

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 17-8411-GW(PJWx)

Date April 25, 2019

Title *International Designs Corporation, LLC, et al. v. Hair Art Int'l, Inc.*

Present: The Honorable GEORGE H. WU, UNITED STATES DISTRICT JUDGE

Javier Gonzalez

Katie E. Thibodeaux

Deputy Clerk

Court Reporter / Recorder

Tape No.

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

Robert C. Kain, Jr.

Douglas H. Morseburg

**PROCEEDINGS: DEFENDANT AND COUNTERCLAIMANT'S MOTION OF HAIR
ART INT'L, INC. FOR AWARD OF ATTORNEYS' FEES AND
NONTAXABLE COSTS [220]**

Court hears oral argument. The Tentative circulated and attached hereto, is adopted as the Court's Final Ruling. The Motion is DENIED.

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Initials of Preparer JG

International Designs Corporation, LLC et al v. Hair Art Int'l, Inc.; Case No. 2:17-cv-08411
Tentative Ruling on Motion for Attorney's Fees

I. INTRODUCTION

On November 17, 2017, International Designs Corporation, LLC (“IDC”) and Hairtalk GmbH (“Hairtalk”) brought this suit against Hair Art International, Inc. (“Hair Art” or “Defendant”) for infringement of U.S. Patent No. 8,434,500 (“the ’500 Patent”). Docket No. 1; *see also* Docket No. 41 (“First Amended Complaint”). After significant motion practice at the pleading stage,¹ Defendant, in turn, ultimately brought counterclaims of non-infringement and invalidity of the ’500 Patent, as well as claims against Günter Alex (the inventor of the ’500 Patent) (collectively with IDC and Hairtalk, “Plaintiffs”). *See* Docket No. 92 (Defendant’s First Amended Counterclaims); *see also* Docket No. 91 (Defendant’s Answer to First Amended Complaint).

On October 4, 2018, the Court held a claim construction hearing and issued an order construing certain disputed claim terms. Docket No. 161. Soon after, new counsel was substituted to appear on behalf of Defendant. *See, e.g.*, Docket No. 163. On January 18, 2019, before the discovery cutoff, Defendant filed a Motion for Summary Judgment of Noninfringement.² Docket No. 184. Defendant’s summary judgment motion was granted in a March 1, 2019 Final Ruling.³ Docket No. 210; *see also* Docket No. 209 (Minutes of Motion Hearing). Final Judgment was entered in the case on March 12, 2019.⁴ Docket No. 212.

Now pending is Defendant’s Motion for Attorney Fees under 35 U.S.C. § 285. Docket No. 220. The Motion has been fully briefed. Docket Nos. 223 (Opposition to Motion), 229 (Reply in

¹ In addition to various *ex parte* applications and peripheral motions (*see, e.g.*, Docket Nos. 34, 37, 75, 84, 85, 87, 106), the Court resolved two motions to dismiss brought by Defendant (Docket No. 26, 40, 46, 64) and three motions to dismiss brought by Plaintiffs (Docket Nos. 72, 87, 107, 135, 156, 162) at the pleading stage.

² Plaintiffs filed a motion to disqualify Defendant’s counsel the same day, which was ultimately denied. *See* Docket Nos. 179, 208. The Court also resolved an *ex parte* application filed by Plaintiffs related to the timing of Defendant’s summary judgment motion. Docket Nos. 191, 196.

³ The Final Ruling observed that Defendant had brought a counterclaim (never challenged by Plaintiffs, despite all their other challenges) that was not necessarily resolved by the noninfringement determination. Docket No. 210 at 12-13. At the hearing on the summary judgment motion, Defendant’s counsel suggested that he did not know whether an underlying legal basis supported the counterclaim, which had been filed before he was counsel in the case. After the Final Ruling issued, Defendant filed a Notice stating that it did not intend to further pursue its remaining counterclaim. Docket No. 211.

⁴ Plaintiffs filed a Notice of Appeal of the Final Judgment on April 10, 2019. Docket No. 227.

support of Motion).

Having considered the totality of the circumstances, the Court would **DENY** Defendant's Motion for Attorney Fees. Docket No. 220.

II. LEGAL STANDARD

Section 285 of the Patent Act provides that “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.” 35 U.S.C. § 285. “[A]n ‘exceptional’ case is simply one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.” *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014). “District courts may determine whether a case is ‘exceptional’ in the case-by-case exercise of their discretion, considering the totality of the circumstances.” *Id.* The preponderance of the evidence standard governs, *id.* at 1758, and all aspects of a district court’s § 285 determination are reviewed under the abuse of discretion standard. *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 134 S. Ct. 1744, 1747 (2014).

III. ANALYSIS

Plaintiffs do not dispute that Defendant is the prevailing party for purposes of the § 285 analysis.⁵ *See generally* Docket No. 223. The parties focus their attention on whether this was an exceptional case. The parties spend the majority of their papers arguing about the substantive strength of Plaintiffs’ litigation positions.⁶ Only in opposition (and responsive arguments in reply) do the parties touch on some issues related to the manner in which this case was litigated. Even then, the parties’ arguments fail to capture an accurate snapshot of the unreasonable manner in which this case was litigated *by both sides*, particularly before Defendant’s current counsel was substituted onto the case. *Romag Fasteners, Inc. v. Fossil, Inc.*, 866 F.3d 1330, 1340 (Fed. Cir. 2017) (totality of the circumstances analysis must also consider “the conduct of the prevailing party that is seeking attorney’s fees.”).

⁵ Indeed, Plaintiffs’ opposition does not reference the prevailing party analysis at all, although discussed in two pages of the Motion. *See* Docket No. 220-1 at 6-7.

⁶ Plaintiffs’ opposition is largely a rehash of substantive arguments it raised, or should have raised, during claim construction and summary judgment proceedings, as well as arguments suggesting that the Court committed some sort of wrongdoing in reaching its determinations. Plaintiffs also make an argument about the sufficiency of the timing and disclosure of Defendant’s “5, 6 [hair] noninfringement theory.” *See, e.g.*, Docket No. 223 at 16. This is an argument that could have been raised in another fashion, and it is further found unpersuasive as presented on the current record.

The parties' numerous arguments regarding the substantive strength of Plaintiffs' litigation position cannot be resolved without considering the manner in which this case was litigated. Each party made a series of choices in litigating this case. The Court has already mentioned the parties' failure to follow norms of professionalism and civility in their conduct with one another. *See, e.g.*, Docket Nos. 85 – (“[t]he Court is concerned by the apparent failure of all counsel in this matter to abide by the letter and spirit of the Local Rules, as well as their failure to abide by norms of attorney professional civility in their interactions with one another”); 106 – (“To the extent counsel for both parties continue to exhibit an unwillingness to litigate this case according to the rules of attorney conduct and professional civility, they should be prepared to discuss their failure to do so at the [next status] conference.”); 162 – (“[t]he parties have already been reminded to follow the Local Rules of this Court and practice professional civility in their interactions with one another.”).

Whether because of these civility shortcomings or others, each party then chose to litigate this case through excessive motion practice, particularly at the pleading stage. Briefs were often difficult to understand, providing wandering accounts of facts or law that were not always particularly helpful to resolution of the parties' disputes. *See, e.g.*, Docket No. 87 at 4-5 (stating “[b]oth parties' arguments regarding Plaintiffs' Motion to Amend Infringement Contentions are also quite garbled” and quoting language from Defendant's opposition brief as a “prime example.”).

The unfocused nature of the parties' briefs remained true for the parties' claim construction papers. *See, e.g.*, Docket No. 161 at 5 (“Defendant has not demonstrated any coherent basis to find Plaintiffs have waived a claim construction position[.]”); *id.* at 10 (“The Court does not see the logic to Plaintiffs' argument and finds that Plaintiffs have failed to submit a coherent basis as to why this claim language would allow for hairs to be glued to one another rather than requiring that each stitched hair be fixed to the carrier structure by a glue bond to the back side of the foil.”); *id.* at 18 (“simply considering the dispute from a common-sense perspective, Defendant's proposed construction would create absurd results contrary to the teachings of the specification.”). The Court resolved the parties' disputes without the aid of contextual information about how the parties' claim construction positions and characterizations of the intrinsic record related to dispositive issues in the case. Indeed, the parties' competing positions and supporting bases in evidence for proposed constructions of critical claim terms like “several hairs” were not fully explained in their claim construction papers. *See* Docket No. 210 at 6-7 (Court's summary

judgment order, discussing the claim construction proceedings in this case).

The context for the parties' claim construction disputes became apparent once Defendant, represented by new counsel, filed its summary judgment motion.⁷ After considering the parties' arguments, the Court discussed and applied its earlier constructions and concluded that Defendant did not literally infringe the '500 Patent. The Court then considered Plaintiffs' submitted evidence and concluded that Plaintiffs had not presented a question of material fact with respect to infringement under a doctrine of equivalents theory. In large part, the Court's determination was based on Plaintiffs' complete failure to submit any expert testimony or other evidence about whether five or six hairs passed through a single stitch in the foil of a hair band could be considered equivalent to meet the claim limitation "wherein the ends of the hairs are individually stitched through the foil" Docket No. 210 at 9-12. The Court noted that if not for this evidentiary failing, its review of Federal Circuit authority supported the conclusion that the question of infringement by the doctrine of equivalents "at least on the current record, would have been a close call." *Id.* at 10.

This case was certainly "exceptional," but it was exceptional in that both parties made litigation choices leading to a significant waste of party and judicial resources. No matter who was ultimately the prevailing party in this case, the totality of the circumstances would not warrant an award of fees. Both parties could – and should – have proffered factual and legal authority that might have better supported their positions. And this case could – and should – have been resolved in a more effective and efficient manner. The Court is not persuaded that the substantive strength of Plaintiffs' litigating position was so weak that its consideration outweighs these concerns about the manner in which both sides have litigated. Defendant is not entitled to fees where a review of the totality of the circumstances shows that it made equal contributions to the wasteful and inefficient record.

IV. CONCLUSION

Having considered the totality of the circumstances, the Court would **DENY** Defendant's Motion for Attorney's Fees. Docket No. 220.

⁷ For this reason and for reasons explained in the Court's summary judgment order (Docket No. 210 at 8-9), Plaintiffs' assertion that the Court presented a "moving target" claim construction analysis is both incorrect and irrelevant.