IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

ORTIZ & ASSOCIATES CONSULTING, LLC, Plaintiff, v. VIZIO, INC., Defendant.	§ § § § § § § § § §	Civil Action No. 3:23-CV-00791-N

ORDER

This Order addresses VIZIO, Inc.'s ("VIZIO") brief in support of attorneys' fees [41]. This Court previously found this case exceptional and granted VIZIO's motion for reasonable attorneys' fees under 35 U.S.C. § 285. Order (February 27, 2024) [40]. For the following reasons, the Court awards VIZIO attorneys' fees of $161,777.53.

In exceptional cases, a district court may award reasonable attorneys' fees to the prevailing party. 35 U.S.C. § 285. Reasonable attorneys' fees include those expenses incurred in the preparation for and performances of legal services related to the case and nontaxable costs. *Maxwell v. Angel-Etts of Cal., Inc.*, 53 F. App'x 561, 569 (Fed. Cir. 2002). Because the Court has already determined this case to be exceptional, the Court now turns to the reasonableness of the fees requested by VIZIO.

To determine a reasonable fee award, courts calculate a "lodestar" amount by multiplying a reasonable billing rate by the number of hours reasonably spent litigating the successful claim. *Mathis v. Spears*, 857 F.2d 749, 755 (Fed. Cir. 1988). This calculation,

however, excludes hours spent on "excessive, redundant, or otherwise unnecessary work" and on nonprevailing claims unrelated to successful claims. *Hensley v. Eckerhart*, 461 U.S. 424, 434–35 (1983). The lodestar amount is presumptively reasonable and should be modified only in unusual circumstances. *Watkins v. Fordice*, 7 F.3d 453, 457 (5th Cir. 1993).

VIZIO asks for $161,777.53 in attorneys' fees. Def.'s Br. in Supp. Atty.'s Fees 3. VIZIO arrived at this calculation by multiplying the hourly rates for four partners, one associate, and three paralegals by the total hours spent litigating this case, plus an additional $294.03 for expenses incurred related to a pro hac vice application.[1] First, the Court determines that the hourly rates in VIZIO's fee calculation are reasonable. Ortiz & Associates Consulting, LLC ("Ortiz") complains that: VIZIO requests attorneys' fees for all hours billed to the matter (as opposed to hours dedicated to the "exceptional portion of the case"), four partners worked on the case, and VIZIO's summary of hours performed does not adequately specify the work performed. Pl.'s Obj. to Atty.'s Fees [43]. VIZIO has provided an invoice specifying all billed hours and descriptions of work performed. Def.'s App. APPX0005–0024 [42-1]. In total, VIZIO's attorneys expended 261.7 hours over around seven months. Def.'s Br. in Supp. Atty.'s Fees 4; Def.'s App. APPX0024. Ortiz does not point to any specific flaws in VIZIO's calculation or reference any specific time entries or invoices showing excessive or duplicative work. The hours expended by VIZIO's attorneys are reasonable for a patent infringement case.

[1] Attorneys' and paralegals' hourly rates ranged from $250 to $800 an hour.

Because the Court has previously found this case exceptional, and finds VIZIO's attorneys' fees request to be reasonable, the Court awards VIZIO attorneys' fees in the amount of $161,777.53.

Signed April 23, 2024.

David C. Godbey
Chief United States District Judge

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

ORTIZ & ASSOCIATES CONSULTING, LLC, Plaintiff, v. VIZIO, INC., Defendant.	§ § § § § § § § § §	Civil Action No. 3:23-CV-00791-N

MEMORANDUM OPINION AND ORDER

This Order addresses Defendant VIZIO, Inc.'s ("VIZIO") motion for attorneys' fees under 35 U.S.C. § 285, 28 U.S.C. §1927, or the Court's inherent power [33]. The Court grants in part and denies in part the motion, as set forth below.

I. ORIGINS OF THE DISPUTE

This motion arises out of a patent dispute between Plaintiff Ortiz & Associates Consulting, LLC ("Ortiz") and VIZIO. Ortiz brought suit against VIZIO for direct infringement of U.S. Patent No. 9,147,299 Patent ("the '299 Patent") and U.S. Patent No. 9,549,285 ("the '285 Patent") (collectively the "Asserted Patents"). Pl.'s First Am. Compl. ¶¶ 6, 8, 11, 13 [20]. Ortiz has been involved in a number of suits involving the Asserted Patents. This Court dismissed Ortiz's First Amended Complaint with prejudice under Federal Rule of Civil Procedure 12(b)(6) for twice failing to plead facts sufficient to state a claim for relief. Order (November 1, 2023) [30]. Now, VIZIO moves for attorneys' fees and to find the case exceptional.

II. THE COURT GRANTS VIZIO'S MOTION FOR ATTORNEYS' FEES UNDER 35 U.S.C. § 285

The Patent Act provides that in exceptional cases a district court may award reasonable attorneys' fees to the prevailing party. 35 U.S.C. § 285. Reasonable attorneys' fees include those expenses incurred in the preparation and performance of legal services related to the case and nontaxable costs. *Maxwell v. Angel-Etts of Cal., Inc.*, 53 F. App'x 561, 569 (Fed. Cir. 2002). In addition, a district court has wide discretion whether to award costs under Federal Rule of Civil Procedure 54(d). *Energy Mgmt. Corp. v. City of Shreveport*, 467 F.3d 471 (5th Cir. 2006). But if a district court does not award costs, it must state its reasons. *Id.*

An exceptional case "stands out from others with respect to the substantive strength of a party's litigation position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated." *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014). A case brought in subjective bad faith or that makes especially meritless claims is exceptional and warrants a fee award. *Octane,* 572 U.S. at 554. District courts determine whether a given case is exceptional on a case-by-case basis and in light of the totality of the circumstances. *Id.* Factors to be considered include frivolousness, motivation, and objective unreasonableness of a case's factual or legal components. *Id.* at 554 n.6. Litigants seeking fees must show the case is exceptional by a preponderance of the evidence. *Id.* at 557. Courts do not award attorneys' fees as "a penalty for failure to win a patent infringement suit." *Id*. at 548. Rather, the "legislative purpose behind § 285 is to prevent a party from suffering a 'gross injustice.'" *Checkpoint*

Sys., Inc. v. All-Tag Security S.A., 858 F.3d 1371, 1376 (Fed. Cir. 2017). The Court holds that this case is exceptional and awards reasonable attorneys' fees to VIZIO under section 285.

VIZIO argues that Ortiz's position was substantively weak given it knew, or should have known, that its complaint stated no viable damages theory. Def.'s Mot. for Atty.'s Fees 10. The Court agrees. *See* Order (November 1, 2023) [30]. The expired patents could not give rise to future damages, and Ortiz was apprised of the need to plead compliance with 35 U.S.C. § 287(a) to support its claim for pre-suit damages in VIZIO's first motion to dismiss but failed to do so. Def.'s Mot. for Atty.'s Fees 10–11; *see Arctic Cat Inc. v. Bombardier Recreational Prod. Inc.,* 876 F.3d 1350, 1365 (Fed. Cir. 2017) (citing 35 U.S.C. § 287(a)); *Estech Sys. IP, LLC v. Mitel Networks, Inc.*, 2023 WL 6115252, at *7 (E.D. Tex. July 17, 2023), report and recommendation adopted, 2023 WL 6065865 (E.D. Tex. Aug. 2, 2023). Ortiz asserts that it "did not have guidance from the Court on the marking issue" prior to dismissal. Pl.'s Resp. 5. This argument is unavailing because district courts are "not obliged to advise [litigants] of the weaknesses in [their] litigation position." *Blackbird Tech LLC v. Health In Motion LLC*, 944 F.3d 910, 916 (Fed. Cir. 2019). Moreover, the Court finds that Ortiz's litigation conduct was unreasonable in that it failed to comply with the Court's discovery deadlines, including deadlines to serve infringement contentions and discovery requests, and that Ortiz made a settlement demand unrelated to the merits of litigation. *See Blackbird Tech LLC*, 944 F.3d at 916–17 (affirming district court's finding of unreasonable litigation conduct including "nuisance

value settlement offers" that were less than the cost of defense and unexcused delays in document production).

Additionally, VIZIO highlights Ortiz's history of infringement actions involving the Asserted Patents that have been voluntarily dismissed or were dismissed for failure to state a claim before any discovery commenced. *See* Def.'s Mot. for Atty.'s Fees 5–8. "[A] pattern of litigation abuses characterized by the repeated filing of patent infringement actions for the sole purpose of forcing settlements, with no intention of testing the merits of one's claims, is relevant to a district court's exceptional case determination under § 285." *SFA Sys., LLC v. Newegg Inc.*, 793 F.3d 1344, 1350 (Fed. Cir. 2017). While "the mere existence of these other suits does not mandate negative inferences about the merits or purposes of this suit," it is a factor to be considered in assessing the totality of the circumstances. *Newegg Inc.*, 793 F. 3d at 1351; *see also Elec. Commc'n Techs., LLC v. ShoppersChoice.com, LLC*, 963 F.3d 1371 (Fed. Cir. 2020) (quoting *AdjustaCam, LLC v. Newegg, Inc.*, 861 F.3d 1353, 1360 (Fed. Cir. 2017) ("While [a] district court need not reveal its assessment of every consideration of § 285 motions, it must actually assess the totality of the circumstances."). VIZIO has not provided evidence of the number or amount of settlement offers Ortiz made in other cases involving the Asserted Patents. However, the Court considers that Ortiz has filed and voluntarily dismissed with prejudice a number of cases involving the Asserted Patents before or at the motion to dismiss stage. *See Stone Basket Innovations, LLC v. Cook Med. LLC*, 892 F.3d 1175, 1183 (Fed. Cir. 2018) (quoting *Stone Basket Innovations, LLC v. Cook Med. LLC*, No. 1:16-cv-00858-LJM-TAB, 2017 WL 2655612, at *1 (S.D. Ind. 2017) (affirming a district court's finding of a lack of

evidence to support litigant filing cases with no intention of testing their merits where the litigant "'participated in each stage of the litigation for nearly two years and tested the merits of its claims.'"); *see e.g.*, Notice of Voluntary Dismissal [11], in *Ortiz & Associates Consulting, LLC v. Panasonic Corp. of North America*, Civil Action No. 1:19-cv-01921 (D. Del. 2020); Notice of Voluntary Dismissal [25], in *Ortiz & Associates Consulting, LLC v. Hisense Co., Ltd.*, No. 1:20-cv-02193 (N.D. Ill.); Notice of Voluntary Dismissal [7], in *Ortiz & Associates Consulting, LLC v. Actiontex Electronics, Inc.*, No. 6:23-cv-00139 (W.D. Tex.); Notice of Voluntary Dismissal [14], in *Ortiz & Associates Consulting, LLC v. Epson America, Inc.*, No. 2:23-cv-00308 (E.D. Tex.).

The totality of the circumstances here, including Ortiz's history of filing and dismissing suits involving the Asserted Patents, failure to comply with discovery deadlines, making a settlement demand below the cost of defense, as well as the substantive weakness of Ortiz's litigation position in the instant case, supports a finding of exceptionality. Accordingly, the Court holds that this case is exceptional and grants VIZIO's motion with respect to reasonable attorneys' fees and costs under section 285.

III. THE COURT DENIES VIZIO'S MOTION FOR ATTORNEYS' FEES UNDER 28 U.S.C. § 1927

Under 28 U.S.C. § 1927, an attorney "who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct." An award of attorneys' fees under section 1927 requires "evidence of bad faith, improper motive, or reckless disregard of the duty owed to the court." *Lawyers Title Ins. Corp. v.*

Doubletree Partners, LP, 739 F.3d 848, 871 (5th Cir. 2014). Sanctions under section 1927 are "'punitive in nature and require clear and convincing evidence' that sanctions are justified." *Id.* at 872 (quoting *Bryant v. Military Dep't of Miss.*, 597 F.3d 678, 694 (5th Cir. 2010)). Further, "[a]n unsuccessful claim is not necessarily actionable." *Hogue v. Royse City, Tex.*, 939 F.2d 1249, 1256 (5th Cir. 1991). The Court holds that attorneys' fees pursuant to section 1927 are not warranted here.

VIZIO argues that Ortiz's counsel should be jointly and severally liable for any attorneys' fees award because they filed Ortiz's complaints without a viable damages theory, failed to prosecute the case, and have a history of filing frivolous lawsuits for several clients. Def.'s Mot. for Atty.'s Fees 17. VIZIO seeks sanctions against counsel because it alleges Ortiz is a "shell company" VIZIO suspects may file bankruptcy and avoid paying attorneys' fees awarded here. *Id.* The Court does not find that VIZIO's argument is sufficient to show bad faith, improper motive, reckless disregard of duty, or unreasonable multiplication of the proceedings on the part of Ortiz's counsel. VIZIO additionally argues that it may receive attorneys' fees and costs pursuant to the Court's inherent powers. *See Chambers v. NASCO, Inc.*, 501 U.S. 32, 50 (1991). The Court does not find there is sufficient evidence to show that Ortiz's counsel acted in bad faith, vexatiously, wantonly, or for oppressive reasons. As such, the Court denies VIZIO's request to hold Ortiz's counsel jointly and severally liable for attorneys' fees and costs under section 1927 or the Court's inherent powers.

CONCLUSION

For the reasons stated above, the Court grants VIZIO's motion for reasonable attorneys' fees under 35 U.S.C. § 285 but denies VIZIO's motion to hold Ortiz's counsel jointly and severally liable for attorney's fees pursuant to 28 U.S.C. § 1927 or the Court's inherent powers. The Court orders VIZIO to submit the specific fee award it seeks with evidentiary support within 14 days of the date of this Order. *See* FED. R. CIV. P. 54(d)(2)(B) Advisory Committee Note (1993) ("The rule does not require that the motion be supported at the time of filing with the evidentiary material bearing on the fees. This material must of course be submitted in due course . . . .").

Signed February 27, 2024.

David C. Godbey
Chief United States District Judge

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

ORTIZ & ASSOCIATES CONSULTING, LLC,	§	
Plaintiff,	§	
v.	§	Civil Action No. 3:23-CV-00791-N
VIZIO, INC.,	§	
Defendant.	§	

FINAL JUDGMENT

By separate Memorandum Opinion and Order of this same date, the Court granted Defendant VIZIO, Inc's motion to dismiss. It is, therefore, ordered that Plaintiff Ortiz & Associates Consulting, LLC's ("Ortiz") claims are dismissed with prejudice. Court costs are taxed against Ortiz. This is a final judgment.

Signed November 1, 2023.

David C. Godbey
Chief United States District Judge

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

ORTIZ & ASSOCIATES CONSULTING, LLC,	§	
Plaintiff,	§	
v.	§	Civil Action No. 3:23-CV-00791-N
VIZIO, INC.,	§	
Defendant.	§	

MEMORANDUM OPINION AND ORDER

This Order addresses Defendant VIZIO, Inc.'s ("VIZIO") motion to dismiss [24]. Because Plaintiff Ortiz & Associates, LLC ("Ortiz") has not pled compliance with 35 U.S.C. § 287(a)'s marking requirement, the Court grants the motion.

I. THE PATENT INFRINGEMENT DISPUTE

Plaintiff Ortiz owns by assignment U.S. Patent No. 9,147,299 Patent ("the '299 Patent") and U.S. Patent No. 9,549,285 ("the '285 Patent") (collectively the "Asserted Patents"). Pl.'s First Am. Compl. ¶¶ 6, 8, 11, 13 [20]. According to Ortiz, the Asserted Patents relate to "[s]ystems, methods and apparatuses for brokering data between wireless devices, servers and data rendering devices." *Id.* ¶¶ 6, 11. Ortiz has previously been involved in a number of suits involving the Asserted Patents.[1] Defendant VIZIO is a

[1] The Court takes judicial notice of the stipulated dismissals, final judgments, and other relevant docket entries cited in Defendant's Motion to Dismiss [24] as they are matters of public record. *See Funk v. Stryker Corp.*, 631 F.3d 777, 783 (5th Cir. 2011).

manufacturer and seller of products that utilize SmartCast™ technology. Ortiz maintains that VIZIO's SmartCast™ products utilize methods and processes that infringe on the claims of the Asserted Patents. Pl.'s First Am. Compl. Ex. B [20-2], Ex. D [20-4]. Ortiz brings suit against VIZIO for direct infringement of the Asserted Patents pursuant to 35 U.S.C. §271. VIZIO moves to dismiss VIZIO's claims under Federal Rules of Civil Procedure 12(b)(6).

II. RULE 12(B)(6) LEGAL STANDARD

When deciding a Rule 12(b)(6) motion to dismiss, a court must determine whether the plaintiff has asserted a legally sufficient claim for relief. *Blackburn v. City of Marshall*, 42 F.3d 925, 931 (5th Cir. 1995). A viable complaint must include "enough facts to state a claim to relief that is plausible on its face." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007). To meet this "facial plausibility" standard, a plaintiff must "plead[ ] factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009). A court generally accepts well-pleaded facts as true and construes the complaint in the light most favorable to the plaintiff. *Gines v. D.R. Horton, Inc.*, 699 F.3d 812, 816 (5th Cir. 2012). But a plaintiff must provide "more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do." *Twombly*, 550 U.S. at 555 (internal citations omitted). "Factual allegations must be enough to raise a right to relief above the speculative level ... on the assumption that all the allegations in the complaint are true (even if doubtful in fact)." *Id.* (internal citations omitted).

In ruling on a Rule 12(b)(6) motion, a court generally limits its review to the face of the pleadings, accepting as true all well-pleaded facts and viewing them in the light most favorable to the plaintiff. *See Spivey v. Robertson*, 197 F.3d 772, 774 (5th Cir. 1999). However, a court may also consider documents outside of the pleadings if they fall within certain limited categories. First, "[a] court is permitted . . . to rely on 'documents incorporated into the complaint by reference, and matters of which a court may take judicial notice.'" *Dorsey v. Portfolio Equities, Inc.*, 540 F.3d 333, 338 (5th Cir. 2008) (quoting *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308, 322 (2007)). Second, "[a] written document that is attached to a complaint as an exhibit is considered part of the complaint and may be considered in a 12(b)(6) dismissal proceeding." *Ferrer v. Chevron Corp.*, 484 F.3d 776, 780 (5th Cir. 2007). Third, a "court may consider documents attached to a motion to dismiss that 'are referred to in the plaintiff's complaint and are central to the plaintiff's claim.'" *Sullivan v. Leor Energy, LLC*, 600 F.3d 542, 546 (5th Cir. 2010) (quoting *Scanlan v. Tex. A & M Univ.*, 343 F.3d 533, 536 (5th Cir. 2003)). Finally, "[i]n deciding a 12(b)(6) motion to dismiss, a court may permissibly refer to matters of public record." *Cinel v. Connick*, 15 F.3d 1338, 1343 n.6 (5th Cir. 1994) (citation omitted); *see also, e.g., Funk*, 631 F.3d at 783 (stating, in upholding district court's dismissal pursuant to Rule 12(b)(6), that "[t]he district court took appropriate judicial notice of publicly-available documents and transcripts produced by the [Food and Drug Administration], which were matters of public record directly relevant to the issue at hand").

III. THE COURT GRANTS VIZIO'S MOTION

A. No Ongoing or Future Damages Are Available

It is undisputed that the Asserted Patents are expired. Therefore, no ongoing or future damages are available. Pursuant to 35 U.S.C. § 154(a)(2), a patent lasts 20 years from the date the application for the patent was filed, "or, if the application contains a specific reference to an earlier filed application or applications under section 120, 121, 365(c), or 386(c), from the date on which the earliest such application was filed." Each of the Asserted Patents claims priority to Patent Application No. 09/887,492, filed on June 22, 2001, now Patent No. 7,630,721. Pl.'s First Am. Compl., Ex. A at 2, Ex. C at 2; *see* 37 C.F.R. §1.78(d)(2). Accordingly, the '299 Patent expired on June 22, 2021, 20 years after that application. The '285 Patent would have expired on the same date, but expired early on January 17, 2021, for failure to pay fees. Def.'s Mot. to Dismiss App., APPX 0121 [25]. The Court takes judicial notice of the respective expiration dates of the Asserted Patents. *See* Fed. R. Evid. 201(b)(2); *see e.g., Hoganas AB v. Dresser Indus., Inc.*, 9 F.3d 948, 954 n.27 (Fed. Cir. 1993); *Funk*, 631 F.3d at 783.

The Asserted Patents could not be infringed — and therefore Ortiz could not sustain any damages — after their expiration. *See Shoffiett v. Goode*, 825 F. App'x 824, 826 (Fed. Cir. 2020) (quoting *Kimble v. Marvel Ent., LLC*, 576 U.S. 446, 451 (2015)) ("When a patent expires, 'the patentee's prerogatives expire too, and the right to make or use the article, free from all restriction, passes to the public.'"). Ortiz's Original Complaint [1] was filed on April 14, 2023, well after the Asserted Patents expired. Accordingly, no ongoing or future damages are available.

B. No Pre-Suit Damages Are Available

Ortiz has twice failed to plead compliance with the marking statute, 35 U.S.C. § 287(a), thereby precluding recovery of any pre-suit damages. The marking statute requires a patentee to mark any patented article they make or sell, as a form of constructive notice, or directly notify infringers of their patent prior to filing suit to recover pre-suit damages for patent infringement. *See Arctic Cat Inc. v. Bombardier Recreational Prod. Inc.,* 876 F.3d 1350, 1365 (Fed. Cir. 2017) ("*Artic Cat I*") (citing 35 U.S.C. § 287(a)). The marking requirement does not apply to patents covering only process or methods but does apply where a patent covers both method and apparatus or system claims. *Am. Med. Sys., Inc. v. Med. Eng'g Corp.*, 6 F.3d 1523, 1538 (Fed. Cir. 1993). Notably, while the marking requirement is inapplicable when a patentee does not make or sell patented articles, *Arctic Cat Inc. v. Bombardier Recreational Prod. Inc.*, 950 F.3d 860, 864 (Fed. Cir. 2020), a patentee's licensees must comply with the statute where they are "making or selling any patented article for or under [the patentee]." *Arctic Cat I*, 876 F.3d at 1366 (quoting *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1111 (Fed. Cir. 1996) (quoting §287(a))). The patentee must make reasonable efforts to ensure its licensees comply with marking requirements of the marking statute. *Maxwell*, 86 F.3d at 1111. In a patent infringement suit, patentees bear the burden of pleading compliance with the marking statute. *Arctic Cat I*, 876 F.3d at 1366.

The parties dispute whether the marking statute applied to Ortiz in this instance. The Asserted Patents fall under the ambit of the marking statute—the '285 Patent asserts system claims and the '299 Patent asserts both process and system claims. Pl.'s First Am.

Compl. ¶¶ 6, 11. Ortiz does not itself sell products that need to be marked, nor are any formal licensing agreements alleged. Nevertheless, VIZIO contends that Ortiz is subject to the marking statute because its previous dismissals with prejudice of suits against manufacturers selling products that allegedly infringe on the Asserted Patents constitute licenses by operation of law, meaning those products should be marked pursuant to section 237(a). Specifically, Ortiz agreed to a stipulated dismissal with prejudice of its claims alleging that Roku Inc.'s product "Roku TV" infringed on both Asserted Patents. Stipulated Order of Dismissal with Prejudice [19], in *Ortiz & Associates Consulting, LLC v. Roku, Inc.*, Civil Action No. 1:18-cv-01265-MN (D. Del. 2019). Ortiz likewise voluntarily dismissed with prejudice its claims against Panasonic Corporation of North America alleging that its "Viera line of televisions" infringed on the '299 Patent. Stipulation to Stay, *Ortiz & Associates Consulting, LLC v. Panasonic Corp. of North America*, Civil Action No. 1:19-cv-01921 (D. Del. 2020); Def.'s Mot. to Dismiss App., APPX 0134. VIZIO argues these voluntary dismissals with prejudice function as licenses to the Asserted Patents for use in the products at issue in those suits. The Court agrees.

In the patent context, a license has been "described as a mere waiver of the right to sue by the patentee." *De Forest Radio Telephone & Telegraph Co. v. United States*, 273 U.S. 236, 242, (1927). Further, the Federal Circuit has "on numerous occasions explained that a non-exclusive patent license is equivalent to a covenant not to sue[.]" *TransCore, LP v. Elec. Transaction Consultants Corp.*, 563 F.3d 1271, 1275 (Fed. Cir. 2009) (citing *Hilgraeve Corp. v. Symantec Corp.*, 265 F.3d 1336, 1346 (Fed. Cir. 2001) ("This court has stated that 'licenses are considered as nothing more than a promise by the licensor not to

sue the licensee.'") (quoting *Jim Arnold Corp. v. Hydrotech Sys., Inc.*, 109 F.3d 1567, 1577 (Fed. Cir. 1997))).

Courts have extended this reasoning to conclude that dismissals with prejudice of patent infringement claims function as the equivalent of a license. *See EMG Tech., LLC v. Vanguard Grp., Inc.*, 2014 WL 12597427, at *2 (E.D. Tex. May 12, 2014). Following this logic, Ortiz's dismissals with prejudice of its claims against Roku and Panasonic function as the equivalent of licenses to use the Asserted Patents in the products at issue in those suits. Thus, Roku and Panasonic are functionally Ortiz's licensees selling patented articles, and all three entities are subject to the marking statute. Accordingly, Ortiz was responsible for making reasonable efforts to ensure the patented articles were marked and pleading compliance with the marking statute.

Even if, as Ortiz contends, Ortiz's previous dismissals were not functionally licenses to sell products which fall under the marking requirement, its failure to plead compliance with the marking statute provides an independent basis for dismissal. A patentee bears the burden of pleading compliance with the marking statute. *Arctic Cat I*, 876 F.3d at 1366. Other courts have noted that, "[a] claim for past damages requires pleading compliance with the marking statute — even when compliance is achieved, factually, by doing nothing at all." *Express Mobile, Inc. v. DreamHost LLC*, 2019 WL 2514418 at *4 (D. Del. June 18, 2019); *see also DivX, LLC v. Hulu, LLC*, 2021 WL 4459368 at *5 (C.D. Cal. June 11, 2021) (dismissing claim for pre-suit damages, noting that"[b]y failing to offer any § 287(a) compliance argument, [the patentee] has apparently conceded that the Complaint fails to plead compliance with § 287(a)."); *cf. Estech Sys. IP, LLC v. Mitel Networks, Inc.*, 2023

WL 6115252 at *7 (E.D. Tex. July 17, 2023), report and recommendation adopted, 2023 WL 6065865 (E.D. Tex. Aug. 2, 2023) (patentee sufficiently plead compliance with §287(a) where it pled that it sold no patented articles and complied with all statutory requirements to obtain pre-suit damages). Ortiz was required to plead compliance with the statute, via facts establishing it marked products or showing that no products needed to be marked, in order to state a viable claim for pre-suit damages. Ortiz failed to plead compliance in either its Original Complaint [1] or First Amended Complaint [20]. Therefore, Ortiz has failed to state a claim for pre-suit damages.

Dismissal is appropriate where no damages can be recovered. *See Lans v. Digital Equip. Corp.*, 252 F.3d 1320, 1328 (Fed. Cir. 2001). Because no damages are available for the period after the Asserted Patents' expiration, and Ortiz failed to state a claim for pre-suit damages, Ortiz has not stated a claim that is plausible on its face.

CONCLUSION

Ortiz has had two opportunities to plead facts sufficient to state a claim for relief under Rule 12(b)(6). First in its Original Complaint, and again in its First Amended Complaint after being apprised of the pleading deficiencies raised in Vizio's motion to dismiss Ortiz's Original Complaint [16]. Because Ortiz has twice failed or declined to plead facts sufficient to state a claim, the Court grants VIZIO's motion to dismiss, and will by separate judgment, dismiss Ortiz's claims against VIZIO with prejudice.

Signed November 1, 2023.

David C. Godbey
Chief United States District Judge