

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

GET-A-GRIP, II, INC., : CIVIL ACTION
Plaintiff, :
 :
v. :
 :
HORNELL BREWING CO., INC. :
d/b/a FEROLITO, VULTAGGIO & :
SONS, :
Defendant. : NO. 99-1332

GET-A-GRIPP, II, INC., : CIVIL ACTION
Plaintiff, :
 :
v. :
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HORNELL BREWING CO., INC. :
d/b/a FEROLITO, VULTAGGIO & :
SONS, :
Defendant, :
 :
v. :
 :
HARVEY BROWN, STEVEN RUBELL, :
GAVIN P. LENTZ, STEPHEN J. :
SPRINGER, RONALD PANITCH, :
BOCHETTO & LENTZ, P.C., and :
AKIN, GUMP, STRAUSS, HAUER & :
FELD, LLP, :
Counterclaim Defendants. : NO. 00-3937
 :

MEMORANDUM AND ORDER

J. M. KELLY, J.

FEBRUARY , 2002

Presently before the Court are the Renewed Motion for Attorney's Fees and Expenses in Civil Action Number 99-1332 ("No. 99-1332") and the Motion for Attorney's Fees and Expenses in Civil Action Number 00-3937 ("No. 00-3937") filed by the Defendant, Hornell Brewing Co. ("Hornell"), in the above

captioned matters. In addition, Hornell has filed a Contingent Motion for Limited Discovery. The Motions arise from patent infringement claims filed by the Plaintiff, Get-A-Grip, Inc. ("Get-A-Grip").¹

BACKGROUND

At the time these actions were filed, Get-A-Grip was the exclusive owner of United States Patent No. 5,330,054 (the "'054 Patent"), a patent for a beverage bottle with finger grips. Hornell's Motion for Summary Judgment in No. 99-1332 was granted by the Court in a Memorandum and Order dated August 15, 2000 and the decision was affirmed on June 8, 2001. Hornell's Motion for Attorney Fees and Expenses was denied for lack of jurisdiction while the appeal was pending. Hornell's Motion for Summary Judgment in No. 00-3937 was granted by the Court in a Memorandum and Order dated May 3, 2001 and Get-A-Grip's subsequent appeal was dismissed on July 9, 2001. Hornell now seeks its attorney fees and expenses pursuant to 35 U.S.C. § 285 (1994).²

DISCUSSION

35 U.S.C. § 285 provides that "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing

¹Get-A-Grip refers to itself as both "Get-A-Grip" and "Get-A-Gripp." In the interest of consistency, the Court shall refer to the party as "Get-A-Grip."

²Claims for attorney's fees pursuant to Federal Rule of Civil Procedure 11 and 28 U.S.C. § 1927 were withdrawn.

party." Once the prevailing party is determined upon termination of the litigation, the decision whether or not to award attorney fees under 35 U.S.C. § 285 requires consideration of the totality of the circumstances. See Eltech Sys. Corp. v. PPG Indus., 903 F.2d 805, 811 (Fed. Cir. 1984). Section 285 requires a two step analysis. First, the Court must determine whether the petitioning party has shown by clear and convincing evidence that the case is exceptional. See Interspiro USA, Inc. v. Figgie Int'l Inc., 18 F.3d 927, 933 (Fed. Cir. 1994).³ If a determination is made that the case is exceptional, then the district court must decide if an award of attorney fees is warranted. See id. at 933-34.

A. Consideration of this Case as Exceptional

Hornell alleges as grounds for a finding that the case is exceptional: (1) Get-A-Grip's bad faith in bringing and continuing baseless litigation; (2) Get-A-Grip's inadequate disclosure during discovery; and (3) fraud in front of the Patent and Trademark Office in obtaining the patent. Upon a sufficient

³ "The award of attorney fees to a prevailing party under 35 U.S.C. § 285 is a matter unique to patent law and thus, Federal Circuit precedent controls. Pharmacia & Upjohn Co. v. Mylan Pharmaceuticals Inc., 182 F.3d 1356, 1359 (Fed. Cir. 1999); see also Mars Inc. v. Kabushiki-Kaisha Nippon Conlux, 24 F.3d 1368, 1371 (Fed. Cir. 1994) (when a case involves substantive issues within the exclusive jurisdiction of the Federal Circuit, the law of the Federal Circuit governs)." Merck & Co. v. Mylan Pharm., Inc., 79 F. Supp. 2d 552, 555 (E.D. Pa. 2000).

showing, each of the grounds alleged by defendant could support a finding that the case is exceptional.

1. Bad Faith

"While bad faith and litigation misconduct certainly can supply the basis for an award, that is not to say that 'all successful defendants are entitled to attorney fees.'" Rambus, Inc. v. Infineon Tech. AG, 155 F. Supp. 2d 668, 674 (E.D. Va. 2001) (citing Mathis v. Spears, 857 F.2d 749, 753-54 (Fed. Cir. 1988)). Attorney fees "should not be awarded as a matter of course, nor as a penalty against the loser who followed conventional procedure." Jacquard Knitting Mach. Co. v. Ordnance Gauge Co., 213 F.2d 503, 508-9 (3d Cir. 1954). Attorney fees should be awarded "upon a finding of unfairness or bad faith in the conduct of the losing party . . . which makes it grossly unjust that the winner . . . be left to bear the burden of his own counsel fees which prevailing litigants normally bear." R.M. Palmer Co. v. Luden's, Inc., 236 F.2d 496, 501-2 (3d Cir. 1956).

Hornell argues that Get-A-Grip failed to conduct a proper infringement analysis prior to the initiation of this action and therefore, filed a frivolous complaint. This accusation is supported by the Declarations of Alexis Barron that conclude that "it would be virtually impossible to conduct a good faith analysis of the validity of the '054 patent or of the possible infringement of the accused container without generating

substantial written documentation." (Barron Decl. ¶ 9.)

Further, Get-A-Grip produced no documentation that evidences any analysis or investigation of the validity or infringement prior to the commencement of the action, and Hornell's examination of files submitted by Get-a-Grip's litigation counsel, Bochetto & Lentz, found no evidence of any pre-filing investigation into the validity of the claim. On the other hand, Get-A-Grip submitted the Supplemental Affidavit of Ronald L. Panitch, Esq., the Supplemental Affidavit of Gavin P. Lentz, Esq. and the Affidavit of Albert T. Keyack, Esq., all attesting to their conducting a pre-filing infringement review.

Despite the opinion of Alexis Barron that an infringement analysis must generate documents, compelling reasons exist for Get-A-Grip to have not created documents prior to the initiation of these cases. A paperless infringement analysis is a viable tactic to avoid the subsequent litigation of each and every point and conclusion contained in the analysis. Further, a paperless infringement analysis by counsel avoids the issue of claiming and litigating work product privilege. It is not for this Court to mandate trial strategy for the parties. Plaintiff has submitted affidavits from counsel attesting to several independent infringement analyses. A patent suit is frivolous if the plaintiff "conducted no investigation of the factual and legal merits." S. Bravo Sys., Inc. v. Containment Tech. Corp., 96 F.3d

1372, 1375 (Fed. Cir. 1996) (finding a frivolous suit where there is no evidence that [plaintiff] or his attorneys "compared the accused devices with the patent claims" prior to filing the complaint). "Even if plaintiffs' pre-suit investigation was unreasonable, an unreasonable investigation alone does not demonstrate that the ensuing litigation was vexatious, unjustified, or brought in bad faith." Hoffmann-La Roche, Inc. v. Invamed, Inc., 213 F.3d 1359, 1362 (Fed. Cir. 2000)(quoting Hoffman-La Roche, Inc. v. Genpharm, Inc., 50 F. Supp. 2d 367, 373 (D.N.J. 1999)). Hornell bears the burden to show by clear and convincing evidence its allegations of bad faith. Hornell has not done so on this point. Therefore, Hornell has failed to establish this case as exceptional.

Hornell claims that plaintiff was obligated to terminate the action upon warning from Hornell that invalidating prior art existed and cites Hughes v. Novi American, Inc., 724 F.2d 122 (Fed. Cir. 1984) as support for this proposition. Defendant misapplies Hughes. In Hughes, the plaintiff was warned of prior invalidating art by way of resolution of a separate litigation. Therefore the Hughes plaintiff could not rely on the statutory presumption of validity. See id. at 125. Though Hornell may have warned plaintiff of the Quinn prior invalidating art, no judicial determination had been made prior to this action. Defendant has not shown by clear and convincing evidence that

plaintiff knew or should have known of the invalidity of the patent at issue. Therefore, Hornell has failed to establish this case as exceptional.

2. Improper Behavior During Discovery

Hornell argues that Get-A-Grip's failure to comply with discovery requests and an order of this court granting defendant's Motion to Compel Production make this case exceptional. Hornell requests a finding of an exceptional case based on the same discovery abuses that were previously sanctioned under Federal Rule of Civil Procedure 37, thus arguing that this single series of conduct by the Plaintiff should serve as a basis for double sanctions. This would only be appropriate if but for the discovery misconduct, previously sanctioned under Rule 37, the litigation would have promptly terminated, avoiding the defendant's need to continue expending resources in defending the action.

The proper remedy for improper conduct in the course of discovery lies under Rule 37 and not under § 285. Arbrook, Inc. v. American Hosp. Supply Corp., 645 F.2d 273, 279 (5th Cir. 1981); See also Western Marien Elec., Inc. v. Furuno Elec. Co., 764 F.2d 840, 847 (Fed. Cir. 1985) (affirming where appellant claimed district court's denial of attorney fees were based on the erroneous belief that § 285 sanctions were mutually exclusive from Rule 37 sanctions for discovery abuse). Hornell argues that

the discovery abuses, sanctioned by Magistrate Judge Rueter on August 8, 2000 under Rule 37, are clear and convincing evidence that this is an exceptional case warranting the award of attorney fees. The abuses, however, were not of the character of litigation terminating discovery. Hornell bears the burden here and on this point has failed to show by clear and convincing evidence that this is an exceptional case.

3. Fraud in Front of the Patent and Trademark Office

Intentional misrepresentations or fraud before the Patent and Trademark Office ("P.T.O.") in order to secure the patent can support a finding that the case is exceptional. Hycor Corp. v. Schlueter Co., 740 F.2d 1529, 1538-39 (Fed. Cir. 1984). Hornell alleges that Get-A-Grip misrepresented to the P.T.O. the Quinn patent, subsequently determined in this action to be prior invalidating art, was not for beverages but directed at bottles "holding hair tonic, perfume and the like" and therefore misled the P.T.O. into believing that the Quinn patent was not prior invalidating art. (Def.'s Renewed Mot. for Att'y Fees and Expenses, at 13.) Get-A-Grip claims that the distinctions presented to the P.T.O. were between the Quinn patent which was targeted at multi-use drink mix and hair tonic bottles such as are used repeatedly by bartenders and barbers and are visible to the consumer. Get-A-Grip's patent was for beverages directly consumed by consumers and the patent being applied for which was

targeted at single use beverage bottles that are consumed directly by the consumer. See (Pl.'s Resp. to Def.'s Renewed Mot. for Att'y Fees and Expenses, at 9.) There is room for honest disagreement as to what prior art is pertinent. Documentation submitted by Defendant quotes the Quinn patent in stating that the bottles of the Quinn patent are to be "used by bartenders in mixing or dispensing drinks, and such as are used by barbers in applying hair tonics," and more closely supports Plaintiff's version of events than Defendant's allegation of fraud. (Decl. of Joseph F. Posillico in Supp. of Def.'s Mot. for Summ. J., at 4.)

For fraud on the P.T.O. to make the case exceptional for the purposes of § 285, it need not rise to the level of common-law fraud, but must be shown by clear and convincing evidence that the applicant failed to disclose material facts to the P.T.O. in order to obtain the patent. See Gilbreth Int'l Corp. v. Lionel Leisure Inc., 587 F. Supp. 605, 608 (E.D. Pa. 1984). Plaintiff here submits a plausible version of events. Hornell has failed to show, by clear and convincing evidence, that Get-A-Grip failed to disclose material facts to the P.T.O. in order to obtain the patent. Again here, Hornell has failed to establish that this is an exceptional case.

4. Contingent Discovery

Hornell requests that the Court allow it additional discovery in order to develop its § 285 case against Get-A-Grip. In general, a request for additional discovery requires more than a showing of what the party hopes it might gain. Rather, the party seeking discovery must show with particularity what it expects to find in additional discovery. See Fed. R. Civ. P. 56(f). Here, it appears that Hornell hopes that further discovery will somehow unearth the smoking gun. Hornell's request is particularly unavailing as it has pursued a Counterclaim against Get-A-Grip for abuse of process and a third party Complaint against Get-A-Grip's attorneys. If at this late stage of the litigation Hornell has been unable to discover the evidence needed to deem this an exceptional case, it seems unlikely they will ever do so. Thus, the Motion for Additional Discovery will be denied.

CONCLUSION

While Hornell has alleged multiple grounds upon which a proper showing could establish this as an exceptional case, it has failed to show by clear and convincing evidence that this case is exceptional. Hornell has already been made whole for its losses due to Get-A-Grip's misconduct during discovery. Therefore, an award of attorney fees under § 285 is not appropriate in this case. Hornell's Renewed Motion for Attorney

Fees and Expenses is denied, as is Hornell's Motion for Additional Discovery.

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O R D E R

AND NOW, this day of February, 2002, upon consideration of: the Renewed Motion for Attorney's Fees and Expenses in Civil Action Number 99-1332 ("No. 99-1332")(Doc No. 71) of Defendant, Hornell Brewing Co., the Response of Plaintiff, Get-A-Grip, Inc., and the Supplement of Hornell Brewing Co.; (2) the Motion for Attorney's Fees and Expenses in Civil Action Number 00-3937 ("No. 00-3937")(Doc. No. 35) of Defendant, Hornell Brewing Co., the

Response of Plaintiff, Get-A-Grip, Inc., and the Reply thereto of Defendant, Hornell Brewing Co.; and (3) the Contingent Motion for Limited Discovery in 99-1332 (Doc. No. 74), Response of Plaintiff, Get-A-Grip, Inc., and the Reply thereto of Defendant, Hornell Brewing Co., it is ORDERED that the Motions are DENIED.

BY THE COURT:

JAMES MCGIRR KELLY, J.