

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

CARNEGIE MELLON UNIVERSITY,	)	
	)	
Plaintiff,	)	
v.	)	Civil Action No. 2:09-cv-00290-NBF
	)	
MARVELL TECHNOLOGY GROUP, LTD.,	)	
and MARVELL SEMICONDUCTOR, INC.,	)	
	)	
Defendants.	)	

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**PLAINTIFF CARNEGIE MELLON UNIVERSITY'S MEMORANDUM IN SUPPORT  
OF ITS MOTION FOR ATTORNEYS' FEES PURSUANT TO 35 U.S.C. § 285**

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## I. INTRODUCTION

CMU respectfully seeks an order declaring this case “exceptional” and awarding CMU, as the prevailing party, reasonable attorneys’ fees pursuant to 35 U.S.C. § 285. This case qualifies as “exceptional” for two reasons.

**First**, Marvell’s willful infringement “is, without doubt, sufficient to” justify award of increased damages and attorneys’ fees. *Whitserve v. Computer Packages, Inc.*, 694 F.3d 10, 37 (Fed. Cir. 2012). On this basis alone, the Court may exercise its discretion to award CMU reasonable attorneys’ fees.

**Second**, Marvell’s conduct in this litigation provides an additional, independent basis for awarding attorneys’ fees under 35 U.S.C. § 285.<sup>1</sup> When a defendant’s infringement is willful, and the district court also finds litigation misconduct, courts are especially likely to award attorneys’ fees.<sup>2</sup> Here, Marvell has engaged in a lengthy pattern of vexatious conduct in conjunction with its defenses and counterclaims, and that conduct permeated each phase of this case. Standing alone, Marvell’s litigation conduct provides ample basis for the Court to declare this an exceptional case and award CMU reasonable attorneys’ fees.

Pursuant to Federal Rule of Civil Procedure 54(d)(2)(B)(iii), and mindful of the Supreme Court’s instruction that a fee petition should not become a new front in the litigation,<sup>3</sup> CMU provides in this motion only an estimate of fees CMU seeks as opposed to a detailed fee petition. CMU’s present estimate of the attorneys’ fees that it is seeking is approximately \$ 17.2 million (representing the value of the time spent by fourteen timekeepers—twelve lawyers and two legal assistants—at the billing rates in effect at the

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<sup>1</sup> *Sensonics, Inc. v. Aerosonic Corp.*, 81 F.3d 1566, 1574 (Fed. Cir. 1996) (“Litigation misconduct and unprofessional behavior are relevant to the award of attorney fees, and may suffice to make a case exceptional under § 285.”).

<sup>2</sup> *See, e.g., Comark Comm., Inc. v. Harris Corp.*, 1997 WL 431000 (E.D. Pa. July 17, 1997) (litigation misconduct, in addition to willful infringement, justified an award of fees and noting even in the case of willful infringement, the “court should also consider factors such as ‘the closeness of the case, the tactics of counsel [and] the conduct of the parties’”) (quoting *S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc.*, 781 F.2d 198, 201 (Fed. Cir. 1986)); *Joyal Prods., Inc. v. Johnson Electric N. Am., Inc.*, 2009 WL 512156 (D.N.J. Feb. 27, 2009) (awarding attorneys fees under § 285 because of the defendant’s “willful infringement and its conduct in this litigation”).

<sup>3</sup> *See Webb v. County Bd. of Educ.*, 471 U.S. 234, 259 (1985).

time they performed the work).<sup>4</sup> See generally McElhinny Decl. ¶¶ 4, 8.<sup>5</sup> CMU also is seeking to recover approximately \$1.1 million in fees—separately tracked throughout this litigation—attributable to the value of the time spent searching for, producing, and analyzing the millions of pages of ESI produced by both parties in this case. *Id.* at ¶ 6. Although it would be entitled to do so, CMU is not seeking to recover for the time spent by all of the timekeepers who recorded time for work on this matter (the fourteen timekeepers accounted for approximately 91 % of the time K&L Gates timekeepers recorded on this matter), nor does CMU intend to seek to recover the value of the time at K&L Gates’ current rates. *Id.* at ¶¶ 5, 8; see also *Lanni v. New Jersey*, 259 F.3d 146, 149-50 (3d Cir. 2001) (current markets rates, rather than rates at the time services are performed, should be used).

After determining that this case is exceptional and that CMU is entitled to an award of reasonable attorneys’ fees, CMU respectfully requests that the Court establish the specific amount of fees to award to CMU using the procedure established in *Univ. of Pittsburgh v. Varian Medical Sys., Inc.*, including a mutual exchange of non-privileged information relating to the time spent by the attorneys on both sides of the case and their respective billing rates.<sup>6</sup> Those procedures are designed to limit the litigation over the reasonableness of the amounts claimed and, at least in that case, resulted in an agreement between the parties as to the appropriate amount.<sup>7</sup>

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<sup>4</sup> This estimate is based on the lodestar method, which as directed by the Federal Circuit and Supreme Court, is the preferred method for determining “reasonable” attorneys’ fees. See *Bywaters v. United States*, 670 F.3d 1221, 1228-29, 1230-31 (Fed. Cir. 2012).

<sup>5</sup> “McElhinny Decl.” refers to the Declaration of Patrick J. McElhinny in Support of Carnegie Mellon University’s Motion for Attorneys’ Fees Pursuant to 35 U.S.C. § 285.

<sup>6</sup> See Order Re: Enhanced Damages Pursuant to 35 U.S.C. § 284, Attorneys Fees Pursuant to 35 U.S.C. § 285, Prejudgment Interest Pursuant to 35 U.S.C. § 284, and Ongoing Royalty, *Univ. of Pitt. v. Varian Medical Sys.*, No. 2:08-cv-01307 (W.D. Pa. April 26, 2012) [Dkt. 870]; Order of Court Re: Procedure for Attorney Fee/Expenses Determination, *Univ. of Pitt. v. Varian Medical Sys.*, No. 2:08-cv-01307 (W.D. Pa. May 7, 2012) [Dkt. 879].

<sup>7</sup> See Joint Stipulation Regarding Attorneys’ Fees and Expenses, *Univ. of Pitt. v. Varian Medical Sys.*, No. 2:08-cv-01307 (W.D. Pa. July 27, 2012) [Dkt. 913].

## II. FACTUAL BACKGROUND

### A. The Jury Found that Marvell Willfully Infringed the CMU Patents

The jury answered each of the “Questions as to Willfulness” in favor of a factual finding of willfulness against Marvell. Dkt. 762 at Questions 19-24. In particular, the jury found that Marvell acted with actual knowledge of the CMU patents, had no objectively reasonable defense to infringement, and knew or should have known that its actions would infringe. *See id.* The jury’s findings and the evidence at trial conclusively establish that Marvell’s conduct was objectively and subjectively willful. *See generally* Plaintiff Carnegie Mellon University’s Memorandum in Support of its Motion for a Finding of Willful Infringement and Enhanced Damages (“Willful/Enhanced Damages Memo.”) at 15-18.

### B. The Read Factors Justify Award of Attorneys’ Fees

When deciding whether a case is exceptional and whether to award fees, courts typically consider the same nine *Read* factors that are relevant to awards of enhanced damages.<sup>8</sup> In its Willful/Enhanced Damages Memo, CMU demonstrates that the *Read* factors weigh heavily in favor of enhanced damages. Willful/Enhanced Damages Memo at 18-23. CMU respectfully incorporates by reference here that discussion of the *Read* factors.

### C. Marvell Engaged in Serious Misconduct During this Litigation

Marvell’s pervasive misconduct during this litigation took many forms. For example, Marvell’s non-infringement positions required its trial witnesses to attempt to disavow Marvell’s own internal technical documents and their prior testimony. Marvell’s invalidity defenses likewise required Marvell’s invalidity expert to disregard his prior sworn statements. Marvell’s damages position was based upon limited analysis from an expert who would have gone “off the reservation” had the Court not intervened (12/11/12 Tr. at 213:2-4), and who relied in part on Marvell’s purported role as the first company to offer a System on a Chip (“SoC”) for hard disk drives—which proved to be untrue. Finally, Marvell’s pre-

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<sup>8</sup> *See, e.g., nCube Corp. v. SeaChange Int’l, Inc.*, 313 F. Supp. 2d 361, 391-92 (D. Del. 2004), *aff’d*, 436 F.3d 1317, 1325 (Fed. Cir. 2006). The *Read* factors are set forth in *Read Corp. v. Portect, Inc.*, 970 F.2d 816 (Fed. Cir. 1992).

trial conduct caused serious delay and drove up litigation costs.

**1. Marvell’s Non-Infringement and Invalidity Defenses Rested Almost Entirely on Positions Directly Contrary to Marvell’s Own Documents and Sworn Testimony**

Marvell’s non-infringement and invalidity arguments were based, almost entirely, on an attack to the accuracy of *its own* documents and *disavowal* of its own witnesses’ pre-trial testimony. Such disavowal—which evaporated under cross-examination and which the jury decisively rejected—unnecessarily escalated the costs and time CMU spent to overcome Marvell’s meritless defenses.

For example, even though Marvell’s own technical documents and the sworn pre-trial statements by its witnesses directly contradicted its positions at trial, Marvell argued that its MNP-type chips and simulators did not infringe because the accused circuitry is: (1) a post-processor rather than a detector;<sup>9</sup> and (2) does not compute path metrics or branch metrics or contain a trellis.<sup>10</sup> *See* Willfulness/Enhanced Damages Memo at 7-9 (discussing P-295, P-472, P-770, and Marvell’s ‘585 patent (DX-266) which refute Marvell’s assertions that the MNP is a post-processor that cannot be a “detector” and that the MNP does not calculate branch metrics or path metrics). The testimony of Marvell’s non-infringement expert Dr. Richard Blahut is a particularly egregious example of Marvell’s assertion of unsupportable defenses. Dr. Blahut, who unequivocally rejected Dr. McLaughlin’s infringement analysis,<sup>11</sup> did so only by testifying in a manner that squarely contradicted the opinion set forth in his

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<sup>9</sup> Tr. 12/13/12 at 241-42 (Dr. Blahut testifying that the MNP is a post-processor that is not a detector, and suggesting that the only detector in the MNP type chips is the linear Viterbi detector.).

<sup>10</sup> For example, Mr. Burd testified the MNP does not compute branch metric values, 12/17/12 Tr. at 141:23-25, and Dr. Blahut testified: “I believe Professor McLaughlin failed to actually study the details of this circuit to see what it does, because it does not compute anything like a branch metric.” 12/13/12 Tr. at 250:1-5. Similarly, Dr. Wu testified that the MNP does not use branch metrics or path metrics, and Dr. Blahut testified that “the statement that we computed a path metric is not true.” 12/12/12 Tr. at 53:4-9 (Dr. Wu); Tr. 12/13/12 at 254:18-23 (Dr. Blahut testifying that the MNP “does not compute a path metric.”). Dr. Blahut also testified: “In the [MNP] post processor, there is no trellis. There are no branches. There are no branch metric functions.” 12/13/12 Tr. at 244:7-9. Similarly, both Dr. Wu and Mr. Burd testified that there is no trellis in the MNP. *See* 12/11/12 Tr. at 301:15 (Wu) and 12/17/12 Tr. at 140:22-141:2 (Burd).

<sup>11</sup> I “absolutely totally disagree with a[ll] of it.” Tr. 12/13/12 at 269.

own expert report and in his prior deposition. *See* Willfulness/Enhanced Damages Memo at 8-9.<sup>12</sup>

Marvell’s non-infringement defense regarding the NLD chips (its so-called “pre-processor” argument) likewise depended upon renouncing Marvell’s own documents and prior testimony. *See* Willfulness/Enhanced Damages Memo at 9-10 (discussing Marvell’s disavowal of its documents including P-366, P-823, P-596).<sup>13</sup> Similarly, Marvell contradicted its own internal documents and sworn testimony that the Accused Simulators operated on actual wave forms obtained from real hard disk drives. Willfulness/Enhanced Damages Memo at 10.

Marvell’s invalidity defenses fared no better. Marvell dropped before or during trial all of its invalidity arguments save two (anticipation and obviousness) that were based upon *a single reference* (the Worstell patent), despite having pretended that it was relying upon multiple defenses and references through all pre-trial proceedings. The remaining Worstell-based defenses disintegrated during the testimony of Dr. Proakis, who, among other flaws and admissions, contradicted his prior, sworn declaration. *See id.* at 10-12 (discussing how Dr. Proakis’ testimony contradicted his prior sworn declaration). Even if Dr. Proakis had not completely undercut Marvell’s only remaining invalidity defenses, he failed to consider the secondary indicia of non-obviousness, which are a fundamental part of the obviousness inquiry and were compelling in this case. *Id.* at 12.

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<sup>12</sup> Dr. Blahut also tried to overcome exhibit P-770—Marvell’s internal technical document authored by Dr. Song and stating that the MNP calculates both branch metric values and path metric values—by claiming that it “does not come from a Marvell design document . . . it’s not representative of any design. It’s from a tutorial. . . .” 12/13/12 Tr. at 250:19 -251:16. The jury properly rejected his effort to rewrite Marvell’s internal documents to suit Marvell’s unfounded non-infringement arguments.

<sup>13</sup> Notably, the term “pre-processor”—on which Marvell built its entire defense related to the NLD—does not appear in exhibits P-596 or P-823. *See generally* Tr. 12/12/12 at 890 (testimony of Dr. Wu that the word “pre-processor” does not appear in the specifications Dr. Song wrote for the NLD but arguing that the NLD is a pre-processor).

**2. Drs. Sutardja and Wu and Mr. Hoffman Gave False Testimony About SOC Integration**

To support an on-the-fly damages argument that attributed Marvell's success to something other than its infringing conduct, Drs. Sutardja and Wu falsely claimed Marvell was the first company to integrate different functionalities into an SOC for a HDD. Dr. Sutardja testified: “[W]e [Marvell] *were the first one to build the SOC in the world.*” Tr. 12/11/12 at 167:7-20; *see also id.* at 51:19-22; 52:10-22, 98:6-9. Dr. Wu similarly testified that Marvell was the first company to build an SOC in 2000. *Id.* at 226:12-17. But, Marvell was not the first company in the world to introduce an SOC for the HDD market. In fact, as Mr. Brennan testified and Ms. Lawton confirmed, Cirrus Logic was the first company to introduce an SOC. Tr. 12/18/12 at 110:22-111:23, 119:16-120:4 (Mr. Brennan testified, and Cirrus Logic's 10-Ks confirmed, that Cirrus Logic was the first company to develop an SOC in 1998);<sup>14</sup> *see also id.* at 106:16-107:2 and 112:20-113:1, 115:3-115:9 (Marvell's first shipments of SOCs were in September 2000, but its first three attempts did not make it into volume production); 12/7/12 Tr. at 121:1-125:7; P-DEMO 13 at Charts 22, 23.

To embellish this damages argument, Mr. Hoffman falsely testified that Ms. Lawton did not take SOC integration into account in her report, when in fact she discussed SOC integration extensively therein.<sup>15</sup> *Compare* 12/12/12 Tr. at 244:20-245:11 *with* 12/18/12 Tr. at 99:21-100:6; *see also* Ex. 2 at 108 - 133.

**3. Dr. Sutardja Provided Other Incredible Testimony In Support of Marvell's Defenses**

Instead of squarely addressing CMU's “must have” evidence, Dr. Sutardja attempted to explain it away by redefining the word “must.” He testified that Marvell uses the word

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<sup>14</sup> *See also* Ex. 1 (Deposition Testimony of W. Brennan at 192:23-193:2) (“Ex.” herein refers to the exhibits attached to the Declaration of Mark G. Knedeisen in Support of Plaintiff Carnegie Mellon University's Motion for Attorney's Fees Pursuant to 35 U.S.C. § 285 filed contemporaneously herewith.”); *see also* Ex. 2 at 109 (“Cirrus Logic first launched a HDD SOC in June 1998”); Ex. 3 at 3 (“In fiscal 1999, the Company [Cirrus Logic] introduced the industry's first integration of a hard disk controller, a read channel and a microprocessor (“3CI”), offering extremely high integration. . . .”); *see also* Ex. 17 (Cirrus Logic Press Release, June 29, 1998).

<sup>15</sup> Notably, Mr. Hoffman had previously testified that he had not discussed SOC integration in his own damages report because “I don't think it's relevant.” 12/12/12 Tr. at 141-142.

“must” for everything, and it does not denote any urgency or priority. In particular, has testified: “[W]e use the word must on everything we do, everything we want to build, anything” and “many things we say is must is not a must.” Tr. 12/11/12 at 152:10-153:17.<sup>16</sup> Of course, Marvell pointed the jury to no documents that described other technology as “must have.”

**4. Marvell’s Tactics Delayed the Resolution of the Litigation and Drove Up CMU’s Costs**

Marvell’s tactics of delaying discovery, relitigating issues previously decided, and filing meritless pleadings unnecessarily prolonged the case and unnecessarily increased costs.

a. Marvell’s Discovery Tactics

Marvell’s conduct during discovery delayed production of documents and necessitated motions practice. For example, CMU requested source code relating to Marvell’s simulations and accused products July 2009. *See* Ex 4 at Request Nos. 5, 6, and 8 (July 7, 2009 RFPS). Four months after CMU’s request for source code, Marvell called that request “misguided,” claiming that the accused devices did not contain executable software to carry out the infringing activities. *See* Ex 5 (McElhinny email 11/13/09). After Marvell tried to throw CMU off the track, CMU identified proof of the existence of such source code in a single document that Marvell did produce. Ex 6 (Greenswag letter 2/19/10); *see also* Ex 7 (Dulay 09/29/09 email regarding arrangements for storage of Marvell source code at Iron Mountain). Nine months after CMU’s initial document requests, and only after being confronted with proof that source code existed, did Marvell finally produce it, claiming for the first time that Marvell always intended to produce all the KavcicPP files. *See* Ex. 8 (Lahav letter 2/26/10).

Marvell took the identical approach to its opposition to the production of documents

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<sup>16</sup> In an attempt to minimize the importance of CMU’s invention, Marvell also presented a misleading summary chart of SNR gains which did not account for the time of the improvement. 12/11/12 Tr. at 101:3-102:1; D-Demo 1 at 83 (the “Development of Marvell’s Technology to Improve Read Channel Performance” chart is also referred to as “slide 77” in 12/11/12 transcript).



demonstrating its customers' use the accused technology and Marvell's knowledge of that use. Marvell forced CMU to compel discovery of documents requested seventeen months earlier. *See* Dkt. 209, 211; *see also* Ex 4 at Request Nos. 2, 4, 9, 12, 13, 35. In opposition to CMU's motion to compel, Marvell, relying on a declaration from Mr. Rajan Pai, denied possession of or access to any of its customers' firmware or programmable register settings associated with Marvell's chips and stated Marvell did not have the ability to determine how its chips were programmed, operated, or used by its HDD customers. Dkt. 214, Ex. A (Pai Decl. 12/17/10, ¶¶ 8-12, 15, 19). 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. *See, e.g.*, Ex. 14 at 78-89, 183-184 (T. Tran Deposition); Ex. 15 at 151-157, 220-227 (P. Patel Deposition); Ex. 16 at 224-242, 313-318 (V. Khanzode Deposition); *see also* Dkt. 211 at 2-3, 9-10.

b. Marvell Wasted CMU's and the Court's Resources Throughout This Case

Marvell's scorched earth litigation tactics also included multiple, improper efforts to relitigate issues already decided by the Court and other conduct that drove up costs for CMU and wasted the Court's time and resources. For example, after its initial motion for summary judgment of invalidity failed, Marvell filed a second summary judgment motion on validity under 35 U.S.C. §112. Marvell's motion delayed initial expert reports by nearly three months, *see* Dkt. 311, 315, even though CMU argued at the time that Marvell's second summary judgment motion was merely a tactic seeking to delay expert discovery rather than a good faith effort to save judicial and private resources as Marvell had asserted. *See* Ex. 9 at 1-3 (McElhinny email 10/4/2011; Radulescu email 10/3/2011).

CMU's prediction proved to be correct. Marvell's second summary judgment motion rested entirely on a contrived argument related to the term "function" that directly contradicted the position Marvell had taken in its first summary judgment motion. *See* Dkt. 337 at 13 (referring to Marvell's example of the "associate bonus function," where the Court

noted that CMU's position concerning functions and "parameters" in response to Marvell's second motion for summary judgment was "identical to that which Marvell took in its previous motion for summary judgment"). Indeed, the Court also recognized that Marvell's second summary judgment motion included an untimely motion to reconsider denial of its first summary judgment motion. *Id.* at 17-19.

But two motions were not enough for Marvell. After the Court denied Marvell's second motion for summary judgment, Marvell filed its "*Pro Forma*" motion, rehashing the same meritless arguments. Dkt. 339. In denying Marvell's third motion, the Court noted that it found Marvell's arguments on reconsideration unpersuasive, "disingenuous," and "without merit." Dkt. 423 at 8-10; *see also id.* at 3 n.2 (admonishing Marvell that pursuant to Fed. R. Civ. P. 1—encouraging "just, speedy, and inexpensive determination"—seeking to supplement its briefing on the second summary judgment motion would have been "much more efficient than a new round of motions and brief.>").

Marvell's inequitable conduct defense is another example of a litigation tactic that was based upon something other than merit. Marvell specifically requested leave to amend its Answer and Counterclaims to level serious accusations of inequitable conduct by Drs. Kavcic and Moura. Dkt 114, 116. Effectively, Marvell accused the inventors of fraud for failing to disclose *ten* allegedly material references to the PTO during prosecution of the CMU patents. Dkt. 116 at ¶¶ 31-44, 73-85. CMU then spent considerable time and resources defending against Marvell's claims. *See* Dkt. 408 at 2-3. Yet, when CMU filed its motion for summary judgment on this spurious claim, Dkt. 347, 348, Marvell could not even muster an argument to support its serious accusations as to a single one of the ten references upon which its accusations were based. *See* Dkt. 387. Instead, Marvell sought to simply "withdraw" its accusations as if Marvell had never impugned the integrity of the inventors in the first place. *Id.*; Dkt 388.<sup>17</sup> The Court properly granted summary judgment and dismissed Marvell's inequitable conduct defense and counterclaim with prejudice. Dkt. 420.

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<sup>17</sup> As CMU pointed out at the time: "After having put CMU and the inventors through over two years of effort

Marvell's troubling conduct with respect to its inequitable conduct accusation did not end there. Despite citing ten references in its original allegations, Marvell *never* alleged in any pleading in this case that CMU engaged in inequitable conduct regarding the Worstell patent or regarding any communications with Mr. Worstell. Nor did Dr. Proakis ever reference any documents having to do with Mr. Worstell's work in the section of his expert report devoted to CMU's alleged inequitable conduct. Dkt. 471 at pp. 88-93. Yet, Marvell continued its campaign to impugn the integrity of CMU and the inventors in its post-verdict "FAQ" on its website, where Marvell states: "CMU never informed the U.S. Patent Office about [the email] communication from Seagate or about the work at Seagate." Ex. 10. The clear implication in Marvell's FAQ is that CMU knew about and wrongfully withheld information about the Worstell patent and his work from the PTO during prosecution of the CMU patents, even though Marvell has never made such an allegation in a pleading, it withdrew all inequitable conduct defenses, and the Court granted summary judgment to CMU on this defense. Dkt. 420.

Marvell's litigation tactics escalated as trial approached. On the eve of trial, Marvell filed a so-called "Emergency" Motion to Strike portions of CMU's damages evidence related to "extraterritorial" sales. In rejecting that motion, the Court noted:

I find it ironic that on the eve of trial we have this emergency motion, given the fact that this motion in the Court's estimation is akin to a motion for reconsideration. And I think everyone who is present here today will recall that the Court ruled on summary judgment motions on August 24, 2012. My policies, practices and procedures require motions for reconsideration within seven days. Those seven days have long come and gone.

11/26/12 Tr. at 2:19-3:1; *see also* Dkt 672 at 2-3. The Court referenced the previous "extensive briefing and argument on the issue" and noted that the expert reports supporting for CMU's damages case had been available for a year: "Despite same, two days before the start of trial, Marvell's trial team attempted to block CMU's use of Marvell sales information

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and expense responding to a groundless claim that they deceived the PTO, Marvell must not be allowed to say, in effect, 'just kidding.'" Dkt. 408 at 7.

provided during the lengthy discovery in this case. Hence this ‘emergency’ arose.” *Id.* at 2, 4-5.

During trial, Marvell took every opportunity for wasteful argument and baseless requests. To cite but one example, Marvell frequently 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. *See, e.g.*, 12/7/12 Tr. at 238:1-239:24 (arguing that CMU’s counsel’s method of withdrawing a question regarding Marvell’s taxes was “completely improper,” “objectionable,” “particularly prejudicial”); 12/10/12 Tr. at 2:17-3:4, 4:5-14:18; *id.* at 50:4-54:2 (withdrawing the request for an instruction because the Court’s proposed instruction “tips the balance to highlighting the issue. And we would request that the Court not give this limiting instruction, or any instruction like this.”).

Similarly, after declining the Court’s invitation to present a surrebuttal case and instead resting its case, Marvell argued vociferously that the jury be brought back for surrebuttal testimony from Dr. Sutardja because Marvell claimed to have been severely prejudiced after Ms. Lawton had called its “CEO, essentially, a liar.” 12/18/12 Tr. at 122-123, 131:22-146:3. Yet after fourteen transcript pages of argument and a recess, Marvell then abruptly withdrew its request. *Id.* at 152:4-154:3. Marvell’s sudden about-face on this issue was not surprising because CMU would have been able to cross-examine Dr. Surtardja further regarding some of the inaccuracies in his prior testimony.<sup>18</sup>

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<sup>18</sup> For example, Dr. Sutardja’s testimony that he was separated from three of his brothers because his “parents could not afford to take care of all the five kids,” 12/11/12 Tr. at 37:25-38:3, is inconsistent with prior public information about the Sutardja family cited in Ms. Lawton’s report. *See* Ex. 11 (A Forbes interview with Dr. Surtardja states: “The Sutardjas are of Chinese ancestry and grew up in Jakarta, part of a *wealthy* family that owned a Mercedes parts business. When Sehat was 12, he taught himself analog signal processing by taking apart his family’s Philips six-transistor radio and rebuilding it one component at a time. Pantas almost electrocuted himself taking apart an air conditioner. The two separated when Pantas was sent to a Chinese *boarding school* in Singapore.”) (cited at p 41, n. 232, 233 of Ex. 2). Confirmation of the version of Dr. Sutardja’s background set out in the Forbes article cited in Ms. Lawton’s report is found in Ex. 12 at 6 (Dr. Sutardja’s father owned a Mercedes Benz distributor, Pantas was sent to boarding school in Singapore, and “Sehat grew so skilled at circuitry that he built an electronic ignition system for one of his father’s Mercedeses.”) and Ex. 13 at 1 (“Sehat Sutardja was born around 1961 in Jakarta, Indonesia to wealthy ethnic Chinese parents who owned a Mercedes-Benz parts business. By age 12 Sehat taught himself analog signal

### III. ARGUMENT

#### A. The Court Should Conclude that This is an “Exceptional Case” and Award CMU Reasonable Attorneys’ Fees Pursuant to 35 U.S.C. § 285

Section 285 authorizes the Court “in exceptional cases” to award “reasonable attorney fees to the prevailing party.” 35 U.S.C. § 285. This case qualifies as “exceptional” for two independent reasons: (1) Marvell’s willful infringement, standing alone, “is, without doubt, sufficient to” justify award of increased damages and attorneys’ fees;<sup>19</sup> and (2) Marvell’s litigation conduct justifies awarding reasonable attorneys’ fees.<sup>20</sup>

##### 1. **Marvell’s Willful Infringement Makes This an “Exceptional Case” and Justifies Award of Reasonable Fees**

Willful infringement justifies—and typically results in—an award to the patentee of reasonable attorneys’ fees because “willful infringement on the part of an infringer *led* to the bringing of the lawsuit.” *Beckman*, 892 F.2d at 1553 (emphasis in original). Indeed, the Federal Circuit consistently has affirmed the holding in *Beckman* and rejected the argument that “more egregious conduct than willful infringement is necessary to hold a case exceptional” and award fees on that basis. *Golight*, 355 F.3d at 1340; *see also Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1461 (Fed. Cir. 1998) (en banc) (“Our cases uniformly indicate that the willfulness of the infringement by the accused infringer may be a sufficient basis in a particular case for finding the case ‘exceptional’ for purposes of awarding attorney

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processing by taking apart his family’s Phillips six-transistor radio and rebuilding it one component at a time.”).

<sup>19</sup> *Whitserve v. Computer Packages, Inc.*, 694 F.3d 10, 37 (Fed. Cir. 2012); *see also Golight, Inc. v. Wal-Mart Stores, Inc.*, 355 F.3d 1327, 1339-40 (Fed. Cir. 2004) (affirming holding that “due to the willful nature of Wal-Mart’s conduct this is an exceptional case” and “Golight was therefore entitled under 35 U.S.C. § 285 to its attorney fees”); *Gillette Co. v. S.C. Johnson & Son, Inc.*, 1990 WL 36143, at \*6 (D. Mass. Mar. 28, 1990) (“[T]he finding of ‘willfulness’ is a ‘sufficient basis for finding a case ‘exceptional.’”) (quoting *Ryco, Inc. v. Ag-Bag Corp.*, 857 F.2d 1418, 1429 (Fed. Cir. 1988)), *aff’d*, 91 F.2d 720; *nCube Corp. v. SeaChange Int’l, Inc.*, 313 F. Supp. 2d 361, 391 (D. Del. 2004) (verdict of willful infringement justifies award of attorneys’ fees) (citing *Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1580 (Fed. Cir. 1996) and *S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc.*, 781 F.2d 198, 200 (Fed. Cir. 1986)), *aff’d*, 436 F.3d 1317, 1325. *See generally Aero Prods. Int’l, Inc. v. Intex Recreation Corp.*, 2004 WL 1696749, at \*5 (N.D. Ill. July 15, 2004), *aff’d in relevant part* by 466 F.3d 1000 (Fed. Cir. 2007).

<sup>20</sup> *Beckman Instruments, Inc. v. LKB Produkter AB*, 892 F.2d 1547, 1551-52 (Fed. Cir. 1989) (a pattern of litigation misconduct justifies an award of attorneys’ fees); *Sensonics, Inc. v. Aerosonic Corp.*, 81 F.3d 1566, 1574 (Fed. Cir. 1996) (“Litigation misconduct and unprofessional behavior are relevant to the award of attorney fees, and may suffice to make a case exceptional under § 285.”).

fees to the prevailing patent owner.”).

The expectation that willful infringement results in an award of attorney’s fees is so strong that district courts must explain any decision not to award such fees. *See Whitserve*, 694 F.3d at 37-38; *Spectralytics, Inc. v. Cordis Corp.*, 649 F.3d 1336, 1349 (Fed. Cir. 2011). If the trial court does not provide sufficient reason for declining to award fees, or if the reasons are not consistent with the jury’s willful infringement verdict, the Federal Circuit will vacate the order and remand the case. *See Jurgens v. CBK, Ltd.*, 80 F.3d 1566, 1571-73 (Fed. Cir. 1996) (vacating determination not to award attorneys’ fees under section 285 because it was based on “conduct or actions that the jury has expressly rejected as a factual matter” in finding willful infringement); *Whitserve*, 694 F.3d at 38 (holding that “the trial court abused its discretion by failing to explain why attorneys’ fees were unwarranted” and remanding for “a proper determination”).

Independent of a finding of willfulness, when deciding whether a case is exceptional and whether to award fees, courts also typically consider the same nine *Read* factors that govern whether to award enhanced damages. *See, e.g., nCube Corp. v. SeaChange Int’l, Inc.*, 313 F. Supp. 2d 361, 391-92 (D. Del. 2004), *aff’d*, 436 F.3d 1317, 1325 (Fed. Cir. 2006); *Air Vent, Inc. v. Vent Right Corp.*, 2011 WL 1237923, at \*4-\*6 (W.D. Pa. Apr. 4, 2011); *Aero Prods. Int’l, Inc.*, 2004 WL 1696749, at \*5 (relying on *Read* factors in awarding enhanced damages and attorneys’ fees).<sup>21</sup> As CMU established in its Willful/Enhanced Damages Memo. at 18-23, the *Read* factors weigh heavily in favor of enhanced damages and therefore justify an award of attorneys’ fees. Moreover, although litigation misconduct of the type described herein can justify an award of attorneys’ fees, it is not a prerequisite to such an award.<sup>22</sup> Courts award fees regardless of litigation conduct because “basic fairness”

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<sup>21</sup> The Federal Circuit has explained that “the situations in which § 284 and § 285 may be invoked are not identical,” *Spectralytics*, 649 F.3d at 1349, but in cases involving willful infringement, courts may base their determination whether to award attorneys’ fees on the *Read* factors. *nCube*, 436 F.3d at 1325. *See generally* Chisum on Patents § 20.03[4][c][ii] (2007) (“Combined awards of increased damages and attorney fees are common.”).

<sup>22</sup> Courts have awarded attorneys’ fees even if the case was litigated in a “praiseworthy manner.” *Gillette Co. v.*

requires a fee award when the accused infringer “did not act ‘reasonably’ and ‘prudently’ before initiating possibly infringing action.” *Id.* Here, as in *Gillette*, Marvell failed to act reasonably and prudently. *See Willful/Enhanced Damages Memo* at 1-13 (recounting evidence that Marvell knew of CMU’s patents but ignored its own policies and failed to perform any investigation of possible infringement, copied CMU’s inventions, concealed its infringement, lacked objectively reasonable infringement defenses, engaged in extensive litigation misconduct, and has no plans to stop its infringing actions).

## 2. Marvell’s Litigation Misconduct Makes This an “Exceptional Case”

Marvell’s litigation conduct provides a second basis for awarding attorneys’ fees under 35 U.S.C. § 285. *See, e.g., Comark Comm., Inc. v. Harris Corp.*, 1997 WL 431000 (E.D. Pa. July 17, 1997) (litigation misconduct, in addition to willful infringement, justified an award of fees and noting even in the case of willful infringement, the “court should also consider factors such as ‘the closeness of the case, the tactics of counsel [and] the conduct of the parties’”) (quoting *S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc.*, 781 F.2d 198, 201 (Fed. Cir. 1986)); *Joyal Prods., Inc. v. Johnson Electric N. Am., Inc.*, 2009 WL 512156 (D.N.J. Feb. 27, 2009) (awarding attorneys’ fees under § 285 because of the defendant’s “willful infringement and its conduct in this litigation”). Moreover, vexatious litigation conduct is an independent basis for holding that a case is exceptional and justifies an award of attorneys’ fees to the patentee. *See, e.g., Sensonics, Inc. v. Aerosonic Corp.*, 81 F.3d 1566, 1574-75 (Fed. Cir. 1996) (holding that “litigation misconduct and unprofessional behavior are relevant to the award of attorney fees, and may suffice to make a case exceptional under § 285” and remanding for determination whether contradictory testimony and misconduct in document production constituted vexatious behavior sufficient to justify an award of attorneys’ fees).

As recounted in detail above, Marvell has engaged in a lengthy pattern of vexatious

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*S.C. Johnson & Son, Inc.*, 1990 WL 36143, at \*6 (D. Mass. Mar. 28, 1990), *aff’d*, 91 F.2d 720.

conduct at each phase of this case. *See supra*, pp. 4-12. That conduct—especially when coupled with Marvell’s willful infringement—provides an ironclad justification for concluding this is an exceptional case and awarding CMU reasonable attorneys’ fees. But, Marvell’s litigation conduct, standing alone, also justifies an award of all fees associated with the time CMU’s counsel spent responding to such misconduct. *Beckman*, 892 F.2d at 1551-52.

### **3. CMU Is The Prevailing Party**

CMU prevailed on all of the claims presented to the jury. The jury unanimously concluded that Marvell infringed the asserted claims and that such infringement was willful. Dkt. 762. It also unanimously rejected Marvell’s invalidity defenses. *Id.* Moreover, the jury awarded CMU approximately \$1.17 billion, the full measure of damages it sought. *Id.* Accordingly, there can be no doubt that CMU is the prevailing party under 35 U.S.C. § 285, and the Court should award reasonable attorneys’ fees.

### **4. The Court Should Determine the Fee Award to CMU Using the Procedure Recently Used by Judge Schwab**

Pursuant to Federal Rule of Civil Procedure 54(d)(2)(B)(iii), CMU’s estimate of the value of the hours recorded by the core timekeepers working on this case is \$17.2 million, with an additional \$1.1 million in time corresponding to ESI discovery. *See generally* McElhinny Decl. ¶¶ 4-6. By this motion, CMU seeks an order finding that this case is exceptional and awarding CMU reasonable attorneys’ fees. CMU requests that the Court determine the specific amount of the fee award using the procedure established in *Univ. of Pittsburgh v. Varian Medical Sys., Inc.*<sup>23</sup> There, the Court ordered the parties to exchange their non-privileged billing records for the case and to try to reach agreement regarding the fee award.<sup>24</sup> The Court further indicated that it would resolve any dispute regarding the

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<sup>23</sup> *See* Order Re: Enhanced Damages Pursuant to 35 U.S.C. § 284, Attorneys Fees Pursuant to 35 U.S.C. § 285, Prejudgment Interest Pursuant to 35 U.S.C. § 284, and Ongoing Royalty, *Univ. of Pitt. v. Varian Medical Sys.*, No. 2:08-cv-01307 (W.D. Pa. April 26, 2012) [Dkt. 870]; Order of Court Re: Procedure for Attorney Fee/Expenses Determination, *Univ. of Pitt. v. Varian Medical Sys.*, No. 2:08-cv-01307 (W.D. Pa. May 7, 2012) [Dkt. 879].

<sup>24</sup> As in *Univ. of Pitt v. Varian*, CMU and Marvell should exchange these billing records “with information that is



award after receiving a report and recommendation from a Special Master. *Id.*; *see also* Fed. R. Civ. P. 54(d)(2)(C)-(D). CMU submits that employing the same procedure here would ensure that the issue of attorneys' fees does not "lead to further delay and encourage additional motion practice on a case that is [over] four years old and has generated voluminous docket activity." *Pitt v. Varian*, Dkt. 879 at 1.

#### IV. CONCLUSION

CMU respectfully requests that the Court declare this case exceptional and award CMU reasonable attorneys' fees.

Respectfully submitted,

Dated: February 11, 2013

/s/ Patrick J. McElhinny

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privileged or protected by work product doctrine redacted." Order of Court Re: Procedure for Attorney Fee/Expenses Determination, *Univ. of Pitt. v. Varian Medial Sys.*, Dkt. 879, at 1.

**CERTIFICATE OF SERVICE**

I hereby certify that on February 11, 2013 the foregoing was filed electronically. Notice of this filing will be sent to all parties by operation of the Court's electronic filing system. Parties may access this filing through the Court's system.

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