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

| | |
|---|---|
| CARNEGIE MELLON UNIVERSITY,<br><br>Plaintiff,<br>v.<br><br>MARVELL TECHNOLOGY GROUP, LTD., and MARVELL SEMICONDUCTOR, INC.,<br><br>Defendants. | Civil Action No. 2:09-cv-00290-NBF<br><br>Hon. Nora B. Fischer |

**MARVELL'S SUR-REPLY IN OPPOSITION TO CMU'S MOTION FOR ATTORNEYS' FEES PURSUANT TO 35 U.S.C. § 285**

# TABLE OF CONTENTS

**Page**

# TABLE OF AUTHORITIES

**Page**

## Cases

**Statutes**

Defendants Marvell Technology Group, Ltd. and Marvell Semiconductor, Inc. (collectively, "Marvell") respectfully file this sur-reply in opposition to Plaintiff Carnegie Mellon University ("CMU") motion for attorneys' fees (Dkt. 791) pursuant to 35 U.S.C. § 285.

## I. MARVELL'S WILLFULNESS HAS NOT BEEN ESTABLISHED AND WOULD NOT MERIT FEE-SHIFTING IN ANY EVENT

After devoting most of its supporting memorandum to arguing that Marvell engaged in litigation misconduct warranting an award of fees (Dkt. 792 at 3-11, 14-16), CMU now insists in its reply (Dkt. 849, hereinafter "Reply") that the jury's finding of willfulness by itself renders this case an "exceptional" one for awarding fees under Section 285. But willfulness alone (even if it were present, which it is not) does not warrant an award of fees.

*S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc.*, 781 F.2d 198 (Fed. Cir. 1986) ("*S.C. Johnson*"), a decision that CMU relies upon prominently (Reply at 2), well illustrates why any finding of willfulness in this case should *not* translate into an award of fees. In *S.C. Johnson*, the Federal Circuit affirmed a willfulness finding by invoking the *Underwater Devices* standard—since overruled by *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (*en banc*)—yet remanded "for clarification" on the issue of attorneys' fees, which the district court had denied. *S.C. Johnson,* 781 F.2d at 201. The Federal Circuit made clear that "an exceptional case does not require in all circumstances the award of attorney fees . . . . The trial judge is in the best position to weigh considerations such as the closeness of the case, the tactics of counsel, the conduct of the parties, and any other factors that may contribute to a fair allocation of the burdens of litigation as between winner and loser." *Id*. In accordance with that instruction, the district court then on remand "adhere[d] to its determination that this is ***not*** an 'exceptional case,'" because it was "close" and the conduct of the defendant, "although 'willful and deliberate,' was nowhere near as ***reprehensible*** as the conduct of other infringers who were

awarded attorneys' fees . . . ," *S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc.*, 1986 WL 494, at *1-2 (S.D.N.Y. Sept. 10, 1986) (emphases added), noting that both sides had performed admirably in a "complex, technical and difficult" case, *id.* at *2. The same reasoning and result should obtain here. Even assuming *arguendo* that CMU established willfulness by clear and convincing evidence (which it has not done), Marvell still has not engaged in misconduct that would bring this case within the "exceptional" category, much less commend exercise of this Court's discretion in favor of awarding fees.

In a similar vein, CMU cites (Reply at 2) *Modine Manuf. Co. v. Allen Grp., Inc.*, 917 F.2d 538 (Fed. Cir. 1990) ("*Modine*"), for the proposition that there is a "strong link between willfulness and 'exceptional' case status." Yet *Modine*, too, affirmed *denial* of fees (as well as enhanced damages) *notwithstanding* a jury's finding of willful infringement. *Id.* at 543. In *Modine*, the Federal Circuit referred back to its "statement in *S.C. Johnson*" in explaining why it was rejecting, as "completely without foundation," an argument that the district court had abused its discretion by denying fees while finding the case "exceptional" under § 285. *See id. Modine* found the district court's express justification of its denial "both reasonable and specifically expressed." *Id*. Thus, whatever courts' tendency may have been prior to 1986 "to award attorneys fees when willful infringement has been proven" (Reply at 2 (quoting *S.C. Johnson*)), the ensuing decisions in *S.C. Johnson* and *Modine* both point the other way.

Other cases cited by CMU (Reply at 2 n.2 (citing *Transclean Corp. v. Bridgewood Servs., Inc.*, 290 F.3d 1364, 1377-78 (Fed. Cir. 2002)) likewise affirmed denials of fees notwithstanding findings of willfulness.[1] And Marvell's opposition cited eight other cases (Dkt. 835 at 4 & nn. 2,

[1] Although CMU cites *Jurgens v. CBK, Ltd.*, 80 F.3d 1566 (Fed. Cir. 1996), that case merely remanded for reconsideration of the denial of fees, while noting that "a finding of willful infringement does not mandate that damages be increased or that attorneys fees be awarded." *Id.*

3) in addition to *Modine* as reflecting that district courts routinely decline to award fees—with the Federal Circuit's blessing—even upon finding willful infringement. As CMU acknowledges (Reply at 2 n.1), those cases "prove[]" that "district courts have discretion" to deny an application for fees regardless of willfulness.[2]

## II. MARVELL DID NOT ENGAGE IN LITIGATION MISCONDUCT THAT MERITS FEE-SHIFTING

Just as an award of attorneys' fees in this case would not be justified by willfulness here, it is not separately justified by alleged litigation misconduct. CMU quibbles (Reply 2 & n.2) with Marvell's argument (Dkt. 835 at 5) that "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," but Marvell was not arguing that willfulness can *never* be a basis for awarding fees on appropriate facts. Marvell has argued consistently that neither willfulness (if it were established) nor litigation misconduct separately justifies fees on the record here.[3] CMU's reply on supposed litigation misconduct is unpersuasive.

---

at 1573. As for the more recent decision CMU cites, *Golight, Inc. v. Wal-Mart Stores, Inc.*, 355 F.3d 1327 (Fed. Cir. 2004), it simply held that "more egregious conduct than willful infringement" was not "***necessary*** to hold a case exceptional," *id.* at 1340, without suggesting that willful infringement should be expected to translate to a finding of exceptional status.

[2] *S.C. Johnson* and *Modine* do not, by their terms, put a thumb on the scale in favor of exercising discretion to award fees. *S.C. Johnson* simply noted that "a finding of willful infringement and 'exceptional case' go hand in hand," 781 F.2d at 200, without indicating that the latter follows from the former and without specifying how a district court should exercise its discretion whether to award fees in any case found exceptional. And *Modine* added only that district courts should, as a procedural matter, supply some explanation (there, one paragraph sufficed for affirmance) as to why a particular case involving willfulness is not exceptional. *Modine*, 917 F.2d at 543 (Fed. Cir. 1990); *see Modine Mfg. Co. v. Allen Grp., Inc.*, 1989 WL 205782, at *16 (N.D. Cal. Nov. 30, 1989).

[3] CMU does not deny that alleged litigation misconduct has been emphasized by courts analyzing requests for fees under Section 285, just as it has been by CMU seeking fees here. *See Spectralytics, Inc. v. Cordis Corp.*, 649 F.3d 1336, 1349 (Fed. Cir. 2011) (explaining that, after a

### A. CMU Faces A High Hurdle In Invoking Litigation Misconduct As A Separate Basis For Fees

CMU errs in accusing Marvell of having "misstate[d] governing authority" by characterizing Section 285 as "operat[ing] primarily as a sanction" (Reply at 2 (quoting Dkt. 835 at 5-6)). As noted in *Samsung Elecs. Co., Ltd. v. Rambus, Inc.*, 440 F. Supp. 2d 512, 518-19 (E.D. Va. 2006), "[t]he exceptional case requirement bears all the hallmarks of ***a sanction*** for litigation misconduct," and "the case law is replete with examples of the Federal Circuit referring to an award of attorney's fees under 35 U.S.C. § 285 ***as a sanction***," *id.* (emphases added) (citing *Waymark Corp. v. Porta Systems Corp*., 334 F.3d 1358, 1362 (Fed. Cir. 2003); *State Industries, Inc. v. Mor-Flo Industries, Inc.*, 948 F.2d 1573, 1577 n.1 (Fed. Cir. 1991)). As for the "strong showing" of litigation misconduct that Marvell respectfully submits must be made to justify fees (Dkt. 835 at 5), such was the standard applied in *Merck & Co., Inc. v. Mylan Pharm., Inc.*, 79 F. Supp. 2d 552, 556-57 (E.D. Pa. 2000).[4] As for Marvell's observation (Dkt. 835 at 5) that litigation misconduct "must be 'egregious,' 'flagrant,' or 'truly unusual'" to justify fee shifting, recent, illustrative cases so reflect. *See Power Integrations* 762 F. Supp. 2d at 721 ("flagrant"), *Metso Minerals, Inc. v. Powerscreen Int'l. Distrib. Ltd.*, 833 F. Supp. 2d 333, 353-54 (E.D.N.Y. 2011) ("truly unusual"); *Cornell Univ. v. Hewlett-Packard Co.*, 2009 WL 1405208, at *1

---

willfulness finding, "attorney misconduct or other aggravation of the litigation process may weigh heavily with respect to attorney fees"); *S.C. Johnson*, 781 F.2d at 201 (identifying "the tactics of counsel" and "the conduct of the parties" as equitable considerations that may couple with a willfulness finding as basis for awarding fees); *see also Boston Scientific Corp. v. Cordis Corp.*, 838 F. Supp. 2d 259, 278-79 (D. Del. 2012) (citing *Spectralytics* and declining to award fees due to the absence of litigation misconduct); *Power Integrations, Inc. v. Fairchild Semiconductor Int'l., Inc.*, 762 F. Supp. 2d 710, 726 (D. Del. 2011) (similar).

[4] Marvell's opposition (Dkt. 835 at 5) included the "strong showing" quote from *Merck & Co.* in the same sentence with one from *MarcTec, LLC v. Johnson & Johnson,* 664 F.3d 907, 915-16 (Fed. Cir. 2012) (affirming fee award against party that "acted in bad faith in filing a baseless infringement action" and then "engaged in vexatious and unjustified litigation conduct that unnecessarily prolonged the proceedings"), but inadvertently failed to differentiate accordingly in its ensuing citations to the two cases.

(N.D.N.Y. Mar. 15, 2009) (Rader, J., sitting by designation) at *1 (same), *Metso Minerals*, 833 F. Supp. 2d at 341 ("egregious").[5]

**B. CMU's Specific Allegations Of Litigation Misconduct Lack Merit**

CMU is incorrect in purporting to distinguish *Power Integrations*, *Metso Minerals*, and *Layne Christensen Co. v. Bro-Tech Corp.*, 871 F. Supp. 2d 1104 (D. Kan. 2012) as not "involv[ing] the overall pattern of misconduct—*continuing to the present*—that exists here." Dkt. 849 at 5 n.9 (emphasis added). However the pending post-trial disputes may be resolved, Marvell is posing genuine questions in good faith—as reflected, *e.g.*, in the Court's conscientious treatment of them. *See, e.g.*, Dkt. 845 (calling for additional briefing on damages attributable to foreign chips specifically in light of *Power Integrations*). CMU's accusations here have no more force than others that have failed. *See Power Integrations,* 762 F. Supp. 2d at 726 (noting catalogue of "Improper Behaviors," but distinguishing "aggressive litigation" from "vexatious litigation" and finding no "bad faith conduct or frivolous pursuit of claims"); *Metso Minerals*, 833 F. Supp. 2d at 339 (conduct at issue did not rise to the level of "significant, pervasive, continuous, unrelenting and intentional with the clear goal of harassing Metso"); *see also Layne Christensen*, 871 F. Supp. 2d at 1120-23 (finding no exceptional case status despite assertion that 28 acts of purported misconduct extended "throughout the litigation," from discovery, through trial, and through post-trial proceedings).

[5] When referring to "*such* egregious, flagrant, or truly unusual conduct" (Dkt. 835 at 6), Marvell was referring back to these cases, which it had cited in the portion of its opposition immediately preceding. Although CMU complains (Reply 3 n.4) that *Metso Media* used the term "egregious" specifically in denying enhancement, the court made a corresponding observation in denying fees—agreeing that defendant's litigation tactics were "marginally vexatious" but noting that they did not venture "beyond the bounds of civility" or into the "truly unusual." 833 F. Supp 2d at 354.

CMU's reply comes nowhere close to showing the bad faith, intentional ill will, or recklessness, indifference to statutes, rules or court orders required for a finding of vexatious conduct, *see Ward v. Tipton County Sheriff Dept.*, 937 F. Supp. 791, 802 (S.D. Ind. 1996) (citing *Kotsilieris v. Chalmers*, 966 F.2d 1181, 1184 (7th Cir. 1992)): *First*, CMU distorts (Reply at 1) Marvell's good-faith post-trial motions as involving a "meritless motion to seal" and "wild goose chase" for documents. *Second*, CMU similarly distorts (Reply at 3-4, 6) the testimony of Marvell's witnesses about Marvell's role in developing SoC.[6] *Third*, in response to Marvell's argument that Ms. Lawton failed to account for SoC integration in her "excess profits" or "profit premium" analyses, CMU alleges (Reply at 4 n.7) that integration was "specifically" included within the 50% gross margin Ms. Lawton "credited to Marvell," but the relevant exchanges during Ms. Lawton's testimony made no mention of the SoC or its integration.[7] Nor did Ms. Lawton's report refer to SoC integration when discussing her "excess profits" or "profit premium" analysis (Dkt. 367-2 at 472-75 (on excess profits); *id*. at 475-86 (on profit premium)).

---

[6] CMU mischaracterizes Dr. Sutardja's testimony. Dr. Sutardja testified to how Marvell claims the benefit of Moore's Law in "build[ing] the high disk drive controller and actually sequence controller, high disk drive controller, microprocessor and so on. We must develop that on first; and right around the year 2000 ***we decided it was time for us to integrate all those function, read channel and everything else around it, into a single chip*** which we call SOC." 12/11/12 Trial Tr. (Sutardja) at 51:10-22 (emphasis added). Then, before any reaching the question of SoC integrations, Dr. Sutardja grounded his testimony in internally manufactured components, explaining how "we develop all the technology that will be needed to create this SOC . . . [w]e also built more advanced servo technology into it." *Id*. at 51:23-52:4. Only after that foundation was laid did Dr. Sutardja answer the question "Who was the first company that integrated ***these*** functionalities into an SOC or system on a chip?," *id*. at 52:10-11, by attesting that Marvell was "the first company in the business that were able to ***build*** these chips . . . ***internally***." *Id*. at 12-13. To the extent that CMU was unclear about Dr. Sutardja's testimony, it could of course have tested it on cross-examination. *See Williamson v. United States*, 512 U.S. 594, 598 (1994).

[7] *See* 12/10/12 Trial Tr. (Lawton) at 234:14-22 (referring only to "other features we've heard about in this courtroom *like faster speed or lower power*"); 12/10/12 Trial Tr. (Lawton) at 86:17-22 (saying simply that Ms Lawton gave "credit to Marvell in terms of its overall business").

And Ms. Lawton's purported testimony about SoC integration prior to CMU's rebuttal focused exclusively on Marvell's expectation that the market would transition from stand-alone read channels to SoCs and the market's subsequent transition (*see* 12/7/12 Trial Tr. (Lawton) at 106-08, 114, 122-32; P-935); she made no reference to any impact that Marvell's industry-leading SoC integration had on her royalty calculation.

Finally, although CMU claims that Marvell's defenses are inconsistent and contradictory, and Marvell has separately answered these charges at length (Dkt. 806 at 4-8; 851 at 1-4; 834 at 7-12; Marvell Sur-Reply Br. on Willfulness), CMU continues to take quotes out of context and otherwise fail to offer a full and fair account of the record. *First*, CMU selectively quotes Dr. Sutardja's testimony to make it seem as though he insisted that "must means exactly the opposite" (Reply at 4), but he simply explained that "*many things* we say is must is not a must" (12/11/12 Tr. (Sutardja) at 153:5 (emphasis added)). *Second*, CMU faults Marvell's production of source code and firmware (Reply at 4-5), but Marvell came forward with both. As Marvell has explained (Dkt. 794 Ex. 6 at 1-2), it initially understood that *simulation* source code—which is *no* part of the *accused devices*—was not covered by the local rules because the rules require production of only that source code "sufficient to show the operation of any aspects or elements of each accused apparatus." With respect to firmware, Marvell has limited access to its customers' proprietary Drive Firmware and neither possesses nor has ability to extract the Firmware from customers' hard disk drives. Yet CMU uses two sets of ellipses (Reply at 5) to alter Rajan Pai's sentence as though it offered a more blanket representation that "Marvell 'does not … possess … Drive Firmware.'" *Compare* Dkt. 214, Ex. A at ¶¶8-10. *Third*, CMU criticizes Marvell (Reply at 5-6) for dropping its inequitable conduct claim, but Marvell should not be faulted for duly reevaluating and streamlining its submissions as the case developed and

sparing the Court unnecessary argument. *Fourth*, CMU faults Marvell (Reply at 6) for supposed delay associated with its second request for summary judgment, but the second request covered new ground suggested by the Court (*see* Dkt. 835 at 15; *see also* Dkt 337 at 6). *Fifth*, CMU takes issue (Reply at 6) with Marvell's emergency damages motion, but Marvell has already explained the perceived warrant for its motion (Dkt. 672 at 2-3 & 5; Dkt. 835 at 15), which the Federal Circuit's intervening decision in *Power Integrations*, if anything, further supports. *Last*, CMU calls "baseless" (Reply at 6) Marvell's request for curative instructions to eliminate prejudice, but in the one instance CMU cites pertaining to tax strategy, the Court agreed that CMU was out of line and described its conduct as "highly improper" (12/10/12 Tr. at 9:20-25).

## CONCLUSION

For the foregoing reasons and those previously stated, Marvell respectfully requests that the Court deny CMU's motion for attorneys' fees.

Dated: April 19, 2013

Respectfully submitted,

/s/ John E. Hall

John E. Hall
Timothy P. Ryan
ECKERT SEAMANS CHERIN & MELLOTT, LLC
U.S. Steel Tower
600 Grant Street, 44th Floor
Pittsburgh, PA 15219
Phone: (412) 566-6000
Fax: (412) 566-6099
jhall@eckertseamans.com
tryan@eckertseamans com

/s/ Edward J. DeFranco

Edward J. DeFranco (*pro hac vice*)
Kathleen M. Sullivan (*pro hac vice)*
Faith Gay (*pro hac vice*)
Raymond Nimrod (*pro hac vice*)
Derek L. Shaffer (*pro hac vice*)
QUINN EMANUEL URQUHART & SULLIVAN, LLP
51 Madison Avenue, 22nd Floor
New York, New York 10010
Phone: (212) 849-7000
Fax: (212) 849-7100
eddefranco@quinnemanuel.com

Steven G. Madison (*pro hac vice*)
QUINN EMANUEL URQUHART & SULLIVAN, LLP
865 S. Figueroa St., 10th Floor
Los Angeles, California 90017
Phone: (213) 443-3000
Fax: (213) 443-3100
stevemadison@quinnemanuel.com

Kevin P.B. Johnson (*pro hac vice*)
Melissa Baily (*pro hac vice*)
QUINN EMANUEL URQUHART & SULLIVAN, LLP
555 Twin Dolphin Drive., 5th Floor
Redwood Shores, California 94065
Phone: (650) 801-5000
Fax: (650) 801-5100
kevinjohnson@quinnemanuel.com

*Attorneys for Defendants, Marvell Technology Group, Ltd. and Marvell Semiconductor, Inc.*

**CERTIFICATE OF SERVICE**

I hereby certify that on April 19, 2013, the foregoing was filed electronically on ECF. I also hereby certify that on April 19, 2013, this filing will also be served on counsel for CMU by electronic mail.

/s/ John E. Hall

John E. Hall
Timothy P. Ryan
ECKERT SEAMANS CHERIN & MELLOTT, LLC
U.S. Steel Tower
600 Grant Street, 44th Floor
Pittsburgh, PA 15219
Phone: (412) 566-6000
Fax: (412) 566-6099
jhall@eckertseamans.com
tryan@eckertseamans com

David C. Radulescu (*pro hac vice*)
QUINN EMANUEL URQUHART & SULLIVAN, LLP
51 Madison Avenue, 22nd Floor
New York, New York 10010
(212) 849-7000 Telephone
(212) 849-7100 Facsimile
davidradulescu@quinnemanuel.com

*Attorneys for Defendants,*
*Marvell Technology Group, Ltd. and*
*Marvell Semiconductor, Inc.*