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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

QUALCOMM INCORPORATED,

Plaintiff,

v.

BROADCOM CORPORATION,

Defendants.

Civil No: 05-CV-1958-B(BLM)

ORDER GRANTING BROADCOM CORPORATION'S MOTION FOR EXCEPTIONAL CASE FINDING AND FOR AN AWARD OF ATTORNEYS' FEES (35 U.S.C. § 285)

I. INTRODUCTION

Before the Court is Defendant Broadcom Corporation's ("Broadcom") Motion for Exceptional Case Finding and For an Award of Attorneys' Fees (35 U.S.C. § 285) filed on May 29, 2007. (Doc. No. 542.) For the reasons set forth below, the Court **GRANTS** Broadcom's Motion.

II. BACKGROUND

1 See the Court's Order on Remedy For Finding of Waiver, filed concurrently with the
2 instant Order, for the relevant procedural history and analysis for the present Motion, which
3 is incorporated herein as though set forth in full. Following Plaintiff Qualcomm
4 Incorporated's ("Qualcomm") post-trial production of over two hundred thousand pages of
5 highly relevant emails, company correspondence, and memoranda to Broadcom, Broadcom
6 filed the present Motion. (Doc. No. 542.)

7 8 **III. DISCUSSION**

9 **A. STANDARD OF LAW**

10 Under 35 U.S.C. § 285, "[t]he court in exceptional cases may award reasonable
11 attorney fees to the prevailing party." 35 U.S.C. § 285 (West 2007). In patent
12 infringement cases, the Federal Circuit has held that an award of attorney fees under
13 Section 285 involves a two-part determination: (1) "a district court must determine whether
14 the prevailing party has proven an exceptional case by clear and convincing evidence," a
15 factual determination that the Federal Circuit reviews for clear error; and (2) "if the district
16 court finds the case exceptional, it must then determine whether an award of attorney fees
17 is appropriate," which the Federal Circuit reviews for abuse of discretion. Perricone v.
18 Medicis Pharm. Corp., 432 F.3d 1368, 1380 (Fed. Cir. 2006).

19 The Federal Circuit has further held that the trial judge is in the best position to
20 weigh the relevant considerations for exceptional case, "such as the closeness of the case,
21 the tactics of counsel, the flagrant or good faith character of the parties' conduct, and any
22 other factors contributing to imposition of punitive sanctions or to fair allocation of the
23 burdens of litigation." Id. "[L]itigation misconduct and unprofessional behavior are
24 relevant to the award of attorney fees, and may suffice, by themselves, to make a case
25 exceptional." Waner v. Ford Motor Co., 331 F.3d 851, 857 (Fed. Cir. 2003) (quoting
26 Epcon Gas Sys., Inc. v. Bauer Compressors, Inc., 279 F.3d 1022, 1034 (Fed. Cir. 2002)).

27 The prevailing party may prove exceptional case in a patent infringement suit by
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1 showing: “inequitable conduct before the PTO; litigation misconduct; vexatious,
2 unjustified, and otherwise bad faith litigation; a frivolous suit or willful infringement.”
3 Phonometrics, Inc. v. Westin Hotel Co., 350 F.3d 1242, 1246 (Fed. Cir. 2003) (quoting
4 Epcon Gas Sys., 279 F.3d at 1034). When the patentee is “manifestly unreasonable in
5 assessing infringement, while continuing to assert infringement in court, an inference is
6 proper of bad faith, whether grounded in or denominated wrongful intent, recklessness, or
7 gross negligence.” Id. (quoting Eltech Sys. Corp. v. PPG Indus., Inc., 903 F.2d 805, 811
8 (Fed. Cir. 1990)).

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10 B. ANALYSIS

11 On October 14, 2005, Qualcomm filed the present suit against Broadcom for
12 infringement of the U.S. Patent Nos. 5,452,104 (“the ‘104 patent”) and 5,576,767 (“the
13 ‘767 patent”). (Doc. No. 1.) On January 26, 2007, a jury unanimously returned a verdict in
14 favor of Broadcom and against Qualcomm of non-infringement of the ‘104 and ‘767
15 patents. (Doc. No. 499.) Furthermore, the Court found in favor of Broadcom and against
16 Qualcomm as to Broadcom’s affirmative defense that the ‘104 and ‘767 patents are
17 unenforceable due to waiver. (Doc. No. 528.) Therefore, the Court **FINDS** Broadcom to
18 be the prevailing party in the present Action.

19 Citing the misconduct of Qualcomm’s employees, witnesses, and counsel before,
20 during, and after trial discussed at great length in Section III-B in the Court’s Order on
21 Remedy for Finding of Waiver filed concurrently with the present Order, the Court **FINDS**
22 the prevailing party Broadcom to have proven this to be an exceptional case by clear and
23 convincing evidence based on (1) Qualcomm’s bad faith participation in the H.264-
24 standard-setting body, the Joint Video Team (“JVT”); and (2) the litigation misconduct of
25 Qualcomm through its employees, hired outside witnesses, and trial counsel during
26 discovery, motions practice, trial, and post-trial proceedings.

27 Based on the egregiousness of Qualcomm’s conduct regarding the JVT and
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1 throughout the present litigation, the Court **FINDS** an exceptional case status has been
2 established.

3 Broadcom also has proven that the enumerated misconduct of Qualcomm establishes
4 the entitlement of Broadcom to all attorneys' fees, expenses, and costs incurred in the
5 defense of this case. As Qualcomm's General Counsel ironically but revealingly described
6 the lawsuit as quoted in the San Diego Union-Tribune on January 27, 2007,

7 There certainly was a significant upside potential for us, but it was all upside,
8 no downside. . . . For Broadcom, it was all downside, no upside. It probably
9 won't have any impact on us one way or the other. It's just the latest round in
10 a series of battles.

11 (Doc. No. 543-2, Ex. Q at 2.) Once Qualcomm had positioned itself so as to have the
12 potential power to exclude or to compel separate licenses from anyone seeking to make,
13 use, or sell H.264-compliant products, that upside potential was very real. Broadcom was
14 forced to incur substantial litigation expense because of that potential wrongfully created
15 by Qualcomm; allowance of all litigation expenses to Broadcom is warranted and
16 appropriate under the circumstances created by Qualcomm as outlined above.

17 **IV. CONCLUSION**

18 For the reasons set forth above, the Court hereby **GRANTS** the prevailing party
19 Broadcom all reasonable attorneys' fees, court costs, expert witness fees, travel expenses,
20 and any other litigation costs reasonably incurred by Broadcom in litigating the present
21 Action. Broadcom shall complete an itemized detailed list of all fees and costs, including
22 such information as whether the bill was paid, work description, date, identification of
23 person working, billing rate, and the number of hours spent on each work project, so that
24 the bill may be fairly reviewed by Qualcomm, and if necessary, a hearing held to resolve
25 any disagreements over the claimed bill.

26 Broadcom shall file its requested statement of expenses on or before August 31,
27 2007. Qualcomm shall file objections, if any, on or before September 14, 2007, and
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1 Broadcom may file a reply, if any, on or before September 21, 2007. Hearing, if necessary,
2 will be conducted by the Magistrate Court with Report and Recommendation submitted to
3 this Court for further dispositive Order as appears appropriate.

4 The determination of these fees and costs shall not toll the time to appeal the
5 Judgment entered concurrently with the present Order.

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7 **IT IS SO ORDERED**

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9 DATED: August 6, 2007

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11 Hon. Rudi M. Brewster
12 United States Senior District Court Judge

13 cc: Hon. Barbara Lynn Major
14 United States Magistrate Judge

15 All Counsel of Record
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