

United States District Court
Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

BIG BABOON, INC.,
Plaintiff,
v.
SAP AMERICA, INC., et al.,
Defendants.

Case No. [17-cv-02082-HSG](#) (EDL)

**REPORT & RECOMMENDATION
REGARDING DEFENDANT SAP
AMERICA’S MOTION FOR
ATTORNEYS’ FEES PURSUANT TO 35
U.S.C. 285**

Re: Dkt. No. 89

The court granted Defendants SAP America, Inc.’s (“SAP”) and HP Inc.’s (“HP”) motion for summary judgment in this patent infringement case. Dkt. No. 86. Thereafter, Defendant SAP filed a motion for attorney fees pursuant to 35 U.S.C. § 285, which Judge Gilliam referred to the undersigned judge for a Report and Recommendation.¹ This Court held a hearing on July 30, 2019 and invited Defendant to submit a revised, corrected declaration regarding its attorneys’ fees, which it submitted on August 5, 2019. Dkt. No. 101. For the reasons stated at the hearing, as well as those set forth below, the Court recommends GRANTING IN PART and DENYING IN PART Defendant’s motion.

I. Factual and Procedural Background

Plaintiff Big Baboon, Inc. (“Big Baboon”) is the owner by assignment of United States Patent No. 6,343,275 (the “275 Patent”), entitled “Integrated Business-to-Business Web Commerce and Business Automation System.” Dkt. No. 37 (First Amended Complaint or “FAC”) ¶¶ 2, 19. Defendant SAP is a U.S. corporation involved in the business of selling software and

¹ SAP incurred all the attorneys’ fees, expenses, and costs defending this lawsuit on behalf of itself and HP. Dkt. No. 89 at 1, n.1.

1 services. Id. ¶ 12. Defendant HP is a U.S. corporation that sells and distributes computers and
2 computer-related hardware and software and provides related services. Id. ¶ 13. Plaintiff alleged
3 direct and willful infringement of the ‘275 Patent against Defendants for making, using, and
4 selling the SAP R/3 Release 3.0E system and subsequent releases. Id. ¶¶ 10, 28–47.

5 Plaintiff filed this action against Defendants on April 13, 2017. Dkt. No. 1. On June 23,
6 2017, Defendants filed a motion for sanctions and motion to dismiss. Dkt. Nos. 19, 20.
7 Defendants sought sanctions against Plaintiff under Fed. R. Civ. P. 11 for filing a complaint that
8 was allegedly legally and factually baseless without conducting a “reasonable pre-suit
9 investigation.” Dkt. No. 19 at 1, 3. At that time, Defendants sought a determination of whether
10 sanctions under Rule 11 should include dismissal of the action without prejudice, or an order that
11 Plaintiff may not reassert infringement of the ‘275 Patent against Defendants absent a complaint
12 that complies with Rule 8 and Rule 11. Defendants also requested that the Court enter an order
13 requiring that Plaintiff “and/or its attorneys” pay a monetary penalty to the Court. Id. at 3.

14 The Court denied Defendants’ motion for sanctions without prejudice and granted
15 Defendants’ motion to dismiss with leave to amend based in part on Plaintiff’s failure to identify a
16 product that allegedly meets every limitation of the asserted claims. Dkt. No. 36 at 5–6. In its
17 Order denying Defendants’ motion for sanctions, the Court stated that “[g]iven the posture of the
18 case, the Court cannot rule at this point that bringing this action is a sanctionable event.” Id. at 7.

19 On April 17, 2018, Plaintiffs filed its First Amended Complaint (“FAC”) alleging that the
20 updated releases to R/3 Release 3.0E satisfy every element of claim 15 of its ‘275 Patent. Dkt.
21 No. 37; FAC ¶¶ 32–41, 47–49; Dkt. No. 44 at 2. The first accused product that Plaintiff listed as
22 including web functionality is “R/3 Release 3.1” (“R/3 3.1”). FAC ¶¶ 29, 47. Based on its
23 somewhat speculative interpretation of marketing statements by SAP, Plaintiff alleged that SAP
24 sold the purportedly infringing web-enabled R/3 system “[a]t some point in 1997 or thereafter.”
25 Id. ¶ 36, 39.

26 On June 8, 2018, Plaintiff filed a motion for partial summary judgment, alleging that
27 because Defendants had asserted as prior art the same products that Plaintiff subsequently asserted
28 to be infringing, no element-by-element analysis was required for the Court to find infringement.

1 Dkt. No. 44 at 9–10. The Court denied Plaintiff’s motion for partial summary judgment after
2 finding that Plaintiff had not shown by uncontroverted evidence that the accused products
3 infringed. Dkt. No. 50 at 4–5.

4 The Court also denied Defendants’ request, for the second time, seeking sanctions against
5 Plaintiff under Rule 11 for filing another Complaint that allegedly is legally and factually baseless
6 without conducting a reasonable pre-suit investigation. Dkt. No. 42 at 1, 3, 9–11. Defendants
7 again sought sanctions, including attorneys’ fees and/or a monetary penalty. Id. at 3, 11–12.
8 Defendants reiterated the arguments made in their initial dismissal motion to support their
9 contention that the complaint is factually baseless.

10 On September 25, 2018, Defendants filed their motion for summary judgment. Dkt. No.
11 60. Defendants argued that summary judgment must be granted because the accused R/3 3.1
12 product was on sale and sold before the ‘275 Patent’s critical date of December 22, 1996. Id. On
13 April 24, 2019, the Court granted Defendants’ motion. Dkt. No. 86. In granting summary
14 judgment, the Court made the following finding:

15 Plaintiff’s entire infringement theory relies on its allegation that R/3
16 3.1 met every element of the asserted claims of the ‘275 patent,
17 including the web-enabled functionality. FAC ¶¶ 32–39. To allege
18 that R/3 3.1 included that functionality, Plaintiff itself used SAP
19 documents from the ‘275 Patent reexamination proceedings. Id. ¶
20 35. Only now does Plaintiff attempt to walk back the allegations in
21 the FAC—without which it would not have survived the motion to
22 dismiss stage—because it realizes that it made the fatal mistake of
23 assuming that R/3 3.1 was released in “1997 or thereafter,” instead
24 of in 1996. See id. ¶ 39.

25 Dkt. No. 86 at 5 (emphasis supplied). The Court directed the clerk to enter judgment in favor of
26 the Defendants and to close the case. Id. at 9; see also Dkt No. 87 (Judgment entered on April 24,
27 2019).

28 On May 8, 2019, SAP filed its motion for attorneys’ fees pursuant to 35 U.S.C. § 285.
Dkt. No. 89. Plaintiff opposes the motion. Dkt. No. 95. On May 22, 2019, Plaintiff filed an
appeal to the Court’s Order granting summary judgment entering judgment in favor of
Defendants. Dkt. No. 96.

II. The Parties' Positions

1 SAP sets forth the evolution of this dispute. In 2009, Big Baboon sued several companies
2 in the Central District of California alleging infringement of two patents, including the '275 patent
3 at issue in this action. SAP was not named in that case, but its customer (HP) was, and the
4 accusations against HP targeted the use of SAP software. Assisting HP, SAP identified two of its
5 own prior art products, R/3 3.0 and R/3 3.1, as both being on sale more than one year before the
6 critical date.
7

8 In response to a subpoena from one of the defendants, SAP produced documentation about
9 those products, including the records showing that R/3 3.1 was first shipped to SAP's customers
10 Lucent and Intel in October 1996. HP produced copies of those SAP records to Big Baboon on
11 February 10, 2010. Thus, at least as of February 2010, Big Baboon's counsel in the Central
12 District case knew that R/3 3.1 was first shipped to customers on October 28, 1996, almost two
13 months before the "critical date" for the '275 patent.

14 SAP's counsel also filed reexamination requests with the USPTO, showing how SAP's
15 own R/3 3.0 prior art rendered all of the claims asserted by Big Baboon obvious and unpatentable.
16 Following the reexaminations, every claim asserted by Big Baboon in the Central District
17 litigation was canceled by the USPTO. Big Baboon appealed every decision of the USPTO, but
18 those decisions were summarily affirmed.

19 When the last of the appeals from the reexaminations was complete, Big Baboon sought to
20 re-open the Central District action against HP and SAP software to assert claim 15 of the '275
21 patent, which had not been asserted previously and had not been canceled during reexamination.
22 Big Baboon essentially conceded on March 21, 2017 that it had no evidence that any SAP product
23 infringed claim 15, and instead requested to be permitted "to conduct the discovery necessary to
24 further explore the SAP and HP admissions to determine whether the facts support the assertion of
25 claim 15" Judge Wilson denied the request and called it "a fishing expedition to uncover
26 evidence of infringement of claim 15." Dkt. No. 19-4 at 1. The Court then dismissed the case
27 Dkt. No. 19-11. SAP argues that Big Baboon chose to try its luck in a different forum, filing this
28 action in this jurisdiction just one day after the Central District dismissal. Dkt. No. 89 at 4.

1 SAP contends that when Big Baboon filed this action, it chose to mask its accusations,
2 filing a vague Complaint that did not name any specific product. Defendants served a Rule 11
3 motion asking Big Baboon to withdraw the Complaint, but Big Baboon refused. Instead, Big
4 Baboon informed Defendants that it would provide its infringement allegations when it was
5 required to serve its Patent Local Rule 3-1 infringement contentions. Defendants then moved to
6 dismiss the Complaint, which the Court granted, holding that the Complaint “fails to state a claim
7 of direct infringement because it does not ‘identify the specific products accused.’” Dkt. No. 36 at
8 5.

9 The Court permitted Big Baboon to file its FAC “identifying the specific infringing
10 product.” In its FAC, Big Baboon specified R/3 3.1 as one of many accused products. At the
11 hearing on a motion to dismiss the FAC, Big Baboon defended its amendment by pointing to its
12 express identification of R/3 3.1. Dkt. No. 62-7 at 11:1-4, 12-13. While Big Baboon counsel
13 represented that R/3 3.1 was on sale “at some point in 1997” (Dkt. No. 37, ¶ 39), the Court asked
14 whether it might turn out that the accused product was sold earlier and was thus, prior art, which
15 “could put you out of court because of the timing” Dkt. No. 62-7 at 12:5-7. Counsel for Big
16 Baboon agreed that could happen. Id. at 12:8.

17 When the Court denied the motion to dismiss the FAC, SAP located the records it had
18 produced in 2010 showing that R/3 3.1 was in fact shipped to customers before the critical date.
19 On August 31, 2018, the parties held their Rule 26(f) conference to discuss a schedule. Carraway
20 Decl. ¶ 33. On that call, SAP counsel informed Big Baboon’s counsel that the SAP records
21 produced to Big Baboon in 2010 established shipments of R/3 3.1 before the critical date. Id.
22 SAP’s counsel asked Big Baboon’s counsel to dismiss the case or agree to stay all litigation except
23 for SAP’s invalidity summary judgment motion. Id.

24 Following the conference, SAP’s attorney, Mr. Carraway, sent Big Baboon’s counsel a
25 letter on August 31, 2018, documenting the prior art sales of R/3 3.1. Id., ¶ 34, Ex. 4, at 1-2. The
26 letter also explained that under the Evans Cooling doctrine, which Big Baboon had itself relied
27 upon earlier in the case, “all SAP needs to show for invalidity under 35 U.S.C. § 102(b) is that R/3
28 3.1 was the subject of a pre-critical date sale or public use.” Id., Ex. 4, at 1. SAP’s counsel again

1 asked Big Baboon to dismiss its case, warning that if it did not, SAP would file a motion for
2 summary judgment and would “seek fees and other remedies from Big Baboon and its attorneys
3 pursuant to at least 35 U.S.C. § 285” Id., Ex. 4 at 3.

4 Based on this record SAP argues that an award of attorney fees is warranted under 35
5 U.S.C. § 285 because:

- 6 • The SAP records proving these prior art shipments of R/3 3.1 were produced to Big
7 Baboon years before the Complaint was filed.
- 8 • SAP reminded Big Baboon again of these records approximately fourteen months
9 after R/3 3.1 was identified in Big Baboon’ FAC.
- 10 • Big Baboon knew that the legal consequence of accusing a prior art product was
11 invalidity as a matter of law.

12 SAP argues that this case “stands out” from other cases under 35 U.S.C. § 285 because of
13 both the substantive weakness of the claims and the unreasonable manner in which Big Baboon
14 pursued them. SAP argues that Big Baboon filed suit against a product it knew or should have
15 known was prior art and refused to back down once the shipment records were produced yet again
16 in this very action. Then, on summary judgment, Big Baboon raised no dispute of fact that the
17 product it accused had been shipped before the “critical date.” SAP contends that these facts alone
18 are more than sufficient to set this case apart from others and justify an award of fees. Additional
19 facts also support a finding of an “exceptional” case, including that Big Baboon: (1) filed and lost
20 previous lawsuits on the same patent; (2) failed to perform the minimum required pre-suit inquiry
21 comparing each accused product to each claim element; (3) concealed its infringement allegations
22 for as long as possible; and (4) sought partial summary judgment of infringement despite a
23 “multitude of disputed facts” Dkt. No. 50 at 4-5. For these reasons, SAP requests that the Court
24 find this to be an “exceptional” case and order Big Baboon to pay SAP the fees, costs, and
25 expenses it was forced to incur to defend itself and its customer.

26 SAP submitted the Declaration of J. Christopher Carraway (“Carraway Declaration”) with
27 its motion for fees. Dkt. No. 89-1. As indicated above, it filed a corrected declaration following
28 the July 30, 2019 hearing. See Supplemental Declaration of J. Christopher Carraway. Dkt. No.

1 101 (“Carraway Supp. Decl.”). The Supplemental Carraway Declaration provides the hourly
2 billing rates for the attorneys involved in this case and the total number of hours each attorney
3 billed. Carraway Supp. Decl., ¶16. Following the Court’s oral rulings at the July 30, 2019
4 hearing, SAP now requests reimbursement of \$188,270.50 in fees, and \$14,361.45 in expenses and
5 costs (a total of \$202,631.95) that were incurred from September 1, 2018, when SAP reminded
6 Big Baboon counsel of the prior art shipments of R/3 3.1 and the resulting invalidity of the patent
7 and asked Big Baboon to withdraw the case, to June 30, 2019. Id., ¶¶ 16, 19.

8 SAP argues that the billing rates of all SAP’s attorneys on this case, which were
9 discounted from the firm’s standard rates, were below the mean and median billing rates for
10 associates in IP cases in the San Francisco metropolitan area. Carraway Decl., ¶ 18 & Ex. 1. SAP
11 further argues that the total hours worked and expenses incurred are reasonable given the work
12 that was done on this case, including two motions to dismiss, opposing Big Baboon’s failed
13 motion for partial summary judgment, invalidity contentions, draft claim constructions, and
14 briefing and arguing a motion for summary judgment. SAP also did not bill for administrative
15 tasks performed by the attorneys. SAP contends that it tried at every opportunity to use motion
16 practice to clarify, narrow, and dispose of this litigation and actively encouraged Big Baboon
17 (without success) to explain its contentions, withdraw its case, and postpone wasteful activity
18 while the parties briefed the dispositive motion on invalidity. Id., ¶¶ 32-34.

19 Big Baboon opposes SAP’s motion and argues that this case is not exceptional under 35
20 U.S.C. § 285. Big Baboon contends that SAP’s motion is an attack on Big Baboon’s position with
21 respect to the technical enablement of the R/3 3.1 system that is premised solely on the fact that it
22 prevailed at summary judgement on this issue. Big Baboon suggest that SAP engaged its own
23 litigation misconduct in filing two separate Rule 11 motions against Big Baboon that were denied
24 by the Court, unnecessarily multiplying litigation.

25 Big Baboon further argues that SAP relied upon evidence that was filed under seal
26 regarding secret sales of the R/3 3.1 system in support of its motion for summary judgment (Id. at
27 5-6), and offered testimony for the first time on what web-enabling components were being sold
28 with the roll-out of the R/3 3.1 system on October 28, 1996. Big Baboon also claims that the grant

1 of summary judgment in this case hinges on one key factual issue: the date that the fully web-
2 enabled R/3 3.1 system went on sale. The Court granted SAP's motion for summary judgment
3 and found that the fully web-enabled R/3 3.1 system was on sale as of October 28, 1996.

4 Big Baboon contended then (and still contends) that the system was not fully web-enabled
5 until 1997. Big Baboon argues that, in deciding SAP's motion for summary judgment, the Court
6 did not address the factual dispute between the parties on what components need to be present in
7 the R/3 3.1 system for it to be the accused system. Big Baboon suggests that the Court erred by
8 assuming that the October 1996 R/3 3.1 system was fully web-enabled. As indicated above, Big
9 Baboon has filed an appeal of that Order.

10 Big Baboon argues that it could not have known about the sales of the R/3 3.1 system in
11 October of 1996, and what technical components were present in that version. In support of this
12 argument, Big Baboon notes that, in 2012, the US Patent Office reviewed the R/3 3.1 system
13 literature in a reexamination of the '275 patent, and held that it did not anticipate the '275 patent.
14 Big Baboon further alleges that a Declarant of SAP, Philip Greenspun, filed a declaration at the
15 USPTO to support a covered business method proceeding (CBM) on December 18, 2015, that
16 expressly discussed the R/3 3.1 product and stated that it did not possess full web-functionality
17 prior to the critical date of the '275 patent. See Greenspun Dec., Dkt. 37-3, ¶59.

18 Big Baboon also objects to the amount of fees and costs SAP seeks as unreasonable and
19 excessive given this case never entered full factual discovery. Big Baboon further contends that
20 SAP's conduct multiplied their litigation fees. For example, as noted above, SAP filed and briefed
21 two Rule 11 motions which were denied. See Dkts. 19, 42. Without any citation to authority, Big
22 Baboon argues that the "reasonable number of hours to litigate a comparable case" does not
23 encompass the filing of two Rule 11 motions by a party.

24 Big Baboon also objects to SAP's reliance on billing rates in the San Francisco Bay Area
25 to demonstrate that its fees are reasonable because SAP's outside counsel firm is located in
26 Portland, Oregon. Big Baboon argues that a correct lodestar calculation of fees should be based
27 upon attorneys practicing in Portland, Oregon, not the San Francisco Bay area.
28

1 III. Legal Standard

2 35 U.S.C. § 285 specifies that the Court “may award reasonable attorney fees to the
3 prevailing party.” In 2014, the Supreme Court held that that an exceptional case under § 285 “is
4 simply one that stands out from others with respect to the substantive strength of a party’s
5 litigating position (considering both the governing law and the facts of the case) or the
6 unreasonable manner in which the case was litigated.” Octane Fitness LLC v. ICON Health &
7 Fitness, Inc., 572 U.S. 545, 554 (2014). Courts “may determine whether a case is ‘exceptional’ in
8 the case-by-case exercise of their discretion, considering the totality of the circumstances.” Id. In
9 particular, courts may consider a “non-exclusive” list of factors, including “frivolousness,
10 motivation, objective unreasonableness (both in the factual and legal components of the case) and
11 the need in particular circumstances to advance considerations of compensation and deterrence”
12 when determining whether to award fees. Id. at 558 n.6. Moreover, an exceptional case finding
13 under section 285 does not require a heightened standard of proof, just a simple discretionary
14 inquiry under a preponderance of the evidence standard. Id. at 557-558.

15 If a court determines that a case is exceptional, then it must determine what amount of
16 attorney fees are appropriate. Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1460 (Fed. Cir.
17 1998) (citations omitted); MarcTec, LLC v. Johnson & Johnson, 664 F.3d 907, 915 (Fed. Cir.
18 2012). The prevailing party may show entitlement to attorneys’ fees by a preponderance of the
19 evidence. Octane, 572 U.S. at 557. “[A] case presenting either subjective bad faith or
20 exceptionally meritless claims may sufficiently set itself apart from mine-run cases to warrant a
21 fee award.” Id. at 555. Ultimately, “the aim of § 285 is to compensate a defendant for attorneys’
22 fees it should not have been forced to incur.” Gilead Sciences, Inc. v. Merck & Co, Inc., No. 13-
23 cv-04057-BLF, 2016 WL 4242216, at *2 (N.D. Cal. Aug. 11, 2016) (quoting Kilopass Tech., Inc.
24 v. Sidense Corp., 738 F.3d 1302, 1313 (Fed. Cir. 2013)).

25 “The determination of reasonable attorney fees is also ‘a matter that is committed to the
26 sound discretion’ of a district court judge.” Lumen View Tech. LLC v. Findthebest.com, Inc., 811
27 F.3d 479, 483 (Fed. Cir. 2016) (citing Perdue v. Kenny A. ex rel. Winn, 559 U.S. 542, 558
28 (2010)). Finally, because an award of attorney’s fees under Section 285 is discretionary, “a

1 district court may decide not to award fees even in an exceptional case.” Enovsys LLC v. AT&T
 2 Mobility LLC, 2016 WL 3460794, *7 (C.D. Cal. Feb. 16, 2016) (citing Kilopass, 82 F.Supp.3d
 3 1154, 1165) (N.D. Cal. 2015)).

4 **IV. Discussion**

5 In pursuing an infringement case against what was undisputed prior art, Big Baboon’s suit
 6 is “exceptional” under Section 285. See, e.g., Tech. Props. Ltd. v. Canon, Inc., No. C 14-3640
 7 CW, 2017 WL 2537286, at *2 (N.D. Cal. Jan. 26, 2017) (awarding fees after finding the “merits
 8 of Plaintiffs’ lawsuit were exceptionally weak” because “Plaintiffs’ infringement theory
 9 essentially lay claim to prior art”); Cave Consulting Group, Inc. v. Truven Health Analytics Inc.,
 10 293 F. Supp. 3d 1038, 1045 (N.D. Cal. 2018) (finding case exceptional based on (a) plaintiff’s
 11 own earlier assertions that its “own product practiced the asserted claims” and (b) plaintiff’s
 12 knowledge that the product was publicly available before the critical date); Taurus IP, LLC v.
 13 DaimlerChrysler Corp., 726 F.3d 1306, 1328 (Fed. Cir. 2013) (affirming exceptional case finding
 14 because plaintiff did not stipulate to non-infringement after losing a claim construction that
 15 established non- infringement; litigants “must continually assess the soundness of pending
 16 infringement claims”); 3Form, Inc. v. Lumicor, Inc., No. 2:12-CV-293, 2018 WL 4688348 (D.
 17 Utah Sept. 28, 2018) (finding case exceptional where plaintiff “knowingly ignored repeated
 18 warnings about the inconsistency of its very weak position”).

19 The Court recommends finding that Big Baboon’s claims were exceptionally weak because
 20 it litigated an invalid patent long after SAP reminded it of the previous production of shipping
 21 records showing the lack of merit. Notably, SAP provided Big Baboon with documents
 22 demonstrating invalidity—the October 1996 shipment records of R/3 3.1—seven years before Big
 23 Baboon filed its lawsuit here. On August 31, 2018 during the parties’ Rule 26(f) in this matter (as
 24 well as by follow up letter), SAP reminded Big Baboon of this crucial date and requested that Big
 25 Baboon dismiss the case or agree to stay the litigation except for the summary judgment motion.
 26 Big Baboon took untenable positions and required SAP to waste resources when it refused this
 27 reasonable request while the key question of invalidity based on R/3 3.1 was briefed. This case
 28 “stands apart” from other patent cases, rendering it exceptional under 35 U.S.C. § 285.

1 In addition to recommending finding that the continued pursuit of meritless claims alone
2 makes this case exceptional, the Court recommends finding that Big Baboon’s litigation conduct,
3 taken as a whole, also was unreasonable. See Lyda v. CBS Interactive, Inc., No. 16-cv-06592-
4 JSW, Dkt. No. 35 at 7 (N.D. Cal. Jan. 24, 2018) (granting fees; because one factor under Octane
5 Fitness is “the need to advance considerations of compensation and deterrence, . . . the Court also
6 takes into consideration the fact that Plaintiff has sued other entities on these patents-in-suit,
7 without success”). Big Baboon filed serial lawsuits on the same patent, each lawsuit ending with
8 the asserted claims rendered invalid. The 2009 lawsuit against HP (and SAP’s software where
9 SAP produced documents as a subpoenaed non-party) asserted numerous claims of the ‘275
10 patent, but not claim 15. Dkt. No. 19-4 at 1. The parties went through eighteen months of
11 discovery on those claims without Big Baboon asserting claim 15. Id. Only after the
12 reexaminations resulted in invalidity of all the asserted claims in that lawsuit did Big Baboon
13 decide to raise claim 15. Id. Big Baboon’s multiple failed suits on the same patent further support
14 a finding that this second case was exceptional.

15 Big Baboon also forced SAP to spend resources on meritless motions. For example, Big
16 Baboon moved for partial summary judgment of infringement, arguing that reexamination claims
17 charts about one prior art product were admissions about different products. Dkt. No. 44. The
18 Court denied that motion because charts about a different product do not “amount[]to
19 uncontroverted (or incontrovertible) evidence regarding the accused products” and because “of the
20 multitude of disputed facts underlying Plaintiff’s claim.” Dkt. No. 50 at 4-5. For all these
21 reasons, the Court recommends finding that this case “stands out” under Octane Fitness and is
22 “exceptional.”

23 **V. Appropriateness of Fee Award**

24 District courts generally employ the lodestar method to calculate an appropriate amount of
25 attorneys’ fees. A lodestar calculation multiplies “the number of hours the prevailing party
26 reasonably expended on the litigation by a reasonable hourly rate.” Gonzalez v. City of
27 Maywood, 729 F.3d 1196, 1202 (9th Cir. 2013) (internal quotations omitted). In determining
28 whether an hourly rate is reasonable, courts consider the “prevailing market rates in the relevant

1 community,” as well as “the experience, skill, and reputation” of the attorney. Id. at 1200, 1205-
2 06 (internal citations and quotations omitted). Other factors include “(1) the novelty and
3 complexity of the issues; (2) the special skill and experience of counsel; (3) the quality of
4 representation; and (4) the results obtained.” Digital Reg. of Texas, LLC v. Adobe Sys., Inc., No.
5 C 12-1971, 2015 WL 1968388, at *3 (N. D. Cal. May 1, 2015) (Wilken, J.).

6 The party seeking an award of fees must establish entitlement to the award and submit
7 evidence that supports the hours worked and the rates claimed. Hensley v. Eckerkart, 461 U.S.
8 424, 433 (1983). Fee awards calculated under the loadstar method are generally presumed to be
9 reasonable. Gonzalez, 729 F.3d at 1208-09. At the same time, the court may adjust this figure “if
10 circumstances warrant” in order “to account for other factors which are not subsumed within it.”
11 Ferland v. Conrad Credit Corp., 244 F.3d 1145, 1149 n.4 (9th Cir. 2001). “Where the
12 documentation of hours is inadequate, the district court may reduce the award accordingly.”
13 Hensley, 461 U.S. at 433. A reduction may account for “hours that are excessive, redundant, or
14 otherwise unnecessary.” Id. at 434. The Ninth Circuit has also stated that a district court may
15 “impose a small reduction, no greater than 10 percent—a ‘haircut’—based on its exercise of
16 discretion and without a more specific explanation.” Moreno v. City of Sacramento, 534 F.3d
17 1106, 1112 (9th Cir. 2008). The party seeking fees need not provide comprehensive
18 documentation to prevail. Hensley, 461 U.S. at 437 & n.12.

19 In its motion, SAP requested the Court to award attorneys’ fees and costs either from (1)
20 the inception of this lawsuit through the conclusion of the present motion; or (2) from September
21 1, 2018 (i.e., the day after its counsel reminded Big Baboon’s counsel of the prior art shipments
22 that previously had been produced to Big Baboon in 2010) through the conclusion of this motion.
23 At the July 30, 2019 hearing, the Court indicated that it would recommend awarding reasonable
24 attorneys’ fees and costs to SAP from September 1, 2018. The Court also informed SAP that it
25 found the itemization of attorneys’ fees in the May 8, 2019 Declaration of J. Christopher Carraway
26 (Dkt. No. 89-1) insufficient and ordered SAP to submit a supplemental declaration providing more
27 detailed billing information for the timekeepers’ time spent defending SAP as of September 1,
28 2018. It submitted its supplemental declaration on August 5, 2019. Dkt. No. 101. Having

1 considered the parties' briefs and supporting documentation, the Court recommends granting
2 SAP's fee request.

3 **A. Rates**

4 "A court awarding attorney fees must look to the prevailing market rates in the relevant
5 community." Bell v. Clackamas Cnty., 341 F.3d 858, 868 (9th Cir. 2003) (citing Blum v. Stenson,
6 465 U.S. 886, 895 (1984)). "In intellectual property cases, federal courts routinely rely on the
7 American Intellectual Property Law Association ("AIPLA") economic survey results published
8 every other year." Phigenix, Inc. v. Genentech Inc., 15-cv-01238-BLF, 2019 WL 2579260, at *
9 (N.D. Cal. June 24, 2019) (citations omitted). The relevant community here is the San Francisco
10 Bay area where this court sits. Gonzalez v. City of Maywood, 729 F.3d 1196, 1205 (9th Cir.
11 2013). The 2017 AIPLA indicates that the mean billing rate for partners at private firms in the
12 San Francisco area was \$634 in 2016, and the median rate was \$525. Carraway Decl., ¶ 18,
13 Exhibit 1. The mean billing rate for associates was \$476 in 2016 and the median was \$488. These
14 rates from several years ago are higher than those requested by SAP.

15 SAP currently seeks attorneys' fees at hourly rates of up to \$450 for Partners; \$375 for Of
16 Counsel; up to \$300 for Staff Attorneys; and \$260 for Associates. It also seeks between \$130 and
17 \$150 for Paralegals. Carraway Supp. Decl. at ¶ 16. It notes that it receives a discount on the
18 standard hourly rates and these rates reflect SAP's discounted rates. Id. at 18. The Court
19 recommends finding that these rates are reasonable. See Wynn v. Chanos, No. 14-CV-04329-
20 WHO, 2015 WL 3832561, at *2 (N.D. Cal. June 19, 2015) (approving partner rates ranging from
21 \$875 to \$1,035).

22 **B. Hours**

23 In determining a reasonable amount of time expended on the litigation, "the Court should
24 only award fees based on 'the number of hours reasonably expended on the litigation' and exclude
25 'hours that are excessive, redundant, or otherwise unnecessary.'" Kilopass, 82 F.Supp.3d at 1165
26 (quoting Hensley, 461 U.S. at 433-34. Because "[t]here is no precise rule or formula for making
27 these determinations," the Court "necessarily has discretion in making this equitable judgment."
28 Hensley, 461 U.S. at 436-37.

1 Attorney Carraway declared that he personally reviewed the billing records maintained by
2 Klarquist Sparkman. Carraway Supp. Decl. at ¶ 17. Carraway described the work that
3 timekeepers in his firm had performed since September 1, 2018. SAP’s counsel spent 59.8 hours
4 on the motion for attorney’s fees and costs. Id. In addition, defense counsel spent 8.3 hours
5 related to answering the complaints; 42.2 hours on discovery; 159.3 hours related to invalidity
6 contentions; 51.8 hours regarding claims construction; and 136.7 hours on Defendant’s motion for
7 summary judgment. Id. The tasks included: investigating the factual and legal allegations in
8 Plaintiff’s First Amended Complaint and preparing the Answer; collecting and reviewing
9 documents for production; performing prior art searches, reviewing and analyzing prior art,
10 determining the best prior art for each asserted claims, and preparing the invalidity contentions;
11 developing claim construction positions and analyzing the asserted patent and file history;
12 preparing and arguing SAP’s successful motion for summary judgment; and preparing the briefing
13 and supporting declarations and evidence for this motion, as well as performing legal research for
14 the briefing and analyzing Plaintiff’s Opposition papers. Id. Defense counsel also spent 13.0
15 hours on case management tasks, which included the Case Management Report after the parties’
16 Rule 26(f) conference and preparing for and appearing at the Case Management Conference. Id.

17 SAP submitted several tables showing how many hours each of its timekeepers worked,
18 and how many hours were spent on each major task (e.g., Discovery, Invalidity Contentions, etc.).
19 Id. at ¶¶ 16-17. In total, it requests to be reimbursed for \$188,270.50 of its attorneys’ fees. Id. at ¶
20 17. It represents that the fees do not include any time spent by Klarquist Sparkman secretaries,
21 assistants, or librarians, or any time spent by attorneys performing administrative tasks. Id. at ¶18.

22 It has demonstrated that the hours spent were reasonable. Therefore, the Court
23 recommends finding that the time expended and the requested award are reasonable and granting
24 Defendant’s motion for an award of \$188,270.50 in attorney’s fees.

25 VI. Costs

26 “A party seeking to recover costs and expenses need not document its request with ‘page-
27 by-page precision, [however] a bill of costs must represent a calculation that is reasonably
28 accurate under the circumstances.” Kilopass, 82 F.Supp.3d at 1174 (citing Summit Tech., Inc. v.

1 Nidek Co., 435 F.3d 1371, 1380 (Fed. Cir. 2006)). SAP provided totals of each type of cost for
2 which it seeks reimbursement. Carraway Supp. Decl., ¶19.

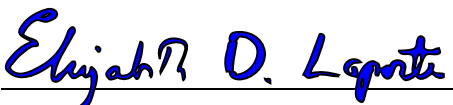
3 The Court recommends awarding SAP the following costs, which this Court finds to be
4 reasonable: travel-related expenses (\$1,235.13), PACER fees (\$6.80), electronic database hosting
5 fees (\$74.13), court transcript (\$9.60); and shipping costs for delivery of chambers' copies
6 (\$79.54). Id. The Court recommends denying its request for reimbursement of \$12,956.25 in
7 consultant fees as it provided no information as to what the consultants did, their experience and
8 qualifications, or the number of hours or other agreed upon billing terms to allow this Court to
9 determine whether such costs are reasonable.

10 **VII. Conclusion**

11 For the reasons stated above, the Court recommends GRANTING IN PART and
12 DENYING IN PART SAP's motion and awarding it \$188,270.50 in attorneys' fees for Klarquist
13 Sparkman's timekeepers time spent between September 1, 2018 and June 30, 2019, and \$1,405.20
14 in costs. Any party may serve and file specific written objections to this recommendation within
15 fourteen (14) days after being served with a copy. See 28 U.S.C. § 636(b)(1)(C); Fed. R. Civ. P.
16 72(b); Civil Local Rule 72-3. Failure to file objections within the specified time may waive the
17 right to appeal the District Court's order.

18 **IT IS SO ORDERED.**

19 Dated: 09/09/2019

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23 ELIZABETH D. LAPORTE
24 United States Magistrate Judge
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