

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 13-06787 JEM Date December 27, 2018

Title **Munchkin, Inc. v. Luv N' Care, Ltd. and Admar International, Inc.**

Present: The Honorable JOHN E. MCDERMOTT, UNITED STATES MAGISTRATE JUDGE

S. Lorenzo

Deputy Clerk

Court Reporter / Recorder

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

None

None

**Proceedings: (IN CHAMBERS) ORDER RE DEFENDANTS' MOTION FOR ATTORNEYS' FEES (Dkt. No. 189)**

Before the Court is Defendants Luv N' Care, Ltd.'s and Admar International, Inc.'s Motion for Attorneys' Fees ("Motion") against Plaintiff Munchkin, Inc. ("Plaintiff" or "Munchkin") in this patent infringement and Lanham Act trademark infringement case. (Dkt. 189.)

The Motion was filed on May 16, 2018, seeking \$1,430,030.22 in fees. (Dkt. 189.) Munchkin filed an Opposition on June 1, 2018. (Dkt. 204.) LNC filed its Reply on June 8, 2018, reducing its requested fee award to \$1,240.052. (Dkt. 205.) A hearing was held on June 19, 2018, at the conclusion of which the Court ordered the parties to file supplemental briefs more precisely reflecting the fees incurred by LNC for various stages of the litigation and for certain other issues. (Dkt. 206.) LNC filed its supplemental brief on August 2, 2018. (Dkt. 214.) Munchkin filed its supplemental brief on September 17, 2018. (Dkt. 220.) LNC filed a Reply on October 2, 2018. (Dkt. 222.) The Motion, now under submission, is ready for ruling.

On May 2, 2018, the Court entered Final Judgment in this case in favor of Defendants ("LNC" collectively). (Dkt. 187.) The Court also has adjudged LNC as the prevailing party. (Id., ¶ 4.) Defendants' Motion, filed pursuant to Fed. R. Civ. P. Rule 54(d)(2), is based on 35 U.S.C. § 285 of the Patent Act and § 1117(a) of the Lanham Act, both of which provide, "The Court in exceptional cases may award reasonable attorney fees to the prevailing party." (Emphasis added.) Based on the totality of the circumstances, the Court finds that LNC has demonstrated by a preponderance of the evidence that this case is "exceptional" as to the trademark related claims based on the current CLICK LOCK logo and the patent infringement claim, for the period from October 2, 2014 through the date of Final Judgment.

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 13-06787 JEM

Date December 27, 2018

Title **Munchkin, Inc. v. Luv N' Care, Ltd. and Admar International, Inc.**

After adjustments, Defendants now seek an award of attorneys' fees and costs of \$1,232,178. The Court GRANTS the Motion in substantial part and awards attorneys' fees and costs in the amount of \$1,110,259.50.

A. Background

This case is about competing baby and child leak-proof cup products. The litigation proceeded in several distinct phases. Munchkin filed suit against Defendants on September 16, 2013, seeking to enforce its trademark registration for the original CLICK LOCK logo (the "Original CLICK LOCK logo") against LNC's use of CLICK-IT in the sale of its cup products. (Dkt. 1.) Munchkin asserted five claims against LNC: (1) federal trademark infringement under 15 U.S.C. § 1114 of the Lanham Act; (2) federal unfair competition under 15 U.S.C. § 1125(a); (3) common law trademark infringement; (4) unfair competition under Cal. Bus. & Prof. Code § 17200; and (5) common law unfair competition. (Dkt. 1.) These claims governed the litigation from the September 16, 2013 filing of the complaint until the October 2, 2014 filing of the First Amended Complaint ("FAC"). (Dkt. 46.)

In the FAC, Munchkin dropped the trademark infringement claim under 15 U.S.C. § 1114 as to the original CLICK LOCK logo but now asserted a Lanham Act unfair competition claim under 15 U.S.C. § 1125(a) for the unregistered current CLICK LOCK logo. (Dkt. 46.) Munchkin added a new count under § 1125(a) for trade dress infringement, and repeated its state common law trademark claim and common law unfair competition claim, solely as to the current CLICK LOCK logo. (Dkt. 46.) Munchkin also added a new claim alleging infringement of Munchkin's U.S. Patent No. 8,739,993 ('993 patent). (Dkt. 46.) This set of claims governed the litigation from the October 2, 2014 filing of the FAC until September 10, 2015. On that date, Munchkin stipulated to a dismissal with prejudice of all of its claims except the patent infringement claim alleged in the Second Amended Complaint filed on September 11, 2015. (Dkt. 102, 105, 106.) The Stipulation provides that, at the conclusion of the action, LNC may seek the recovery of attorneys' fees, costs and expenses incurred in defending against Claims I-V in the FAC. (Dkt. 105.) The Lanham Act and related state law claims were litigated between September 16, 2013 and September 11, 2015.

The patent infringement claim based on Munchkin's U.S. Pat. No. 8,739,993 (the '993 patent) first began to be litigated on October 2, 2014 when it was added to the FAC.

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	CV 13-06787 JEM	Date	December 27, 2018
Title	<b>Munchkin, Inc. v. Luv N' Care, Ltd. and Admar International, Inc.</b>		

(Dkt. 46.) On March 11, 2015, LNC filed a Petition for Inter Partes Review (“IPR”) of Munchkin’s ‘993 patent with the Patent Trial and Appeals Board (“PTAB”). (Dkt. 165, Ex. A.) On September 18, 2015, the PTAB issued a Decision instituting IPR review. (Id., Ex. B.) On October 30, 2015, this Court entered a Stay Order, pending completion of the PTAB proceeding. (Dkt. 133.) On September 15, 2016, the PTAB entered a Final Written Decision finding that all claims of the ‘993 patent were unpatentable under 35 U.S.C. § 102 and/or 35 U.S.C. § 103. (Id., Ex. C.) On November 13, 2017, the Federal Circuit summarily affirmed the PTAB decision. (Dkt. 165, Ex. D.) This Court vacated the stay and reopened this case on January 9, 2018. (Dkt. 156.) On May 2, 2018, the Court entered an order finding that Defendants were the prevailing party (Dkt. 186) and also entered Final Judgment against Plaintiff on its patent infringement claim, dismissing it with prejudice. (Dkt. 187.)

B. Entitlement To Fees

1. Relevant Federal Law

The United States Supreme Court decision in Octane Fitness, LLC v. ICON Health & Fitness, Inc., 572 U.S. 545 (2014) sets forth the governing legal standards for “exceptional” cases under 35 U.S.C. § 285 of the Patent Act. The Court ruled:

We hold, then, that 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 facts of the case) or the unreasonable manner in which the case was litigated. 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. at 554. The Court further held that sanctionable conduct is “not the appropriate benchmark.” Id. at 555. A district court may award fees “in the rare case in which a party’s unreasonable conduct — while not necessarily independently sanctionable — is nonetheless ‘exceptional’ as to justify an award of fees.” Id.

The Court observed with approval a ruling in a Copyright Act case with a similar fee provision that district courts can consider a non-exclusive list of factors, including

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	CV 13-06787 JEM	Date	December 27, 2018
Title	<b>Munchkin, Inc. v. Luv N' Care, Ltd. and Admar International, Inc.</b>		

frivolousness, motivation, objective unreasonableness and the need to advance considerations of compensation and deterrence. Id. at 554 n.6, citing Fogerty v. Fantasy, Inc., 510 U.S. 517, 534 (1994). Equitable discretion should be exercised in applying these factors. Id. at 554. Under § 285, moreover, entitlement to fees is proven by a preponderance of evidence, not clear and convincing evidence. Id. at 557-58. The Ninth Circuit in Sun Earth, Inc. v. Sun Earth Solar Power Co., Ltd., 839 F.3d 1179, 1180 (9<sup>th</sup> Cir. 2016 (en banc)) established that the fee shifting provisions in § 285 of the Patent Act and 15 U.S.C. § 1117(a) are parallel and identical. The Ninth Circuit also embraced the new standards set forth in Octane Fitness and stated, “We overrule our precedent to the contrary.” (Id.) Thus, the Court gives no weight to Nutravita Labs, Inc. v. VBS Distribution, 160 F. Supp. 1184, 1192 (C.D. Cal. 2016), a post-Octane case cited by Munchkin that applied previous standards rejected in Octane Fitness and overruled in Sun Earth.

District courts in post-Octane Fitness decisions have exercised their discretion to award fees on a claim by claim basis. See, e.g., Geodynamics, Inc. v. Dynaenergetics U.S., Inc., 2017 U.S. Dist. LEXIS 220647 (E.D. Tex.) (denied fees for patent claim but awarded fees on trademark claim). Here, the Court is presented with three claims: (1) trademark related claims based on Munchkin’s original CLICK LOCK logo for the period September 16, 2013 to October 2, 2014, (2) trademark related claims based on the current CLICK CLOCK logo for the period October 2, 2014 to September 11, 2015 and (3) the patent infringement claim for the period October 2, 2014 through the date of Final Judgment.

2. Trademark Related Claims For The Period September 16, 2013 To October 2, 2014

Munchkin’s common and state law trademark and unfair competition claims apply the same standards as the Lanham Act. New W. Corp. v. NYM Co. of Cal., 595 F.2d 1194, 1201 (9<sup>th</sup> Cir. 1979). The test for all is identical: is there a likelihood of confusion? Id.; James R. Glidewell Dental Ceramics v. Keating Dental Arts, Inc., 2013 U.S. Dist. LEXIS 24824\*9 (C.D. Cal.)

LNC asserts that this case is “exceptional” and “stands out” from other trademark cases, based on both the substantive weakness of Munchkin’s trademark related claims and Munchkin’s unreasonable litigation conduct. The Court disagrees as to the period

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	CV 13-06787 JEM	Date	December 27, 2018
Title	<b>Munchkin, Inc. v. Luv N' Care, Ltd. and Admar International, Inc.</b>		

September 16, 2013 to October 2, 2014 but does grant attorneys' fees and costs for the period from October 2, 2014 to September 11, 2015 for the trademark related claims.

The Court record is not helpful to LNC's assertions regarding Plaintiff's trademark related claims for the period September 16, 2013 to October 2, 2014. LNC never filed a Rule 12(b)(6) motion to challenge the original complaint. This Court never made any rulings against Munchkin's trademark related claims, nor did it ever find that Munchkin engaged in litigation misconduct. To the contrary, the Court denied LNC's Motion to Compel production of documents and for monetary and terminating sanctions. (Dkt. 44.) The Court also granted Munchkin's Motion to Amend to file the First Amended Complaint over LNC's objection. (Dkt. 45.) These are facts or events the Court must consider as part of the totality of the circumstances.

LNC's only assertion of specific litigation misconduct is based on one incident during the September 16, 2013 to October 2, 2014 period involving undue delay in producing documents relevant to Munchkin's trademark related claims in its original complaint. LNC filed a Motion to Compel seeking production of documents, attorneys' fees and terminating sanctions. (Dkt. 35.) The Court denied the Motion to Compel because it was moot, as Munchkin produced all non-privileged responsive documents before LNC filed its Motion. (Dkt. 44.) LNC knew that Court action was no longer required but filed the Motion anyway without disclosing to the Court that production had occurred. (Id.) LNC sought attorneys' fees pursuant to the mandatory award of fees provision of Rule 37(a)(5)(A) on the basis that it had provided its portion of the Joint Stipulation to Munchkin before production occurred. Id. The Court, however, ruled that Rule 37(a)(5)(A) only applies when discovery is provided after the motion is filed. (Id.) The Court explained that one of the frequent outcomes of the Local Rule 37 Joint Stipulation process is that the allegedly offending party, after reading the moving party's portion of the Joint Stipulation, decides to produce discovery to avoid losing and paying sanctions. (Id.) The Court therefore denied LNC's request for fees under Rule 37(a)(5)(A). (Id.) Delays in producing documents, only to produce the documents when a motion to compel is threatened, is hardly unusual conduct in litigation and would not make this case "stand out" from other trademark infringement cases, particularly when there are no other alleged incidents of discovery misconduct for the period at issue.

In the same time period, Munchkin obtained relief on its Motion to Amend to file a First Amended Complaint. (Dkt. 45.) LNC opposed the Motion to Amend on grounds of

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 13-06787 JEM

Date December 27, 2018

Title **Munchkin, Inc. v. Luv N' Care, Ltd. and Admar International, Inc.**

prejudice and undue delay. In its Motion to Compel, LNC also argued for terminating sanctions to prevent the filing of the FAC. (Dkt. 35 at 24-25.) Noting Rule 15(a)'s liberal amendment policy, the Court granted Munchkin's Motion to Amend. (Dkt. 45.) Munchkin's initial complaint was based on its original CLICK LOCK logo. Munchkin wanted to update its claims to the version of the trademark it was actually using (the "current logo") and for which a trademark application had been filed on May 7, 2014. (Oppos. at 2, Dkt. 204.) It also mentioned trade dress in the original complaint but did not make a specific trade dress claim which Munchkin now wanted to make specific because it had become aware that consumers were associating the distinctive configuration of CLICK LOCK cups with Munchkin. (*Id.*) Munchkin also wanted to add a patent infringement claim based on a patent that issued on June 3, 2015 (Dkt. 30, ¶3, 30-2, Ex. B), months after the complaint was filed. The Court granted the Motion, finding no undue, substantial or irrevocable legal prejudice to LNC. (Dkt. 45.) The Court further found that LNC did not demonstrate futility or bad faith. (*Id.*) The Court further found that delay alone could not by itself justify denial of leave to amend. Bowles v. Reade, 198 F. 3d 752, 758 (9<sup>th</sup> Cir. 1999); DCD Programs, Ltd. V Leighton, 833 F. 2d 183, 186 (9<sup>th</sup> Cir. 1987) ("delay, by itself, is insufficient to justify denial of leave to amend"). LNC, moreover, failed to seek its litigation costs as a condition to the granting of the FAC. General Signal Corp. v. MCI Telecommunications Corp., 66 F.3d 1500, 1514 (9<sup>th</sup> Cir. 1995) (although Rule 15 does not explicitly permit the imposition of costs, a district court may impose costs, "as a condition of granting leave to amend in order to compensate the opposing party for additional costs incurred because the original pleading was faulty"). LNC also unsuccessfully sought reassignment of this case to the Patent Pilot program (Dkt. 58), which obviously has nothing to do with the merits of the case or whether it is exceptional.

LNC invites the Court to reconsider the matters above with the benefit of hindsight, and thereby allow LNC to recover its fees under § 1117(a), notwithstanding the Court's denial of fees on LNC's Motion to Compel and the granting of the Motion to Amend. The Court, however, is unwilling to turn the clock back and start over. Based on the totality of circumstances, the Court finds that LNC has not demonstrated by a preponderance of the evidence that Munchkin's trademark related claims based on the original CLICK LOCK logo or its conduct in regard to those claims make this an exceptional case for the period of September 16, 2013 through October 2, 2014 or that it is entitled to fees and costs for that period of time.

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 13-06787 JEM

Date December 27, 2018

Title **Munchkin, Inc. v. Luv N' Care, Ltd. and Admar International, Inc.**

3. Trademark Related Claims For The Period  
October 2, 2014 To September 11, 2015

The original complaint was based on Munchkin's registered original CLICK LOCK logo. In filing its FAC, Munchkin eliminated all of its trademark related claims based on the original logo. The FAC now asserted a Lanham Act unfair competition claim, trade dress infringement claim and common law unfair competition, all based solely on the unregistered "current" CLICK LOCK logo. (Dkt. 46.) The FAC should have reset and refocused the trademark related claims but alas it did not.

The trademark related claims in the initial complaint were all based on the original CLICK LOCK logo, for which Munchkin had a registered trademark. The registration indicates a first use in commerce in 2012. (*Id.*, Ex. A.) (Dkt. 1, ¶ 10.) Munchkin's May 7, 2014 trademark application for the "current" logo, however, indicated that it had been in use since 2012 as well. (Dkt. 36-4, Ex. B.) LNC, moreover, asserts that one of the exhibits to the initial complaint reflects the current logo. (Dkt. 1, Ex. D.) Munchkin does not dispute this assertion. To add to the confusion, even after the filing of the FAC, the original logo was still being used for some of Munchkin's product line on its website, even though Munchkin had dropped the original logo from the lawsuit. (Motion, 16:21-24.) As for the trade dress infringement claim, LNC asserts it was able to produce prior art cup samples and catalogs evidencing that many of the alleged features of Munchkin's trade dress represented design characteristics in common use well before Munchkin's line of CLICK LOCK products. (Motion, Dkt. 189, 12:8-12.) Munchkin did not dispute this assertion.

Not surprisingly, Munchkin had little choice but to drop its trademark related claims. On September 8, 2015, it signed a Stipulation dismissing Claims I-V of the FAC with prejudice. (Dkt. 102.) The Court signed the Order on September 10, 2015. (Dkt. 105.) Both the Stipulation and Order preserved LNC's right, at the conclusion of the action, "to seek recovery of attorneys' fees, costs and expenses incurred in defending against Claims I-V of the First Amended Complaint in this action under any of the applicable rules and statutes." (Dkt. 102, 105.)

The above facts make clear the substantive weakness of Munchkin's trademark related claims based on the current logo. Those claims were so weak Munchkin abandoned them with prejudice. Munchkin asserts that it dismissed the claims with

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	CV 13-06787 JEM	Date	December 27, 2018
Title	<b>Munchkin, Inc. v. Luv N' Care, Ltd. and Admar International, Inc.</b>		

prejudice “for the sole purpose of streamlining the remainder of this litigation.” (Dkt. 102 at 1:12-16.) Yet Munchkin also agreed that LNC reserved the right to seek its fees and costs at the conclusion of the litigation. (Dkt. 102, 105.)

LNC should not have to bear the burden of Munchkin’s second failure to plead a claim consistent with the facts, which makes this case “stand out” from other trademark cases. The need to advance considerations of compensation is a valid factor in determining the applicability of §§ 285 and 1117(a). Octane Fitness, 572 U.S. at 554, n.6. Had Munchkin brought a Rule 15(a) Motion to Amend to dismiss Claims I-V of the FAC, moreover, the Court would have conditioned the dismissal of the trademark related claims on payment of LNC’s fees in defending those claims during the period of October 2, 2014 to September 10, 2015.

The Court finds that LNC has established by a preponderance of the evidence that the totality of the circumstances warrants designation of this case as “exceptional” pursuant to § 1117(a) as to Claims I-V based on the current logo for the period of October 2, 2014 to September 10, 2015.

4. Patent Infringement Claim

Plainly put, the totality of the circumstances warrants designation of Munchkin’s patent infringement claim as “exceptional” pursuant to 35 U.S.C. § 285 of the Patent Act.

Munchkin filed its application for the ‘993 patent on July 27, 2011. (Dkt. 30-2, Ex. B.) The USPTO issued the patent on June 3, 2014. (Id.) The ‘993 patent is entitled “Container for Spillproof Container Assemblies.” (Id.) Munchkin added a claim of infringement of the ‘993 patent to its First Amended Complaint on October 2, 2014. (Dkt. 46.) LNC quickly located prior art patents and prior art bottles not identified by the USPTO. On January 22, 2015 LNC identified the prior art in its invalidity contentions as required by Local Patent Rules. (Dkt. 204-5.) The prior art patents include U.S. Patent No. 3,101,856 (Whiteman) and U.S. Patent No. 4,230,232 (Atkins). (Id.) LNC then relied on the uncited Whiteman and Atkins prior art patents in its Petition for IPR review of the ‘993 patent which was filed on March 11, 2015. (Dkt. 165, Ex. A.) Munchkin filed a preliminary response on June 23, 2015. The PTAB filed a Decision instituting IPR review of the patentability of all the claims in the ‘993 patent on September 18, 2015, finding a “reasonable likelihood that the petitioner would prevail with respect to at

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	CV 13-06787 JEM	Date	December 27, 2018
Title	<b>Munchkin, Inc. v. Luv N' Care, Ltd. and Admar International, Inc.</b>		

least one of the claims challenged in the petition” as required by 35 U.S.C. § 314(a)(1). (Dkt. 165, Ex. B.) Published statistics indicated an 85% chance that the PTAB would cancel some of the ‘993 patent’s claims and a 68% chance that the PTAB would cancel all of the claims. (Dkt. 110.) On September 15, 2016, the PTAB entered a Written Decision finding all of the claims of the ‘993 patent are unpatentable under 35 U.S.C. § 102 and/or § 103. (Dkt. 165, Ex. C.) The Federal Circuit summarily affirmed the PTAB’s decision on November 13, 2017. (Dkt. 165, Ex. D.)

LNC also learned that on May 13, 2011 Munchkin had sued Playtex on its Twist ‘N Click cup products which are prior art. (See Manzo Decl., ¶ 7, Dkt. 191.) Munchkin, however, never produced in discovery any documents relating to its first knowledge of the Playtex Twist ‘N Click cup products as requested. (See Request for Production No. 190, Hartwell Decl., Ex. 4, Dkt. 192-4, p. 3.) The Complaint in the Playtex lawsuit (Civ. Action No. 11-04129) leaves no doubt that Munchkin knew about earlier versions of the Playtex Twist ‘N Click cups and was in possession of actual samples before the July 27, 2011 filing of the ‘993 patent application. (Manzo Decl., ¶ 7.) Munchkin, however, failed to provide these products to the Patent Examiner or to produce them in discovery or to disclose the Playtex suit. Munchkin does not dispute these facts but asserts that the Playtex cups are not relevant and in any event the issue is “a disputed one that is wholly unexceptional.” (Oppos., 18:20-23, Dkt. 204.). The Court disagrees. The Playtex cups are another indication of substantive weakness to be considered under the totality of the circumstances in assessing the reasonableness of Munchkin’s litigation conduct. The Court gives great weight to the fact that Munchkin knew about the prior art Playtex Twist ‘N Click cups before filing its application for the ‘993 patent but failed to disclose that prior art to the USPTO or produce it to LNC in discovery.

The above facts make clear Munchkin’s awareness of the substantive weakness of the ‘993 patent, a central factor in considering whether a case is “exceptional” under Octane Fitness, 572 U.S. at 554. Munchkin also litigated the patent claim in an unreasonable manner.

Munchkin was on notice of the legal vulnerability of the ‘993 patent at least since January 22, 2015 (four months after the FAC was filed with the patent infringement claim) when LNC filed its invalidity contentions citing prior art patents (Whiteman and Atkins) and bottle art. (Dkt. 204-5.) Munchkin also was aware that LNC relied on this prior art in its March 11, 2015 Petition for IPR. (Dkt. 165, Ex. A.) On September 18,

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	CV 13-06787 JEM	Date	December 27, 2018
Title	<b>Munchkin, Inc. v. Luv N' Care, Ltd. and Admar International, Inc.</b>		

2015, the PTAB granted review of the invalidity of the '993 patent based on the prior art patents. (Dkt. 165, Ex. B.) On October 20, 2015, LNC filed a Motion for Leave to Serve Amended Invalidity Contentions (Dkt. 122) to add two additional prior art Playtex Twist 'N Click cup products, no longer sold commercially, that were discovered recently, which represented yet another threat at the '993 patent. As IPR is limited to prior art patents, LNC could not assert these prior art bottles and cups in the PTAB proceeding but would be able to use these bottles and cups to establish invalidity of the '993 patent in a subsequent trial, regardless of the outcome of the PTAB proceeding.

Despite these red flag warnings and its duty to continually assess its patent infringement claim, Taurus IP, LLC v. Daimler Chrysler Corp., 726 F.3d 1306, 1328 (Fed. Cir. 2013), Munchkin was objectively unreasonable in persisting in all out litigation. It fought LNC's Motion to Stay the litigation pending the outcome of the IPR. It failed to explore settlement before or after the outcome of the IPR. It appealed PTAB's decision to the Federal Circuit. When this case was reopened, Munchkin sought a voluntary dismissal under Rule 41(a)(2) in an attempt to avoid a final judgment that would establish LNC as the prevailing party.<sup>1</sup> Munchkin's doggedness in the face of almost certain defeat was unreasonable and makes this case stand out from other cases. A reasonable patentee would have settled this case. The Court finds that under the totality of the circumstances this is an "exceptional" case under 35 U.S.C. § 285 as to Munchkin's patent infringement claim.

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<sup>1</sup> Munchkin suggests that LNC is not the prevailing party on the trademark related claims. (Dkt. 204 at 11, fn. 2.) This issue, however, was definitively resolved in the recent decision of Raniere v. Microsoft Corp., 887 F.3d 1298 (Fed. Cir. 2018). The Federal Circuit made clear that prevailing party status is not limited to whether a defendant prevailed on the merits but also encompasses a ruling that "rebuffs a plaintiff's attempt to effect a 'material alteration in the legal relationship of the parties.'" Id. at 1306, citing CRST Van Expedited, Inc. v. EEOC, 136 S. Ct. 1642, 1646, 1651 (2016). Appellees won through the Court's dismissal with prejudice because they prevented a material change in their relationship based on the judicial imprimatur of a court decision and received all the relief to which they were entitled. Id. The same is true here. The Court dismissed Munchkin's trademark related claims on the current CLICK LOCK logo with prejudice, preventing Munchkin's attempt to effect a material alteration in its relationship with LNC. (Dkt. 102, 105.) The Final Judgment resolved all remaining claims and adjudged LNC as the prevailing party. (Dkt. 187.)

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	CV 13-06787 JEM	Date	December 27, 2018
Title	<b>Munchkin, Inc. v. Luv N' Care, Ltd. and Admar International, Inc.</b>		

Munchkin contends that LNC should not recover its fees for the IPR proceeding and subsequent Federal Circuit appeal because those proceedings did not occur in this case. The Court disagrees. The United States Supreme Court uses a “but for” causation standard in adjudicating attorneys’ fees under federal statutes. Fox v. Vice, 563 U.S. 826, 836 (2011) (attorneys’ fees under 42 U.S.C. § 1988). But for the filing of the patent infringement claim in this case, LNC would not have incurred attorneys’ fees and costs for the IPR and Federal Circuit appeal. My Health, Inc. v. ALR Techs, Inc., 2017 U.S. Dist. 209273\*21 (E.D. Tex.) (awarding all reasonable expenses on a “but for” causation basis, including an IPR proceeding caused by initiation of lawsuit.) The only case in the Ninth Circuit found by the parties is Deep Sky Software, Inc. v. Sw. Airlines Co., 2015 U.S. Dist. LEXIS 178030\*5-\*6 (S.D. Cal.) which awarded fees for reexamination proceedings because they were “related” to the suit and initiated in reaction to the suit and because “the reexamination proceedings essentially substituted for work that would otherwise have been done” in the suit.

Plaintiffs did not address the “but for” standard or My Health in their Reply. Munchkin does argue that the PTAB proceeding was duplicative and that the Court already had completed claim construction. Yet this Court never addressed validity issues in its claim construction ruling. (Dkt. 101.) It would have had to address validity and inequitable conduct issues later in the litigation but for the PTAB proceeding. The latter proceeding addressed only validity issues that this Court never considered and thus substituted for work that otherwise would have occurred in this proceeding. Munchkin’s position is meritless.

Munchkin also argues that it won on some issues in the litigation, including favorable claim constructions. Yet courts have made clear that favorable rulings on non-dispositive interim matters do not preclude an award of fees under § 285. TNS Media Research LLC v. Tivo Research & Analytics, Inc., 2018 U.S. Dist. LEXIS 84165\*18 (S.D.N.Y. 2018).

C. Amount Of Fee Award

LNC seeks an award of fees and costs in the amount of \$1,232,178. LNC initially sought a higher amount but agreed with Munchkin that LNC in-house counsel Hartwell Morse’s fees should be reduced by \$189,863. Best W. Int’l. Inc. v. Furber, 2008 U.S. Dist. LEXIS 70552\*45-\*46 (D. Ariz.) (prevailing party may recover attorneys’ fees for

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 13-06787 JEM

Date December 27, 2018

Title **Munchkin, Inc. v. Luv N' Care, Ltd. and Admar International, Inc.**

work otherwise performed by outside counsel).

The Court has determined that Munchkin's trademark related claims on the original CLICK LOCK log are not "exceptional." The Court therefore has eliminated the \$121,918.50 in fees and costs incurred by LNC for the period of September 16, 2013 through October 2, 2014. The resulting amount is \$1,110,259.50.

The Court indicated at the hearing that it likely would not award fees for either LNC's Motion to Compel or its Motion for Reassignment. All activity in support of the Motion to Compel, however, occurred in the first phase of the litigation regarding the time period of September 16, 2013 through October 2, 2014. As the Court already has denied LNC's Motion for fees as to that time period, no further adjustment is necessary. The Motion for Reassignment is another matter. Although most activity on the Motion for Reassignment occurred after October 2, 2014, there are some time entries prior to October 2, 2014. LNC indicates that \$15,437 in fees were incurred on the Motion for Reassignment. LNC is ordered to provide the Court **within 7 days** from the date of this Order with a revised fee amount that eliminates work on or before October 2, 2014. The revised amount will be deducted from the \$1,110,259.50 amount referenced above. The resulting amount will be LNC's fee award.

The Court finds that the fees and costs incurred by LNC are adequately documented, the rates reasonable and the amount reasonable.

The Court also will adopt and enter the proposed order submitted by LNC, adjusted in accord with the calculations above, once LNC provides the Court with the revised amount of fees for the Motion for Reassignment.

cc: Parties

Initials of Preparer

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