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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

TRANSPERFECT GLOBAL, INC.;
TRANSPERFECT TRANSLATIONS
INTERNATIONAL, INC.; and
TRANSLATIONS.COM, INC.,

Plaintiffs,

v.

MOTIONPOINT CORPORATION,

Defendant.

No. C 10-2590 CW

ORDER ON POST-
TRIAL MOTIONS
(Docket Nos. 439,
440, 444, 445,
486, 489 and 509).

Plaintiffs and Counterclaim-Defendants TransPerfect Global, Inc.; TransPerfect Translations International, Inc.; and Translations.com, Inc. (collectively, TransPerfect) seek the following relief in their post-trial motions: (1) an order severing TransPerfect's Lakritz patent claims from the remainder of the case; (2) increased and supplemental damages and pre-judgment interest; (3) an amended permanent injunction against MotionPoint; (4) judgment as a matter of law (JMOL) that MotionPoint indirectly infringes its patent; and (5) attorneys' fees. Defendant and Counter-Claimant MotionPoint Corporation opposes all of these motions and cross-moves for JMOL that the asserted claims of TransPerfect's Scanlon patent are invalid and not infringed, that TransPerfect's damages award should be reduced, and that its own patents are valid and infringed. For the reasons set forth below, the Court GRANTS TransPerfect's motion to amend the permanent injunction and its motion for post-

1 verdict royalties and pre-judgment interest; all other motions are
2 DENIED.

3 BACKGROUND

4 TransPerfect and MotionPoint are competing language
5 translation firms which brought claims against each other for
6 patent infringement. Prior to trial, the Court granted summary
7 adjudication that MotionPoint did not infringe TransPerfect's
8 Lakritz patents. The Court held a three-week jury trial on the
9 remaining claims in July 2013.

10 With respect to TransPerfect's infringement claims, the jury
11 returned a verdict finding that MotionPoint's accused product,
12 called the TransMotion system, directly infringed six claims of
13 TransPerfect's Scanlon patent. The jury also found, however, that
14 MotionPoint was not liable for inducing infringement or
15 contributory infringement.

16 With respect to MotionPoint's infringement claims, the jury
17 found that TransPerfect had not infringed any claims of
18 MotionPoint's three patents-in-suit. In addition, it found that
19 the asserted claims of all three of MotionPoint's patents-in-suit
20 were invalid as obvious, anticipated, and statutorily barred.

21 The jury awarded TransPerfect total damages of \$1,002,006.
22 It found and used a reasonable royalty rate of four percent to
23 calculate these damages. Docket No. 415, Verdict Form.

24 In August and September 2013, the parties filed a series of
25 post-trial, pre-judgment motions. Both parties renewed the
26 motions for JMOL that they had made during trial. In addition,
27 TransPerfect moved for a permanent injunction and to sever, from
28 the claims that went to trial, its Lakritz patent claims, upon

1 which the Court earlier granted summary judgment of non-
2 infringement by MotionPoint. The parties pointed out that they
3 planned to file additional post-trial motions after the Court
4 entered judgment and determined whether to issue a permanent
5 injunction. The Court deferred its decision on the parties' post-
6 trial motions, entered judgment, and issued a permanent
7 injunction, but stayed its injunction pending resolution of the
8 post-trial and post-judgment motions.

9 DISCUSSION

10 I. TransPerfect's Post-Trial Motions (Docket Nos. 439, 440,
11 445, 489, and 509)

12 A. TransPerfect's Motion to Sever Lakritz Patent Claims
13 (Docket No. 445)

14 In May 2013, the Court granted summary judgment of non-
15 infringement to MotionPoint on all of TransPerfect's claims based
16 on its Lakritz patents. TransPerfect moves to sever these claims
17 for a separate appeal from the claims that were decided at trial.

18 Federal Rule of Civil Procedure 21 provides, "On motion or on
19 its own, the court may at any time, on just terms, add or drop a
20 party. The court may also sever any claim against a party." The
21 court may sever the claims against a party in the interest of
22 fairness and judicial economy and to avoid prejudice, delay or
23 expense, and has "broad discretion" in determining when severance
24 is appropriate. Coleman v. Quaker Oats Co., 232 F.3d 1271, 1296-
25 97 (9th Cir. 2000).

26
27 TransPerfect seeks severance of its claims of infringement of
28 its Lakritz patents in order to allow for separate appeals of

1 those claims and the claims decided at trial, arguing that doing
2 so would avoid certain possible undesirable future outcomes
3 resulting from the Federal Circuit's decision in Fresenius USA,
4 Inc. v. Baxter International, Inc., 721 F.3d 1330 (Fed. Cir.
5 2013).

6 The Court is not persuaded. This case has been adjudicated
7 in full and can be appealed to the Federal Circuit in a single
8 appeal. There is no good reason to divide the case in two and
9 proceed with two separate appeals. Consequently, Plaintiffs'
10 motion to sever Lakritz patent claims is DENIED.

11
12 B. Motion for JMOL on Marking Defense or New Trial on
13 Damages (Docket No. 439)

14 At trial, MotionPoint argued that TransPerfect's damages
15 claim should be limited because neither it nor the predecessor
16 owner of its Scanlon patent had marked the products they produced
17 embodying the patent, and that they were required to do so. As a
18 result, MotionPoint argued, damages could be awarded only from
19 October 13, 2011, the date TransPerfect added claims based on the
20 Scanlon patent to this case.

21
22 The jury was instructed that if a patent holder does not sell
23 a tangible product that is capable of being marked, then damages
24 commence on the date that the infringer began infringing an issued
25 patent. If the patent holder does sell a tangible product that is
26 capable of being marked, then damages commence on the date that
27 the alleged infringer has both infringed and been notified of the
28

1 patent. The jury was further instructed that the patent holder
2 must prove by a preponderance of the evidence the date on which it
3 gave notice and that the matter was for the jury to decide.

4 As noted above, the jury returned a verdict for TransPerfect
5 of \$1,002,006, indicating that it had used a four percent royalty
6 rate in calculating that amount. The verdict amount is four per
7 cent of about twenty-five million dollars, which is not a number
8 put forward by either side. TransPerfect speculates that the jury
9 reached this number by finding that TransPerfect's products, and
10 those of its predecessor, had not been marked. TransPerfect
11 argues that such a finding was incorrect as a matter of law.

12 However, it is not at all clear how the jury reached the
13 damage award. The jury was instructed on lost profits damages and
14 on a reasonable royalty. It was told that if the patent-holder
15 proved its claim for lost profits for only a portion of the
16 infringing sales, then it should be awarded a reasonable royalty
17 for all infringing sales for which it was not awarded lost profits
18 damages. The verdict form called for a total amount of damages,
19 and then for any reasonable royalty rate it used to calculate
20 these damages. This does not necessarily mean that all of the
21 damages were based on that royalty. The jury could have awarded
22 damages consisting in part of lost profits and in part of a four
23 percent royalty on infringing sales for which it did not award
24 lost profits.
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1 Nonetheless, even if the jury did take MotionPoint's marking
2 defense into account, the verdict need not be overturned. There
3 was a dispute of fact as to whether TransPerfect's product could
4 be viewed as a tangible one that could have been marked, on its
5 web pages or on the resulting translations. There was sufficient
6 evidence for the jury to decide the issue and, under proper
7 instructions, it did so.
8

9 A motion for judgment as a matter of law after the verdict
10 renews the moving party's prior Rule 50(a) motion for judgment as
11 a matter of law at the close of all the evidence. Fed. R. Civ. P.
12 50(b). Judgment as a matter of law after the verdict may be
13 granted only when the evidence and its inferences, construed in
14 the light most favorable to the non-moving party, permits only one
15 reasonable conclusion as to the verdict. Josephs v. Pac. Bell,
16 443 F.3d 1050, 1062 (9th Cir. 2006). Where there is sufficient
17 conflicting evidence, or where reasonable minds could differ over
18 the verdict, judgment as a matter of law after the verdict is
19 improper. See, e.g., Kern v. Levolor Lorentzen, Inc., 899 F.2d
20 772, 775 (9th Cir. 1990); Air-Sea Forwarders, Inc. v. Air Asia
21 Co., 880 F.2d 176, 181 (9th Cir. 1989).
22

23 TransPerfect's disagreement with the submission of the
24 marking defense to the jury, and the effect its possible finding
25 of failure to mark may have had on its damage award, does not meet
26 this test.
27
28

1 Further, even if the Court were to find that the marking
2 defense should not have been submitted to the jury, or that no
3 reasonable jury could have found as it did, the Court could not
4 simply increase the damage award as TransPerfect suggests. A new
5 trial on damages would have to be held. A new trial should be
6 granted only when the verdict is contrary to the clear weight of
7 the evidence, Molski v. M.J. Cable, Inc., 481 F.3d 724, 729 (9th
8 Cir. 2007), or errors in the jury instructions as a whole misled
9 the jury, see Experience Hendrix LLC v. Hendrixlicensing.com Ltd,
10 762 F.3d 829, 847 (9th Cir. 2014).

12 Again, the Court finds that the marking defense was properly
13 submitted to the jury with correct instructions, and that the
14 jury's damage award was supported by the evidence, whether it was
15 based on a finding of failure to mark or not. The Court DENIES
16 TransPerfect's motion on this point and declines to order a new
17 trial.
18

19 B. Motion to Amend the Judgment to Award Supplemental
20 Damages, Ongoing Royalties and Pre-Judgment Interest
(Docket No. 489)

21 1. Supplemental Damages

22 TransPerfect moves to amend the judgment to grant it
23 supplemental damages under 35 U.S.C. § 284¹ on the theory that the
24 jury failed to award it compensation for infringement that

25 ¹ This statute provides: "Upon finding for the claimant the
26 court shall award the claimant damages adequate to compensate for
27 the infringement, but in no event less than a reasonable royalty
28 for the use made of the invention by the infringer, together with
interest and costs as fixed by the court." 35 U.S.C. § 284.

1 occurred after December 31, 2011. Specifically, TransPerfect
2 contends that the jury's damage award of \$1,006,002 failed to
3 account for its post-2011 damages. During discovery, MotionPoint
4 failed to produce any financial records later than 2011. As a
5 result, TransPerfect argues, the parties' experts were unable to
6 examine any post-2011 financial information and the jury could not
7 have included these damages in its verdict.

8 TransPerfect apparently did not move to compel the financial
9 information necessary to calculate the post-2011 damages;
10 therefore, if the jury was not presented with all of the necessary
11 evidence, the fault does not lie exclusively with MotionPoint.

12 TransPerfect's expert purported to reserve the right to seek
13 post-2011 damages after trial, and TransPerfect argues that it
14 "reserved the right in its complaint and again in its pretrial
15 statement to seek an accounting of all damages." Docket No. 522,
16 TransPerfect Reply at 2. TransPerfect's attempts to reserve these
17 rights do not empower it to take the question of damages from the
18 jury. Damages are part of a trial by jury. If TransPerfect
19 wished to bifurcate a portion of its damages for a separate, later
20 trial, it would have had to ask the Court to do so, or reached an
21 agreement to that effect with MotionPoint. Or TransPerfect could
22 have sought to ask the jury to extrapolate post-2012 damages from
23 the pre-2012 financial records and analysis.

24 In fact, it is not even clear that the jury did not award
25 damages for the full period. As noted above, the jury returned a
26 verdict for TransPerfect of \$1,002,006, indicating that it had
27 used a four percent royalty rate in calculating that amount; the
28 verdict amount is four per cent of about twenty-five million

1 dollars, a number not argued by either side. The verdict form
2 asked the jury, "[W]hat total damages do you find for
3 TransPerfect, if any?" Docket No. 415, Verdict at 3 (emphasis
4 added). The jury reached a damages verdict within the range
5 propounded by the experts' testimony. It may have extrapolated
6 MotionPoint's infringing sales for the full period but found them
7 to be less than TransPerfect's expert suggested. The Court cannot
8 award additional pre-verdict damages on its own at this point.

9 In similar circumstances, other courts have refused to award
10 supplemental pre-verdict damages. In Presidio Components Inc. v.
11 American Technical Ceramics Corp., for instance, a court in the
12 Southern District of California found,

13 The jury is presumed to have compensated Presidio
14 for all of its lost profits leading up to the
15 trial. During trial, Presidio could have -- but
16 did not -- argue to the jury that its suggested
17 amount of \$1,048,000 should be proportionally
18 increased for the two months not accounted in the
19 sales data. Under these circumstances, awarding
20 additional amounts of damages incurred before
21 trial would be an improper invasion of the jury's
22 province to determine actual damages and an
23 inappropriate use of 35 U.S.C. § 284 to enhance
24 inadequate compensatory damages.

2010 WL 3070370, at *2 n.1 (S.D. Cal.) (quotation marks and
21 citations omitted), aff'd in relevant part, vacated in part on
22 other grounds 702 F.3d 1351 (Fed. Cir. 2012).

23 A judge in this district recently relied on Presidio
24 Components in reaching the same conclusion. Apple Inc. v. Samsung
25 Elecs. Co., Ltd., 926 F. Supp. 2d 1100, 1104 (N.D. Cal. 2013).

26 The court in that case refused to grant supplemental pre-verdict
27 damages because, "[w]hile it [was] true that the jury did not hear
28

1 evidence of sales between June 30 and August 24, it [was] also
2 possible that the jury considered this fact in arriving at its
3 ultimate award." Id.; see also Oscar Mayer Foods Corp. v.
4 Conagra, Inc., 869 F. Supp. 656, 668 (W.D. Wis. 1994) ("The Court
5 finds no justification for awarding additional damages for that
6 period of time prior to trial for which plaintiff offered no
7 evidence of lost profits."), aff'd 45 F.3d 443 (Fed. Cir. 1994).

8 These district court decisions are consistent with Federal
9 Circuit precedent, which holds, "Damages cannot be enhanced to
10 award the patentee additional compensation to rectify what the
11 district court views as an inadequacy in the actual damages
12 awarded." Beatrice Foods Co. v. New England Printing &
13 Lithographing Co., 923 F.2d 1576, 1579 (Fed. Cir. 1991). The same
14 principles militate against awarding supplemental pre-verdict
15 damages here. TransPerfect's request is denied.

16 2. Post-Verdict Damages

17 However, TransPerfect is entitled to recover its damages for
18 infringement that occurred after the verdict was returned in July
19 2013. Under recent Federal Circuit case law, the Court could
20 award damages for post-judgment infringement at a royalty rate
21 higher than the one used by the jury. Amado v. Microsoft Corp.,
22 517 F.3d 1353, 1361 (Fed. Cir. 2008) ("There is a fundamental
23 difference, however, between a reasonable royalty rate for pre-
24 verdict infringement and damages for post-verdict infringement.").
25 TransPerfect's expert has opined that the reasonable post-judgment
26 royalty rate is higher than four percent. Docket No. 294-3 (filed
27 under seal), Hoffman Declaration at ¶¶ 26-35. MotionPoint's
28 expert disagrees.

1 TransPerfect's expert relies largely on the fact that, after
2 judgment, the patent has been determined to be valid and
3 infringed. However, the jury was instructed that a reasonable
4 royalty is the payment for the license that would have resulted
5 from a hypothetical negotiation between the patent holder and the
6 infringer taking place at the time when the infringing activity
7 first began. It was to assume that the patent holder and the
8 infringer would have acted reasonably and would have entered into
9 a license agreement, and that both parties believed the patent was
10 valid and infringed. The jury found that a reasonable royalty
11 rate was four percent based on TransPerfect's expert's testimony.
12 The Court is not persuaded by his post-judgment opinion that the
13 rate should be different, and finds that TransPerfect is entitled
14 to a post-verdict royalty calculated at four percent, from the
15 date of the verdict until a permanent injunction goes into effect
16 and the infringement ceases.

17 3. Pre-Judgment Interest

18 In addition to compensatory damages, the prevailing party in
19 a patent infringement suit is entitled to recover "interest and
20 costs as fixed by the court." 35 U.S.C. § 284. Courts are
21 afforded discretion to decide the interest rate to be used.
22 Studiengesellschaft Kohle, m.b.H. v. Dart Indus. Inc., 862 F.2d
23 1564, 1580 (Fed. Cir. 1988). MotionPoint does not dispute that
24 TransPerfect is entitled to both pre-judgment and post-judgment
25 interest. Post-judgment interest was awarded in the judgment and
26 is calculated under 28 U.S.C. § 1961. MotionPoint disputes
27 TransPerfect's claim that pre-judgment interest should be
28

1 calculated at the prime interest rate and compounded quarterly.
2 MotionPoint contends that pre-judgment interest should instead be
3 calculated in the same manner as post-judgment interest, based on
4 the (lower) United States Treasury Bill rate, and compounded
5 annually.

6 Courts are divided on which of these methods is most
7 appropriate for calculating pre-judgment interest in patent
8 infringement suits. Accordingly, because TransPerfect has not
9 presented any compelling reasons to deviate from the method used
10 to calculate post-judgment interest, the parties shall calculate
11 pre-judgment interest based on the Treasury Bill rate and annual
12 compounding.

13 C. Motions for Entry of Judgment and a Permanent
14 Injunction, and to Amend the Permanent Injunction
15 (Docket Nos. 440 and 489)

16 In its first set of post-trial briefs, TransPerfect moved for
17 entry of judgment and for a permanent injunction barring
18 MotionPoint from continuing to infringe or supporting infringement
19 of TransPerfect's Scanlon patent. MotionPoint opposed the motion
20 for an injunction on the grounds that it was unwarranted, and that
21 TransPerfect's proposed injunction, which MotionPoint alleges
22 would prevent it from using its entire TransMotion system, was
23 overbroad.

24 The Court entered judgment and a generically-worded
25 injunction on November 15, 2013, Docket Nos. 467, 468. The Court
26 stayed enforcement of the injunction pending resolution of the
27 parties' post-trial motions, which were to include briefing on the
28 language of any permanent injunction. Thus, TransPerfect's pre-

1 judgment motion for judgment and an injunction, Docket No. 440,
2 has been granted.

3 Three days after the Court entered and stayed its injunction,
4 the Federal Circuit issued its decision in Apple Inc. v. Samsung
5 Elecs. Co., Ltd., 735 F.3d 1352 (Fed Cir. 2013) (Apple III),
6 making clear that the requirement of a causal nexus between the
7 infringing products and the profits of the infringer applies in
8 the permanent injunction context, as well as on a motion for a
9 preliminary injunction. Id. at 1363-64 ("Accordingly, we reject
10 Apple's arguments and confirm that the district court was correct
11 to require a showing of some causal nexus between Samsung's
12 infringing conduct and Apple's alleged harm."). Quoting an
13 earlier decision in the same case, the Apple III court explained
14 the purpose of the causal nexus requirement:

15 Sales lost to an infringing product cannot
16 irreparably harm a patentee if consumers buy that
17 product for reasons other than the patented
18 feature. If the patented feature does not drive
19 the demand for the product, sales would be lost
20 even if the offending feature were absent from
21 the accused product. Thus, a likelihood of
22 irreparable harm cannot be shown if sales would
23 be lost regardless of the infringing conduct.

24 Id. at 1360 (quoting Apple, Inc. v. Samsung Elecs. Co., Ltd., 678
25 F.3d 1314, 1324 (Fed. Cir. 2012) (Apple I)).

26 Thus, the court held, while the patentee need not "show that
27 a patented feature is the exclusive reason for consumer demand,"
28 it must nevertheless show "some connection between the patented
feature and demand for [the accused] products." Id. at 1364
(emphasis in original) (rejecting the district court's finding

1 that the patentee must "show that one of the patented features is
2 the sole reason consumers purchased [the accused product]").

3 The Federal Circuit offered three examples of evidence that a
4 patentee might present to establish this connection. It
5 mentioned, for instance, "evidence that a patented feature is one
6 of several features that cause consumers to make their purchasing
7 decisions," "evidence that the inclusion of a patented feature
8 makes a product significantly more desirable," and "evidence that
9 the absence of a patented feature would make a product
10 significantly less desirable." Id.

11 In its post-judgment briefing, TransPerfect moved to amend
12 the injunction, Docket No. 489, and MotionPoint responded that the
13 injunction should not have entered, and that it was overbroad.
14 MotionPoint argues that TransPerfect has failed to establish the
15 requisite "causal nexus" between the infringing components of
16 MotionPoint's TransMotion system and the profits MotionPoint
17 derives from that product.

18 TransPerfect identifies evidence in the trial record
19 establishing that such a nexus exists. TransPerfect highlights
20 evidence presented at trial to establish a connection between the
21 infringing components of MotionPoint's TransMotion system and
22 consumer demand for that product. In particular, it points to the
23 testimony of MotionPoint's Director of Software Development,
24 Eugenio Alvarez, who testified that the "implicit navigation" and
25 "single-action translation" features of the TransMotion system --
26 the allegedly infringing components -- were integral parts of the
27 system. Trial Tr. 387:13-22; 514:22-23 (noting that the
28 TransMotion system would be "impossible to use if you didn't have

1 implicit navigation"). In the context of head-to-head competitors
2 in a crowded field, the Court finds the evidence at trial adequate
3 to establish a causal nexus between the infringing features and
4 the profit to MotionPoint and concomitant harm to TransPerfect.

5 The traditional requirements for a permanent injunction are
6 also met. The four factors that the Supreme Court requires a
7 plaintiff to show to justify an injunction in the patent
8 infringement context are

9 (1) that it has suffered an irreparable injury; (2) that
10 remedies available at law, such as monetary damages, are
11 inadequate to compensate for that injury; (3) that,
12 considering the balance of hardships between the plaintiff
13 and defendant, a remedy in equity is warranted; and (4) that
the public interest would not be disserved by a permanent
injunction.

14 eBay Inc. v. MercExchange, LLC, 547 U.S. 388, 391 (2006).

15 Here, TransPerfect and MotionPoint are in direct competition
16 with each other. Neither TransPerfect nor its predecessor in
17 interest had chosen to license the patent. The royalty rate that
18 a willing licensor would charge would not be adequate in this
19 situation, and the correct rate would be difficult to calculate
20 and enforce. TransPerfect has shown irreparable harm from the
21 uncompensated infringement and, while MotionPoint will be harmed
22 by being barred from continuing to use the invention free of
23 charge, the balance of hardships clearly tips in TransPerfect's
24 favor. The injunction has been stayed for a lengthy period, which
25 should have allowed MotionPoint to design around the patent.
26 There is no reason to believe that the public would be disserved
27 by an injunction. Thus, the Court finds that a permanent
28 injunction is appropriate.

1 TransPerfect moves to amend the injunction by expanding it to
2 (1) bind those in "acting in concert" with MotionPoint; (2) enjoin
3 MotionPoint against indirect infringement, and (3) require
4 MotionPoint to provide notice of the injunction to its customers.
5 MotionPoint opposes an injunction that would affect its existing
6 customers, arguing that only future infringing sales and uses
7 should be enjoined. The Court has no wish unnecessarily to paint
8 MotionPoint as an infringer in the market, or to worry its
9 customers. However, MotionPoint's business model involves
10 continuing, remunerative relationships with its customers. It may
11 not continue to profit from these relationships while still
12 infringing. MotionPoint has had ample time to design around the
13 Scanlon patent and to provide the new technology to its customers.
14 If it has not already done so, it must desist infringement within
15 fourteen days of the entry of the injunction.

16 The Court will enjoin those acting in concert with
17 MotionPoint, and will enjoin MotionPoint against indirect
18 infringement. However, MotionPoint will not at this time be
19 required to notify its customers of its infringement. If
20 MotionPoint is later found in contempt, the Court will order
21 notice to its customers.

22 E. Motion for JMOL that MotionPoint Indirectly Infringes
23 (Docket No. 489)

24 At trial, TransPerfect prevailed on all of its claims for
25 direct infringement but not on those for indirect infringement.
26 In particular, the jury found for MotionPoint on TransPerfect's
27 claims for inducement of infringement and contributory
28

1 infringement. TransPerfect now moves for JMOL in its favor on
2 these two claims.

3 The jury was correctly instructed that it could find
4 contributory infringement if MotionPoint supplied an important
5 component of the infringing part of the product or method, not
6 suitable for non-infringing use, with the knowledge that the
7 component was especially made or adapted for use in an infringing
8 manner. Inducing infringement, the jury was told, similarly
9 requires that MotionPoint knew that it was causing infringing
10 acts. MotionPoint's state of mind--whether it believed it
11 infringed TransPerfect's patent--was a hotly disputed question of
12 fact that was clearly one for the jury. The jury heard the
13 evidence and the instructions and reached its verdict. The Court
14 cannot say that the evidence permitted only the conclusion that
15 MotionPoint knew that it was infringing, or that the jury was
16 unreasonable in finding otherwise.

17 F. Motion for Attorneys' Fees (Docket No. 489)

18 In a patent infringement action, a court may award the
19 prevailing party's attorneys' fees "in exceptional cases." 35
20 U.S.C. § 285. The Supreme Court, in construing this section, has
21 held that

22 an "exceptional" case is simply one that stands out from
23 others with respect to the substantive strength of a party's
24 litigating position (considering both the governing law and
25 the facts of the case) or the unreasonable manner in which
26 the case was litigated. District courts may determine
27 whether a case is "exceptional" in the case-by-case exercise
28 of their discretion, considering the totality of the
circumstances.

1 Octane Fitness, LLC v. ICON Health & Fitness, Inc., 134 S.Ct.
2 1749, 1756 (2014).²

3 TransPerfect contends that it is entitled to attorneys' fees
4 because MotionPoint engaged in litigation misconduct, asserted
5 objectively baseless counterclaims, and brought those
6 counterclaims in bad faith. However, the Court is not persuaded
7 that MotionPoint asserted objectively baseless claims against
8 TransPerfect. TransPerfect initiated this action and, although
9 MotionPoint asserted counterclaims in response, those
10 counterclaims were not objectively baseless.

11
12 In alleging litigation misconduct, TransPerfect contends that
13 MotionPoint engaged in abusive discovery tactics, violated this
14 Court's order on motions in limine, violated the parties'
15 confidentiality agreement by disclosing settlement-related
16 communications to the Court, opposed TransPerfect's
17 disqualification motion in bad faith, made false statements and
18 elicited false testimony at trial, and raised frivolous arguments
19 throughout the litigation. Most of the behavior that TransPerfect
20 has identified falls short of conduct justifying an award of
21 attorneys' fees.
22

23 _____
24 ² In so deciding, the Court observed that, construing similar
25 language in the Copyright Act, it had provided a non-exclusive
26 list of factors that district courts could consider, including
27 "frivolousness, motivation, objective unreasonableness (both in
28 particular circumstances to advance considerations of compensation
and deterrence." Octane Fitness, 134 S.Ct. at 1756 n.6 (quoting
Fogerty v. Fantasy, Inc., 510 U.S. 517, 534 n.19 (1994)).

1 MotionPoint's alleged discovery abuses, for instance, do not
2 appear to have been committed in bad faith, and its alleged mis-
3 statements of fact and disclosures of confidential information
4 were relatively minor. Likewise, MotionPoint's opposition to
5 TransPerfect's disqualification motion was not entirely without
6 merit, and its alleged failure to comply with the Court's order on
7 motions in limine appears to have been inadvertent. MotionPoint
8 has asserted some frivolous arguments and filed some frivolous
9 motions during this litigation.³ Nonetheless, the Court exercises
10 its discretion to DENY the motion for attorneys' fees.

11 II. MotionPoint's Motion for JMOL (Docket No. 486)

12 MotionPoint moves for JMOL on all of the claims that it lost
13 at trial, including TransPerfect's claims of direct infringement
14 and invalidity, as well as its own counterclaims for infringement
15 and invalidity against TransPerfect. The Court is not persuaded
16 that the jury's verdict should be set aside.

17 A. Claims 26 and 27

18 MotionPoint first argues that claims 26 and 27 of
19 TransPerfect's Scanlon patent are invalid and that this requires
20 that the jury's damages award must be vacated. MotionPoint argues
21 that these means-plus-function claims are indefinite because the
22 required structure is not adequately disclosed. MotionPoint would
23 "need[] to prove, by clear and convincing evidence, that the
24 specification lacks adequate disclosure of structure to be

25 ³ See, e.g., Docket No. 502, Motion to Strike (moving to
26 strike TransPerfect's motion for attorneys' fees as untimely even
27 though the Court had specifically extended TransPerfect's deadline
28 to file this motion); Docket No. 504, Motion to Shorten Time
(moving to shorten time on frivolous motion to strike).

1 understood by one skilled in the art as able to perform the
2 recited functions." Intel Corp. v. VIA Techs., Inc., 319 F.3d
3 1357, 1366 (Fed. Cir. 2003). This theory was belatedly disclosed
4 and TransPerfect argues that MotionPoint's motion should be denied
5 for this reason alone.

6 Be that as it may, the Court finds that MotionPoint has not
7 met its burden to show that the claims are indefinite, and that
8 TransPerfect points to sufficient structure to support these
9 claims.⁴ Furthermore, even if these claims were indefinite, the
10 jury found infringement of four additional claims and there would
11 be no reason to set aside the damages verdict or the injunction on
12 this ground.

13 B. Claims 11, 17, 23, and 24

14 MotionPoint next argues that it does not directly infringe
15 the asserted claims of the Scanlon patent.

16 First, it raises a claim construction argument: that the
17 patentee disavowed all "single action translation components" that
18 do not remain visible before, during and after an electronic
19 communication is translated. TransPerfect responds that this
20 argument too is untimely. Nonetheless, the Court is not persuaded
21 by MotionPoint's argument. No such disavowal was made, and
22 substantial evidence supported the jury's implicit finding that
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24 _____
25 ⁴ The recent United States Supreme Court case on
26 indefiniteness does not affect this analysis. See Nautilus, Inc.
27 v. Biosig Instruments, Inc., 134 S.Ct. 2120 (2014). Its new
28 teaching on non-patentable subject matter might be on point but
that issue was not raised in this case. See Alice Corp. Pty. Ltd.
v. CLS Bank Int'l et al., 134 S.Ct. 2347 (2014).

1 MotionPoint's single action translation component infringed the
2 Scanlon patent.

3 Second, MotionPoint disputes the jury's verdict of direct
4 infringement, other than by its own website. TransPerfect points
5 to adequate evidence to support the jury's verdict. MotionPoint
6 provides translated webpages that contain single action
7 translation components to be displayed to users. This satisfies
8 the "displaying" limitation of the claims. MotionPoint also
9 performed the "clicking" step by testing and demonstrating the
10 single action translation component for customers. Further,
11 MotionPoint uses the system claims to make, use and sell its
12 TransMotion product. TransPerfect provides numerous record cites
13 to this evidence. In particular, MotionPoint contractually binds
14 its customers to place hyperlinks of the single action translation
15 component on their web sites. Trial Tr. 745:15-746:14.
16 MotionPoint also controls the implicit navigation component of the
17 system, in that its servers "automatically redirect all links in a
18 page to the [TransMotion] servers as the page is being translated.
19 This has the effect of automatically translating any link page
20 when a user clicks on its link on the translated page." Trial Tr.
21 387:19. Substantial evidence demonstrated that MotionPoint
22 "obtains benefits" in the form of revenues from the system.

23 MotionPoint need not exercise physical or direct control over
24 each individual element of the system in order to bear vicarious
25 liability for direct infringement. Instead, TransPerfect's
26 evidence supported that MotionPoint used the system by putting the
27 invention into service, controlling the system as a whole and
28

1 obtaining benefit from it. Cf. Centillion Data Sys., LLC v. Qwest
2 Comm'n Int'l, Inc., 631 F.3d 1279 (Fed. Cir. 2011).

3 C. Sufficiency of Evidence of Damages

4 MotionPoint argues that the damages awarded against it are
5 excessive. Its trial expert proposed a lump sum royalty based
6 upon the sale price of the patent at issue. TransPerfect's expert
7 proposed a four percent running royalty and supported it with his
8 analysis. MotionPoint now essentially raises an untimely Daubert-
9 type challenge to TransPerfect's expert's methodology. See
10 Daubert v. Merrell Dow Pharm., 509 U.S. 579 (1993).

11 Even had it been timely, MotionPoint's challenge is
12 unavailing. Having heard his full testimony and cross-
13 examination, as well as that of MotionPoint's opposing expert, the
14 Court finds that TransPerfect's expert's testimony was
15 sufficiently reliable and relevant to present to the jury. His
16 testimony also provided substantial evidence from which the jury
17 could have made its damages award, an amount between those
18 advocated by the two experts. It was within the jury's province
19 to do so.

20 D. MotionPoint's Infringement Claims

21 In addition, MotionPoint argues that it is entitled to JMOL
22 that, in spite of the jury's findings of anticipation, obviousness
23 and statutory bar, its patents are valid. The Court will not
24 summarize and analyze all of the evidence and arguments presented
25 on these points. Suffice it to say that MotionPoint has failed to
26 show that no reasonable jury could have found against it on any of
27 these invalidity claims, much less all of them. MotionPoint also
28 contends that TransPerfect infringes its patents as a matter of

1 law. Given that the patents have been found invalid on multiple
2 grounds, TransPerfect's claimed infringement would appear to be a
3 moot point. Nonetheless, the Court finds sufficient evidence to
4 support the jury's verdict.

5 E. Validity of Scanlon Patent

6 MotionPoint argues that TransPerfect's Scanlon patent is
7 invalid as a matter of law because it is obvious in the light of
8 the Flanagan patent. MotionPoint needed to prove by clear and
9 convincing evidence that the Flanagan patent disclosed all of the
10 limitations of the asserted claims of the Scanlon patent. Its
11 expert did not testify to a single action translation component in
12 Flanagan. Trial Tr. 1015:22-1016:3. TransPerfect's expert
13 testified that the Flanagan patent did not disclose this feature,
14 or the "implicit navigation" feature. Trial Tr. 1194:1-1197:19.
15 There was evidence that the language upon which MotionPoint relied
16 to argue that it did was added after the priority date for the
17 Scanlon patent. The jury properly considered the issue and its
18 verdict was reasonable.

19 CONCLUSION

20 For the reasons set forth above, the Court DENIES
21 TransPerfect's post-trial motion to sever the Lakritz patent
22 claims from the remainder of the case. (Docket No. 445). The
23 Court has GRANTED TransPerfect's post-trial motion for entry of
24 judgment and a permanent injunction (Docket No. 440) and has
25 entered judgment and a permanent injunction, albeit staying the
26 injunction. TransPerfect's post-trial JMOL motion regarding
27 marking and its alternative request for a new trial on damages
28 (Docket No. 439) is DENIED. TransPerfect's post-judgment motions

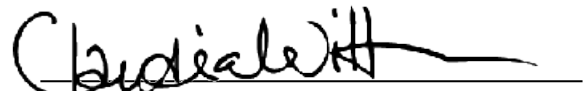
1 are GRANTED IN PART with regard to amending the injunction, and
2 post-verdict royalties and pre-judgment interest, although not at
3 the requested rate. (Docket No. 489). The Court will enter an
4 amended injunction and the amended injunction will take effect
5 fourteen days from the date it is entered. TransPerfect's motions
6 are otherwise DENIED.

7 MotionPoint's Motions for JMOL (Docket Nos. 444 and 486) are
8 DENIED.

9 Within fourteen days of the date of this order, the parties
10 shall submit joint or separate calculations of the amount of post-
11 verdict royalties due, in accordance with the findings in this
12 order.

13 IT IS SO ORDERED.

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15 Dated: November 13, 2014


16 CLAUDIA WILKEN
17 United States District Judge
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