/or expert shall be entitled to take notes relating to the Source Code but may not copy any portion of the Source Code into the notes. Any notes relating to the Source Code will be treated as "RESTRICTED CONFIDENTIAL – SOURCE CODE." No copies of all or any portion of the Source Code may leave the room in which the Source Code is inspected except as otherwise provided herein. Further, no other written or electronic record of the Source Code is permitted except as otherwise provided herein. The Producing Party may visually monitor the activities of the Receiving Party's representative(s) during any Source Code review, but only to ensure that there is no unauthorized recording, copying, or transmission of the Source Code.

d. No person shall copy, e-mail, transmit, upload, download, print, photograph or otherwise duplicate any portion of the designated Source Code, except as the Receiving Party may request a reasonable number of pages of Source Code to be printed on watermarked or colored pre-bates numbered paper, which shall be provided by the Producing Party. The Receiving Party may not request paper copies for the purposes of reviewing the Source Code other than electronically as set forth in Paragraph I.G.2.a in the first instance. In no event may the Receiving Party print any continuous block of Source Code that would result in more than five (5) printed pages or an aggregate total of more than one-hundred (100) pages during the duration of the case without prior written approval by the Producing Party. Within five (5) business days or such additional time as necessary due to volume requested, the Producing Party will provide a copy of the requested material on watermarked or colored paper bearing Bates numbers and the legend "RESTRICTED CONFIDENTIAL – SOURCE CODE" unless objected to as discussed below. The printed pages shall constitute part of the Source Code produced by the Producing Party in this action. At the inspecting Parties' request, up to two (2)

additional sets (or subsets) of printed Source Code may be requested and provided by the Producing Party in a timely fashion.

e. If the Producing Party objects that the printed portions are not reasonably necessary to any case preparation activity, the Producing Party shall make such objection known to the Receiving Party within five (5) business days. If after meeting and conferring the Producing Party and the Receiving Party cannot resolve the objection (where such meet-and-confer need not take place in person), the Receiving Party may seek a Court resolution of whether the printed Source Code in question is reasonably necessary to any case preparation activity. Contested Source Code print outs need not be produced to the Receiving Party until the matter is resolved by the Court.

f. The Receiving Party shall not create any electronic or other images of any printed pages of Source Code or any other documents or things reflecting Source Code that have been designated by the Producing Party as “RESTRICTED CONFIDENTIAL – SOURCE CODE.” The Receiving Party shall only make additional paper copies of selected excerpts of Source Code if such additional copies are necessary for any filing with the Court, the service of any pleading or other paper on any Party, testifying expert reports, consulting expert written analyses, deposition exhibits as discussed below, or any draft of these documents (“SOURCE CODE DOCUMENTS”). The Receiving Party shall only make additional copies of such excerpts as are reasonably necessary for the purposes for which such part of the Source Code is used. Any paper copies used during a deposition shall be retrieved by the Producing Party at the end of each day and must not be given to or left with a court reporter or any other individual.

g. Any paper copies designated “RESTRICTED CONFIDENTIAL – SOURCE CODE” or notes, analyses or descriptions of such paper copies of Source Code shall be stored or viewed only at (i) the offices of outside counsel for the Receiving Party, (ii) the offices of outside experts or consultants who have been approved to access Source Code; (iii) the site where any deposition is taken (iv) the Court; or (v) any intermediate location necessary to transport the information to a hearing, trial or deposition. Any such paper copies or notes, analyses or descriptions of such paper copies of Source Code shall not be transported via mail service or any equivalent service and shall be maintained at all times in a secure location under the direct control of counsel responsible for maintaining the security and confidentiality of the designated materials and in a manner that prevents duplication of or unauthorized access to the Source Code, including, without limitation, storing the Source Code in a locked room or cabinet at all times, when it is not in use.

h. A list of names of persons who will view the Source Code will be provided to the Producing Party in conjunction with any written (including email) notice requesting inspection at least ten (10) business days prior to the date on which access is sought (“Ten Day Notice Period”). The Producing Party shall have the right to object to such access in accordance with this paragraph. During the pendency of the Ten Day Notice Period, no listed individual shall have access to the Source Code; and (2) if an objection to any specific listed individual is made, that individual shall not have access to the Source Code until resolution of such objection. The Receiving Party shall maintain a daily log of the names of persons who enter the locked room to view the Source Code and when they enter and depart. The Producing Party shall be entitled to have a person observe all entrances and exits from the Source Code viewing room, and to a copy of the log upon request.

i. Unless otherwise agreed in advance by the Parties in writing, following each inspection, the Receiving Party's outside counsel and/or experts shall remove all notes, documents, and all other materials from the room that may contain work product and/or attorney-client privileged information. The Producing Party shall not be responsible for any items left in the room following each inspection session.

j. The Receiving Party will not copy, remove, or otherwise transfer any portion of the Source Code from the Source Code Computer including, without limitation, copying, removing, or transferring any portion of the Source Code onto any other computers or peripheral equipment. The Receiving Party will not transmit any portion of the Source Code in any way from the location of the Source Code inspection.

k. No recordable media or recordable devices, including without limitation sound recorders, computers, cellular telephones, peripheral equipment, cameras, CDs, DVDs, or drives of any kind, shall be permitted into the Source Code reviewing room. The Producing Party may visually monitor the activities of the Receiving Party's representatives during any Source Code review, but only to ensure that no unauthorized electronic records of the Source Code and no information concerning the Source Code are being created or transmitted in any way.

l. Only the following individuals shall have access to "RESTRICTED CONFIDENTIAL – SOURCE CODE" materials, absent the express written consent of the Producing Party or further court order:

(1) Outside counsel of record for the Parties to this action, including any attorneys, paralegals, technology specialists and clerical employees of their respective law firms;

(2) Up to three (3) outside experts or consultants per Party, pre-approved in accordance with the provisions of Section III and specifically identified as eligible to access Source Code;

(3) The Court, its technical adviser (if one is appointed), the jury, court personnel, and court reporters or videographers recording testimony or other proceedings in this action. Court reporters and/or videographers shall not retain or be given copies of any portions of the Source Code; for depositions, the Receiving Party shall not bring copies of any printed Source Code. Rather, at least ten (10) days before the date of the deposition, the Receiving Party shall notify the Producing Party about the specific portions of Source Code it wishes to use at the deposition, and the Producing Party shall bring printed copies of those portions to the deposition for use by the Receiving Party. Copies of Source Code that are marked as deposition exhibits shall not be provided to the Court Reporter or attached to deposition transcripts; rather, the deposition record will identify the exhibit by its production numbers.

(4) While testifying at deposition or trial in this action only: (i) any current officer, director or employee of the Producing Party or original source of the information; (ii) any person designated by the Producing Party to provide testimony pursuant to Rule 30(b)(6) of the Federal Rules of Civil Procedure; and/or (iii) any person who authored or was directly involved in creating, modifying, or editing the Source Code, as evident from its face or reasonably certain in view of other testimony or evidence. Persons authorized to view Source Code pursuant to this sub-paragraph shall not retain or be given copies of the Source Code except while so testifying.

m. The Receiving Party's outside counsel shall maintain a log of all copies of the Source Code (received from a Producing Party or created by the Receiving Party pursuant to Paragraph I.G.2.f above) that are delivered by the Receiving Party to any qualified person under Paragraph I.G.2.l above. The log shall include the names of the custodians of such copies; the names of all persons accessing and reviewing such copies; the dates when such

copies were provided; and the locations where the copies are stored. Upon request by the Producing Party, the Receiving Party shall provide reasonable assurances and/or descriptions of the security measures employed by the Receiving Party and/or qualified person that receives a copy of any portion of the Source Code. Within thirty (30) days after the issuance of a final non-appealable decision resolving all issues in the case, the Receiving Party must serve upon the Producing Party the log and serve upon the Producing Party all paper copies of the Producing Party's Source Code as well as documents, pleadings, reports, and notes reflecting or referring to such Source Code. In addition, all persons to whom the paper copies of the Source Code were provided must certify in writing that all copies of the Source Code were returned to the counsel who provided them the information and that they will not make use of the Source Code or of any knowledge gained from the Source Code in any future endeavor.

n. To the extent portions of Source Code are quoted in a SOURCE CODE DOCUMENT, either (1) the entire document will be stamped and treated as RESTRICTED CONFIDENTIAL – SOURCE CODE or (2) those pages containing quoted Source Code will be separately bound, and stamped and treated as RESTRICTED CONFIDENTIAL – SOURCE CODE.

o. All copies of any portion of the Source Code shall be returned to the Producing Party if they are no longer in use. Copies of Source Code that are marked as deposition exhibits shall not be provided to the Court Reporter or attached to deposition transcripts; rather, the deposition record will identify the exhibit by its production numbers.

p. The Receiving Party's outside counsel may only disclose a copy of the Source Code to individuals specified in Paragraph I.G.2.1 above (e.g., Source Code may not be disclosed to in-house counsel). In no case shall any information designated as RESTRICTED

CONFIDENTIAL – SOURCE CODE by a Defendant be provided to any other Defendant or Defendant’s counsel by any Party or counsel absent explicit agreement from the Party designating the information.

q. Any technical adviser retained on behalf of a Receiving Party who is to be given access to a Producing Party’s produced Source Code (whether in electronic form or otherwise) must agree in writing not to perform software development work directly or indirectly intended for commercial purposes relating to any functionality covered by the Source Code reviewed by such expert or consultant for a period of one year after the issuance of a final, non-appealable decision resolving all issues in the case. This shall not preclude such experts or consultants from consulting in future litigation, so long as such consulting does not involve software development work directly or indirectly intended for commercial purposes relating to any functionality covered by the Source Code reviewed by such expert or consultant.

r. Access to and review of the Source Code shall be strictly for the purpose of investigating the claims and defenses at issue in the above-captioned case. No person shall review or analyze any Source Code for purposes unrelated to this case, nor may any person use any knowledge gained as a result of reviewing Source Code in this case in any other pending or future dispute, proceeding, or litigation.

## **II. PROSECUTION BAR**

Any attorney representing Plaintiff and any person associated with Plaintiff and permitted to receive another Party’s technical Protected Information that is designated CONFIDENTIAL OUTSIDE ATTORNEYS’ EYES ONLY or HIGHLY CONFIDENTIAL and/or RESTRICTED CONFIDENTIAL SOURCE CODE (collectively, “HIGHLY SENSITIVE MATERIAL”), who obtains, receives, has access to, or otherwise learns about, in whole or in part, the other Party’s HIGHLY SENSITIVE

MATERIAL must not, during the pendency of this Action and for one (1) year after its conclusion (including any appeals) prepare, prosecute, supervise, or assist in the preparation or prosecution of any patent application pertaining to the field of the invention of the patents-in-suit on behalf of the Receiving Party or its acquirer, successor, predecessor, or other affiliate. To ensure compliance with the purpose of this provision, Plaintiff must create an “Ethical Wall” between those persons with access to HIGHLY SENSITIVE MATERIAL and any individuals who, on behalf of Plaintiff or its acquirer, successor, predecessor, or other affiliate, prepare, prosecute, supervise, or assist in the preparation or prosecution of any patent application pertaining to the field of invention of the patent-in-suit. Nothing in this provision precludes any person associated with Plaintiff who obtains, receives, has access to, or otherwise learns about, in whole or in part, another Party's HIGHLY SENSITIVE MATERIAL from participating in any post-grant proceeding, except that such persons may not directly or indirectly assist in drafting, amending, or proposing for substitution patent claims in any post-grant proceeding.

### **III. DISCLOSURE TO TECHNICAL ADVISERS**

A. Information designated by the Producing Party under any category of Protected Information and such copies of this information as are reasonably necessary for maintaining, defending or evaluating this litigation may be furnished and disclosed to the Receiving Party's technical advisers and their necessary support personnel.

B. No disclosure of Protected Information to a technical adviser or their necessary support personnel shall occur until that person has signed the form attached hereto as Exhibit A, and a signed copy has been provided to the Producing Party; and to the extent there has been an objection under Paragraph III.C, that objection is resolved according to the procedures set forth below. No disclosure of Protected Information may be provided to an expert or consultant that is a current officer, director, or employee of a Party or of a competitor of a Party, nor anticipated at the time of retention to become an officer, director or employee of a Party or of a competitor of a Party. No disclosure of Protected Information may be provided to an expert or consultant that is



involved in competitive decision-making, as defined by *U.S. Steel v. United States*, 730 F.2d 1465, 1468 n.3 (Fed. Cir. 1984), on behalf of a Party or a competitor of a Party.

C. A Party desiring to disclose Protected Information to a technical adviser shall also give prior written notice of the intended disclosure by email to all counsel of record in the litigation, and the Producing Party shall have five (5) business days after such notice is given to object in writing to the disclosure. The Party desiring to disclose Protected Information to a technical adviser must provide the following information for each technical adviser: name, address, curriculum vitae, current employer, title, job responsibilities, employment history for the past three (3) years including the name of each entity for whom the adviser has worked during that time, any past or present affiliation, whether on an employment or consulting basis, with the Receiving Party, a listing of cases in which the witness has testified as an expert at trial or by deposition within the preceding five (5) years, and an identification of any patents or patent applications in which the technical adviser is identified as an inventor or applicant, is involved in prosecuting or maintaining, or has any pecuniary interest. No Protected Information shall be disclosed to such expert(s) or consultant(s) until after the expiration of the foregoing notice period and resolution of any objection.

D. A Producing Party objecting to disclosure of Protected Information to a technical adviser shall, within seven (7) business days of receiving notice of the intended disclosure, state with particularity the ground(s) of the objection. The objecting Party's consent to the disclosure of Protected Information to a technical adviser shall not be unreasonably withheld, and its objection must be based on that Party's good faith belief that disclosure of its Protected Information to the technical adviser will result in specific business or economic harm to that Party. If no Party raises such an objection within seven (7) business days of receiving notice of the intended disclosure, the technical adviser shall be deemed qualified to receive the Protected Information described in the notice of intended disclosure.

E. If after consideration of the objection, the Party desiring to disclose the Protected Information to a technical adviser refuses to withdraw the technical adviser, that Party shall

provide notice to the objecting Party and the Parties shall in good faith attempt to resolve the objection informally. Thereafter, if the informal efforts do not resolve the dispute within five (5) business days of receiving such notice, the Party objecting to disclosure of Protected Information may file a motion requesting that the technical adviser not be allowed to view the Protected Information after that seven (7) business day period has passed. A failure to file a motion within the seven (7) business day period, absent an agreement of the Parties to the contrary or for an extension of such seven (7) business day period, shall operate to allow disclosure of the Protected Information to the technical adviser objected to. The Parties agree to cooperate in good faith to shorten the time frames set forth in this Paragraph if necessary to abide by any discovery or briefing schedules.

F. The objecting Party shall have the burden of showing by a preponderance of the evidence that the disclosure sought should be prohibited. The Protected Information subject to the objection shall not be disclosed to the technical adviser objected to unless and until the Court determines that the disclosure should be allowed.

G. Without the express prior written consent of the Defendant that produced the Protected Information, no expert or consultant retained by a Defendant in this matter shall have access to Protected Information produced by another Defendant in this matter.

#### **IV. CHALLENGES TO CONFIDENTIALITY DESIGNATIONS**

A. The Parties shall use reasonable care when designating documents or information as Protected Information. Nothing in this Order shall prevent a Receiving Party from contending that any documents or information designated as Protected Information have been improperly designated. A Receiving Party may at any time request that the Producing Party cancel or modify the Protected Information designation with respect to any document or information contained therein.

B. A Party shall not be obligated to challenge the propriety of a designation of any category of Protected Information at the time of production, and a failure to do so shall not preclude a subsequent challenge thereto. Such a challenge shall be written, shall be served on

counsel for the Producing Party, and shall particularly identify the documents or information that the Receiving Party contends should be differently designated. The Parties shall use their best efforts to resolve promptly and informally such disputes. If an agreement cannot be reached within five (5) business days after receipt of the Receiving Party's written challenge, the Receiving Party shall request that the Court cancel or modify a designation. The burden of demonstrating the confidential nature of any information shall at all times be and remain on the designating Party.

C. Until a determination by the Court, the information in issue shall be treated as having been properly designated and subject to the terms of this Order.

#### **V. LIMITATIONS ON THE USE OF PROTECTED INFORMATION**

A. All Protected Information shall be held in confidence by each person to whom it is disclosed, shall be used only for purposes of this litigation, shall not be used for any business purpose or in connection with any other proceeding, including without limitation any other litigation, patent prosecution or acquisition, patent reexamination or reissue proceedings, opposition proceeding, or any business or competitive purpose or function, and shall not be distributed, disclosed or made available to any person who is not entitled to receive such information as herein provided. All produced Protected Information shall be carefully maintained so as to preclude access by persons who are not entitled to receive such information.

B. Except as may be otherwise ordered by the Court, any person may be examined as a witness at depositions and/or at trial and may testify concerning all Protected Information of which such person has prior knowledge. Without in any way limiting the generality of the foregoing:

1. A present director, officer, and/or employee of a Producing Party may be examined and may testify concerning all Protected Information which has been produced by that Party and of which the witness has personal knowledge;

2. A former director, officer, agent and/or employee of a Producing Party may be interviewed, examined and may testify concerning all Protected Information of which he

or she has personal knowledge, including any Protected Information that refers to matters of which the witness has personal knowledge, which has been produced by that Party and which pertains to the period or periods of his or her employment; and

3. Any person other than the witness, his or her attorney(s), or any person qualified to receive Protected Information under this Order shall be excluded from the portion of the examination concerning such information, unless the Producing Party consents to persons other than qualified recipients being present at the examination. If the witness is represented by an attorney who is not qualified under this Order to receive such information, then prior to the examination, the attorney must provide a signed statement, in the form of Exhibit A hereto, that he or she will comply with the terms of this Order and maintain the confidentiality of Protected Information disclosed during the course of the examination. In the event that such attorney declines to sign such a statement prior to the examination, the Parties, by their attorneys, shall jointly seek a protective order from the Court prohibiting the attorney from disclosing Protected Information.

4. All transcripts of depositions, exhibits, answers to interrogatories, pleadings, briefs, and other documents submitted to the Court, which have been designated as Protected Information, or which contain information so designated, shall be filed under seal in a manner prescribed by the Court for such filings.

5. Outside attorneys of record and their staff for the Parties are hereby authorized to be the persons who may retrieve confidential exhibits and/or other confidential matters filed with the Court upon termination of this litigation without further order of this Court, and are the persons to whom such confidential exhibits or other confidential matters may be returned by the Clerk of the Court, if they are not so retrieved. No material or copies thereof so filed shall be released except by order of the Court, to outside counsel of record or their staff, or as otherwise provided for hereunder. Notwithstanding the foregoing and with regard to material designated as RESTRICTED CONFIDENTIAL – SOURCE CODE, the provisions of Paragraph I.G.2.1. are controlling to the extent those provisions differ from this Paragraph.

6. Protected Information shall not be copied or otherwise produced by a Receiving Party, except for transmission to qualified recipients, without the written permission of the Producing Party, or, in the alternative, by further order of the Court. Nothing herein shall, however, restrict a qualified recipient from making working copies, abstracts, digests and analyses of CONFIDENTIAL and CONFIDENTIAL OUTSIDE COUNSEL ONLY information for use in connection with this litigation and such working copies, abstracts, digests and analyses shall be deemed Protected Information under the terms of this Order. Further, nothing herein shall restrict a qualified recipient from converting or translating CONFIDENTIAL and CONFIDENTIAL OUTSIDE COUNSEL ONLY information into machine readable form for incorporation into a data retrieval system used in connection with this action, provided that access to that Protected Information, in whatever form stored or reproduced, shall be limited to qualified recipients.

7. Any deposition transcript, in whole or in part, may be designated CONFIDENTIAL, CONFIDENTIAL OUTSIDE COUNSEL ONLY, or RESTRICTED CONFIDENTIAL – SOURCE CODE by an appropriate statement at the time such testimony is given or thereafter by notifying the other Parties in writing of the portions of such testimony to be so designated within thirty (30) days from receipt of the final certified transcript. Upon such request, the reporter shall mark on the title page the original and all copies of the transcript as designated. Deposition transcripts, in their entirety, shall be treated by default as CONFIDENTIAL OUTSIDE COUNSEL ONLY until the expiration of the time to make a confidentiality designation. Any Party that wishes to disclose the transcript, or information contained therein, may provide written notice of its intent to treat the transcript as non-confidential, after which time, any Party that wants to maintain any portion of the transcript as confidential must designate the confidential portions within fourteen (14) days, or else the transcript may be treated as non-confidential.

8. Any Protected Information that is used in the taking of a deposition shall remain subject to the provisions of this Protective Order, along with the transcript pages of the

deposition testimony dealing with such Protected Information. In such cases the court reporter shall be informed of this Protective Order and shall be required to operate in a manner consistent with this Protective Order. In the event the deposition is videotaped, the original and all copies of the videotape shall be marked by the video technician to indicate that the contents of the videotape are subject to this Protective Order, substantially along the lines of “This videotape contains confidential testimony used in this case and is not to be viewed or the contents thereof to be displayed or revealed except pursuant to the terms of the operative Protective Order in this matter or pursuant to written stipulation of the Parties.”

9. Counsel for any Producing Party shall have the right to exclude from oral depositions, other than the deponent, deponent’s counsel, the reporter and videographer (if any), any person who is not authorized by this Protective Order to receive or access Protected Information based on the designation of such Protected Information. Such right of exclusion shall be applicable only during periods of examination or testimony regarding such Protected Information.

C. No Party may remove, or cause to be removed, Protected Information produced by another Party from the territorial boundaries of the United States of America. Without limitation, this prohibition extends to Protected Information (including copies) in physical and electronic form. The viewing of Protected Information through electronic means outside the territorial limits of the United States of America is similarly prohibited. Notwithstanding this prohibition, Protected Information, exclusive of material designated RESTRICTED CONFIDENTIAL – SOURCE CODE, and to the extent otherwise permitted by law, may be taken outside the territorial limits of the United States if it is reasonably necessary for a deposition in this litigation taken in a foreign country. The restrictions contained within this Paragraph may be amended through the consent of the Producing Party to the extent that such agreed-to procedures conform with applicable export control laws and regulations.

D. To the extent that any one of Defendants in this Action provides Protected Information under the terms of this Protective Order to Plaintiff, Plaintiff shall not share that

Protected Information with the other Defendants in this Action, absent express written permission from the producing Defendant. This Order does not confer any right to any one Defendant to access the Protected Information of any other Defendant.

E. Nothing in this Order shall restrict in any way the use or disclosure of Protected Information by a Receiving Party: (i) previously produced, disclosed and/or provided by the Producing Party to the Receiving Party or a non-party without an obligation of confidentiality and not by inadvertence or mistake; (ii) with the consent of the Producing Party; or (iii) pursuant to Order of the Court.

F. No Defendant is required to produce its Protected Information to any other Defendant or Defendants, or to any other Defendant's or Defendants' counsel, but nothing in this Order shall preclude such production. Notwithstanding the provisions of this Protective Order, Plaintiff shall not disclose one Defendant's Protected Information to any other Defendant or Defendants through Court filings, oral argument in Court, expert reports, deposition, discovery requests, discovery responses, or any other means, without the express prior written consent of the Defendant that produced the Protected Information.

G. The Parties agree to meet and confer prior to the pretrial conference to negotiate a proposal for treatment of Protected Information at trial to be submitted for approval by the Court. A Party shall provide a minimum of two (2) business days' notice to the Producing Party in the event that a Party intends to use any Protected Information during trial. In addition, the Parties will not oppose any request by the Producing Party that the courtroom should be sealed, if allowed by the Court, during the presentation of any testimony relating to or involving the use of any Protected Information.

## **VI. NON-PARTY USE OF THIS PROTECTIVE ORDER**

A. To the extent that any discovery is taken of persons who are not Parties to this Action ("Non-Parties") and in the event that such Non-Parties contend the discovery sought involves trade secrets, confidential business information, or other proprietary information, then such Non-Parties may agree to be bound by this Order.

B. To the extent that discovery or testimony is taken of Non-Parties, the Non-Parties may designate as “CONFIDENTIAL,” “CONFIDENTIAL OUTSIDE COUNSEL ONLY,” or “RESTRICTED CONFIDENTIAL - SOURCE CODE” any documents, information or other material, in whole or in part, produced or given by such Non-Parties. The Non-Parties shall have ten (10) days after production of such documents, information or other materials to make such a designation. Until that time period lapses or until such a designation has been made, whichever occurs sooner, all documents, information or other material so produced or given shall be treated as “CONFIDENTIAL” in accordance with this Order.

C. A Non-Party’s use of this Protective Order to protect its Protected Information does not entitle that Non-Party access to the Protected Information produced by any Party in this case.

## **VII. NO WAIVER OF PRIVILEGE**

A. Nothing in this Protective Order shall require disclosure of information that a Party contends is protected from disclosure by the attorney-client privilege, the work product immunity or other privilege, doctrine, right, or immunity. If information subject to a claim of attorney-client privilege, work product immunity, or other privilege, doctrine, right, or immunity is nevertheless inadvertently or unintentionally produced or made available for inspection, such disclosure shall in no way prejudice or otherwise constitute a waiver or estoppel as to any such privilege, doctrine, right or immunity, or other ground for withholding production to which the Producing Party would otherwise be entitled to assert. Any Party that inadvertently produces or makes available for inspection materials protected by the attorney-client privilege, work product privilege, or other privilege, doctrine, right, or immunity may obtain the return of those materials by promptly notifying the recipient(s). The Producing Party shall provide a privilege log for any relevant inadvertently produced materials as soon as reasonably possible after requesting their return. The recipient(s) shall gather and return all copies of the privileged material to the Producing Party no later than five (5) business days after receiving a request for their return, except for any pages containing privileged markings



by the recipient, which pages shall instead be destroyed and certified as such by the recipient to the Producing Party. The recipient shall also destroy and certify such destruction within five (5) business days after receiving a request for return of inadvertently produced materials all documents or parts thereof summarizing or otherwise disclosing the content of the inadvertently produced material and shall not use such material for any purpose. Notwithstanding this provision, outside litigation counsel of record are not required to delete information that may reside on their respective firm's electronic back-up systems that are overwritten in the normal course of business.

B. If the Receiving Party contests the privilege or work product designation by the Producing Party, the Receiving Party shall give the Producing Party written notice of the reason for the disagreement. The Receiving Party shall seek an Order from the Court compelling the production of the material. If no such Order is sought within thirty (30) days, then all copies of the disputed document shall be returned in accordance with Paragraph VII.A. Absent a Court Order to the contrary, the Parties hereby agree and stipulate that any privilege or immunity that was originally present will remain intact once any such document is returned or confirmed as destroyed by the recipient.

#### **VIII. NO WAIVER OF PROTECTION**

A. Inadvertent or unintentional production of documents or things containing Protected Information which are not designated as one or more of the three categories of Protected Information at the time of production shall not be deemed a waiver in whole or in part of a claim for confidential treatment. With respect to documents, the Producing Party shall notify all Receiving Parties that such documents are protected under one of the categories of this Order within fourteen (14) days of the Producing Party learning of the inadvertent failure to designate. The Producing Party shall reproduce the Protected Information with the correct confidentiality designation within seven (7) days upon its notification to the Receiving Parties. Within seven (7) days of receiving the Protected Information with the correct confidentiality

designation, the Receiving Parties shall return or securely destroy and certify such destruction, at the Producing Party's option, all Protected Information that was not designated properly.

B. In the event of any disclosure of Protected Information other than in a manner authorized by this Protective Order, including any unintentional or inadvertent disclosure, the Party responsible for having made such disclosure, and each Party with knowledge thereof, shall immediately notify counsel for the Producing Party and provide to such counsel all known relevant information concerning the nature and circumstances of the disclosure. The responsible disclosing Party shall also make every effort to further prevent unauthorized disclosure, including retrieving all copies of the Protected Information from the recipient(s) thereof, and securing the agreement of the recipients not to further disseminate the Protected Information in any form. Compliance with the foregoing shall not prevent the Producing Party from seeking further relief from the Court. Unauthorized or inadvertent disclosure does not change the status of Protected Information or waive the right to hold the disclosed document or information as Protected.

C. A Receiving Party shall not be in breach of this Order for any use of such Protected Information before the Receiving Party receives the Protected Information with the correct confidentiality designation, unless an objectively reasonable person would have realized that the Protected Information should have been appropriately designated with a confidentiality designation under this Order. Once a Receiving Party has received notification of the correct confidentiality designation for the Protected Information with the correct confidentiality designation, the Receiving Party shall treat such Protected Information at the appropriately designated level pursuant to the terms of this Order. Notwithstanding the above, a subsequent designation of Protected Information shall apply on a going forward basis only and shall not disqualify anyone who reviewed Protected Information while the materials were not appropriately marked from engaging in any activities otherwise permitted by this Order.

## **IX. MISCELLANEOUS PROVISIONS**

A. The computation of any period of time prescribed or allowed by this Order shall be governed by the provisions for computing time set forth in Federal Rules of Civil Procedure 6.

B. Any of the notice requirements herein may be waived, in whole or in part, but only in writing signed by the attorney-in-charge for the Party against whom such waiver will be effective.

C. The provisions of this Order shall continue to be binding after final termination of this case until a Producing Party agrees otherwise in writing or a court order otherwise directs. Except as otherwise herein, within sixty (60) days after the entry of a final non-appealable judgment or order, or the complete settlement of all claims asserted against all Parties in this action, each Party (including technical advisers who received Protected Information) shall, at the option of the Producing Party, either return or destroy all physical objects and documents which embody Protected Information it has received, and shall destroy in whatever form stored or reproduced, all physical objects and documents, including but not limited to, correspondence, memoranda, notes and other work product materials, which contain or refer to any category of Protected Information. All Protected Information not embodied in physical objects and documents shall remain subject to this Order. In the event that a Party is dismissed before the entry of a final non-appealable judgment or order, this same procedure shall apply to any Protected Information received from or produced to the dismissed Party. Notwithstanding this provision, outside litigation counsel of record are not required to delete information that may reside on their respective firm's electronic back-up systems that are over-written in the normal course of business. Notwithstanding the foregoing, outside counsel shall be entitled to maintain two (2) copies of all pleadings, motions and trial briefs (including all supporting and opposing papers and exhibits thereto), written discovery requests and responses (and exhibits thereto), deposition transcripts (and exhibits thereto), trial transcripts, and exhibits offered or introduced into evidence at any hearing or trial, and their attorney work product which refers or is related to

any CONFIDENTIAL and CONFIDENTIAL OUTSIDE COUNSEL ONLY information for archival purposes only. Any such archived copies that contain or constitute Protected Information remain subject to this Order and shall be maintained in confidence by outside counsel for the Party retaining the materials. All Parties that have received any such Protected Information shall certify in writing that all such materials have been returned to the respective outside counsel of the Producing Party or destroyed.

D. If at any time Protected Information in any form is subpoenaed by any court, arbitral, administrative or legislative body, or are otherwise requested in discovery, the person or entity to whom the subpoena or other request is directed shall immediately (a) notify in writing the person or entity who caused the subpoena or other request to issue that some or all of the material covered by the subpoena or request is subject to a Protective Order and include a copy of this Order with such notice, (b) give written notice thereof to every Party or non-party, and their counsel, who has produced such documents and include a copy of the subpoena or request with such notice, and (c) provide each such Producing Party or non-party with an opportunity to object to the production of such documents. The person or entity to whom the subpoena or other request is directed shall not take any position concerning the propriety of such request or subpoena or the discoverability of the information sought thereby that is adverse to any Producing Party or producing non-party opposing the request for production of such documents or materials. If a Producing Party or non-party does not take steps to prevent disclosure of such documents within ten (10) business days of the date written notice is given, the Party to whom the referenced subpoena is directed may produce such documents in response thereto, but shall take all reasonable measures to have such documents treated in accordance with terms of this Protective Order.

E. Testifying experts shall not be subject to discovery of any draft of their reports in this case and such draft reports, notes, outlines, or any other writings leading up to an issued report(s) in this litigation are exempt from discovery. In addition, all communications between counsel for a Party and that Party's testifying expert(s) related to the content of expert reports are

exempt from discovery, provided that this limitation on discovery does not permit a Party to withhold any material relied upon by testifying experts solely on the ground that such material was provided to the expert by counsel. All materials generated by a testifying expert with respect to that person's work are also exempt from discovery unless such materials identify facts, data or assumptions relied upon by the expert in forming any opinions in this litigation and such information is not already disclosed in the expert's report.

F. No Party shall be required to identify on their respective privilege log any document or communication related to this litigation dated on or after the filing of this lawsuit, which absent this provision, the Party would have been obligated to so identify on said privilege log. The Parties shall exchange their respective privilege document logs at a time to be agreed upon by the Parties following the production of documents.

G. Nothing in this Order shall limit any Producing Party's use of its own documents or shall prevent any Producing Party from disclosing its own Protected Information to any person. Such disclosures shall not affect any CONFIDENTIAL, CONFIDENTIAL OUTSIDE COUNSEL ONLY, or RESTRICTED CONFIDENTIAL - SOURCE CODE designation made pursuant to the terms of this Order so long as disclosure is made in a manner which is reasonably calculated to maintain the confidentiality of the information.

H. This Order is not a waiver of any applicable privilege or any objection that might be raised as to a discovery request or the admissibility of evidence. Nothing in this Protective Order shall be construed to prevent counsel from advising their clients with respect to this case based in whole or in part upon Protected Information, provided counsel does not disclose the Protected Information itself except as provided in this Order.

I. The United States District Court for the Eastern District of Texas is responsible for the interpretation and enforcement of this Agreed Protective Order. After termination of this litigation, the provisions of this Agreed Protective Order shall continue to be binding except with respect to those documents and information that become a matter of public record. This Court retains and shall have continuing jurisdiction over the Parties and recipients of the Protected

Information for enforcement of the provision of this Agreed Protective Order following termination of this litigation. All disputes concerning Protected Information produced under the protection of this Agreed Protective Order shall be resolved by the United States District Court for the Eastern District of Texas. In the event anyone shall violate or threaten to violate the terms of this Protective Order, the aggrieved designating Party may immediately apply to obtain injunctive relief against any such person violating or threatening to violate any of the terms of this Protective Order.

J. Nothing in this Protective Order shall preclude or impede outside litigation counsel of record's ability to communicate with or advise their client in connection with this litigation only based on such counsel's review and evaluation of Protected Information, provided however, that such communications or advice shall not disclose or reveal the substance or content of any Protected Information other than as permitted under this Protective Order.

K. Each of the Parties agrees to be bound by the terms of this Protective Order as of the date counsel for such Party executes this Protective Order, at which time the provisions of this Order shall retroactively apply to any Protected Information obtained by that Party or its counsel prior to execution, even if prior to entry of this Order by the Court.

L. This Protective Order shall be binding upon the Parties and their attorneys, successors, executors, personal representative, administrators, heirs, legal representatives, assigns, subsidiaries, divisions, employees, agents, independent contractors, or other persons or organizations over which they have control.

M. All notices required by this Protective Order are to be served on the attorney(s) for each of the Defendants and Plaintiff listed in the signature block below for each Party.

**SIGNED this 11th day of July, 2018.**

  
ROY S. PAYNE  
UNITED STATES MAGISTRATE JUDGE

**EXHIBIT A**

I, \_\_\_\_\_, acknowledge and declare that I have received a copy of the Protective Order (“Order”) in *Traxcell Technologies, LLC v. AT&T Corp. and AT&T Mobility LLC*, No. 2:17-cv-00718-RWS-RSP (consolidated lead case). Having read and understood the terms of the Order, I agree to be bound by the terms of the Order and consent to the jurisdiction of said Court for the purpose of any proceeding to enforce the terms of the Order.

Name of individual: \_\_\_\_\_

Present occupation/job description: \_\_\_\_\_

Name of Company or Firm: \_\_\_\_\_

Address: \_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_  
[Signature]





**a. *Huawei* Case**

Prior to the filing of this suit, Traxcell previously brought claims of infringement of the Network Tuning Patents against two parties in this Court: Nokia Solution and Networks US LLC and Nokia Solutions and Networks Oy (collectively, “Nokia”) in *Traxcell v. Nokia*, Case No. 2:17-cv-00044-RWS-RSP (hereinafter the “*Nokia* Case”), Dkt. Nos. 1, 10, and against Huawei Technologies USA Inc. in *Traxcell v. Huawei et al.*, Case No. 2:17-cv-00042-RWS-RSP (hereinafter “*Huawei* Case”). *Huawei*, Dkt. No. 1. The *Huawei* Case and *Nokia* Case were consolidated for pre-trial matters and the *Huawei* Case was designated the lead case.

On January 7, 2019, the Court issued a claim construction order in the *Huawei* case. *Huawei*, Dkt. No. 261. Relevant to this motion, the Court construed the terms “computer” and “location” and also determined that Claim 1 of the ’284 Patent was indefinite. *Id.* The Court construed “computer” to mean “single computer” and “first computer” to mean “first single computer.” Dkt. No. 261 at 18. These constructions were based on the patentee’s statements in the prosecution history of the ’284 Patent. *Id.* at 15, 17.

For the term “location,” the Court construed the term to mean “location that is not merely a position in a grid pattern.” Dkt. No. 261 at 23. The Court reached this construction also based on statements made by the patentee in the prosecution history of the asserted patent. *Id.* at 22. Based on those statements, the Court concluded that the patent applicant distinguished the claimed invention from the prior art references and represented that the “location” of the claimed invention is therefore not merely a position in a grid pattern. *Id.*

Traxcell failed to timely object to the Court’s claim construction order, and the Court later denied Traxcell’s motion for leave to file objections because Traxcell provided no reason for its 6 month delay. *Huawei*, Dkt. No. 405.

On May 15, 2019, the Court issued a Report and Recommendation (the “*Huawei* R&R”) that recommended granting summary judgment of non-infringement to Nokia because the Court found that there was no genuine dispute of material fact that Nokia’s products did not infringe the location and computer limitations. *Huawei*, Dkt. No. 386. As to the location limitation, the Court found that Traxcell’s infringement theory was based on 50-meter-by-50-meter bins and geographic cells. *Id.* at 9. The Court found that bins and cells amounted to merely a position in a grid pattern, which is contrary to the Court’s construction. *Id.* As to the computer limitation, the Court found that Traxcell’s evidence showed that multiple computers were needed to meet the claim limitations. *Id.* at 12. Additionally, the Court found that “prosecution history estoppel bars the application of the Doctrine of Equivalents here, and [Traxcell] is precluded from asserting that the ‘first computer’ and ‘computer’ limitations may be satisfied by multiple computers.” *Id.* at 14.

On May 29, 2019, Traxcell timely filed objections to the Court’s recommendation of summary judgment of non-infringement. *Huawei*, Dkt. No. 389. Although Traxcell did file objections to the Court’s application of prosecution history estoppel, the objections were directed towards the Court’s construction of computer, not the Court’s grant of summary judgment itself. *Id.* at 5-8. When the District Judge adopted the recommendation of summary judgment on December 11, 2019, he specifically found that Traxcell’s objections to the Claim Construction Order were untimely and therefore waived. *Huawei*, Dkt. No. 411 at 3.

**b. AT&T Case**

Turning to this case, the Court issued a claim construction order on April 15, 2019. Dkt. No. 171. Traxcell agreed in this case to the same construction of “location” that was issued in the *Huawei* Case, which was “a location that is not merely a position in a grid pattern” *Id.* at 12-13. Although Traxcell offered new arguments as to the computer limitation, the Court ultimately

provided the same construction for computer as it did in the *Huawei* Case. *Id.* at 16-18. Finally, the Court again found Claim 1 of the '284 Patent was indefinite. *Id.* at 27. As in the *Huawei* Case, Traxcell failed to timely object to the Claim Construction Order. Dkt. No. 451 at 3.

On May 7, 2019, Traxcell received a Certificate of Correction for the '284 Patent. Dkt. No. 182. After receiving the Certificate of Correction, Traxcell moved to assert the corrected Claim 1 of the '284 Patent by filing a motion for leave to file an amended complaint. Dkt. No. 188. The Court denied the motion because the Court determined during claim construction that Claim 1 contained “a means-plus-function term and that the specification did not adequately disclose sufficient structure to perform the recited function, making Claim 1 indefinite . . . and [that] the proposed amendments to the complaint do not cure the indefiniteness issues regarding the means-plus-function term.” Dkt. No. 209 at 2.

On June 19, 2019, Traxcell filed a motion for leave to supplement its infringement contentions with a Doctrine of Equivalents theory although the Court made it clear in the *Huawei* R&R that prosecution history estoppel barred the Doctrine of Equivalents. Dkt. No. 210. On July 22, 2019, the Court denied Traxcell's motion for leave to supplement its infringement contentions for two reasons: (1) Traxcell did not show good cause for filing the supplemental infringement contentions and (2) the Court concluded that “the proposed supplemental infringement contentions would be futile” in light of the Court's claim construction order in the *Huawei* Case. Dkt. No. 254 at 3. Furthermore, the Court stated in its Order denying leave that “Traxcell has not identified any persuasive reason why the Court would reach a different conclusion within this case. As such, the Court concludes that prosecution history estoppel similarly applies in this case and precludes the application of the Doctrine of Equivalents, making the proposed supplemental infringement contentions futile.” *Id.* at 4.

On October 7, 2019, the Court issued a Report and Recommendation that recommended granting summary judgment of non-infringement to Sprint because Traxcell failed to create a genuine dispute as to whether Sprint's products infringed the asserted claims. Dkt. No. 445. On April 15, 2020, the District Judge overruled all of Traxcell's objections and adopted the Report and Recommendation. Dkt. No. 471.

## II. Legal Standard

Pursuant to the Patent Act, in "exceptional cases," a district court "may award reasonable attorney fees to the prevailing party." 35 U.S.C. § 285. An "exceptional case" is "simply one that stands out from others with respect to the substantive strength of a party's litigating position . . . or the unreasonable manner in which the case was litigated." *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 134 S. Ct. 1749, 1756, 188 L. Ed. 2d 816 (2014); *see also Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 572 U.S. 559, 134 S. Ct. 1744, 1748, 188 L. Ed. 2d 829 (2014) (noting that "the word 'exceptional' in § 285 should be interpreted in accordance with its ordinary meaning" (citing *Octane Fitness*, 134 S. Ct. at 1755)).

District courts must determine whether any particular case is "exceptional" in a "case-by-case exercise of their discretion, considering the totality of the circumstances." *Octane Fitness*, 134 S. Ct. at 1756. Whether a case is "exceptional" or not "is a factual determination," *Forcillo v. Lemond Fitness, Inc.*, 168 F. App'x 429, 430 (Fed. Cir. 2006), and the court must make its determination by a "preponderance of the evidence," *Octane Fitness*, 134 S. Ct. at 1758 (rejecting the prior requirement that a patent litigant establish its entitlement to fees under § 285 by "clear and convincing" evidence).

In assessing the "totality of the circumstances," courts may consider factors such as "frivolousness, motivation, objective unreasonableness (both in the factual and legal components

of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.” *Octane Fitness*, 134 S. Ct. at 1756 n.6 (citing *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 n.9, 114 S. Ct. 1023, 127 L. Ed. 2d 455 (1994) (addressing a similar fee-shifting provision in the Copyright Act). A party’s conduct need not be independently sanctionable to warrant an award of fees under § 285; however, fee awards should not be used “as a penalty for failure to win a patent infringement suit.” *Romag Fasteners, Inc. v. Fossil, Inc.*, 866 F.3d 1330, 1753, 1756-57 (Fed. Cir. 2017); *see also Checkpoint Sys.*, 858 F.3d at 1376.

### III. Analysis

Sprint asks the Court to award its attorneys’ fees from June 12, 2019 to the end of December 2019. Dkt. No. 475 at 11. June 12, 2019 is significant, according to Sprint, because this is the date on which Sprint sent Traxcell a Rule 11 letter explaining how Traxcell’s infringement theories were objectively baseless in light of the Court’s claim construction order. *Id.* Thus, Sprint argues that its June 12 letter provided notice to Traxcell that its theories were baseless and, because of Traxcell’s continued pursuit of those baseless theories, this case is exceptional under § 285.<sup>1</sup> Additionally, Sprint argues that this case is exceptional because Traxcell engaged in unreasonable litigation tactics: specifically, Sprint points to Traxcell’s filing of meritless motions. *Id.* at 6, 13.

In response, Traxcell argues that the claim construction order was not final when it made its objections and that it “reassessed” its infringement theories. For the first argument, Traxcell argues that “until a district court overrules objections, a magistrate’s ruling is not final when there is no *Nettles* Notice and objections are made that are not egregiously late or prejudice the other party.” Dkt. No. 494 at 3-4. Thus, Traxcell’s first argument is that it was not unreasonable for it to

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<sup>1</sup> Sprint also argues this case is exceptional because the Court granted summary judgment of no infringement of the ’388 Patent for similar reasons as Sprint offered in its June 19 letter. Dkt. No. 475 at 7-8. However, the Court declines to find the fact that Sprint’s theories proved correct on summary judgment to weigh in favor of finding this case exceptional.

maintain its infringement theories because there was no final claim construction order until the District Judge overruled Traxcell's objections to the claim construction order on October 9, 2019 (Dkt. No. 451). For the second argument, Traxcell argues that it reassessed its infringement positions in light of the *Huawei* Case and the Court's claim construction order in this case. *Id.* at 4-7.

The Court finds this case "exceptional" under § 285 based on Traxcell's pursuit of objectively baseless infringement theories and filing of meritless motions that disregarded the earlier rulings. Traxcell's first argument was addressed when the Court overruled Traxcell's previous untimely claim construction objections: the Court overruled Traxcell's objections and specifically cited Fed. R. Civ. P. 72(a) as the basis for finding Traxcell's arguments untimely. Dkt. No. 451 at 2. Traxcell's failure to address Fed. R. Civ. P. 72(a) and its continual repetition of arguments that the Court has already rejected are among many examples of Traxcell's disregard of the Court's prior reasoning and orders. The fact that further appeals are always available does not rescue objectively baseless positions.

Turning to Traxcell's second argument, Traxcell should have known its infringement theories as to the Network Tuning Patents, including its changed theories, were unsupported when the Court issued the *Huawei* R&R. The Court's recommendation of granting summary judgment to Nokia was based on Traxcell's failure to create a genuine dispute as to whether Nokia's products infringed the Court's construction of the computer and location limitations of the asserted claims of the Network Tuning Patents. Because the Court in this case issued the same constructions for location and computer as it did in the *Huawei* Case, Traxcell should have known its infringement theories in this case, which were materially equivalent to its theories in *Huawei*, were unsupported.

The similarities in Traxcell's infringement theories in the *Huawei* Case and this case are borne out by comparing the reasoning in the respective report and recommendations granting summary judgment. *Cf. Huawei*, Dkt. No. 386 with Dkt. No. 445. As to the computer limitation, the Court found in *Huawei* that Traxcell's identification of a Graphical User Interface ("GUI") server as the single computer did not satisfy the claims because Traxcell did not show "how a GUI server perform[ed] the tasks of locating at least one wireless device, referencing performance, routinely storing performance data and corresponding locations, receiving an error code from a radio tower, or suggesting corrective actions." *Huawei*, Dkt. No. 386 at 12. Similarly, the Court found in this case that Traxcell failed to show the eNodeB computer generated an indication of location or store that location as required by the claims. Dkt. No. 445 at 14. Additionally, the Court found that Traxcell infringement theory revolved around a network of distributed computers, not a single a computer as required by the Court's construction. *Id.*

As to the location limitation, the Court in *Huawei* stated, that Traxcell's theories based on cells and bins "are merely a position in a grid pattern," so they do not satisfy the "location" limitation. *Huawei*, Dkt. No. 386 at 9 (internal quotation marks omitted). Similarly, the Court in this case concluded that "providing a cell or sector that a given phone falls within and then using that cell or sector to satisfy the other limitations is insufficient as it amounts to a position within a grid pattern." Dkt. No. 445 at 20. (citing Dkt. No. 399 at 10).

Although Traxcell argues that it reassessed its infringement theories, the Court finds that Traxcell never supported those reassessed theories. Dkt. No. 445 at 21-22. Therefore, the Court finds that Traxcell's reassessed theories were just as unsupported as its original theory.

However, the Court does not find the case exceptional solely for Traxcell's failure to stop pursuing its unsupported infringement theories: it is Traxcell's filing of meritless motions and

continually disregarding the Court's reasoning that tips the scales towards finding this case exceptional. For meritless motions and ignoring the Court's reasoning, Traxcell's attempts (1) to file untimely objections to the claim construction order; (2) to seek leave to amend its complaint to assert the corrected Claim 1 of the '284 Patent; and (3) to amend its infringement contentions to include a Doctrine of Equivalents theory were all meritless.

First, Traxcell attempted to object to the Court's claim construction order by moving for leave to file objections. The Court denied the motion for two reasons: Traxcell waived its objections under Fed. R. Civ. P. 72(a) based on its failure to timely file its objections and (2) the objections were meritless. Dkt. No. 451 at 3. Thus, the Court found Traxcell's motions meritless.

Second, the Certificate of Correction only addressed one of the two issues the Court found during claim construction. The Certificate of Correction failed to address the lack of structure corresponding to the mean-plus-function language in the claim. Because the Certificate of Correction did not correct the mean-plus-function issue, the Court in this case, and the Federal Circuit on appeal, found that it would be "futile" to allow Traxcell to assert the corrected claim. Dkt. Nos. 209, 219; *Traxcell Technologies, LLC v. Sprint Comm.'s Co. LP*, 15 F.4th 1121, 1134 (Fed. Cir. 2021). Thus, the Court denied Traxcell's motion to amend its complaint as meritless.

Relatedly, Traxcell decided to disregard the Court's order denying this relief when it continued to assert both the invalid and corrected claim during fact discovery, expert discovery, and even planned on asserting it at trial, as shown in the Joint Pretrial Order. Dkt. No. 391 at 4-5. Although Traxcell argues that it could continue to assert the invalid claim because the Court's claim construction order was subject to objections, as explained above, the Court found those objections meritless and therefore they cannot serve as an objectively reasonable basis to assert



the invalidated claim. Traxcell also had no reasonable basis to assert the corrected claim because it only addressed one of the two issues the Court found during claim construction.

Third, Traxcell moved for leave to include a Doctrine of Equivalents theory of infringement of the computer limitation. Dkt. No. 210. This is particularly egregious because the motion ignored the Court's reasoning in the *Huawei* R&R, which clearly stated that prosecution history estoppel barred application of the Doctrine of Equivalents to the computer limitation. Thus, Traxcell should have known that its motion was meritless before it was filed.

Traxcell argues that it believed that "there was a viable argument under the Doctrine of Equivalents" because the Court's claim construction order in this case did not explicitly find disclaimer. Dkt. No. 496 at 8 (citing Dkt. No. 171 at 18). Again, the Court made it clear in *Huawei* that statements in the prosecution history limited the term computer to a single computer; therefore, Traxcell ignored the Court's reasoning when seeking leave to amend.

Traxcell's remaining arguments do not weigh against finding this case exceptional. First, Traxcell argues that it never accepted or sought "nuisance value settlements." Dkt. No. 494 at 14. Although the Federal Circuit has found seeking nuisance value settlements can weigh in favor of finding a case exceptional, *AdjustaCam, LLC v. Newegg, Inc.*, 861 F.3d 1353, 1362 (Fed. Cir. 2017), the Court does need to find that Traxcell sought nuisance value settlements in order to find the case exceptional.

Second, Traxcell argues that Sprint should be precluded from being awarded its fees because it has "unclean hands." Dkt. No. 506 at 1. Traxcell's unclean hands argument is based on Sprint allegedly withholding documents during discovery. *Id.* However, the Court denied Traxcell's motion to compel (Dkt. No. 205) because Traxcell's document request was "overly broad and not proportional to the needs of this case" and "Traxcell also failed to clearly articulate

any inadequacies in the production already made by [Sprint]”. Dkt. No. 254 at 2. This is yet another meritless and unsupported argument that disregards the Court’s reasoning.

Because the Court has found the case exceptional, the only remaining issue is the amount to be awarded. At no point does Traxcell argue that the specific hourly rates or times billed by Sprint’s counsel were unreasonable. Because Traxcell does not question the reasonableness of the hourly rates or times billed by Sprint’s counsel, the Court also does not question the reasonableness of the rates or times.

Although Sprint seeks its fees from July 12, 2019 to the end of December, the Court finds the case became exceptional around July 22, 2019, when the Court denied Traxcell’s motion to amend its infringement contentions. It was at this point that Traxcell should have objectively known it’s infringement theories could not succeed. Therefore, the Court awards Sprint its fees incurred from August 1, 2019 to December 31, 2019, which total \$784,529.16 based on the totals listed in Dkt. No. 475-4.

#### **IV. Conclusion**

It is therefore **ORDERED** that Traxcell pay to Sprint its fees from August 1 to December 31, 2019, which amount to a total of \$784,529.16, within 30 days of this Order.

**SIGNED this 29th day of March, 2022.**

  
ROY S. PAYNE  
UNITED STATES MAGISTRATE JUDGE

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

TRAXCELL TECHNOLOGIES, LLC.,	§	
	§	
<i>Plaintiff,</i>	§	
v.	§	Case No. 2:17-cv-00718-RWS-RSP
	§	(LEAD CASE)
AT&T CORP. and AT&T MOBILITY LLC,	§	
	§	
<hr/>		
SPRINT COMMUNICATIONS	§	
COMPANY, LP, SPRINT SPECTRUM, LP,	§	Case No. 2:17-cv-00719-RWS-RSP
and SPRINT SOLUTIONS, INC.,	§	(MEMBER CASE)
	§	
<hr/>		
VERIZON WIRELESS PERSONAL	§	
COMMUNICATIONS, LP,	§	Case No. 2:17-cv-00721-RWS-RSP
	§	(MEMBER CASE)
<i>Defendants.</i>	§	

**MEMORANDUM ORDER**

Before the Court is the Motion for Attorneys’ Fees filed by Verizon Wireless Personal Communications LP. Dkt. No. 476. Having considered the briefing, Verizon’s motion is GRANTED IN PART.

**I. Background**

On October 31, 2017, Plaintiff Traxcell Technologies, LLC filed its complaint, which alleged infringement of U.S. Patent Nos. 8,977,284 (the “284 Patent”), 9,510,320 (the “320 Patent), 9,642,024 (the “024 Patent) (the “Network Tuning Patents”), and U.S. Pat. No. 9,549,388 (the “388 Patent”) (collectively, the “Asserted Patents”). Dkt. No. 1. The present case—which was consolidated with lead case *Traxcell v. AT&T Corp. et al.*, Case No. 2:17-cv-00718-RWS-RSP (hereinafter the “AT&T Case”)—is the second in a series of cases involving the Network Tuning Patents; therefore, the Court will review the facts from the first case because they relate to issues raised by the parties.

**a. *Huawei* Case**

Prior to the filing of this suit, Traxcell previously brought claims of infringement of the Network Tuning Patents against two parties in this Court: Nokia Solution and Networks US LLC and Nokia Solutions and Networks Oy (collectively, “Nokia”) in *Traxcell v. Nokia*, Case No. 2:17-cv-00044-RWS-RSP (hereinafter the “*Nokia* Case”), Dkt. Nos. 1, 10, and against Huawei Technologies USA Inc. in *Traxcell v. Huawei et al.*, Case No. 2:17-cv-00042-RWS-RSP (hereinafter “*Huawei* Case”). *Huawei*, Dkt. No. 1. The *Huawei* Case and *Nokia* Case were consolidated for pre-trial matters and the *Huawei* Case was designated the lead case.

On January 7, 2019, the Court issued a claim construction order in the *Huawei* case. *Huawei*, Dkt. No. 261. Relevant to this motion, the Court construed the terms “computer” and “location” and also determined that Claim 1 of the ’284 Patent was indefinite. *Id.* The Court construed “computer” to mean “single computer” and “first computer” to mean “first single computer.” Dkt. No. 261 at 18. These constructions were based on the patentee’s statements in the prosecution history of the ’284 Patent. *Id.* at 15, 17.

For the term “location,” the Court construed the term to mean “location that is not merely a position in a grid pattern.” Dkt. No. 261 at 23. The Court reached this construction also based on statements made by the patentee in the prosecution history of the asserted patent. *Id.* at 22. Based on those statements, the Court concluded that the patent applicant distinguished the claimed invention from the prior art references and represented that the “location” of the claimed invention is therefore not merely a position in a grid pattern. *Id.*

Traxcell failed to timely object to the Court’s claim construction order, and the Court later denied Traxcell’s motion for leave to file objections because Traxcell provided no reason for its 6 month delay. *Huawei*, Dkt. No. 405.

On May 15, 2019, the Court issued a Report and Recommendation (the “*Huawei* R&R”) that recommended granting summary judgment of non-infringement to Nokia because the Court found that there was no genuine dispute of material facts that Nokia’s products did not infringe the location and computer limitations. *Huawei*, Dkt. No. 386. As to the location limitation, the Court found that Traxcell’s infringement theory was based on 50-meter-by-50-meter bins and geographic cells. *Id.* at 9. The Court found that bins and cells amounted to merely a position in a grid pattern, which is contrary to the Court’s construction. *Id.* As to the computer limitation, the Court found that Traxcell’s evidence showed that multiple computers were needed to meet the claim limitations. *Id.* at 12. Additionally, the Court found that “prosecution history estoppel bars the application of the Doctrine of Equivalents here, and [Traxcell] is precluded from asserting that the ‘first computer’ and ‘computer’ limitations may be satisfied by multiple computers.” *Id.* at 14.

On May 29, 2019, Traxcell timely filed objections to the Court’s recommendation of summary judgment of non-infringement. *Huawei*, Dkt. No. 389. Although Traxcell did file objections to the Court’s application of prosecution history estoppel, the objections were directed towards the Court’s construction of computer, not the Court’s grant of summary judgment itself. *Id.* at 5-8. When the District Judge adopted the recommendation of summary judgment on December 11, 2019, he specifically found that Traxcell’s objections to the Claim Construction Order were untimely and therefore waived. *Huawei*, Dkt. No. 411 at 3.

**b. AT&T Case**

Turning to this case, the Court issued a claim construction order on April 15, 2019. Dkt. No. 171. Traxcell agreed in this case to the same construction of “location” that was issued in the *Huawei* Case, which was “a location that is not merely a position in a grid pattern” *Id.* at 12-13. Although Traxcell offered new arguments as to the computer limitation, the Court ultimately

provided the same construction for computer as it did in the *Huawei* Case. *Id.* at 16-18. Finally, the Court again found Claim 1 of the '284 Patent was indefinite. *Id.* at 27. As in the *Huawei* Case, Traxcell failed to timely object to the Claim Construction Order. Dkt. No. 451 at 3.

On May 7, 2019, Traxcell received a Certificate of Correction for the '284 Patent. Dkt. No. 182. After receiving the Certificate of Correction, Traxcell moved to assert the corrected Claim 1 of the '284 Patent by filing a motion for leave to file an amended complaint. Dkt. No. 188. The Court denied the motion because the Court determined during claim construction that Claim 1 contained “a means-plus-function term and that the specification did not adequately disclose sufficient structure to perform the recited function, making Claim 1 indefinite . . . and [that] the proposed amendments to the complaint do not cure the indefiniteness issues regarding the means-plus-function term.” Dkt. No. 209 at 2.

On June 19, 2019, Traxcell filed a motion for leave to supplement its infringement contentions with a Doctrine of Equivalents theory although the Court made it clear in the *Huawei* R&R that prosecution history estoppel barred the Doctrine of Equivalents. Dkt. No. 210. On July 22, 2019, the Court denied Traxcell's motion for leave to supplement its infringement contentions for two reasons: (1) Traxcell did not show good cause for filing the supplemental infringement contentions and (2) the Court concluded that “the proposed supplemental infringement contentions would be futile” in light of the Court's claim construction order in the *Huawei* Case. Dkt. No. 254 at 3. Furthermore, the Court stated in its Order denying leave that “Traxcell has not identified any persuasive reason why the Court would reach a different conclusion within this case. As such, the Court concludes that prosecution history estoppel similarly applies in this case and precludes the application of the Doctrine of Equivalents, making the proposed supplemental infringement contentions futile.” *Id.* at 4.

On September 18, 2019, the Court issued a Report and Recommendation that recommended granting summary judgment of non-infringement of the '024 Patent because Traxcell failed to create a genuine dispute as to whether Verizon's products infringed the computer and location limitations in the asserted claims of the '024 Patent. Dkt. No. 399. On October 7, 2019, the Court issued a Report and Recommendation that recommended granting summary judgment of non-infringement of the '388 Patent. Dkt. No. 444. On April 15, 2020, the District Judge overruled Traxcell's objections and adopted both Report and Recommendations. Dkt. No. 471.

## II. Legal Standard

Pursuant to the Patent Act, in "exceptional cases," a district court "may award reasonable attorney fees to the prevailing party." 35 U.S.C. § 285. An "exceptional case" is "simply one that stands out from others with respect to the substantive strength of a party's litigating position . . . or the unreasonable manner in which the case was litigated." *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 134 S. Ct. 1749, 1756, 188 L. Ed. 2d 816 (2014); *see also Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 572 U.S. 559, 134 S. Ct. 1744, 1748, 188 L. Ed. 2d 829 (2014) (noting that "the word 'exceptional' in § 285 should be interpreted in accordance with its ordinary meaning" (citing *Octane Fitness*, 134 S. Ct. at 1755)).

District courts must determine whether any particular case is "exceptional" in a "case-by-case exercise of their discretion, considering the totality of the circumstances." *Octane Fitness*, 134 S. Ct. at 1756. Whether a case is "exceptional" or not "is a factual determination," *Forcillo v. Lemond Fitness, Inc.*, 168 F. App'x 429, 430 (Fed. Cir. 2006), and the court must make its determination by a "preponderance of the evidence," *Octane Fitness*, 134 S. Ct. at 1758 (rejecting

the prior requirement that a patent litigant establish its entitlement to fees under § 285 by “clear and convincing” evidence).

In assessing the “totality of the circumstances,” courts may consider factors such as “frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.” *Octane Fitness*, 134 S. Ct. at 1756 n.6 (citing *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 n.9, 114 S. Ct. 1023, 127 L. Ed. 2d 455 (1994) (addressing a similar fee-shifting provision in the Copyright Act). A party’s conduct need not be independently sanctionable to warrant an award of fees under § 285; however, fee awards should not be used “as a penalty for failure to win a patent infringement suit.” *Romag Fasteners, Inc. v. Fossil, Inc.*, 866 F.3d 1330, 1753, 1756-57 (Fed. Cir. 2017); *see also Checkpoint Sys.*, 858 F.3d at 1376.

### III. Analysis

Verizon asks the Court to award its attorneys’ fees from the issuance of the claim construction order on April 15, 2019 through October 2019. Dkt. No. 476 at 1. Verizon chose the issuance of the claim construction order as the point this case became exceptional because Verizon argues that Traxcell’s infringement theories became objectively baseless in light of the claim construction order. *Id.* at 3. Furthermore, Verizon argues that it made clear to Traxcell that its theories were baseless in its May 23, 2019 Rule 11 letter to Traxcell, which specifically explained how Verizon’s products did not infringe the Asserted Patents. *Id.* (citing Dkt. No. 476-25). Thus, Verizon’s argument is that this case became exceptional under § 285 when Traxcell continued to maintain its infringement theories after claim construction.

In addition to the baseless infringement theories, Verizon argues that this case is exceptional because of Traxcell’s litigation misconduct that improperly prolonged the suit.



Specifically, Verizon points to Traxcell asserting both the invalid and “corrected” Claim 1 of the ’284 Patent, *id.* at 4-5; attempting to amend its complaint to assert the corrected Claim 1, *id.* at 5; filing untimely and meritless claim construction objections, *id.*; and finally asserting a baseless Doctrine of Equivalents argument. *Id.* at 5-6.

In response, Traxcell argues that the claim construction order was not final when it made its objections and that it “reassessed” its infringement theories. For the first argument, Traxcell argues that, “until a district court overrules objections, a magistrate’s ruling is not final when there is no *Nettles* Notice and objections are made that are not egregiously late or prejudice the other party.” Dkt. No. 496 at 3-4. Thus, Traxcell’s first argument is that it was not unreasonable for it to maintain its infringement theories because there was no final claim construction order until the District Judge overruled Traxcell’s objections to the claim construction order on October 9, 2019 (Dkt. No. 451). For the second argument, Traxcell contends that it withdrew an entire patent and several claims during the course of the litigation, and furthermore, it reassessed its infringement positions in light of the Court’s claim construction order in this case and in the *Huawei* Case. *Id.* at 4-5.

The Court finds this case “exceptional” under § 285 based on Traxcell’s pursuit of objectively baseless infringement theories and filing of meritless motions that disregarded the earlier rulings. Traxcell’s first argument was addressed when the Court overruled Traxcell’s previous untimely claim construction objections: the Court overruled Traxcell’s objections and specifically cited Fed. R. Civ. P. 72(a) as the basis for finding Traxcell’s arguments untimely. Dkt. No. 451 at 2. Traxcell’s failure to address Fed. R. Civ. P. 72(a) and its continual repetition of arguments that the Court has already rejected are among many examples of Traxcell’s disregard

of the Court's prior reasoning and orders. The fact that further appeals are always available does not rescue objectively baseless positions.

Turning to Traxcell's second argument, Traxcell should have known its infringement theories, including its changed theories, in this case were unsupported when the Court issued the *Huawei* R&R. The Court's recommendation of granting summary judgment to Nokia was based on Traxcell's failure to create a genuine dispute as to whether Nokia's products infringed the Court's construction of the computer and location limitations. Because the Court in this case issued the same constructions for location and computer as it did in the *Huawei* Case, Traxcell should have known its infringement theories in this case, which were materially equivalent to its theories in *Huawei*, were unsupported.

The similarities in Traxcell's infringement theories in the *Huawei* Case and this case are borne out by comparing the reasoning in the respective report and recommendations granting summary judgment. *Cf. Huawei*, Dkt. No. 386 with Dkt. No. 399. As to the computer limitation, the Court found in *Huawei* that Traxcell's identification of a Graphical User Interface ("GUI") server as the single computer did not satisfy the claims because "the GUI server is simply the interface that a user interacts with to display data without even storing it." *Huawei*, Dkt. No. 386 at 12. Similarly, the Court found in this case that Traxcell's identification of the SON ("Self-Organizing Network") Portal did not meet the computer limitation because the "SON Portal server merely acts as an interface that users may use to access the individual services of other SON servers." Dkt. No. 399 at 7.

As to the location limitation, the Court in *Huawei* stated, "the use of 50-meter-by-50-meter bins and geographic cells does not amount to a location under the Court's construction." *Huawei*, Dkt. No. 386 at 9. Similarly, the Court in this case concluded that "a bin or a sector within that bin

both amount to position within a grid pattern. Therefore, the use of these bins does not satisfy the ‘location’ limitation as construed by the Court.” Dkt. No. 399 at 10.

Although Traxcell argues that it reassessed its infringement theories, the Court finds that Traxcell only provided a different infringement theory of the location limitation in this case. However, the Court further finds that Traxcell’s reassessed theory is just as unsupported as its original theory. Traxcell’s reassessed theory was that Verizon’s products infringed the location term because the products used the distance from a known point to determine a location for each device. Dkt. No. 496 at 5-6. However, the Court rejected this theory at summary judgment because Traxcell improperly conflated distance from a known point with location, even though the Network Tuning Patents clearly treat distance and location as two distinct concepts. Dkt. No. 399 at 8. Thus, Traxcell simply went from one unsupported infringement theory to another.

However, the Court does not find the case exceptional solely for Traxcell’s continued reliance on unsupported infringement theories: it is Traxcell’s filing of meritless motions and continual disregard of the Court’s reasoning that tips the scales towards finding this case exceptional. Traxcell’s attempts (1) to file untimely objections to the claim construction order; (2) to seek leave to amend its complaint to assert the corrected Claim 1 of the ’284 Patent; and (3) to amend its infringement contentions to include a Doctrine of Equivalents theory were all meritless.

First, Traxcell attempted to object to the Court’s claim construction order by moving for leave to file objections. The Court denied the motion for two reasons: Traxcell waived its objections under Fed. R. Civ. P. 72(a) based on its failure to timely file its objections and (2) the objections were meritless. Dkt. No. 451 at 3. Thus, the Court found Traxcell’s motion meritless.

Second, the Certificate of Correction only addressed one of the two indefiniteness issues the Court found during claim construction. The Certificate of Correction failed to address the lack

of structure corresponding to the mean-plus-function language in the claim. Because the Certificate of Correction did not correct the mean-plus-function issue, the Court in this case, and the Federal Circuit on appeal, found that it would be “futile” to allow Traxcell to assert the corrected claim. Dkt. Nos. 209, 219; *Traxcell Technologies, LLC v. Sprint Comm.’s Co. LP*, 15 F.4th 1121, 1134 (Fed. Cir. 2021). Thus, the Court denied Traxcell’s motion to amend its complaint as meritless.

Relatedly, Traxcell decided to ignore the Court’s order denying this relief when it continued to assert both the invalid and corrected claim during fact discovery, expert discovery, and even planned on asserting it at trial, as shown in the Joint Pretrial Order. Dkt. No. 392 at 5. Although Traxcell argues that it could continue to assert the invalid claim because the Court’s claim construction order was subject to objections, as explained above, the Court found those objections meritless and therefore they cannot serve as an objectively reasonable basis to assert the invalidated claim. Traxcell also had no reasonable basis to assert the corrected claim because it only addressed one of the two issues the Court found during claim construction.

Third, Traxcell moved for leave to include a Doctrine of Equivalents theory of infringement of the computer limitation. Dkt. No. 210. This is particularly egregious because the motion ignored the Court’s reasoning in the *Huawei* R&R, which clearly stated that prosecution history estoppel barred application of the Doctrine of Equivalents to the computer limitation. Thus, Traxcell should have known that its motion was meritless before it was filed.

Traxcell argues that it believed that “there was a viable argument under the Doctrine of Equivalents” because the Court’s claim construction order in this case did not explicitly find disclaimer. Dkt. No. 496 at 7 (citing Dkt. No. 171 at 18). Again, the Court made it clear in *Huawei* that statements in the prosecution history limited the term computer to a single computer; therefore, Traxcell ignored the Court’s reasoning when seeking leave to amend.

Furthermore, Traxcell's frivolous Doctrine of Equivalents argument prejudiced Verizon when Traxcell served an expert report opining on the Doctrine of Equivalents on June 17, two days before it sought leave to amend its contentions. Dkt. No. 476 at 6. This act not only ignores the Court's reasoning, it created prejudice to Verizon by forcing it to provide expert testimony to respond to an objectively unsupported infringement theory.

Traxcell's remaining arguments do not weigh against finding this case exceptional. Traxcell argues that it never accepted or sought "nuisance value settlements," Dkt. No. 496 at 14, and that Verizon should be precluded from being awarded its fees because "the true purpose of Verizon's motion is to limit Traxcell's access to the courthouse." *Id.* at 15. Although the Federal Circuit has found seeking nuisance value settlements can weigh in favor of finding a case exceptional, *AdjustaCam, LLC v. Newegg, Inc.*, 861 F.3d 1353, 1362 (Fed. Cir. 2017), the Court does need to find that Traxcell sought nuisance value settlements in order to find the case exceptional.

For the latter argument, the Supreme Court was clear in *Octane Fitness* that the Court can award fees based on "the need in particular circumstances to advance considerations of compensation and deterrence." *Id.* at 134 S. Ct. at 1756 n.6. Furthermore, Verizon argues that the Court should award its fees "to deter future frivolous lawsuits and improper conduct by Traxcell," not bar Traxcell's access to the courthouse. Dkt. No. 476 at 15. The Court agrees with Verizon and finds that deterring Traxcell from disregarding the Court's reasoning in future cases before this Court is another factor that weighs in favor of awarding fees.

Because the Court has found the case exceptional, the only remaining issue is the amount to be awarded. At no point does Traxcell argue that the specific hourly rates or times billed by Verizon's counsel were unreasonable. Because Traxcell does not question the reasonableness of

the hourly rates or times billed by Verizon's counsel, the Court also does not question the reasonableness of the rates or times.

Although Verizon seeks its fees from April 15, 2019 to the end of October 2019, the Court finds the case became exceptional around July 22, 2019, when the Court denied Traxcell's motion to amend its infringement contentions. It was at this point that Traxcell should have objectively known its infringement theories could not succeed. Therefore, the Court awards Verizon its fees from August 1 to October 31, 2019, which totals \$132,046.50 based on the amounts listed in Dkt. Nos. 476-2; 476-6; and 476-22.

#### **IV. Conclusion**

It is **ORDERED** that Traxcell pay to Verizon its fees from August 1 to October 31, 2019, which amount to a total of \$132,046.50, within 30 days of this Order.

**SIGNED this 29th day of March, 2022.**

  
ROY S. PAYNE  
UNITED STATES MAGISTRATE JUDGE

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

TRAXCELL TECHNOLOGIES, LLC.,	§	
	§	
<i>Plaintiff,</i>	§	
v.	§	Case No. 2:17-cv-00718-RWS-RSP
	§	(LEAD CASE)
AT&T CORP. and AT&T MOBILITY LLC,	§	
	§	
<i>Defendants.</i>	§	

**AMENDED ORDER**

Before the Court is the Motion for Reconsideration filed by Defendant Verizon Wireless Personal Communications LP. Dkt. No. 521. In its motion, Verizon moves to correct the amount of fees assessed by the Court in its Order dated March 29, 2022, in which the Court found this case exceptional under 35 U.S.C. § 285. Dkt. No. 520. Plaintiff Traxcell Technologies LLC did not file an opposition to Verizon’s motion for reconsideration.

After reviewing Verizon’s arguments in its motion and the exhibits Verizon submitted with its Motion for Fees (Dkt. No. 476), the Court finds that Verizon should have been awarded fees totaling \$489,710.00 based on the reasoning in the Court’s Order.

In light of this and the unopposed nature, the Court **GRANTS** Verizon’s motion (Dkt. No. 521). It is therefore **ORDERED** that Traxcell is to pay Verizon its fees from August 1 to October 31, 2019, which amount to a total of \$489,710.00, within 30 days of this Order

**SIGNED this 29th day of September, 2022.**

  
 ROY S. PAYNE  
 UNITED STATES MAGISTRATE JUDGE

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

TRAXCELL TECHNOLOGIES, LLC.,  <div style="text-align: center;"><i>Plaintiff,</i></div> v.  AT&T CORP. and AT&T MOBILITY LLC,  <div style="text-align: center;"><i>Defendants.</i></div>	§ § § § § § § § § §	Case No. 2:17-cv-00718-RWS-RSP (Lead Case)
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**ORDER**

Before the Court is Plaintiff’s Objections to Memorandum Order Granting in Part Sprint Communications Company, LP and Sprint Solutions, Inc.’s Motion for Attorneys’ Fees filed by Plaintiff Traxcell Technologies, LLC. Docket No. 522. Defendants Sprint Communications Company, LP and Sprint Solutions, Inc. (together, “Sprint”) have filed a response to Traxcell’s objections. Docket No. 525.

For non-dispositive matters, “[a] party may serve and file objections to [a magistrate judge’s] order within 14 days after being served with a copy.” FED. R. CIV. P. 72(a). “A party may not assign as error a defect in the order not timely objected to.” *Id.* “The district judge in the case must consider timely objections and modify or set aside any part of the order that is clearly erroneous or is contrary to law.” *Id.*

Traxcell’s first objection is that the Magistrate Judge was required to issue a Report and Recommendation “as an award of fees is a post-trial matter and dispositive on the issue of attorney’s fees.” Docket. No. 522 at 4. This Court has determined that post-trial motions for attorneys’ fees qualify as non-dispositive motions. *See, e.g., Uniloc USA, Inc. v. Acronis, Inc.*, No. 6:15-CV- 1001, 2020 WL 4726288, at \*2 (E.D. Tex. June 19, 2020); *Morrison v. Walker*, No. 1:13-CV-00327, 2018 WL 9812710, at \*3 (E.D. Tex. Aug. 1, 2018); *Weber Aircraft, L.L.C. v.*



*Krishnamurthy*, No. 4:12-CV-666, 2014 WL 12601032, at \*2 (E.D. Tex. Dec. 11, 2014).

Therefore, the Court rejects Traxcell's first argument and finds that the Magistrate Judge did not err by issuing a memorandum order.

Next, Traxcell offers a series of unpersuasive arguments objecting to the Court's factual findings. Docket No. 522 at 5-7. First, Traxcell's reliance on *Teva Pharms. USA, Inc. v. Sandox, Inc.*, 574 U.S. 318 (2015), to support its argument that its delayed objections were not untimely is misplaced because it addresses a court of appeal's standard of review of a lower court's findings on claim construction, not the district court's review of objections under Rule 72. *See id.* at 331-32. Thus, the Court finds that the Magistrate Judge correctly found that Traxcell waived its objections to the claim construction order by not filing its objections timely. The mere possibility of further appeal does not rescue baseless positions from being untimely. Second, Traxcell's remaining arguments either raise the same arguments the Court has already addressed and rejected or amount to objecting to the legal conclusion the Magistrate Judge determined from the facts, rather than the facts themselves. Traxcell should have known its patent infringement theories were unsupported when the Court issued a report and recommendation on summary judgment in the *Huawei* case (*Traxcell Tech., LLC v. Huawei Tech. USA Inc.*, 2:17-cv-42-RWS-RSP, Report & Recommendation Docket No. 386, adopted Docket No. 411), which involved claim constructions for "location" and "first computer." Therefore, the Court does not find any error with the Magistrate Judge's factual findings.

Finally, turning to the Magistrate Judge's conclusion that this case is exceptional, "[a]n exceptional case is simply one that stands out from others with respect to the substantive strength

of a party's litigating position . . . . District courts may determine whether a case is exceptional in the case-by-case exercise of their discretion, considering the totality of the circumstances.” *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014). After conducting a *de novo* review of the briefing on Sprint’s Motion for Attorneys’ Fees (Docket No. 475), the Magistrate Judge’s Order (Docket No. 519), and Traxcell’s Objections, the Court agrees that this case is exceptional under 35 U.S.C. § 285. Traxcell continued to pursue theories that it knew or should have known were baseless. It filed meritless motions, constantly rearguing positions that had already been rejected. Traxcell's conduct, when viewed considering the totality of the circumstances, renders this case exceptional under 35 U.S.C. § 285.

Therefore, the Court **OVERRULES** Traxcell’s Objections (Docket No. 522) and **ADOPTS** Judge Payne’s Memorandum Order (Docket. No. 519). It is therefore **ORDERED** that Traxcell pay to Sprint its fees from August 1 to December 31, 2019, which amount to a total of \$784,529.16, within 30 days of this Order.

Furthermore, based on this Order, the Court **DENIES-AS-MOOT** Sprint’s Motion for Order to Show Cause (Docket No. 526).

**So ORDERED and SIGNED this 10th day of November, 2022.**

  
ROBERT W. SCHROEDER III  
UNITED STATES DISTRICT JUDGE

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

TRAXCELL TECHNOLOGIES, LLC.,	§	
	§	
<i>Plaintiff,</i>	§	
v.	§	Case No. 2:17-cv-00718-RWS-RSP
	§	(Lead Case)
AT&T CORP. and AT&T MOBILITY LLC,	§	
	§	
<i>Defendants.</i>	§	

**ORDER**

Before the Court are Plaintiff Traxcell Technologies, LLC’s Objections to Memorandum Order Granting in Part Verizon’s Motion for Attorneys’ Fees (Docket No. 523), and Objections to the Memorandum Order Granting Verizon’s Motion for Reconsideration (Docket No. 533). Verizon has filed a response to each. Docket Nos. 524, 534.

For non-dispositive matters referred to a magistrate judge, “[a] party may serve and file objections to the order within 14 days after being served with a copy.” FED. R. CIV. P. 72(a). “A party may not assign as error a defect in the order not timely objected to.” *Id.* “The district judge in the case must consider timely objections and modify or set aside any part of the order that is clearly erroneous or is contrary to law.” *Id.*

Traxcell’s first objection is that the Magistrate Judge should have issued a Report and Recommendation “as an award of fees is a post-trial matter and dispositive on the issue of attorney’s fees.” Docket No. 523 at 4. Like most courts, this Court has determined that post-trial motions for attorney’s fees qualify as non-dispositive motions. *See, e.g., Uniloc USA, Inc. v. Acronis, Inc.*, No. 6:15-CV- 1001, 2020 WL 4726288, at \*2 (E.D. Tex. June 19, 2020); *Morrison v. Walker*, No. 1:13-CV-00327, 2018 WL 9812710, at \*3 (E.D. Tex. Aug. 1, 2018); *Weber Aircraft, L.L.C. v. Krishnamurthy*, No. 4:12-CV-666, 2014 WL 12601032, at \*2 (E.D. Tex. Dec.

11, 2014). The Court, therefore, rejects Traxcell's first argument and finds that the Magistrate Judge did not err by issuing a memorandum order rather than a recommendation.

Next, Traxcell offers a series of unpersuasive arguments objecting to the Court's factual findings. Docket No. 523 at 5–7. First, Traxcell's reliance on *Teva Pharmaceuticals USA, Inc. v. Sandox, Inc.*, to support its argument that its delayed objections were not untimely is misplaced because it addresses an appellate court's standard of review of a lower court's findings on claim construction, not the district court's review of objections under Rule 72. *See id.* at 331–32 (citing *Teva Pharms. USA, Inc. v. Sandox, Inc.*, 574 U.S. 318 (2015)). The Court finds that the Magistrate Judge correctly found that Traxcell waived its objections to the claim construction order by not timely filing its objections. The mere possibility of further appeal does not rescue a baseless position from being untimely. Second, Traxcell's remaining arguments either raise the same arguments the Court has already addressed and rejected, or amount to objecting to the legal conclusion the Magistrate Judge reached from the facts rather than the facts themselves. Traxcell should have known its patent infringement theories were unsupported when the report and recommendation on summary judgment issued in *Traxcell Tech., LLC v. Huawei Tech. USA Inc.*, 2:17-cv-042-RWS-RSP, Docket No. 386, *adopted* Docket No. 411, construing “location” and “first computer.” Therefore, the Court does not find error with the Magistrate Judge's factual findings.

Finally, turning to the Magistrate Judge's conclusion that this case is exceptional, “an exceptional case is simply one that stands out from others with respect to the substantive strength of a party's litigating position . . . . District courts may determine whether a case is exceptional in the case-by-case exercise of their discretion, considering the totality of the circumstances.” *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014). After conducting a *de*

*novo* review of the briefing on Verizon's motion for attorney's fees (Docket No. 476), the Magistrate Judge's order (Docket No. 520), and Traxcell's objections (Docket No. 523), the Court agrees that this case is exceptional under 35 U.S.C. § 285. Traxcell continued to pursue theories that it knew or should have known were baseless. It filed meritless motions and argued positions that had already been rejected. Traxcell's conduct, viewed considering the totality of the circumstances, renders this case exceptional under 35 U.S.C. § 285.

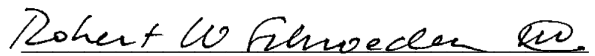
Traxcell's objections to the Memorandum Order granting Verizon's Motion to Reconsider argue the same positions addressed above and provide no further arguments. Docket No. 533. The Court therefore

**OVERRULES** Traxcell's objections (Docket Nos. 523, 533) and **ADOPTS** the Magistrate Judge's Memorandum Order and Amended Order (Docket Nos. 520, 532). It is therefore

**ORDERED** that Traxcell is pay Verizon's attorney's fees from August 1, 2019 through October 31, 2019, which amount to a total of \$489,710.00, within 30 days the entry of this Order. Furthermore, based on this Order, the Court

**DENIES-AS-MOOT** Verizon's Motion for Order to Show Cause. Docket No. 536.

**So ORDERED and SIGNED this 22nd day of December, 2022.**

  
ROBERT W. SCHROEDER III  
UNITED STATES DISTRICT JUDGE