

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

CARNEGIE MELLON UNIVERSITY,

Plaintiff,

v.

MARVELL TECHNOLOGY GROUP, LTD.,
and MARVELL SEMICONDUCTOR, INC.,

Defendants.

Civil Action No. 2:09-cv-00290-NBF

Hon. Nora B. Fischer

**MARVELL'S OPPOSITION TO CMU'S MOTION FOR ATTORNEY'S FEES
PURSUANT TO 35 U.S.C. § 285**

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INTRODUCTION

CMU's request for attorneys' fees and costs totaling more than \$18 million is unjustified. This was a complex, high-stakes, vigorously contested case. But nothing Marvell or its attorneys did during this litigation even remotely hints at the type of egregious misconduct for which the "exceptional case" designation is reserved. CMU cannot prove that this case falls within the very narrow ambit of Section 285, there is no basis for awarding attorneys' fees here, and CMU's motion should be denied.

ARGUMENT

"The Federal Circuit has made clear that attorneys' fees should be awarded only in 'limited circumstances' and are not to become an 'ordinary thing in patent litigation.'" *Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, 762 F. Supp. 2d 710, 726 (D. Del. 2011) (quoting *Forest Labs., Inc. v. Abbott Labs.*, 339 F.3d 1324, 1329 (Fed. Cir. 2003)). Accordingly, "[i]t is important to begin the analysis" of a request for fees pursuant to Section 285 "by recognizing that the term 'exceptional' is generally defined as 'forming an exception,' 'being out of the ordinary,' 'uncommon' or 'rare.'" *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 372 F. Supp. 2d 833, 848 (E.D. Va. 2005).

Against that backdrop, courts undertake a two-step analysis when considering whether to award fees under Section 285. *First*, a court must determine whether there is clear and convincing evidence that the case is exceptional. *Metso Minerals, Inc. v. Powerscreen Int'l Distribution Ltd.*, 833 F. Supp. 2d 333, 353 (E.D.N.Y. 2011). The burden on this point is on the moving party. *Id.* *Second*, if, and only if, the movant has met its burden, a court may consider whether it would be equitable to order payment of some or all of the movant's attorneys' fees. *Id.* That determination is within the court's discretion. *Id.*

CMU cannot establish by clear and convincing evidence that this case is exceptional pursuant to Section 285. For that reason alone, CMU's request for \$18.2 million in fees and costs should be denied. But even if CMU could meet its burden of proving that this case is the "rare" one that should be found exceptional (which it cannot), the balance of the equities here weighs *against* awarding any fees to CMU.

I. CMU HAS NOT DEMONSTRATED BY CLEAR AND CONVINCING EVIDENCE THAT THIS CASE IS EXCEPTIONAL

CMU fails to meet its burden under the first step of the Section 285 analysis. The jury's finding of willfulness, which CMU emphasizes (Brief at 1, 3, 12-14), cannot substitute for the *Court's* exclusive determination regarding objective willfulness, which has yet to occur. Nor does an exceptional case finding flow automatically from a finding of willfulness in any event. To the contrary, it is the "litigation conduct" of the parties and attorneys that drives the analysis of whether a case is "exceptional" for purposes of an attorneys' fee award. And as to litigation conduct, CMU fails to identify a single instance of Marvell or its lawyers acting in bad faith at any point during this litigation—much less prove a pattern of misconduct so egregious that it could possibly rise to the level of "exceptional." Because CMU cannot prove that this is the "rare" case that falls within the narrow ambit of Section 285, CMU's motion for attorneys' fees should be denied.

A. The Jury's Finding of Willful Infringement Is Not a Basis for Finding This Case Exceptional

CMU contends that the jury's verdict "conclusively" establishes that Marvell's conduct was "objectively and subjectively willful." (Brief at 3.) CMU then argues that "[w]illful infringement justifies—and typically results in—an award to the patentee of reasonable attorneys' fees." (*Id.* at 10-14.) CMU is wrong on both counts.

1. This Court Should Find No Willful Infringement Here

The question of objective willfulness is reserved for the Court to determine, not the jury. *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assocs., Inc.*, 682 F.3d 1003, 1006-08 Fed. Cir. 2012). To establish objective willfulness, CMU must prove that “no reasonable litigant could realistically expect success on the merits” of any defense. *Id.* at 1007; *see also Highmark, Inc. v. Allcare Health Mgmt. Sys.*, 687 F.3d 1300, 1315 (Fed. Cir. 2012). And even though defenses such as non-infringement, anticipation, and obviousness may turn on questions of fact, the “judge remains the final arbiter” of whether any such defense is “objectively baseless.” *Bard*, 682 F.3d at 1007.

As demonstrated in Marvell’s motions for judgment as a matter of law and a new trial (Dkt. 700, 741, 806), as well as in Marvell’s opposition to CMU’s motion for a finding of willfulness and enhanced damages (filed today), the record does not support a finding of objective willfulness here. Marvell had (i) objectively reasonable invalidity defenses that the Court deemed a “close” question (Dkt. 306, at 1) (ii) and non-infringement defenses that succeeded with respect to five of the asserted patent claims (Dkt. 443, 444) and were objectively reasonable as to the remaining claims based on the significant differences between CMU’s and Marvell’s technologies acknowledged by the Patent Office and the inventors themselves. (Willfulness Opp. at 2-15.)¹

Because this Court should *not* find objective willfulness in this case, willful infringement should not be available as a potential basis for finding this case exceptional. *Voda v. Medtronic Inc.*, --- F. Supp. 2d ----, 2012 WL 4470644, at *10 (W.D. Okla. Sept. 27, 2012) (“Given the court’s conclusion that plaintiff did not satisfy the objective prong of the willfulness analysis, he

¹ Nor does the record support a finding of subjective willfulness. (Willfulness Opp. at 15-18.)

cannot rely on the jury's willfulness finding to demonstrate the exceptional nature of this case. . . . The court therefore concludes plaintiff has not established that an award of attorney's fees is warranted."); *Monsanto Co. v. Scruggs*, --- F. Supp. 2d ---, 2012 WL 3938852, at *11-12 (N.D. Miss. Sept. 7, 2012) (setting aside jury's finding of willfulness and thus finding that an award of attorneys' fees was "unwarranted"); *Accentra Inc. v. Staples, Inc.*, 851 F. Supp. 2d 1205, 1237 (C.D. Cal. 2011) ("Accentra heavily relies on the jury's finding of willful infringement . . . to argue that it is entitled to attorney's fees, but the Court has set aside [for lack of objective willfulness] the jury's findings of willful infringement of those patents, removing willfulness as a basis for a finding the case exceptional."), *rev'd on other grounds*, 2013 WL 49556 (Fed. Cir. Jan. 4, 2013).

2. Even if Willful Infringement Were Found Here (Which It Should Not Be), This Case Is Not Exceptional

Contrary to CMU's contention (Brief at 12), a finding of willful infringement does not "typically result[] in" an exceptional case finding. "[E]ven where willful infringement is proven, a case may, or may not, be deemed exceptional under Section 285." *Metso Minerals*, 833 F. Supp. 2d at 352 (declining to find case exceptional despite finding of willful infringement). Indeed, the Federal Circuit has repeatedly affirmed the denial of "exceptional case" status under Section 285 where there has been a finding of willfulness.² And district courts often decline to find a case exceptional regardless of the presence of willful infringement.³

² *E.g.*, *Transclean Corp. v. Bridgewood Servs., Inc.*, 290 F.3d 1364, 1377-79 (Fed. Cir. 2002); *Modine Mfg. Co. v. Allen Group, Inc.*, 917 F.2d 538, 543 (Fed. Cir. 1990); *Edwards Lifesciences AG v. CoreValve, Inc.*, 699 F.3d 1305, 1314 (Fed. Cir. 2012).

³ *E.g.*, *Spectralytics, Inc. v. Cordis Corp.*, 834 F. Supp. 2d 920, 929 (D. Minn. 2011); *Judkins v. HT Window Fashions Corp.*, 704 F. Supp. 2d 470, 483-84 (W.D. Pa. 2010); *Baum Res. & Development Co. v. Univ. of Mass.*, No. 1:02-cv-674, 2009 WL 2095982, at *7-8 (W.D. Mich. July 14, 2009); *Cleancut, LLC v. Rug Doctor, Inc.*, No. 2:08-cv-836, 2013 WL 441209, at *4-5 (D. Utah Feb. 5, 2013); *Boston Scientific Corp. v. Cordis Corp.*, 838 F. Supp. 2d 259, 278-

These lines of authority recognize that Section 285 shifts fees only “to avoid a gross injustice,” not to “penaliz[e] a party” for unsuccessfully defending a claim. *Metso Minerals*, 833 F. Supp. 2d at 353 (citing *Revlon, Inc. v. Carson Prods. Co.*, 803 F.2d 676, 679 (Fed. Cir. 1986)). And because fee-shifting operates primarily as a “sanction,” courts often find that the Section 285 inquiry should focus on the presence or absence of “abusive litigation tactics” and “attorney misconduct” rather than the presence or absence of willful infringement.⁴

Accordingly, even if this Court were to find willful infringement here (which it should not), the inability of CMU to prove *any* “litigation misconduct” by clear and convincing evidence (*infra* Part I.B) demonstrates that this is not one of the “exceptional” cases falling within the narrow scope of Section 285.

B. CMU’s Allegations of “Misconduct” Are Baseless and Do Not Support an Exceptional Case Finding Here

In order to prove “litigation misconduct” sufficient to find this case exceptional, CMU must make a “strong showing” of “unethical or unprofessional conduct by [Marvell] or [its] attorneys during the course of the adjudicative proceedings.” *MarcTec, LLC v. Johnson & Johnson*, 664 F.3d 907, 916, 919-20 (Fed. Cir. 2012) (quoting *Old Reliable Wholesale, Inc. v. Cornell Corp.*, 635 F.3d 539, 549 (Fed. Cir. 2011)); *see Merck & Co., Inc. v. Mylan Pharm., Inc.*, 79 F. Supp. 2d 552, 556-57 (E.D. Pa. 2000). Such conduct must be “egregious,” “flagrant,” or “truly unusual.” *Metso Minerals*, 833 F. Supp. 2d at 343 (quoting *Cornell Univ. v. Hewlett-*

79 (D. Del. 2012); *DataTreasury Corp. v. Wells Fargo & Co.*, No. 2:06-cv-72, 2010 WL 5140718, *5 (E.D. Tex. Sept. 27, 2010).

⁴ *E.g., Samsung Elecs. Co., Ltd. v. Rambus, Inc.*, 440 F. Supp. 2d 512, 518 (E.D. Va. 2006) (“The exceptional case requirement bears all the hallmarks of a sanction for litigation misconduct.”); *Waymark Corp. v. Porta Sys. Corp.*, 334 F.3d 1358, 1362 (Fed. Cir. 2003) (referring to discretionary fee shifting under Section 285 as a form of “sanctions”); *Boston Scientific*, 838 F. Supp. 2d at 279 (finding case not exceptional where there was willful infringement but no egregious litigation misconduct); *Power Integrations*, 762 F. Supp. 2d at 726 (same).

Packard Co., No. 01 Civ. 1974, 2009 WL 1405208, at *1 (N.D.N.Y. Mar. 15, 2009) (Rader, J., sitting by designation)); *Power Integrations*, 762 F. Supp. 2d at 720.

CMU falls far short of **any** demonstration that Marvell or its attorneys participated in any such egregious, flagrant, or truly unusual conduct here—much less any showing by **clear and convincing evidence**, as required. *Metso Minerals*, 833 F. Supp. 2d at 354. As demonstrated below, each and every one of CMU’s allegations of “misconduct” is baseless. But even taken at face value, the conduct CMU describes (albeit inaccurately) is a far cry from the extreme behavior that has led to the shifting of attorneys’ fees in other cases. For example, litigation misconduct has been found sufficient to support an exceptional case finding where parties falsified evidence, destroyed documents, or violated court orders—none of which is remotely involved here.⁵

1. Marvell’s Positions Are Consistent With The Record

CMU asserts that Marvell’s non-infringement and invalidity arguments were contrary to the record. (Brief at 4-5.) This effort to transform disputes over the import of evidence related to the central questions in this case into an exceptional case finding is misguided, for such disputes are part and parcel of litigation. *E.g.*, *Cornell*, No. 01 Civ. 1974, 2009 WL 1405208, at *1 (Rader, J., sitting by designation). In any event, nothing about the handful of documents cited by CMU demonstrates that Marvell’s positions were inconsistent with the record.

⁵ *E.g.*, *Aptix Corp. v. Quickturn Design Sys., Inc.*, 269 F.3d 1369, 1374-75 (Fed. Cir. 2001) (affirming exceptional case finding where plaintiff falsified evidence by “adding new material to the signed and dated pages” of a laboratory notebook); *Eon-Net LP v. Flagstar Bancorp*, 653 F.3d 1314, 1324-26 (Fed. Cir. 2011) (affirming exceptional case finding where plaintiff had intentionally destroyed all relevant documents in anticipation of bringing its patent infringement claims); *Beckman Instruments, Inc. v. LKB Produktor AB*, 892 F.2d 1547, 1551-52 (Fed. Cir. 1989) (affirming exceptional case finding where plaintiff repeatedly violated a permanent injunction).

For example, CMU asserts (Brief at 4) that Marvell's position that the MNP post-processor is not a detector contradicts selected evidence in the record. But CMU's argument is a red herring. Marvell's non-infringement defense stands independent of the term "detector" and is based on (among other things) the fact that its MNP circuitry (which receives the output from a conventional linear detector) does not use a trellis nor does it determine branch metric values by applying a branch metric function to a plurality of signal samples, as the claims require. (*See* Willfulness Opp. at 10 n. 8.)

Next, CMU claims without elaboration (Brief at 5) that "Marvell contradicted its own internal documents and sworn testimony that the Accused Simulators operated on actual wave forms obtained from real hard disk drives." But there is no "contradiction." As Marvell engineer Mr. Gregory Burd testified at trial: "[A] simulation is just a set of codes which run on a computer. So there is no hard disk drive. There is no media. There is no read head. And there is no chip. Right. So everything is simulated." (12/17/12 Trial Tr. (Burd) at 135:21-24.) Although the word "waveform" appears in the documents cited by CMU, that word refers to an input that is a data file of numbers; a simulator is never connected to a real hard drive. (12/11/12 Trial Tr. (Wu) at 322:9-17; 12/12/12 Trial Tr. (Wu) at 26:16-23.) Thus, the evidence on this point is entirely consistent—a simulator never operates on actual wave forms.

Finally, CMU complains (Brief at 5) that Marvell "pretended that it was relying upon multiple defenses and references" with respect to invalidity but then relied on only one reference at trial. But streamlining defenses for trial—especially in light of time constraints—does not evidence bad faith or litigation misconduct. *Beckman*, 892 F.2d at 1551 ("The mere fact that an issue was pleaded and then dropped prior to trial does not establish in itself vexatious

litigation.”). Indeed, CMU dropped several previously asserted patent claims prior to trial. (Dkt. 496, at 1.)

2. Dr. Sutardja, Dr. Wu, And Mr. Hoffman Testified Truthfully About SoC Integration

Next, CMU accuses Dr. Sehat Sutardja and Dr. Zining Wu of giving “false testimony” regarding Marvell’s development of a System on Chip (“SoC”). (Brief at 6.) CMU’s accusation is completely baseless (and offensive).

CMU’s accusation centers on Dr. Sutardja’s testimony that: “[W]e [Marvell] were the first one to build the SOC in the world.” (Brief at 6.) But as CMU already knows (Dkt. No. 745, at 2-3), there is *nothing* in the record (or anywhere else) that contradicts Dr. Sutardja’s statement, especially when that statement is considered in the full context of his testimony. Marvell was, in fact, the first in the world to *build* an SoC *itself*, using both its own proprietary read channel and its own proprietary hard disk drive controller.

Specifically, Dr. Sutardja testified:

Q. Who was the first company that integrated these different functionalities into an SoC or system on a chip?

A. We were the first company in the business that were able to *build* these chips, okay, *internally*.

(12/11/12 Trial Tr. (Sutardja) at 52:10-13.) Later, Dr. Sutardja similarly testified:

Q. Was the increase in sales that we see with respect to the SoC and read channel chips due to the MNP technology?

A. No.

Q. Why do you say that?

A. The increase of sales is because we were the first one *to build* the SoC in the world. We – even today, there’s – our competitors still do not have an SoC *using their own hard disk drive controller*. They have an SoC using customer’s hard disk drive controller, but none of their o[w]n controllers yet in production.

(*Id.* at 167:7-16.) Thus, Dr. Sutardja accurately stated that Marvell was the first SoC supplier to integrate **both** an internally developed read channel **and** an internally developed hard disk drive controller. In doing so, Marvell was able to market the same SoC to all of its customers and thus secure a significant competitive advantage over suppliers forced to integrate their proprietary read channels with a customer's proprietary hard disk drive controller. Dr. Wu's testimony is similarly consistent with these facts. (12/11/12 Trial Tr. (Wu) at 226:12-14.)

CMU strains to create some inconsistency between Dr. Sutardja's and Dr. Wu's statements and the testimony of Marvell's Vice President of Sales Mr. Brennan "that Cirrus Logic was the first company to **introduce** an SoC" (Brief at 6 (emphasis added)). To be sure, Mr. Brennan did testify, "You know, they [Cirrus Logic] were the first. They failed. It was miserable." (8/13/10 Brennan Dep. Tr. at 193:7-17, 194:21-23.) But again, there is nothing inconsistent about Mr. Brennan testifying that Cirrus Logic failed by introducing an SoC that incorporated Cirrus Logic's read channel and **its customer's** (Fujitsu's) hard disk drive controller (*see id.* ("It was a terrible experience for Fujitsu, actually took them out of the desktop.)) and Dr. Sutardja's and Dr. Wu's statements that Marvell was the first to **build** an SoC **internally** by using **its own** read channel and **its own** hard disk drive controller.

CMU's reliance (Brief at 6) on Ms. Lawton's testimony regarding Cirrus Logic's SoC is even more untenable. While remarkably suggesting that Marvell's CEO had lied regarding Marvell's pioneering work on SoC integration (12/18/11 Trial Tr. (Lawton) at 111:2-11), Ms. Lawton admittedly had no basis for making that accusation. Ms. Lawton conceded on cross examination that she did not have the factual knowledge or relevant expertise to determine who built the first SoC or otherwise evaluate the truth of what Dr. Sutardja said. She testified:

Q. Okay. And you're not in a position, are you, to tell us whether Cirrus itself made an SoC internally; are you?

A. I don't have specific details regarding the activities at Cirrus Logic. The scope of my investigation has been explained to what I relied on.

Q. So you don't know if Cirrus made internally a read channel and a control chip together. You don't have any expertise in that; do you?

A. I'm not here as a technical expert, no.

(12/18/11 Trial Tr. (Lawton) at 121:2-19.) Indeed, Ms. Lawton's purported "investigation" on the subject of SoCs—which entailed reviewing press clippings and high-level business descriptions in Cirrus Logic's 10Ks (*id.* at 119:16-120:4)—would be insufficient for even an expert in the semiconductor industry (which Ms. Lawton is not) to form an opinion regarding the veracity of the testimony offered by Dr. Sutardja or Dr. Wu.

CMU's assertion (Brief at 6) that Mr. Hoffman also "falsely testified" regarding "SoC integration" is similarly unavailing. Mr. Hoffman testified as follows:

Q. And did Miss Lawton take that factor, SoC integration into account *in reaching her amount here*?

A. I didn't see it in her report or her testimony.

(12/12/12 Trial Tr. (Hoffman) at 245:9-11.) In fact, Ms. Lawton did not testify about SoC integration at all until CMU's rebuttal case, *after* Mr. Hoffman's testimony. (*See generally* 12/10/12 Trial Tr. (Lawton) at 60:21-260:4.) And Ms. Lawton's report does *not* mention anything about SoC integration in connection with her "reaching her [royalty] amount here." (*E.g.*, Dkt. 367-2, at 477-85 (no mention of SoC integration in discussion of "excess profits" or "profit premium" analyses, the only two quantitative analyses informing Ms. Lawton's conclusion regarding a royalty rate); *id.* at 518-45 (no mention of integration in discussion of the *Georgia-Pacific* factors informing Ms. Lawton's conclusion regarding a royalty rate).) Notably, CMU chose not to cross-examine Mr. Hoffman regarding this testimony. (12/12/12 Trial Tr. (Hoffman) at 246:15-291:3; 12/13/12 Trial Tr. (Hoffman) at 101:25-124:15.)

In sum, there is no support for CMU's conclusory assertions that Marvell offered "false testimony" at trial. That testimony cannot be the basis for an exceptional case finding here.

3. Dr. Sutardja's Testimony Regarding the Culture at Marvell Was Truthful and Undisputed

CMU next contends that Dr. Sutardja's testimony regarding the corporate culture at Marvell was "incredible." (Brief at 6-7.) Specifically, CMU points to the following testimony, in which Dr. Sutardja discusses why every feature, every technical innovation, and every product improvement is considered a "must" at Marvell:

"Yeah, I understand when people write things a must. I suppose this is my fault. Ever since we started the company from the day of beginning we use the word must on everything we do, everything we want to build, anything; we say we must do this. We must use this process technology, we must use only two layer metals, we must make a chip half the size. We must incorporate terminal as per the detection circuit. We use the word must – it's like – like not thinking about it. It's the way – it's the way we are. So when – so our people use this word must and it become – now become miss – miss – misinterpreted as something else."

(12/11/12 Trial Tr. (Sutardja) at 152:18-153:3.)

As the CEO and co-founder of Marvell, Dr. Sutardja is certainly competent to testify regarding the culture at his company and how that culture informs the language and attitudes of his employees. In fact, CMU cites nothing to call Dr. Sutardja's testimony into question.

Thus, despite CMU's self-serving characterization of this particular snippet of testimony as "incredible," there is nothing about it that could conceivably be considered "litigation misconduct." Indeed, CMU's citation to these 19 lines of uncontroverted testimony reveals just how far CMU is overreaching in its effort to argue that this case should be considered exceptional.

4. Discovery in This Case Was Routine

Next, CMU asserts that "Marvell's conduct during discovery delayed production of documents and necessitated motions practice." (Brief at 7.) Even if that were true, "delay" in

producing documents and the occasional discovery motion are *not* events that can support an exceptional case finding. Especially in high-stakes and complex cases, such events are commonplace—the opposite of the “truly unusual” circumstances that must be established by clear and convincing evidence for a case to be found exceptional. *E.g.*, *Power Integrations*, 762 F. Supp. 2d at 726 (declining to find case exceptional where defendant had, among other things, “disclosed its infringement and invalidity contentions exceedingly late, well past when they were due and not until after the trial had begun” and “failed to disclose its manufacturing activity throughout the discovery phase”); *Metso Minerals*, 833 F. Supp. 2d at 353 (declining to find case exceptional despite “discovery disputes” and “voluminous filings”); *Layne Christensen Co. v. Bro-Tech Corp.*, 871 F. Supp. 2d 1104, 1120-21 (D. Kan. 2012) (declining to find case exceptional despite twelve alleged discovery abuses).

What is more, CMU provides misleading descriptions of the only two examples of Marvell’s so-called “discovery tactics” that it offers. (Brief at 7-8.) In fact, neither example demonstrates *any* level of wrongdoing by Marvell or its attorneys.

First, CMU claims that (i) CMU requested “source code relating to Marvell’s simulations and accused products,” (ii) Marvell claimed “the accused devices did not contain executable software,” and (iii) produced it “only after being confronted with proof that source code existed.” (Brief at 7.) Despite CMU’s innuendo to the contrary, Marvell’s representations about source code were not only truthful but consistent with its source code production. The accused chips do *not* contain executable software (the accused functionality is performed by a circuit, not by software), and so no such software was ever produced. What did exist was “source code relating to Marvell’s *simulations*” (*i.e.*, “the KavcicPP files”). And, as CMU acknowledges, Marvell produced all of that source code. (*Id.*)

Second, CMU asserts that (i) Marvell, “relying on a declaration from Mr. Rajan Pai, denied possession of or access to any of its customers’ firmware or programmable register settings,” but that (ii) these representations “proved false when a number of its engineers admitted to receiving firmware settings from Marvell’s customers and when CMU found copies of customer firmware in Marvell’s files.” (*Id.* at 8.) Here again, CMU misstates the record. The declaration referenced by CMU states that: “Marvell does not design, possess, have access to, and cannot extract its customers’ proprietary Drive Firmware” from its customers’ hard disk drives; Marvell “does not have the ability to reverse engineer its customers’ HDDs to access” this firmware; and Marvell “does not have the ability to extract [register settings] under normal operating conditions.” (Dkt. 214, Exh. A at ¶¶ 8-10; *see also id.* at ¶¶ 11, 12, 15, 19.) The deposition testimony cited by CMU, in turn, is entirely consistent with these statements. Vivek Khanzode testified that firmware settings are generally regarded as the trade secrets of Marvell’s customers. (Dkt. 794, Exh. 16 (Khanzode (6/22/11) Dep. Tr.) at 228:17.) Thus, those customers provide only limited information regarding firmware settings to Marvell, and typically only for failure analysis (*i.e.*, not for “normal operation”). (*Id.* at 225:11-16, 228:15-21, 314:21-317:14; Dkt. 794, Exh. 14 (Tran (11/5/10) Dep. Tr.) at 78:13-80:6; 81:8-13; 82:7-16; 83:6-21; 88:3-17; 88:22-89:21; Dkt. 794, Exh. 15 (Patel (6/21/11) Dep. Tr.) at 153:18-156:9, 220:14-221:15.) And again, as CMU concedes, Marvell produced whatever information related to customer firmware settings was contained in its files. (Brief at 8.)

There is no dispute that Marvell provided CMU with all of the discovery required well before trial. And Marvell’s representations to CMU and to the Court regarding discovery issues were uniformly truthful and accurate. CMU’s two purported examples of “Marvell’s discovery

tactics” are certainly not clear and convincing evidence of “abuse,” “bad faith,” or “egregious misconduct” and thus cannot form the basis of an exceptional case finding.

5. Marvell Did Not “Waste Resources”

CMU’s final argument regarding “misconduct” essentially reduces to the assertion that Marvell should not have “wasted resources” asserting its positions in this case because it ultimately lost. But an exceptional case finding under Section 285 “must be predicated upon something beyond the fact that the patent holder has prevailed.” *Cornell*, No. 01 Civ. 1974, 2009 WL 1405208, at *1 (Rader, J., sitting by designation). And a review of the supposed instances in which Marvell “wasted resources” actually reveals that Marvell litigated this case in an entirely appropriate manner.

For example, CMU complains that Marvell sought leave to amend its Answer and Counterclaims to add an inequitable conduct defense but later withdrew that defense. (Brief at 9.) Marvell did seek leave to add an inequitable conduct defense as soon as discovery revealed specific facts demonstrating that Dr. Kavcic and Dr. Moura were aware of—but did not disclose to the Patent Office—material prior art references. (Dkt. 114.) CMU has not refuted and cannot refute these facts. And Marvell’s motion was granted. (Dkt. 115.) Subsequently, however, the Federal Circuit issued an opinion that substantially changed the law regarding claims of inequitable conduct predicated on the non-disclosure of prior art references. *Therasense, Inc. v. Becton, Dickinson, & Co.*, 649 F.3d 1276 (Fed. Cir. 2011). Marvell dropped its inequitable conduct defense after evaluating this change in the law. Thus, though CMU now labels Marvell’s withdrawal of its inequitable conduct defense a “waste of resources,” just the opposite is true—rather than continuing to pursue a defense that had been made less viable by an intervening change in law, Marvell conserved the parties’ and the Court’s resources by withdrawing it.

CMU also cites Marvell's summary judgment motions on invalidity as an "improper effort[] to relitigate issues already decided by the Court." (Brief at 8-9.) But Marvell's second motion regarding invalidity focused on an issue that had *not* been previously litigated and that the Court had explicitly identified as potentially dispositive. Specifically, in its Order on Marvell's motion under 35 U.S.C. § 102, the Court noted that CMU's claims might be rendered "invalid under 35 U.S.C. § 112 ¶ 1." (Dkt. 306, at 16-17 n.10; *see also* Dkt. 423, at 2 ("[T]he Court indicated in that opinion that it was concerned that the claims may instead be invalid under 35 U.S.C. § 112.")) And in ruling on Marvell's subsequent motion under Section 112, the Court implicitly recognized that Marvell had brought the motion in part because the Court had "expressed some concern as to the point in its previous opinion." (Dkt. 337, at 14.) Seeking resolution of a dispositive issue at the summary judgment stage (which would potentially conserve resources by obviating the need for a trial) is proper and appropriate.

CMU next characterizes Marvell's emergency motion to strike certain testimony regarding the extraterritorial (and non-infringing) use of accused chips as a "litigation tactic." (Brief at 10-11.) But it is undisputed that the issue addressed by Marvell's motion—CMU's theory for seeking damages for the *worldwide* use of methods claimed in *U.S.* patents—was (and remains) "novel." (Dkt. 672, at 5.) And the Order on that motion ultimately clarified what CMU would be required to prove in order to prevail on its "novel" damages theory. (*Id.* at 5-6.) The motion was not brought in "bad faith" and certainly does not constitute litigation misconduct.

CMU next contends that, during trial, Marvell "asked the Court to give one-sided corrective instructions, but after extended argument would withdraw the request when the Court sought to give a more judicious instruction on the issue." (Brief at 11.) But the only purported example cited highlights the egregiousness of *CMU's* conduct at trial, not Marvell's.

Specifically, Marvell objected when CMU elicited testimony from Ms. Lawton regarding “Marvell’s tax strategy” on the ground that this Court had already precluded such testimony as unduly prejudicial. (12/7/12 Trial Tr. (Lawton) at 231:19-232:2; Dkt. 511, 605.) The Court sustained Marvell’s objection at side bar. (12/7/12 Trial Tr. (Lawton) at 234:12-19.) With the objection sustained and thus no question to withdraw, CMU’s counsel nonetheless said in open court and for the benefit of the jury: “Your Honor, I’ll withdraw the question related to *Marvell’s tax issues*” (*id.* at 234:23-24)—*again* violating the Court’s order precluding mention of “tax issues” to the jury. CMU’s conduct was, in fact, “completely improper,” “objectionable,” and “particularly prejudicial.” (Brief at 11.) Within minutes of this testimony, the jury was dismissed for the weekend. (12/7/12 Trial Tr. at 236:1-237:5.) When the issue of a limiting instruction was discussed for a second time on Monday morning, Marvell’s counsel appropriately noted that a curative instruction—especially one that was general in nature—would only serve to bring *more* attention to an issue that never should have been mentioned in front of the jury in the first place. *E.g.*, *Marshall v. Hendricks*, 307 F.3d 36, 78-79 (3d Cir. 2002); *Moore v. Morton*, 255 F.3d 95, 119-20 (3d Cir. 2001). That CMU is asserting that this is an exceptional case because Marvell—through no fault of its own—was left with no good option for curing *CMU’s* highly prejudicial conduct highlights the overall weakness of CMU’s arguments here.

6. Marvell Litigated In Good Faith

CMU has not pointed to anything that indicates bad faith or otherwise rises to the level of litigation misconduct required to find this case exceptional. Moreover, this case was clearly close in multiple respects. For example, although the Court ultimately ruled against Marvell on its motion for summary judgment of invalidity in light of the Worstell reference, the Court noted that the issue was a “close” call. (Dkt. 337, at 4 (“Although it was a close case, the Court found that [Worstell] did not anticipate the Group I claims.”).) And the Court granted Marvell’s

motion for summary judgment of non-infringement of five of the asserted patent claims. (Dkt. 443, at 1.) Marvell also prevailed on various motions *in limine* to exclude irrelevant and prejudicial testimony (whereas the Court denied all motions *in limine* offered by CMU).⁶

Because Marvell and its attorneys litigated this case in good faith and there is no evidence of any litigation misconduct, CMU has failed to prove by clear and convincing evidence that this is an exceptional case. Accordingly, the inquiry should end here, and CMU's motion for attorneys' fees should be denied.

II. EVEN IF THIS CASE WERE EXCEPTIONAL (WHICH IT IS NOT), THIS COURT SHOULD EXERCISE ITS DISCRETION TO DENY CMU'S REQUEST FOR ATTORNEYS' FEES

Although “[w]hether a case is ‘exceptional’ is a determination of fact[,] the awarding of attorneys’ fees in such cases is left to the court’s discretion.” *Metso Minerals*, 833 F. Supp. 2d at 352. Here, CMU did not prove by clear and convincing evidence that this is an exceptional case; but, should this Court find otherwise, it should nonetheless exercise its discretion to deny CMU's request for attorneys' fees.

A case “must be truly unusual to justify an award of attorney fees.” *Cornell*, No. 01 Civ. 1974, 2009 WL 1405208, at *1 (Rader, J., sitting by designation). But, as described above, there was nothing “truly unusual” about this case. And because Marvell litigated this case in good faith, the balance of equities simply does not warrant an award of fees here. Accordingly, CMU's motion for \$18.3 million in attorneys' fees and costs should be denied.

⁶ See Dkt. 602 (11/2/12) (granting in part Marvell's MIL No. 2); Dkt. 605 (11/5/12) (granting in part Marvell's MIL D8); Dkt. 595 (11/2/12) (granting in part Marvell's MIL D11); Dkt. 608 (11/6/12) (granting in part Marvell MIL D12); Dkt. 596 (11/2/12) (denying CMU's MIL No. 1); Dkt. 614 (11/7/12) (denying CMU's MIL No. 2); Dkt. 613 (11/7/12) (denying CMU's MIL No. 3); Dkt. 609 (11/7/12) (denying CMU's MILs 4 & 5).

III. CMU’S REQUEST FOR \$18.3 MILLION IN FEES AND COSTS IS EXCESSIVE

No fees or costs should be awarded in this case. Nevertheless, it should be noted that the amount of fees that CMU seeks here is excessive in two respects.

First, any award of fees based on a finding of litigation misconduct must be apportioned to compensate only for the “*extra* legal effort to counteract the [] misconduct.” *Highmark*, 687 F.3d at 1316 (“A finding of exceptionality based on litigation misconduct, however, usually does not support a full award of attorneys’ fees.”) (citations omitted) (emphasis in original). CMU makes no attempt to quantify fees related to any purported “extra legal effort” resulting from any particular conduct by Marvell in this case.

Second, the hours and rates set out by CMU (Dkt. 792-1) are excessive. Accordingly, to the extent this Court finds that CMU is entitled to any attorneys’ fees and costs (which it should not), Marvell respectfully reserves the right to specifically challenge the propriety and reasonableness of those fees and costs. By way of example and not limitation, Marvell will challenge any request for an award of expert witness fees, unreasonable or duplicative fees, and non-taxable costs. *Amsted Indus. Inc. v. Buckeye Steel Castings Co.*, 23 F.3d 374, 377 (Fed. Cir. 1994) (noting that expert witness fees are not recoverable under Section 285); *Synthon IP, Inc. v. Pfizer Inc.*, 484 F. Supp. 2d 437, 445 (E.D. Va. 2007) (applying 20% reduction of fees to account for unnecessary work), *aff’d*, 281 F. App’x 995 (Fed. Cir. 2008).

CONCLUSION

Marvell respectfully requests that the Court deny CMU’s motion for attorney’s fees under Section 285.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on March 25, 2013, the foregoing was filed electronically on ECF. I also hereby certify that on March 25, 2013, this filing will also be served on counsel for CMU by electronic mail.

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