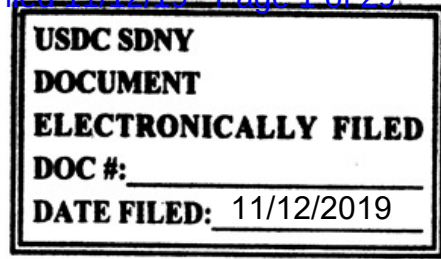


UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



-----X
EMED TECHNOLOGIES CORP.,
:
Plaintiff,
:
-against-
:
REPRO-MED SYSTEMS, INC.
(d/b/a RMS MEDICAL PRODUCTS),
:
Defendant.
:
-----X

18 Civ. 5880 (LGS) (RWL)

**REPORT AND RECOMMENDATION
TO HON. LORNA G. SCHOFIELD:
MOTION FOR ATTORNEY'S FEES**

ROBERT W. LEHRBURGER, United States Magistrate Judge.

Plaintiff EMED Technologies Corp. ("EMED") filed this patent infringement case claiming that the medical device sold by Defendant Rebro-Med Systems, Inc. ("RMS") violates EMED's patent rights. The Court granted summary judgment in favor of RMS, finding that the undisputed evidence showed that RMS's device did not infringe the asserted patent claims. RMS now moves, pursuant to 35. U.S.C. § 285 of the Patent Act and the Court's inherent authority, for a declaration that this case is exceptional and warrants an award of attorneys' fees and expenses that are not otherwise included in taxable costs. For the following reasons, I recommend that RMS's motion be GRANTED.

Facts and Procedural Background

A. The Parties and Their Products

EMED and RMS compete in designing and selling medical infusion equipment, particularly for the subcutaneous administration of immunoglobulin (human plasma and antibodies). (Dkt. 1 ¶¶ 9, 15.) Generally speaking, the infusion equipment includes a pump, tubing and a needle. (*Id.* ¶ 9.) The patent at issue focuses on the needle portion.

(*Id.* ¶¶ 11-13.) EMED sells its needle products under the brand name “SCIg Safety Needle Sets.” (*Id.* ¶ 14.) Since at least 2014, RMS has sold its “HIgH-Flo Subcutaneous Safety Needle Sets,” the accused devices in this dispute. (*Id.* ¶ 15.)

B. The Patent

EMED owns United States Patent No. 9,808,576 (the “576 Patent”), titled “Devices and Methods for Protecting a User from a Sharp Tip of a Medical Needle.” (*Id.* ¶ 11.) As its title suggests, the 576 Patent is directed to preventing accidental needle sticks. (*Id.* ¶ 13.) Essentially, the 576 Patent discloses devices with a pair of wings that open and close and are attached to a central body portion where a needle is positioned. (*Id.*) When the wings are open, the needle can be inserted into the patient’s skin. (*Id.*) Closing the wings protects the user against accidental needle-stick injury. (*Id.*)

Claim 1 of the 576 Patent starts with a preamble reading as follows:

A device for protecting a user from a sharp tip of a winged medical needle, the device comprising:

Claim 1 continues to list the elements comprising that device:

a central body portion;

. . . a mechanical fastener disposed on at least one wing of the pair of wings, the mechanical fastener configured to selectively attach the pair of wings together in the closed position with the medical needle positioned therebetween to protect against accidental needle stick injury from the sharp tip of the medical needle;

the mechanical fastener consisting of a lip extending along at least a portion of a perimeter of at least one wing of the pair of wings, and a mating portion along a perimeter of at least one other wing of the pair of wings, and wherein the mating portion and the lip are configured to align with at least one wing relative to the at least one other wing in the closed position.

(Dkt. 117 at 7.)

As initially submitted by EMED to the patent office, the phrase in the last paragraph “the mechanical fastener **consisting of** a lip . . .” was written as “the mechanical fastener **including** a lip” (Dkt. 117 at 7.) During prosecution, however, the U.S. Patent and Trademark Office (“PTO”) patent examiner rejected the term “including” as overly inclusive (as it would render the claim obvious based on prior art) and suggested instead that “consisting of” replace “including” so that the mechanical fastener described in the claim would be limited to “a lip extending . . .” and not other forms of a mechanical fastener. (*Id.*) EMED agreed to the suggestion, after which the 576 Patent received approval. (*Id.*)

C. Outset of This Litigation

EMED filed the Complaint in this action on November 7, 2017 in the Eastern District of Texas. (Dkt. 1.) Neither EMED, nor RMS, are incorporated, or have a principal or an established place of business, in Texas. On December 22, 2017, RMS moved to dismiss or transfer the case to the Southern District of New York, where RMS is located. (Dkt. 7.) EMED opposed the motion, arguing, contrary to uniform authority, that venue was appropriate in Texas because one of RMS’s customers was located there. (Dkt. 15.) Even after venue discovery that included deposing RMS’s customer, followed by supplemental briefing (Dkt. 41-42), the Texas court found no basis for venue and transferred the case to this district. (Dkt. 46.)

Before transfer, EMED moved for a preliminary injunction to immediately stop EMED from selling its needle sets. (Dkt. 29.) RMS opposed on numerous grounds. (Dkt. 35.) EMED did not reply, and, following transfer, the Court denied the motion without prejudice to renew. (Dkt. 64.)

D. Claim Construction

On May 21, 2019, the Court held a claim construction hearing to address six disputed terms. At the hearing, the parties resolved one of those issues by agreeing that the phrase “a mating portion along a **perimeter** of at least one other wing of the pair of wings, and wherein the mating portion and the lip are configured to align the at least one wing relative to the at least one other wing in the closed position” means “a mating portion along an **outer boundary** of at least one other wing of the pair of wings, and wherein the mating portion and the raised edge are designed to align the at least one wing relative to the at least one other wing in the closed position.” (Dkt. 117 at 3.)

As to four of the five remaining terms, the Court adopted EMED’s arguments, rejected RMS’s arguments, and ruled in favor of EMED. (*Id.* at 8-14.) For the most consequential term, however, the Court adopted RMS’s construction. (*Id.* at 5-8.) Specifically, the Court found that the term “consisting of” as employed in Claim 1 of the 576 Patent is a “closed term,” meaning that the portion of the claim following “consisting of” is limited to what is stated in that portion. (*Id.* at 6.) In contrast, “comprising” is an “open term,” meaning that what follows does not exclude other elements. (*Id.* at 6-7.)

Although Claim 1’s preamble uses the open-ended “comprising” language, the Court determined that the term “consisting of” deployed at the beginning of the mechanical fastener element closes what comes after it. As a result, consistent with EMED’s agreement to the prosecution examiner’s suggestion to narrow the claim, the mechanical fastener element of Claim 1 is limited to “**only** (1) a lip extending along at least a portion of a perimeter of at least one wing of the pair of wings, and (2) a mating

portion along a perimeter of at least one other wing of the pair of wings.” (*Id.* at 7 (emphasis added).)

E. Summary Judgment

On the heels of the claim construction ruling, RMS filed a motion for summary judgment of non-infringement. (Dkt. 135.) RMS’s principal argument was that its HlGH-Flo needle sets do not infringe the 576 Patent because the closing mechanism for its wings include a plug and socket located in the middle of the wings and therefore do not consist of only a lip and mating portion located on the perimeter as required by the 576 Patent. RMS also argued that a plug and socket design was included among the many examples disclosed in the 576 Patent but was not the subject of a claim of the 576 Patent as issued. (See Dkt. 136 at 6-7, 21-22.)

EMED opposed, arguing that the transitional phrase “comprising” at the end of the preamble of Claim 1 made the entire claim open ended so as to encompass a device having two mechanical fasteners, only one of which needed to be a perimeter lip and mating portion. (Dkt. 139.) RMS’s device therefore infringed, EMED argued, because the plug and socket fastener of RMS’s device was merely a second mechanical fastener in addition to the lip and mating portion fastener. (*Id.* at 6-8.) RMS further argued in sur-reply that even the second mechanical fastener of the RMS device met the perimeter lip and mating requirement. (See Dkt. 145 at 2.)

On August 30, 2019, the Court granted summary judgment in favor of RMS. The Court agreed with RMS’s arguments, including that EMED’s infringement claim is incompatible with the patent’s prosecution history. (Dkt. 147 at 9.) As the Court explained, the transitional phrase “comprising” in the preamble does not open what is

otherwise closed by the subsequent “consisting of” language limiting the mechanical fastener element. (Dkt. 147 at 9.) The Court found that the RMS device contains two mechanical fasteners, one of which includes a lip and mating portion. (Dkt. 147 at 12.) The second fastener, however, consists of a plug and socket located in the middle, not the perimeter, of the wings. (*Id.*) Thus, even if the 576 Patent allowed for more than one fastener, the second fastener of the RMS device is not a mechanical fastener consisting of a perimeter lip and mating portion and does not infringe. (*Id.*)

F. Other Litigation Between EMED and RMS

This lawsuit is one of three patent infringement actions in which EMED and RMS have been embroiled for at least the last six years. In each lawsuit, EMED accuses RMS’s needle sets of infringing one of three related patents – the 576 Patent here, and two other patents similarly directed to a winged needle-tip safety device.¹ Even though the three lawsuits involve similar patents and accused devices, EMED is pursuing each one in a different forum state (New York, California and Texas).

EMED generally has been unsuccessful in these proceedings. The Eastern District of Texas granted summary judgment of non-infringement of the ‘476 Patent in favor of RMS. (*EMED Technologies Corp. v. Repro-Med Systems, Inc.*, No. 2:15-cv-1167, Dkt. 169 (E.D. Tex. June 28, 2019)). As here, RMS has filed an “exceptional case” motion for attorney’s fees. That motion remains pending, while EMED appeals its loss on summary judgment. Meanwhile, the ‘703 Patent asserted by EMED in the Eastern District of California has been finally rejected in an *ex parte* re-examination before the

¹ The two other patents are U.S. Patent No. 8,500,703 (the “703 Patent”), and No. 8,961,476 (the “476 Patent”).

PTO. (Dkt. 154 at 8 n.5.²) And in the case before this Court, EMED has again lost on summary judgment.

G. RMS's Motion for Fees

After winning on summary judgment, RMS filed its motion to declare this case "exceptional" and award attorney's fees and costs (other than those that would be taxable in any event). (Dkt. 154.) RMS requests a fee award of \$1,112,837.35 and a non-taxable cost award of \$47,449.91, for a total of \$1,160,287.26. (*Id.* at 26.)

RMS advances three primary arguments as to why this case should be deemed exceptional. First, EMED's claims are premised on objectively baseless arguments about the meaning and effect of "consisting of." (*Id.* at 15-22.) Second, EMED has prosecuted this case in an abusive manner, such as by filing in an improper venue, seeking fruitless venue discovery of an RMS customer, and filing a preliminary injunction motion that it subsequently abandoned. (*Id.* at 7.) Third, considering this lawsuit in the context of EMED's other litigation against RMS, EMED acted in bad faith with the motivation to extract settlements from RMS and disable it as a competitor. (*Id.* at 22-25.)

EMED filed opposing papers in which it defends the reasonableness of its arguments at claim construction and on summary judgment. (Dkt. 162.) EMED also contends that the Court should not consider any litigation between the parties other than this one in deciding whether the case is exceptional. (*Id.* at 3.) EMED's opposition does not challenge the amount or reasonableness of RMS's attorney's fees and costs.

² RMS cites to a "Control" number, presumably the number of the re-examination proceeding, but has not submitted a copy of any re-examination decision. EMED has not disputed the assertion that the patent at issue in the California case was finally rejected by the PTO, a decision EMED has appealed.

Applicable Legal Standard

Under the Patent Act, a district court “in exceptional cases may award reasonable attorney fees to the prevailing party.” 35 U.S.C. § 285. A prevailing party in patent litigation is a party that receives “‘at least some relief on the merits,’ which ‘alters . . . the legal relationship of the parties.’” *Inland Steel Co. v. LTV Steel Co.*, 364 F.3d 1318, 1320 (Fed. Cir. 2004) (quoting *Former Employees of Motorola Ceramics Products v. United States*, 336 F.3d 1360, 1364 (Fed. Cir. 2013)).

But what makes a case exceptional? The Supreme Court clarified the standard in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545 (2014). An 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.” 572 U.S. at 554. District courts must make this determination “in the case-by-case exercise of their discretion, considering the totality of the circumstances.” *Id.* Exceptional cases are “rare” but may be found when “a party’s unreasonable conduct – while not necessarily independently sanctionable – is nonetheless so ‘exceptional’ as to justify an award of fees.” *Id.* at 555.

Whether a case is exceptional “is a factual determination.” *Forcillo v. Lemond Fitness, Inc.*, 168 Fed. App’x. 429, 430 (Fed. Cir. 2006); *TNS Media Research LLC v. TiVo Research and Analytics, Inc.*, No. 11-CV-4039, 2018 WL 2277836, at *3 (S.D.N.Y. May 18, 2018) (quoting *Forcillo*). Factors relevant to the exceptional-case inquiry include, but are not limited to, “frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to

advance considerations of compensation and deterrence.” *Octane Fitness*, 572 U.S. at 554 n.6 (citing factors considered in fee awards under the Copyright Act as previously held in *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994)). A prevailing party seeking fees must establish its right to them by a preponderance of the evidence. *Id.* at 557-58 (rejecting more stringent clear-and-convincing standard); see *Bayer CropScience AG v. Dow AgroSciences LLC*, 851 F.3d 1302, 1305 (Fed. Cir. 2017) (quoting *Octane Fitness*).

Separately from Section 285, a district court may award fees and expenses in the exercise of its inherent power. *Octane Fitness*, 572 U.S. at 557; see also *MarcTec, LLC v. Johnson & Johnson*, 664 F.3d 907, 921 (Fed. Cir. 2012) (“A district court has inherent authority ‘to impose sanctions in the form of reasonable expert fees in excess of what is provided for by statute’”) (quoting *Takeda Chemical Industries, Ltd. v. Mylan Laboratories, Inc.*, 549 F.3d 1381, 1391 (Fed. Cir. 2008)). At the same time, “not every case that qualifies as exceptional under § 285 will also qualify for sanctions under the court’s inherent power.” *MarcTec*, 664 F.3d at 921. Rather, for the court to award attorney’s fees and expenses pursuant to its inherent power, the case typically will involve “willful disobedience of a court order” or “when the losing party has acted in bad faith, vexatiously, wantonly, or for oppressive reasons.” *Octane Fitness*, 572 U.S. at 557 (internal quotations omitted).

Analysis

I. This Is An Exceptional Case

RMS unquestionably is the prevailing party in this case; it obtained a complete summary judgment victory. The question then is whether this case is exceptional. The Court concludes that it is for the reasons that follow.

A. EMED’s Patent Infringement Claim Was Objectively Baseless

As EMED acknowledged on summary judgment, “[t]he sole issue requiring resolution for the Court” came down to the use of “comprising” and “consisting” in Claim 1 of the 576 Patent. (See Dkt. 139 at 1.) Both EMED’s purported construction of Claim 1, and its ensuing attempt to shoehorn its infringement claim into the limited construction recognized by the Court, were objectively unreasonable.

In patent law, the terms “comprising” and “consisting of” are terms of art. As explained by the Court:

“‘Consisting of’ is a term of patent convention meaning that the claimed invention contains only what is expressly set forth in the claim.” *Multilayer Stretch Cling Film Holdings, Inc. v. Berry Plastics Corp.*, 831 F.3d 1350, 1358 (Fed. Cir. 2016) (citation omitted); see, e.g., *AK Steel Corp. v. Sollac & Ugine*, 344 F.3d 1234, 1239 (Fed. Cir. 2003) (finding that a patent calling for coating of stainless steel with metal “consisting essentially of aluminum” constituted a closed-ended limiting statement). By contrast, “‘comprising’ creates a presumption that the recited elements are only a part of the device, that the claim does not exclude additional, unrecited elements.” *Id.* “[T]o overcome the exceptionally strong presumption that a claim term set off with ‘consisting of’ is closed to unrecited elements, the specification and prosecution history must unmistakably manifest an alternative meaning.” *Id.*; see also *Shire Dev., LLC v. Watson Pharm., Inc.*, 848 F.3d 981, 984 (Fed. Cir. 2017).

(Dkt. 117 at 6.)

Accordingly, “comprising” as used in Claim 1 of the 586 Patent indicates that what follows is not to the exclusion of all other elements, and more specifically, not to the exclusion of a device having more than one mechanical fastener. In contrast, “consisting of” is a limiting term when used in the element “the mechanical fastener consisting of a lip” *Id.* (citing *Multilayer Stretch Cling Film Holdings, Inc.*, 831 F.3d at 1358–59 (“We are unaware of any case that has construed a patent claim’s use of ‘consisting of’ to have

the same open meaning as ‘comprising’”)); *Digene Corp. v. Third Wave Technologies, Inc.*, 323 F. App’x 902, 909 (Fed. Cir. 2009) (summary order) (“If the term ‘consists of’ appears in the body of a claim, it does not limit the entire claim as such, but it does limit the clause for which it acts as a transition to only those elements found in that particular clause.”); Manual of Patent Examining Procedure at § 2111.03(II) (Jan. 2018) (“When the phrase ‘consists of’ appears in the clause of the body of a claim, rather than immediately following the preamble, there is an exceptionally strong presumption that a claim term set off with ‘consisting of’ is closed to unrecited elements.”).

This well-established construction is exemplified by the *Digene* case, which both parties cited during earlier proceedings. In *Digene*, the parties disputed the construction of a claim for “An HPV 52 hybridization probe **comprising** a member selected from the group **consisting of** [various elements] . . . wherein the HPV 52 DNA **consists of** all or a fragment of an HPV DNA” 323 F. App’x at 905. More specifically, the parties disputed whether the phrase “HPV 52 DNA consists of all or a fragment of an HPV DNA” could be read to include fragments of DNA that comes from multiple HPV types rather than from only HPV 52 DNA. *Id.* at 909. The district court answered that question in the negative, rejecting the plaintiff’s argument that the initial transitional phrase “comprising” opened up the meaning of subsequent elements, even those employing “consists of.” See *id.* at 909.

In upholding the district court, the Federal Circuit cited two of its earlier cases in which it “held that a claim with the overall transitional phrase ‘comprising,’ containing a limitation with the transitional phrase “consisting of,” allowed for the addition of other elements to the overall claim.” 323 F. App’x at 909; see *In re Crish*, 393 F.3d 1253, 1257

(Fed. Cir. 2004); *Mannesmann Demag Corp. v. Engineered Metal Products Co.*, 793 F.2d 1279, 1282-83 (Fed. Cir. 1986). However, “neither case opened the individual elements limited by the term ‘consisting of.’ If the term ‘consists of’ appears in the body of a claim, it does not limit the entire claim as such, but it **does limit the clause for which it acts as a transition to only those elements found in that particular clause.**” 323 F. App’x at 909 (emphasis added). That is precisely the case with Claim 1 of the 586 Patent, as reiterated by the Court on claim construction and on summary judgment (Dkt. 117 at 6; Dkt. 147 at 9).³ And it is what EMED has known and understood all along (see Dkt. 139 at 5) (“In other words, if the term ‘consists of’ appears in the body of a claim, it does not limit the entire claim as such, but it does limit the clause for which it acts as a transition to only those elements found in that particular clause.”).

Thus, even if, as EMED argued on summary judgment, “the Court’s construction of the medical fastener term did not necessarily preclude another mechanical fastener on the device,” any such medical fastener could consist of “**only** (1) a lip extending along at least a portion of a perimeter of at least one wing of the pair of wings, and (2) a mating portion along a perimeter of at least one other wing of the pair of wings.” (Dkt. 147 at 5 (emphasis added).)

³ There are aspects of *Digene* that distinguish it from the present case, in particular the fact that the preamble employs both “comprising” and then “consisting of.” For purposes of illustrating the open meaning of “comprising” and closed meaning of “consisting of,” however, that distinction is irrelevant. When used transitionally, “consisting of” operates as a closed term limiting what follows to that and only that. See also *Schering Corp. v. Amgen Inc.*, 18 F.Supp.2d 372, 383 (D. Del. 1998) (finding claim closed where preamble contained “consisting of,” “comprising” and a second appearance of “consisting of”).

The prosecution history of the 576 Patent further confirms the closed implementation of “consisting of” and certainly does not “unmistakably manifest an alternative meaning.” *Multilayer*, 831 F.3d at 1359. As the Court observed, EMED’s decision during prosecution to replace “including” with “consisting of” narrowed the scope of the mechanical fastener element. (Dkt. 117 at 7-8). See *MarcTec*, 664 F.3d at 917-18 (awarding fees in part because plaintiff “cannot turn around in litigation and assert the patents-in-suit” against the accused product when the patentee previously represented to the contrary in order to obtain allowance); *TNS Media Research*, No. 11-cv-4039 (S.D.N.Y. Nov. 4, 2014), Dkt. 204, at 30 (granting fees where plaintiff “had attempted to undo that which the PTO had required [plaintiff] to amend in order to obtain its patent” and finding that “[t]his attempt to undo the prosecution history vitiates any reasonableness or cooperation otherwise demonstrated by [plaintiff] during claim construction”).⁴

⁴ EMED argued during claim construction that “consisting of” should not be given its “special meaning” because the term appears in the body of the claim and not in the preamble. That argument was disingenuous. First, EMED stated exactly the opposite on summary judgment. (Dkt. 139 at 5 (citing Federal Circuit cases for proposition that there is a strong presumption that “consisting of” is closed when it appears in the body of a claim).) Second, the cases EMED cited for that proposition include and otherwise cite back to *Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261 (Fed. Cir. 1986), which is distinguishable as it addressed use of “consisting of” – a “structural recitation” – in a method claim. 793 F.2d at 1271 (“we conclude that the transitional phrase [‘comprising’] does not, in the present case, affect the scope of the particular structure recited within the method claim’s step”). No method claim is at issue here. Third, more recent and on point Federal Circuit cases expressly recognize that “consisting of” has a presumption of closure when used in the body of a claim. See *Multilayer*, 831 F.3d at 1359; *Digene*, 323 F. App’x at 909. Indeed, EMED favorably cited those cases on summary judgment. (Dkt. 139 at 5.) Finally, *Moleculon* emphasized that construction of the term depends on intrinsic evidence, including prosecution history, 793 F.2d at 1271, which, as discussed above, forecloses any attempt to give “consisting of,” as used in Claim 1, anything other than a closed construction.

In addition to the 576 Patent prosecution history, EMED's prosecution of another patent belies its attempt to dismiss the limitations imposed by EMED's having adopted the PTO's suggestion to replace "including" with "consisting of." Just eight days after having agreed to the PTO's suggestion, well before EMED filed this lawsuit, EMED filed U.S. Patent Application No. 15/718,470 (the "470 Application"). (See Dkt. 97-2 at 4 (Sept. 20, 2017 interview summary accepting suggestion for 576 Patent) and Dkt. 166-1 at 11 (Sept. 28, 2017 filing date of 470 Application).) Claim 1 of the 470 Application is virtually identical to Claim 1 of the 576 Patent but replaces "consisting of" with "including" in relation to the mechanical fastener element. (See Dkt. 166-1 at 13.) A reasonable inference can be drawn that EMED knew prior to filing this lawsuit that the 576 Patent's scope did not squarely encompass RMS's accused devices and that a patent with broader claims was necessary. EMED nevertheless insists that the 470 Application merely demonstrates that the prior art does not preclude a second mechanical fastener. (Dkt. 162 at 7-8.)

Following claim construction, non-infringement was a foregone conclusion. RMS's HlGH-Flo device uses a plug-and-socket mechanical fastener that is located in the middle (from side to side), not the perimeter, of the wings. (Dkt. 147 at 12.) Whether deemed the only or a second mechanical fastener, RMS's use of a plug-and-socket fastener precludes infringement. As the Court succinctly put it, to "the extent that one of the mechanical fasteners of the accused products contains a socket and plug closure, it is not infringing."⁵ (*Id.*)

⁵ Two other aspects of EMED's arguments similarly lacked merit. In claiming infringement, EMED argued that the plug and socket of RMS's device are located on the perimeter of the wings. (Dkt. 145 at 2.) Any reasonable person skilled in the art, or any reasonable

The Court soundly rejected each of EMED's arguments to the contrary, finding that EMED "misconstrued" or "ignored" aspects of the Federal Circuit's discussion of "consisting of" and "comprising" in *Digene* and *Crish* (Dkt. 147 at 9-11); the prosecution history was "clear" that the mechanical fastener was limited to the perimeter-based lip and mating elements (Dkt. 147 at 9); and EMED could not rely on the 470 Application to establish that the earlier-issued 576 Patent is broader than what EMED ultimately claimed and that EMED's argument, if accepted, would make the later-filed application "redundant" (Dkt. 147 at 10).

In sum, EMED pursued this infringement case based on arguments that contravene the meaning of conventional patent terminology, ignore controlling Federal Circuit authority, are belied by the 576 Patent prosecution history as well as EMED's 470 Application, and for which EMED had no viable proof.⁶ That makes for a prime example

person for that matter, can see just from looking at RMS's device that the plug and socket are located in the lateral middle of the wings, not the perimeter. (*See id.*; Dkt. 147 at 12 (Court observing that the RMS plug and socket are "located in the middle, not the perimeter" of the wings).) EMED's contention is all the more unreasonable given that during claim construction it agreed that perimeter meant "outer boundary" of the wings. (Dkt. 117 at 3.) EMED also gained no ground by citing to the specification of the 576 Patent and the varied forms of mechanical fasteners, including plug and socket, described and depicted there. (*See* Dkt. 95 at 8.) It is a black-letter principle of patent law that the scope of patent protection is determined by its claims, not the specification. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1321 (Fed. Cir. 2005); *SRI International v. Matsushita Electrical Corporation of America*, 775 F.2d 1107, 1121 n.14 (Fed. Cir. 1985).

⁶ EMED previously has been faulted for making arguments without support both in this case and elsewhere. *See* Dkt. 46 at 6 (decision granting motion to transfer); *EMED Technologies Corp. v. Repto-Med Systems, Inc.*, No. 215-CV-1167, 2019 WL 2710113, at *1 (E.D. Tex. June 28, 2019) ("Procedurally, EMED attached no summary judgment evidence to its response in opposition to [RMS]'s summary judgment motion. EMED simply denied [RMS]'s arguments. Mere denials do not suffice."). While EMED did submit the report of an expert, Ron Stoker, on its motion for preliminary injunction (Dkt. 29-17), that expert's opinions have been given little to no weight. *Id.* (referencing EMED's "frivolous arguments" based on Stoker report); Final Written Decision of the Patent Trial

of objectively baseless litigation. *Cf., Ranieri v. Microsoft Corp.*, 887 F.3d 1298, 1308 (Fed. Cir. 2018) (affirming exceptional case finding where plaintiff sued competitors for infringement and employed a “pattern of obfuscation and bad faith,” causing defendants to incur significant costs to oppose); *Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372, 1377-78 (Fed. Cir. 2017) (affirming exceptional case determination based solely on weakness of plaintiff’s arguments and the need to deter future wasteful litigation on similarly weak arguments); *ICON Health & Fitness, Inc. v. Octane Fitness, LLC*, 706 F. App’x 666, 669 (Fed. Cir. 2017) (affirming district court’s exceptional case finding following remand from Supreme Court in part because of weak claim construction arguments that “were wholly at odds with the patent text, prosecution history, and inventor testimony, and would have resulted in impermissibly broad claims.”); *Marctec*, 664 F.3d at 917-19 (affirming exceptional case finding where plaintiff’s arguments were contradicted by prosecution history and based on unreliable expert testimony). Even now, in opposing the instant motion, EMED merely recycles its unsupportable arguments. (See Dkt. 162, at 4-10.)

EMED correctly notes that the Court ruled in its favor on the other claim terms in dispute. But EMED’s success in that regard does not render any less unreasonable its objectively baseless construction and application of the closed mechanical fastener element. See *TNS Media Research*, 2018 WL 2277836 at *6 (awarding fees for entirety of case and finding that even though plaintiff won certain issues, “that does not change

and Appeal Board in Case IPR2015-01920, *Repro-Med Systems, Inc. v. EMED Technologies Corp.*, No. 8,961,4767B2, 2017 WL 378978, at *14, 16, 22, 26 (P.T.A.B. Jan. 12, 2017) (according Stoker “little weight”).

the fact that [plaintiff] repeatedly advanced frivolous, time consuming arguments that unduly burdened [defendant] (and the Court) and artificially prolonged this litigation.”).

B. EMED Pursued Vexatious Litigation

The manner in which a party litigates a case is relevant to the exceptional case inquiry and can be a basis unto itself for deeming a case exceptional. *Octane Fitness*, 572 U.S. at 554 (an exceptional case “is simply one that stands out from others with respect to the substantive strength of a party’s litigating position . . . **or** the unreasonable manner in which the case was litigated”) (emphasis added). Here, EMED engaged in a course of litigation that imposed on RMS unnecessary cost, expenditure of time, and distraction from business. Indeed, EMED’s very first tactic – its choice of venue – was objectively baseless.

In 2017, the Supreme Court took aim at abusive venue shopping practices in patent cases by holding that a patent suit can be filed only where a domestic corporation resides (its state of incorporation) or where it has committed infringement and has a regular and established place of business. *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017). Indisputably, RMS neither is incorporated in Texas nor has a regular and established place of business in Texas. Similarly, EMED has no connection to Texas that would make it convenient to litigate there. EMED nonetheless filed this case in the Eastern District of Texas, a venue that reportedly has had a reputation for appealing to patent plaintiffs.⁷ It is quite apparent that EMED engaged in forum shopping in a venue where the *TC Heartland* requirements could not be met.

⁷ See, e.g., “Patent cases flood East Texas courts,” Houston Chronicle, Aug. 14, 2015 (accessed at <https://www.houstonchronicle.com/business/article/Patent-cases-flood-East-Texas-courts-6444470.php>) (reporting that during second quarter of 2015, more

The Texas court's grant of RMS's motion to transfer makes this abundantly clear. The argument on which EMED grounded its venue selection was that an RMS distributor allegedly necessary for EMED to function as a business was located there. The Texas court soundly rejected this argument. The Court noted that EMED cited no supporting case law. (Dkt. 46 at 6.) In contrast, the Court cited what it characterized as "consistent and substantial case authority that the place of business of a corporation's distributor is not, without more, an appropriate venue for a patent infringement action." (Dkt. 46 at 8.) The Court further opined that "EMED's 'necessary distributor' theory makes no sense" in light of the patent venue statute's language and purpose. (Dkt. 46 at 7.) As the Texas court also explained, the venue discovery EMED pursued did not yield any proof supporting venue in Texas. (Dkt. 46 at 8.) In short, EMED's only defense of its choice of venue was an argument that no court had recognized, that "made no sense" under the Patent Law, and for which EMED had no proof. Gaming venue without support in law or fact is quintessential bad faith conduct.

In a similar vein, EMED engaged RMS in a pointless exercise by filing its motion for a preliminary injunction. Responding to a preliminary injunction motion is a substantial undertaking, and RMS put in the time and effort to submit a robust opposition. (See Dkt. 35.) EMED did not reply, however, effectively dropping the motion, which the Court denied without prejudice to renew. (See Dkt. 64.)

What's more, EMED continued to press its infringement case forward even though the claim construction ruling for "consisting of" rendered summary judgment of non-

than half of patent infringement suits nationwide were filed in the Eastern District of Texas).

infringement a foregone conclusion. The Federal Circuit has admonished that a patent litigant “must continually assess the soundness of pending infringement claims.” *Taurus IP, LLC v. Daimler Chrysler Corp.*, 726 F.3d 1306, 1328 (Fed. Cir. 2013); see also *Inventor Holdings*, 876 F.3d at 1379 (“It was [plaintiff]’s responsibility to reassess its case in view of new controlling law”). At the very least, once the Court construed the “consisting of” limitation against EMED, EMED should have withdrawn its claims rather than forcing RMS into making its summary judgment motion. See *Marcotec*, 664 F.3d at 919 (“[Plaintiff]’s decision to continue the litigation after claim construction further supports the district court’s finding that this is an exceptional case”).

C. Bad Faith Motivation

RMS contends that EMED filed this case with the goal of extorting a settlement from RMS and to impede RMS’s legitimate business operations. (Dkt. 154 at 2 (“EMED’s goal is to continue litigation solely as a means to keep pressure on RMS to hurt its business interests and extract an underserved settlement”); see also *id.* at 17-18.)

The Court has not found reference in the record to any direct proof of improper motivation. Nonetheless, bad faith can be inferred from pursuit of objectively baseless litigation or other litigation misconduct. See, e.g., *Taurus*, 726 F.3d at 1328-1329 (affirming exceptional case where findings supported implicit conclusion that plaintiff subjectively knew that the suit “lacked a reasonable basis and was, therefore, pursued and maintained in bad faith”); *Marcotec*, 664 F.3d at 919 (findings that plaintiff pressed litigation despite inconsistent prosecution history, mischaracterizing claim construction rulings, and relied on unreliable expert testimony, each “support[] the conclusion that

[plaintiff] subjectively knew that it had no basis for asserting infringement and therefore pursued this litigation in bad faith”).

EMED initiated this litigation despite knowing the conventional construction of “consisting of” when used in the body of a claim, despite having full awareness of the prosecution history; and despite its filing the 470 Application that replaced “consisting of” with “including.” EMED filed the case in a venue that was manifestly improper under recent Supreme Court precedent. And EMED pressed on with the litigation even after claim construction and the Court’s ruling against it on the pivotal “consisting of” issue. Under these circumstances, the Court easily concludes that EMED acted in bad faith.

As further indicia of EMED’s improper motivation, RMS calls upon not just this case, but also the other actions EMED has pursued against RMS in Texas and California. (Dkt. 154 at 3-5, 18.) This Court, however, is not in a position to evaluate the other actions not before it. And while RMS has a pending motion for attorney’s fees in the Texas case, it is not for this Court to pass judgment on whether that case supports exceptional fees in this case.

To be sure, there are instances where courts will invoke a plaintiff’s pattern or practice in bringing infringement actions as support for an exceptional case finding. *E.g.*, *SFA Sys., LLC v. Newegg Inc.*, 793 F.3d 1344, 1350 (Fed. Cir. 2015) (“[A] pattern of litigation abuses characterized by the repeated filing of patent infringement actions for the sole purpose of forcing settlements, with no intention of testing the merits of one’s claims, is relevant to a district court’s exceptional case determination under § 285”). An example of such a case is one brought by a patent “troll,” an entity that does not practice the patent and pursues multiple litigations with the goal of extracting early settlement. *See, e.g.*,

Eon-Net LP v. Flagstar Bancorp, 653 F.3d 1314, 1327 (Fed. Cir. 2011) (exceptional fees awarded where plaintiff acted in bad faith by filing over 100 lawsuits against various defendants for one or more patents among plaintiff's portfolio). That is not to say that exceptional case findings apply only to patent trolls; hardly so. There is no reason why pursuit of multiple baseless cases against a single defendant should not be sanctioned any less than multiple baseless single actions against multiple defendants. But as explained above, this Court is not in the position to evaluate the cases not before it. Accordingly, in reaching its conclusion, the Court does not rely on the other cases EMED has pursued against RMS.

D. Consideration of The Totality of Circumstances

Taking into account the totality of circumstances as required by *Octane Fitness*, the Court finds this to be an exceptional case warranting an award of attorney's fees to RMS. EMED pursued an objectively baseless infringement claim asserting an implausible interpretation of Claim 1 of the 576 Patent. EMED compounded that misconduct with other vexatious legal maneuvers, its choice and baseless defense of venue being the most blatant.

Patent owners have the right to enlist the legal system to redress infringing conduct of their competitors. But when they pursue litigation without an objectively reasonable basis to assert their claims, they engage in a form of unfair competition that warrants deterrence. See *Octane Fitness*, 134 S. Ct. at 1757 n.6 (recognizing "the need in particular circumstances to advance considerations of compensation and deterrence"); *Raylon LLC v. Complus Data Innovations, Inc.*, 700 F.3d 1361, 1372 (Fed. Cir. 2013) (Reyna, J. concurring) ("Section 285 was enacted to address a patent-specific policy

rationale, awarding fees in exceptional cases in which sanctions were necessary to deter the improper bringing of clearly unwarranted suits.) (internal quotation marks and citations omitted). This is such a case, and an award of attorney's fees is appropriate to deter EMED and others from wielding the patent law to thwart competitors without any sound basis to do so. See *Inventor Holdings*, 876 F.3d at 1377-78 ("The court is convinced that an award of attorneys' fees in this case is necessary to deter wasteful litigation in the future.").

II. Reasonable Attorney's Fees and Costs

Having determined that this case is exceptional and merits an award of reasonable attorney's fees, the Court turns to determining the amount of those fees. As noted earlier, EMED's opposition does not challenge the reasonableness or calculation of RMS's fee application. The Court nevertheless will evaluate the reasonableness of the requested fees and expenses.

A. Applicable Framework for Determining Fees

As with the determination of whether a case is exceptional, the determination of reasonable attorneys' fees is "a matter that is committed to the sound discretion of a district court judge." *Lumen View Technologies LLC v. Findthebest.com, Inc.*, 811 F.3d 479, 483 (Fed. Cir. 2016).

Fee awards under § 285 are typically calculated using the "lodestar" method. The lodestar number is "a presumptively reasonable fee amount," and is assessed by "multiplying a reasonable hourly rate by the reasonable number of hours required to litigate a comparable case." *Lumen*, 811 F.3d at 483. "An hourly rate is reasonable if it is in line with those prevailing in the community for similar services by lawyers of

reasonably comparable skill, experience and reputation.” *SUFI Network Servs., Inc. v. United States*, 785 F.3d 585, 594 (Fed. Cir. 2015).

“[T]he fee applicant bears the burden of establishing entitlement to an award and documenting the appropriate hours expended and hourly rates.” *Hensley v. Eckerhart*, 461 U.S. 424, 437 (1983). To aid in calculating the lodestar number, the prevailing party must provide contemporaneous time records, affidavits, and other materials to support its application for the amount of reasonable hours expended. *McDonald v. Pension Plan of the NYSA–ILA Pension Trust Fund*, 450 F.3d 91, 96 (2d Cir. 2006). “Where the documentation of hours is inadequate, the district court may reduce the award accordingly.” *Hensley*, 461 U.S. at 433. Fee requests also should be reduced to exclude hours that are not “reasonably expended,” such as those that are excessive or redundant. *Hensley*, 461 U.S. at 434.

B. Analysis of RMS’s Fees

RMS has submitted robust support for and explanation of its fee request. That support includes declarations from the lead lawyers at each of the four firms involved in representing RMS in this case, and invoices reflecting contemporaneous time records that RMS paid in full. (Dkt. 154-1, 154-9, 154-11 and 154-14.) RMS also has submitted the declaration of its Chief Financial Officer attesting to her evaluation of the fees and expenses incurred. (Dkt. 154-8.)

Each of the firms has played a meaningful role in representing RMS. Leason Ellis LLP serves as lead and coordinating counsel for the multiple litigations between RMS and EMED. Leason Ellis took over that role from another firm, Sherman & Howard L.L.C., having been retained in February 2019 and completing the transition in May 2019. (Dkt.

154-1 at ¶ 4.) Daniel W. Roberts of Roberts IP is a registered patent attorney who serves as “outside-inside intellectual property counsel” to RMS. (Dkt. 154-11 at ¶ 2.) Roberts advises RMS, and RMS’s national counsel, particularly with respect to validity, infringement and claim construction. (*Id.* at ¶ 4.) Finally, Wilson, Robertson & Cornelius, P.C. served as local counsel for RMS in the Eastern District of Texas while the case was litigated there. (Dkt. 154-14 at 2.)

The supporting declarations set forth the hourly rate and number of hours worked by each attorney and paralegal who worked on the matters at their respective firm. The declarations describe the experience of the attorneys most substantially involved and the roles they filled. Having reviewed the declarations and information provided, the Court finds the rates charged to be reasonable, particularly for patent litigation in the Southern District of New York.

The Court similarly concludes that the hours included in RMS’s fee application are reasonable. Leeson Ellis’s Robert Isackson, a seasoned patent litigation partner who captains the case and has extensive practical experience in reviewing legal bills for reasonableness, reviewed both his firm’s invoices and the invoices of the other firms for reasonableness during the course of litigation. (Dkt. 154-1 at ¶¶ 3, 9-11.) Ms. Fisher, as RMS’s CFO, regularly reviewed all invoices submitted by Mr. Isackson, including his own. Having no pre-conceived expectation of recovering attorney’s fees, Ms. Fisher exercised parsimonious care in reviewing the invoices and at times refused to pay certain amounts because she deemed them unreasonable. (Dkt. 154-8 at ¶¶ 6, 13.)

Further, RMS already has taken several steps to reduce the fees for which RMS seeks recovery to ensure their reasonableness. In particular, the fees exclude time

expended by Leeson Ellis for “get-up-to-speed work” transitioning to replace Sherman & Howard as lead counsel, as well as time from all firms “due to the overlapping nature of changing counsel.” (Dkt. 154-1 at ¶¶ 4-5, 15.) One reason that RMS replaced Sherman & Howard with Leeson Ellis is that the former firm’s fees “became unreasonable.” (Dkt. 154-8 at ¶ 8.) The fee application accounts for that by excluding approximately 16% of the hours billed by Sherman & Howard. (Dkt. 154-9 at ¶¶ 7-8.)

Additionally, Mr. Isackson regularly deducted time over the course of the litigation so as not to bill for duplicative work, administrative duties performed by attorneys, and account for block billing. (Dkt. 154-1 at ¶ 10.) Leeson also maintained separate billing for recording work related to “attorney ramp-up activities and for administrative work in connection with the multiple cases.” (Dkt. 154-1 at 5.) RMS does not seek recovery of those amounts. (Dkt. 154-8 at ¶ 20.)

Finally, the Court finds the fees sought to be reasonable, having also considered the nature of this action (patent infringement); the importance of the case to RMS (the accused products at issue account for approximately half of RMS’s annual revenue (Dkt. 154-8 at ¶ 16)); and the fact that RMS had to make or respond to motions that EMED either had no basis for (transfer) or abandoned (preliminary injunction).

Two issues remain before arriving at the final reasonable fee figure. The first is whether a fee award should extend to entirety of the litigation or only certain parts or only after a certain point in time. The answer here is the former: fees should be awarded for the entire litigation. That is so for two reasons. First, RMS never should have had to incur any fees because EMED’s claim was objectively baseless from the start. Second, EMED’s bad faith conduct pervaded the litigation, including at the venue and preliminary

junction stages as well as through the arguments it pressed on claim construction and summary judgment. See *Large Audience Display Systems, LLC v. Tennman Productions, LLC*, 745 F. App'x 153, 157 (Fed. Cir. 2018) (affirming fee award for entirety of case where district court concluded that the factual bases for the exceptionality finding – from venue fight, to unreasonable claim constructions, to use of a privileged email – permeated the litigation); *Monolithic Power Systems, Inc. v. O2 Micro Int'l Ltd.*, 726 F.3d 1359, 1369 (Fed. Cir. 2013) (affirming full fee award based on conduct “that was ‘pervasive’ enough to infect the entire litigation”).

The second remaining issue is whether RMS should be awarded fees (and expenses) spent on the patent office *inter partes* review (“IPR”) proceeding challenging the validity of the 576 Patent. IPR fees have been included as part of an exceptional case award “either where there was a stay of the related district court case, such that the PTO proceedings effectively took the place of the federal court litigation . . . or where the court determined the PTO's decision played a central role in determining the outcome of the federal court case.” *M-1 Drilling Fluids UK Ltd. v. Dynamic Air Inc.*, No. 14-cv-4857, 2018 WL 3104240, at *6 (D. Minn. Feb. 27, 2018) (citations omitted); see also *PPG Indus., v. Celanese Polymer Specialties Co.*, 840 F.2d 1565, 1568-69 (Fed. Cir. 1988) (reversing the district court’s denial of attorneys’ fees for certain *inter partes* PTO proceedings, as those proceedings were “useful and of a type ordinarily necessary” and “substituted for the District Court litigation on all issues considered by the PTO and the Board”).⁸

⁸ The parties have not supplied, and the Court has not found, Second Circuit authority addressing this proposition.

An IPR proceeding, however, challenges validity of a patent. Where, as here, the case was resolved through claim construction and non-infringement, the IPR neither played a central role in resolving the case nor, despite a stay, took the place of the litigation. *M-1 Drilling*, 2018 WL 3104240, at *6. Accordingly, the fees awarded should not include those expended on the IPR proceeding. RMS helpfully has isolated the fees and expenses associated with the IPR proceeding so that fees and expenses can be tallied without including them.

In total, the fees that the Court deems to be reasonable and appropriate to include in the award to RMS are as follows:⁹

Firm	Hours	Fees
Wilson, Robertson & Cornelius	37.80	\$16,643.00
Sherman & Howard	1,471.28	\$597,754.35
Roberts IP	280.50	\$84,150.00
Leason Ellis	543.90	\$293,884.00
TOTAL	2,333.48	\$992,431.35

C. Costs

As set forth earlier, the Court may award non-taxable expenses pursuant to its inherent authority. See *MarcTec*, 664 F.3d at 921; *Takeda*, 549 F.3d at 1391. The Court recommends doing so here for the same reasons that merit an exceptional case finding. Having reviewed the supporting declarations and other information submitted in support

⁹ By the Court's calculation, the total fees requested by RMS as set forth in the sum table of fees and expenses in the Isackson Declaration slightly miscalculates the total of the four rows. (See Dkt. 154-1 at ¶ 35, requesting sum of \$1,112,837.35 vs. correct total of \$1,112,857.85.) The Court has performed its own calculations to arrive at the total.

of RMS's application, the Court finds the following non-taxable expenses to be reasonable.¹⁰ As with the fee award, expenses for the IPR have been excluded.

Expense (not in bill of costs)	Amount
Computer Assisted Research	\$9,827.20
Travel	\$6,802.45
Reproduction	\$1,292.10
Transcripts	\$182.52
PACER	\$183.20
Court Fees and Costs	\$1,350.00
Mailing and Federal Express	\$458.85
TOTAL	\$20,096.32

Conclusion

For the foregoing reasons, I recommend that Defendant's motion to declare this an exceptional case and for an award of attorneys' fees and non-taxable expenses be GRANTED and that RMS be awarded fees in the amount of \$992,431.35 and non-taxable costs in the amount of \$20,096.32. To the extent not discussed herein, the Court has considered EMED's remaining arguments and finds them to be without merit. Pursuant to 28 U.S.C. § 636(b)(1) and Rules 72, 6(a), and 6(d) of the Federal Rules of Civil Procedure, the parties shall have fourteen (14) days to file written objections to this Report and Recommendation. Such objections shall be filed with the Clerk of the Court, with extra copies delivered to the Chambers of the Honorable Lorna G. Schofield, U.S.D.J., United States Courthouse, 40 Foley Square, New York, NY 10007 and to the Chambers

¹⁰ By the Court's calculation, the total expenses broken down by category as presented in the Isackson Declaration do not match the total expenses broken down by firm. (See Dkt. 154-1 at ¶¶ 34-35.) The Court acknowledges that the amounts set forth by category are qualified in the Isackson Declaration as "at least" those amounts, but the Court has no basis on which to ascertain any greater amount. Accordingly, the Court has adopted the lower figures as presented by category.

of the undersigned, United States Courthouse, 500 Pearl Street, New York, New York
10007. **Failure to file timely objections will preclude appellate review.**

Respectfully submitted,



ROBERT W. LEHRBURGER
UNITED STATES MAGISTRATE JUDGE

Dated: November 12, 2019
New York, New York

Copies transmitted to all counsel of record.