

No. 19-1283, -1284

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

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DRAGON INTELLECTUAL PROPERTY, LLC,

Plaintiff – Appellee,

v.

DISH NETWORK, LLC,

Defendant – Appellant.

v.

ROBERT E. FREITAS, FREITAS & WEINBERG LLP,  
JASON S. ANGELL,

Respondents – Appellees

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DRAGON INTELLECTUAL PROPERTY, LLC,

Plaintiff – Appellee,

v.

SIRIUS XM RADIO, INC.,

Defendant – Appellant.

v.

JASON S. ANGELL, ROBERT E. FREITAS,  
FREITAS & WEINBERG LLP,

Respondents – Appellees

On Appeal From the United States District Court  
For The District of Delaware  
No. 1:13-cv-02066 RGA, 1:13-cv-02067 RGA

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**PETITION FOR REHEARING EN BANC**

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ROBERT E. FREITAS  
DANIEL J. WEINBERG  
RACHEL B. KINNEY  
FREITAS & WEINBERG LLP  
350 Marine Parkway, Suite 200  
Redwood Shores, CA 94065  
Telephone: (650) 593-6300  
Facsimile: (650) 593-6301

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## CERTIFICATE OF INTEREST

Counsel for Respondents-Appellees certifies the following:

1. Full Name of Parties represented by me:

Freitas & Weinberg LLP, Robert E. Freitas, Jason S. Angell

2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:

N/A

3. Parent corporations and publicly held companies that own 10 percent or more of stock in the party:

N/A

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter an appearance in this case) are:

**FREITAS & WEINBERG LLP fka FREITAS ANGELL & WEINBERG LLP** (asterisk denotes no longer with the firm): Robert E. Freitas, Daniel J. Weinberg, Rachel B. Kinney, \*Jason S. Angell.

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. See Fed. Cir. R. 47.4(a)(5) and 47.5(b).

*Dragon Intellectual Property, LLC v. Sirius XM Radio Inc.*, Fed. Cir. No. 19-1284

Dated: May 21, 2020

/s/Robert E. Freitas

Robert E. Freitas

## STATEMENT OF COUNSEL

Based on my professional judgment, I believe the panel decision is contrary to the following decision(s) of the Supreme Court of the United States or the precedent(s) of this Court:

### **Prevailing Party Status**

*CRST Van Expedited, Inc. v. EEOC*, 136 S. Ct. 1642, 1646 (2016)

*Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health & Human Res.*, 532 U.S. 598, 604-05 (2001)

### **Intervening Mootness**

*Camreta v. Greene*, 563 U.S. 692, 712-13 (2011)

*United States v. Munsingwear, Inc.*, 340 U.S. 36, 40-41 (1950).

### **Mootness and Article III Jurisdiction**

*Already, LLC v. Nike, Inc.*, 568 U.S. 85, 90 (2013)

*Momenta Pharms., Inc. v. Bristol-Meyers Squibb Co.*, 915 F.3d 764, 770 (Fed. Cir. 2019)

### **District Court Power in Moot Cases**

*North Carolina v. Rice*, 404 U.S. 244, 246 (1971)

Based on my professional judgment, I believe this appeal requires an answer to one or more precedent-setting questions of exceptional importance.

1. How does the legal standard for the determination of “prevailing party” status apply in a case terminated as a result of intervening mootness?

2. When, if ever, can a litigant be deemed the “prevailing party” in a case terminated as a result of mootness?

3. How does the rule of *United States v. Munsingwear, Inc.*, 340 U.S. 36 (1950), and its progeny affect the determination of “prevailing party” status.

Dated: May 21, 2020

/s/Robert E. Freitas  
Robert E. Freitas  
Attorneys for Appellees

## ARGUMENT IN SUPPORT OF REHEARING EN BANC.

The panel considered itself bound by *B.E. Technology, L.L.C. v. Facebook, Inc.*, 940 F.3d 675 (Fed. Cir. 2019), to reverse the district court's determination that the Appellants are not "prevailing parties." In *B.E.*, the Court determined that a district court order dismissing a case as moot rendered the defendant a "prevailing party" under Federal Rule of Civil Procedure 54(d), despite the established legal standard that makes a judicial act resulting in a "material alteration of the legal relationship of the parties" a condition of "prevailing party" status. See *CRST Van Expedited, Inc. v. E.E.O.C.*, 136 S. Ct. 1642, 1646 (2016).

In *Rice Services, Ltd. v. United States*, 405 F.3d 1017, 1027 n.6 (Fed. Cir. 2005), this Court found it "obvious" that a mootness dismissal does not satisfy the "material alteration" standard. *B.E.* did not mention *Rice Services*, or address the Court's statement in that case, but it found a mootness dismissal sufficient.

"Prevailing party" status is also a gating requirement under 35 U.S.C. section 285, the statute in issue here. Cases decided by this Court and the Supreme Court show that the term "prevailing party" is to be given a consistent interpretation in the statutes and rules in

which it appears. *See Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health & Human Res.*, 532 U.S. 598, 602-03 (2001); *Brickwood Contractors, Inc. v. United States*, 288 F.3d 1371, 1377 (Fed. Cir. 2002). *B.E.* thus not only impacts this case, but broadly threatens confusion on matters that have been settled by the Supreme Court.

The *B.E.* Court appears to have perceived in *CRST* a new standard, but *CRST* explicitly confirmed that the “material alteration of the legal relationship of the parties” remains the “touchstone” of “prevailing party” analysis. *CRST*, 136 S. Ct. at 1646. *CRST* provides no support for the new “rebuffing” standard adopted in *B.E.* and applied in this case. *See* Opinion at 6 (*B.E.* “held that . . . Facebook was a prevailing party because it ‘rebuffed B.E.’s attempt to alter the parties’ legal relationship in an infringement suit.”) (citing *B.E.*, 940 F.3d at 679). The only issue presented in *CRST* was whether the “resolution of a case in the defendant’s favor” need be “on the merits.” *CRST* established that a defendant may achieve prevailing party status by winning a case other than “on the merits,” but it did not go beyond the issue presented, or announce a new standard inconsistent with the “material alteration” standard it reaffirmed.



The application of *B.E.* to this case also results in a conflict with the rule of *United States v. Munsingwear, Inc.*, 340 U.S. 36 (1950). When a case becomes moot during the pendency of an appeal, the appeal is dismissed, any previously entered judgment is vacated, and the underlying lawsuit is dismissed as moot. *See generally id.* at 39-40. The Supreme Court has explained that the very “point” of vacatur is “to prevent an unreviewable decision ‘from spawning any legal consequences,’ so that no party is harmed by what we have called a ‘preliminary adjudication.’” *Camreta v. Greene*, 563 U.S. 692, 713 (2011). Although *B.E.* did not address the *Munsingwear* rule, the panel’s conclusion was that *B.E.* required that it allow the pursuit of consequences the *Munsingwear* rule is specifically designed to preclude.

**A. *B.E.* Is Inconsistent With *Munsingwear*.**

This case presents a factual context squarely within the *Munsingwear* rule. *Munsingwear* and its progeny explain what happens when a case becomes moot during the pendency of a direct appeal, and why it is not possible that the result produced by *B.E.* could be proper here.

Because mootness ends any “case or controversy,” a direct appeal in a case that becomes moot while the appeal is pending must be dismissed. “An actual controversy must be extant at all stages of review, not merely at the time the complaint is filed.” *Alvarez v. Smith*, 558 U.S. 87, 92 (2009); *Synopsys, Inc. v. Lee*, 812 F.3d 1076, 1077-78 (Fed. Cir. 2016). Intervening mootness deprives the federal courts of the power to adjudicate. *See U.S. Bancorp Mortg. Co. v. Bonner Mall P’ship*, 513 U.S. 18, 21 (1994); *Momenta Pharms., Inc. v. Bristol-Meyers Squibb Co.*, 915 F.3d 764, 767, 770 (Fed. Cir. 2019). This means, of course, that the appellant will be denied its right to review by the court of appeals, and the correctness of the district court’s action can never be tested. For that reason, *Munsingwear* requires, as explained below, that steps be taken to prevent the appellant from the consequences that would ordinarily be associated with the judgment.

In the circumstances subject to the *Munsingwear* rule, the entire underlying dispute, not merely the appeal, has become moot. The district court proceeding must therefore also be dismissed as moot. *See Genesis HealthCare Corp. v. Symczyk*, 569 U.S. 66, 72 (2013); *Ebanks v. Shulkin*, 877 F.3d 1037, 1040 (Fed. Cir. 2017); *Fresenius USA, Inc. v.*

*Baxter Int'l, Inc.*, 721 F.3d 1330 (Fed. Cir. 2013); *Valspar Sourcing, Inc. v. PPG Indus., Inc.*, 780 F. App'x 917, 921 (Fed. Cir. 2019). When a case is dismissed for mootness, it is not decided. There is nothing to “decide,” and the court’s power is at an end. *See Already, LLC v. Nike, Inc.*, 568 U.S. 85, 90 (2013). No relief is, or can be, afforded, and there is no “prevailing party.” *See Buckhannon*, 532 U.S. at 620 (Scalia, J. concurring) (“One does not prevail in a suit that is never determined.”).

Since at least *Munsingwear*, it has been the “established practice,” when a case becomes moot during an appeal, to “reverse or vacate the judgment below and remand with a direction to dismiss.” *Munsingwear*, 340 U.S. at 39. *See Deakins v. Monaghan*, 484 U.S. 193, 200 (1988); *Evans v. United States*, 694 F.3d 1377, 1381 (Fed. Cir. 2012) (“When a case becomes moot on appeal, the ‘established practice’ is to vacate the decision below with a direction to dismiss.”). Vacatur “strips the decision below of its binding effect.” *Deakins*, 484 U.S. at 200. *See Munsingwear*, 340 U.S. at 39-40 (vacatur “eliminates a judgment, review of which was prevented through happenstance”). *Valspar Sourcing* cites cases in which the Supreme Court has applied similar principles in the administrative context, perhaps explaining why, in

*B.E.*, this Court ordered Facebook’s *inter partes* review petition “dismissed” when it affirmed a Patent Trial and Appeal Board decision in favor of a different party. *See B.E. Tech., L.L.C. v. Google, Inc.*, 2016 U.S. App. LEXIS 20591, at \*3 (Fed. Cir. Nov. 17, 2016). Whatever happened before vacatur is “eliminated.”

The Supreme Court has explained that the “point” of vacatur is “to prevent an unreviewable decision ‘from spawning any legal consequences,’ so that no party is harmed by what we have called a ‘preliminary adjudication.’” *Camreta*, 563 U.S. at 713. This Court explained last year that the protection afforded by *Munsingwear* and its progeny extends even to “the collateral effects of a case that is mooted before an appellate determination on the merits.” *Valspar Sourcing*, 780 F. App’x at 921. But the Court’s opinion in this case states that “[i]f anything, Appellants’ success in obtaining a judgment of noninfringement, although later vacated in view of Appellants’ success in invalidating the asserted claims, further supports holding that they are prevailing parties.” *Id.* In doing so, the Court appears to have departed from not only the “point” of vacatur, but the foundations of the *Munsingwear* rule.

The *Munsingwear* rule is grounded in basic fairness concepts. “A party who seeks review of the merits of an adverse ruling, but is frustrated by the vagaries of circumstance, . . . ought not in fairness be forced to acquiesce in’ that ruling.” *Camreta*, 563 U.S. at 712; *Ebanks*, 877 F.3d at 1040; *Valspar Sourcing*, 780 F. App’x at 921.

**B. Attorneys’ Fees And Costs Are “Legal Consequences” That Cannot Flow From A Mootness Dismissal Under The *Munsingwear* Rule.**

*Camreta* explains that the very “point” of vacatur is to prevent the spawning of “any” legal consequences. *Camreta*, 563 U.S. at 713. “Any” includes even “collateral” effects. *Valspar Sourcing*, 780 F. App’x at 921. An appellate court’s duty, includes a duty “to protect all parties from [those] collateral effects.” *Id.*

The “prevailing party” determinations and potential attorneys’ fees sought by the Appellants, like the costs available under Rule 54(d), are “legal consequences” under the ordinary meaning of that term. *See Kniespeck v. UNUM Life Ins. Co. of Am.*, 2009 U.S. Dist. LEXIS 98335, at \*2 (E.D. Cal. Oct. 13, 2009) (citing *Munsingwear*, 340 U.S. at 40-41); *Murphy v. Bd. of Educ.*, 308 F. Supp. 2d 148, 149-50 (W.D.N.Y. 2004). These “legal consequences,” like others, are not available under the

*Munsingwear* rule.

*B.E.* involved a modest cost dispute, but the floodgates opened by *B.E.* will inevitably involve much greater stakes. Under section 285, and other “prevailing party” statutes and rules, millions of dollars in attorneys’ fees or costs can sometimes be in issue. *See, e.g., Kilopass Tech., Inc. v. Sidense Corp.*, 82 F. Supp. 3d 1154, 1175 (N.D. Cal. 2015) (\$5,535,945.54 under 35 U.S.C. § 285); *Hynix Semiconductor Inc. v. Rambus Inc.*, 697 F. Supp. 2d 1139, 1155 (N.D. Cal. 2010) (\$764,839.93 under Fed. R. Civ. P. 54(d)). These are significant “legal consequences,” and *Munsingwear* teaches that they do not ensue when a judgment is vacated due to mootness. *B.E.* and the opinion in this case allow them.

**C. *B.E.*’s “Rebuffing” Standard Is Inconsistent With *CRST*.**

Although *CRST*s explicitly reaffirmed the “material alteration” standard, the *B.E.* Court stated that “*CRST* explains that a defendant, like Facebook, can prevail by ‘rebuffing’ plaintiff’s claim, irrespective of the reason for the court’s decision. That language squarely controls here, and *B.E.* fails to point to any controlling authority suggesting otherwise.” *B.E.*, 940 F.3d at 679.

In *CRST*, certain of the claims asserted by the E.E.O.C. were dismissed because the Commission failed to fulfill its pre-suit obligations. *CRST* obtained a judgment in its favor on this basis, but the Eighth Circuit denied *CRST* “prevailing party” status, relying on prior cases requiring success “on the merits.” *See EEOC v. CRST Van Expedited, Inc.*, 774 F.3d 1169, 1179-81 (8th Cir. 2014).

“The term ‘on the merits’ has multiple usages.” *Gonzalez v. Crosby*, 545 U.S. 524, 532 n.4 (2005). As used in *CRST*, “on the merits” refers to a disposition based on the elements of the plaintiff’s claim, as opposed to the statute of limitations, or another non-elements ground. *See CRST*, 774 F.3d at 1179, 1181.

The issue presented to the Supreme Court was thus nothing more than whether winning on the basis of a defense not dependent on the elements of the plaintiff’s claim is sufficient. The answer was yes, *CRST*, 136 S. Ct. at 1646, but the Court did not create a new prevailing party standard.

The “material alteration” standard easily accommodates cases that are resolved in the defendant’s favor, but not “on the merits.” For example, a judgment based on the statute of limitations alters the legal

relationship between the plaintiff and the defendant in the same manner as a judgment based on a failure on an element of the plaintiff's claim. *See generally* Restatement (Second) of Judgments §§ 19-20. The application of the “bar” principle of section 19 of the Restatement (Second) of Judgments does not turn on whether the “valid and final personal judgment” is “on the merits.” *See id.*

It is generally understood among the federal courts that *CRST* did not abandon the “material alteration” standard. *See United States v. Thirty-Two Thousand Eight Hundred Twenty Dollars & Fifty-Six Cents (\$32,820.56) in United States Currency*, 838 F.3d 930, 936 (8th Cir. 2016) (“A defendant need not prevail *on the merits* to be a prevailing party, but we see no basis in the text of CAFRA or other authority to say that a CAFRA claimant, even if analogous to a civil defendant, may recover fees without any judicially sanctioned change in the relationship between parties.”) (citation omitted). *See also* 10 Moore’s Federal Practice – Civil § 54.171 (2020). This Court has recognized that *CRST* retained the “material alteration” standard. *See, e.g., O.F. Mossberg & Sons, Inc. v. Timney Triggers, LLC*, 955 F.3d 990, 992 (Fed. Cir. 2020); *Winters v. Wilkie*, 898 F.3d 1377, 1384 (Fed. Cir. 2018).



*Winters* notes that *CRST* did not alter the standard applicable when a plaintiff claims prevailing party status, but *CRST* was a “defendant” case. *See CRST*, 136 S. Ct. at 1646.

*B.E.* did not claim that *CRST* establishes a separate legal standard applicable to “defendant” cases. Indeed, no court of appeals has asserted the existence of multiple standards. But *B.E.*, citing *Raniere v. Microsoft Corp.*, 887 F.3d 1298 (Fed. Cir. 2018), refers to rebuffing an “attempt to alter” a legal relationship. *CRST* did not adopt an “attempt” standard, or approve of prevailing party status in situations in which there is no alteration of a legal relationship. An attempt to alter a legal relationship, without an alteration, does not meet the *CRST* standard. If it did, the Supreme Court would not have considered it an open question whether a non-preclusive disposition is sufficient to create “prevailing party” status. *See CRST*, 136 S. Ct. at 1653. A material alteration of a relationship, including those that result when a case is resolved in the defendant’s favor, but not “on the merits,” is required.

The suggestion of multiple standards has been rejected by the Second Circuit. *See Mr. L v. Sloan*, 449 F.3d 405, 405-06 (2d Cir. 2006)

(Sotomayor, J.). In *Mr. L*, Justice Sotomayor held the “material alteration” standard applicable in both plaintiff and defendant cases, and there is no indication that her view had changed by the time she joined *CRST*’s unanimous reaffirmation of that standard for all cases.

Pre-*CRST* cases established that a plaintiff “prevails” when it “secures an ‘enforceable judgment[t] on the merits’ or a ‘court-ordered consent decre[e],” because in those circumstances the plaintiff “has received a ‘judicially sanctioned change in the legal relationship of the parties.” See *CRST*, 136 S. Ct. at 1646 (quoting *Buckhannon*, 532 U.S. at 604-05). Until *CRST*, the Supreme Court did not “set forth in detail how courts should determine whether a defendant has “prevailed.” *Id.* *CRST* reaffirmed the “material alteration” standard, but it held that the required “alteration” need not be the product of a decision “on the merits.” See *id.*

Everything the Supreme Court said assumed the actual resolution of a case. The Court was explicit that there must be a “decision” that “rejects” the plaintiff’s claim. See *id.* It made clear that it was referring to cases that are actually decided by twice referring to the situation of a defendant that has had a case “resolved in its favor.” See *id.* at 1652

“Congress must have intended that a defendant could recover fees expended in frivolous, unreasonable, or groundless litigation *when the case is resolved in the defendant’s favor*, whether on the merits or not.”) (emphasis added); 1653 (“Congress could not have intended to bar defendants from obtaining attorney’s fees in these cases on the basis that, *although the litigation was resolved in their favor*, they were nonetheless not prevailing parties.”) (emphasis added). The Court said nothing that would support the idea that, when a case is not “resolved in the defendant’s favor,” the defendant might be said to “prevail.”

While explaining that it is not necessary for a defendant to win “on the merits” to be a prevailing party, the Supreme Court observed that a defendant “might prefer a judgment vindicating its position regarding the substantive merits of the plaintiff’s allegations,” but has “fulfilled its primary objective whenever the plaintiff’s challenge is rebuffed, *irrespective of the precise reason for the court’s decision*. The defendant may prevail even if *the court’s final judgment rejects the plaintiff’s claim* for a nonmerits reason.” *Id.* at 1653 (emphasis added). In *B.E.*, the observation about a judicial “decision” that “rejects” the plaintiff’s claim and results in a “final judgment” that does so “for a

nonmerits reason” became something very different. The Supreme Court’s stage setting became what the Court “held,” as if a defendant’s “fulfillment” of its “objective” had become a determinative part of the legal standard. *See B.E.*, 940 F.3d at 678. Eventually, the *B.E.* Court’s discussion led to a conclusion that Facebook was a “prevailing party” because “the district court dismissed the claims it had before it, albeit for mootness.” *Id.* at 679. In *Rice Services*, it was “obvious” that this is not possible.

If this Court is to recognize a separate legal standard applicable to defendants, or suggest that what was obvious in *Rice Services* is no longer so, the source should be the *en banc* Court. *B.E.* has created a conflict with *CRST*. *B.E.*’s failure to tie its conclusion to the governing legal standard or to mention the Court’s analysis in *Rice Services* leaves a confusing state of affairs, and, as explained below, a host of absurd outcomes.

**D. *B.E.*’s “Rebuffing” Standard Would Produce An Avalanche Of Non-Prevailing “Prevailing Parties.”**

At the beginning of the Appellants’ oral argument in this case, Judge Moore asked whether the Appellants contend that any parties other than the Appellants are “prevailing parties” under *B.E.* Judge

Moore said she “wouldn’t want *B.E. Technology* to be read for the proposition that” others are “prevailing parties.” Oral Argument at 1:22-2:27, *available at* <http://oralarguments.cafc.uscourts.gov/default.aspx?sl=2019-1283.mp3>. Counsel responded by saying that while the Appellants are not arguing that others are “prevailing parties,” “somebody might argue differently.” *Id.* It would be surprising if no one else argued “differently.” *B.E.’s* “rebuffing” standard makes a host of obviously non-prevailing litigants “prevailing parties.”

The beneficiaries of *B.E.’s* misreading of the governing standard include:

- Litigants in the position of Apple Inc., a district court defendant in *B.E.* that did not file or join a petition for *inter partes* review.
- A defendant held liable for infringement, if a different party achieves invalidation of the patent in suit during the defendant’s appeal.

Is there a limiting principle in *B.E.* that would avoid any of these or other absurd outcomes? None appears.

The need for *en banc* review is confirmed by the Court's continuation down a similar path in *O.F. Mossberg & Sons*. Although *O.F. Mossberg & Sons* acknowledged the "material alteration" standard, the Court expressed an understanding of the mootness dismissal in *B.E.* as a judicial "decision" sufficient to trigger prevailing party status. See *O.F. Mossberg & Sons*, 2020 U.S. App. LEXIS 11516, at \*6 ("Neither *CRST*, nor *Raniere*, nor *B.E. Technology* went so far as to hold that one could become a prevailing party without a final court decision."). A mootness dismissal is not the type of judicial act that is sufficient to produce a prevailing party. If mootness dismissals continue to be treated as they were in *B.E.* and as they were understood in *O.F. Mossberg & Sons*, clearly incorrect prevailing party determinations will continue.

**E. This Court's Prevailing Party Jurisprudence Now Conflicts With The Majority Of Other Circuits.**

Several courts of appeals have concluded that a preclusive judgment is necessary to produce the material alteration of the parties' legal relationship required for prevailing party status. See *e.g.*, *United States v. \$70,670.00 in United States Currency*, 929 F.3d 1293, 1303 (11th Cir. 2019); *Cortés-Ramos v. Sony Corp. of Am.*, 889 F.3d 24, 25-26

(1st Cir. 2018); *Dunster Live, LLC v. Lonestar Logos Mgmt. Co., LLC*, 908 F.3d 948, 951 (5th Cir. 2018); *\$32,820.56 in United States Currency*, 838 F.3d at 937.

In *O.F. Mossberg & Sons*, this Court recently appeared to suggest that a voluntary dismissal without prejudice under Federal Rule of Civil Procedure 41(a)(1)(A)(i) alters the legal relationship of the parties. See 955 F.3d at 993 (“And the stay did not change the legal relationship between the parties; the Board’s invalidity decision and Mossberg’s voluntary Rule 41(a)(1)(A)(i) dismissal did.”). A voluntary dismissal without prejudice does not change a legal relationship.

In *B.E.*, the Court also considered an argument that “mootness has no preclusive effect” and thus “could not alter the legal relationship between the parties.” *B.E.*, 940 F.3d at 679. The Court dismissed that argument as an assertion “form over substance” and in conflict with the “common-sense approach outlined in *CRST*,” although *CRST* left open the question whether “a defendant must obtain a preclusive judgment in order to prevail,” *CRST*, 136 S. Ct. at 1653, and the unanimous conclusion of the other courts of appeals is that this is a matter of substance requiring an affirmative answer.

**F. Success In Another Forum Does Not Create Prevailing Party Status.**

The Court's opinion states that the judgment in this case "was vacated only because the Appellants successfully invalidated the asserted claims in a parallel *inter partes* review proceeding, rendering moot Dragon's infringement action." Opinion at 7. The reason for this comment is not clear. The impact of mootness is not mitigated or altered by the fact that it is the result of the decision in another proceeding. And success in a different proceeding in another forum cannot produce prevailing party status under section 285. *See, e.g., Thomas v. Buckner*, 697 F. App'x 682, 682-83 (11th Cir. 2017) (success in administrative forum mooting district court proceeding insufficient); *Klamath Siskiyou Wildlands Ctr. v. United States BLM*, 589 F.3d 1027, 1033, 1035 (9th Cir. 2009); *Lui v. Comm'n on Adult Entm't Establishments*, 369 F.3d 319, 327-28 (3d Cir. 2004); *Quinn v. Missouri*, 891 F.2d 190, 194 (8th Cir. 1989). *See also Capella Photonics, Inc. v. Cisco Sys.*, 2019 U.S. Dist. LEXIS 152427, at \*14 (N.D. Cal. Sep. 6, 2019); *Conmed Corp. v. Lexion Med., LLC*, 2019 U.S. Dist. LEXIS 139732, at \*5-6 (N.D.N.Y. Aug. 19, 2019).



If an idea of that nature is a motivating factor behind the decisions in *B.E.* and this case, it should be openly presented as a matter for consideration and explicitly addressed so that any conclusion that administrative, or other judicial, success renders a litigant a prevailing party in a judicial decision could be clearly measured against the conflicting decisions by other courts of appeals.

Respectfully submitted,

Dated: May 21, 2020

/s/Robert E. Freitas

Robert E. Freitas

Daniel J. Weinberg

Rachel B. Kinney

FREITAS & WEINBERG LLP

350 Marine Parkway, Suite 200

Redwood Shores, CA 94065

Attorneys for Appellees

**CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME  
LIMITATION, TYPEFACE REQUIREMENTS, AND  
TYPE STYLE REQUIREMENTS**

1. This petition complies with the type-volume limitation of Fed. R. App. P. 35(b)(2)(A). This petition contains 3,891 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(f) and Fed. Cir. R. 35(c)(2).

2. This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6). This brief has been prepared in a proportionally spaced typeface using Microsoft Word in 14 point Century Schoolbook.

Dated: May 21, 2020

*/s/Robert E. Freitas*

Robert E. Freitas  
Attorneys for Appellees

## CERTIFICATE OF SERVICE

I hereby certify that on May 21, 2020, I filed or caused to be filed the foregoing with the Clerk of the United States Court of Appeals for the Federal Circuit via the CM/ECF system and served or caused to be served a copy on all counsel of record by the CM/ECF system.

Dated: May 21, 2020

*/s/Robert E. Freitas*

Robert E. Freitas

## **ADDENDUM**

April 21, 2020 Opinion

**United States Court of Appeals  
for the Federal Circuit**

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**DRAGON INTELLECTUAL PROPERTY, LLC,**  
*Plaintiff-Appellee*

v.

**DISH NETWORK LLC,**  
*Defendant-Appellant*

v.

**ROBERT E. FREITAS, FREITAS & WEINBERG  
LLP, JASON S. ANGELL,**  
*Respondents-Appellees*

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2019-1283

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Appeal from the United States District Court for the  
District of Delaware in No. 1:13-cv-02066-RGA, Judge  
Richard G. Andrews.

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**DRAGON INTELLECTUAL PROPERTY, LLC,**  
*Plaintiff-Appellee*

v.

**SIRIUS XM RADIO INC.,**  
*Defendant-Appellant*

v.

**JASON S. ANGELL, ROBERT E. FREITAS,  
FREITAS & WEINBERG LLP,**  
*Respondents-Appellees*

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2019-1284

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Appeal from the United States District Court for the District of Delaware in No. 1:13-cv-02067-RGA, Judge Richard G. Andrews.

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Decided: April 21, 2020

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KAI ZHU, Dragon Intellectual Property, LLC, Los Altos, CA, for plaintiff-appellee.

JAMIE ROY LYNN, Baker Botts, LLP, Washington, DC, argued for defendant-appellant DISH Network LLC. Also represented by LAUREN J. DREYER; GEORGE HOPKINS GUY, III, Palo Alto, CA; ALI DHANANI, MICHAEL HAWES, Houston, TX.

MARK BAGHDASSARIAN, Kramer Levin Naftalis & Frankel LLP, New York, NY, argued for defendant-appellant Sirius XM Radio Inc. Also represented by SHANNON H. HEDVAT.

ROBERT E. FREITAS, Freitas & Weinberg LLP, Redwood Shores, CA, argued for respondents-appellees. Also represented by RACHEL KINNEY, DANIEL J. WEINBERG.

ALEXANDRA HELEN MOSS, Electronic Frontier

Foundation, San Francisco, CA, for amicus curiae Electronic Frontier Foundation.

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Before LOURIE, MOORE, and STOLL, *Circuit Judges*.

MOORE, *Circuit Judge*.

DISH Network LLC and Sirius XM Radio Inc. (SXM) (collectively, Appellants) appeal the United States District Court for the District of Delaware's order denying Appellants' motions for attorneys' fees under 35 U.S.C. § 285. Because the district court erred in holding that Appellants are not prevailing parties under § 285, we vacate and remand.

#### BACKGROUND

Dragon Intellectual Property, LLC separately sued DISH, SXM and eight other defendants<sup>1</sup> in December 2013, alleging infringement of claims of U.S. Patent No. 5,930,444. On December 23, 2014, DISH filed a petition seeking *inter partes* review of the '444 patent. The Board instituted review on July 17, 2015 and subsequently granted SXM's request for joinder under 35 U.S.C. § 315(c). The district court stayed proceedings as to DISH and SXM pending the resolution of the Board's review but proceeded with claim construction as to the other eight defendants.

After a consolidated claim construction hearing, the district court issued a claim construction order on September 14, 2015. Following the claim construction order, Dragon, DISH, SXM, and the other eight defendants

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<sup>1</sup> Dragon also sued Apple, Inc., AT&T Services, Inc., Charter Communications Inc., Comcast Cable Communications LLC, Cox Communications Inc., DirecTV LLC, Time Warner Cable Inc., and Verizon Communications Inc. in separate complaints.

stipulated to noninfringement as to the products accused of infringing claims of the '444 patent. On April 27, 2016, the district court entered judgment of noninfringement in favor of all defendants, including DISH and SXM, based on the district court's claim construction order and the parties' stipulation. See, e.g., *Dragon Intellectual Prop., LLC v. DISH Network LLC*, No. 1:13-cv-02066-RGA (D. Del. Apr. 27, 2016), ECF No. 117; *Dragon Intellectual Prop., LLC v. Sirius XM Radio Inc.*, No. 1:13-cv-02067-RGA (D. Del. Apr. 27, 2016), ECF No. 130. On June 15, 2016, in the parallel *inter partes* review, the Board issued a final written decision holding unpatentable all asserted claims. See *Dish Network L.L.C. v. Dragon Intellectual Prop., LLC*, No. IPR2015-00499, 2016 WL 3268756 (PTAB June 15, 2016).

In August 2016, DISH and SXM moved for attorneys' fees under 35 U.S.C. § 285 and 28 U.S.C. § 1927. Before the motions were resolved, Dragon appealed both the district court's judgment of noninfringement and the Board's final written decision. On November 1, 2017, we affirmed the Board's decision and dismissed the parallel district court appeal as moot. See *Dragon Intellectual Prop., LLC v. Dish Network LLC*, 711 F. App'x 993, 998 (Fed. Cir. 2017); *Dragon Intellectual Prop., LLC v. Apple Inc.*, 700 F. App'x 1005, 1006 (Fed. Cir. 2017). On remand, Dragon moved to vacate the district court's judgment of noninfringement and to dismiss the case as moot. On September 27, 2018, the district court vacated the judgment of noninfringement as moot but retained jurisdiction to resolve Appellants' fees motions. *Dragon Intellectual Prop., LLC v. Apple, Inc.*, No. 1:13-cv-02058-RGA, 2018 WL 4658208, at \*2–3 (D. Del. Sept. 27, 2018).

On November 7, 2018, the district court denied the DISH and SXM motions for attorneys' fees. *Dragon Intellectual Prop., LLC v. DISH Network, LLC*, No. 1:13-cv-02066-RGA, 2018 WL 5818533, at \*1–2 (D. Del. Nov. 7, 2018). The district court agreed that DISH and SXM “achieve[d] a victory” over Dragon but held that neither



DISH nor SXM is a prevailing party because they were not granted “actual relief on the merits.” *Id.* at \*1 & n.1. The district court further stated that “success in a different forum is not a basis for attorneys’ fees” in the district court. *Id.* at \*1 n.1.<sup>2</sup> DISH and SXM appeal, arguing that the district court erroneously held that they are not prevailing parties. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).<sup>3</sup>

#### DISCUSSION

A district court “in exceptional cases may award reasonable attorney fees to the prevailing party.” 35 U.S.C. § 285. We review a district court’s determination of whether a litigant is a prevailing party under § 285 *de novo*, applying Federal Circuit law. *See Highway Equip. Co. v. FECO, Ltd.*, 469 F.3d 1027, 1032 (Fed. Cir. 2006). Appellants argue the district court erred in holding that

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<sup>2</sup> The district court also denied Appellants’ motions for attorneys’ fees under § 1927. *Dragon Intellectual Prop., LLC v. DISH Network LLC*, No. 1:13-cv-02066-RGA, 2018 WL 5818533, at \*2. Dragon has not challenged that aspect of the district court’s decision on appeal and has thus waived it.

<sup>3</sup> Under 28 U.S.C. § 1295(a)(1), we have jurisdiction over “an appeal from a final decision of a district court of the United States. . . .” The parties do not dispute that together with the district court’s vacatur, the order denying the Appellants’ motions for fees resolved all matters before the district court. Accordingly, the district court’s order constitutes a final appealable decision under 28 U.S.C. § 1295(a)(1). *See PPG Indus., Inc. v. Celanese Polymer Specialties Co., Inc.*, 840 F.2d 1565, 1567 (Fed. Cir. 1988) (“A ‘final decision’ generally is one which ends the litigation on the merits and leaves nothing for the court to do but execute the judgment”).

they are not prevailing parties under § 285 because they were not awarded “actual relief on the merits.” We agree.

We have held that “a defendant can be deemed a prevailing party even if the case is dismissed on procedural grounds rather than on the merits.” *See, e.g., B.E. Tech., L.L.C. v. Facebook, Inc.*, 940 F.3d 675, 678–79 (Fed. Cir. 2019). In *B.E. Technology*, B.E. Technology sued Facebook, accusing it of patent infringement. *Id.* at 676. Facebook and two other parties that B.E. Technology had accused of infringement, Microsoft and Google, filed separate petitions for *inter partes* review of the asserted claims. *Id.* The district court stayed proceedings pending the Board’s review. *Id.* The Board held the asserted claims unpatentable in three final written decisions and B.E. Technology appealed. *Id.* We affirmed the Board’s final written decision in the Microsoft *inter partes* review and dismissed the remaining appeals as moot. *Id.* On remand, Facebook moved for judgment on the pleadings. *Id.* at 676–77. The district court instead dismissed the case as moot. *Id.* at 677.

We held that “even though the mootness decision was made possible by winning a battle on the merits before the PTO,” Facebook was a prevailing party because it “rebuffed B.E.’s attempt to alter the parties’ legal relationship in an infringement suit.” *Id.* at 679. Although *B.E. Technology* involved the interpretation of prevailing party under Fed. R. Civ. P. 54(d), we see no meaningful distinction that would warrant a different interpretation under § 285. *See e.g., B.E. Tech.*, 940 F.3d at 677 (“We interpret the term [prevailing party] consistently between different fee-shifting statutes, and between Rule 54(d) and 35 U.S.C. § 285.”). Like in *B.E. Technology*, Appellants succeeded in invalidating the asserted claims before the Board. After we affirmed the Board’s decision, the district court vacated the judgment of noninfringement as moot. Therefore, as in *B.E. Technology*, Appellants successfully rebuffed Dragon’s

attempt to alter the parties' legal relationship in an infringement suit.

At oral argument, Dragon attempted to distinguish *B.E. Technology* on the basis that the district court here vacated the judgment of noninfringement previously entered in favor of Appellants instead of merely dismissing the case as moot.<sup>4</sup> Oral Arg. 18:10–21:50. But such a distinction elevates form over substance and is inconsistent with the reasoning set forth in *B.E. Technology*. See 940 F.3d at 679 (holding that the distinction between a dismissal for mootness and a dismissal for lack of standing does not warrant a different result). The judgment of noninfringement was vacated only because the Appellants successfully invalidated the asserted claims in a parallel *inter partes* review proceeding, rendering moot Dragon's infringement action. If anything, Appellants' success in obtaining a judgment of noninfringement, although later vacated in view of Appellants' success in invalidating the asserted claims, further supports holding that they are prevailing parties. Therefore, consistent with our decision in *B.E. Technology*, we hold that DISH and SXM are prevailing parties. Accordingly, we vacate and remand the district court's order denying Appellants' motions for attorneys' fees under 35 U.S.C. § 285.

Appellants further argue that fees awarded under § 285 should include fees incurred in related proceedings, including parallel proceedings under the Leahy–Smith America Invents Act and appeals therefrom, and that fees under § 285 should be awarded against counsel of record as

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<sup>4</sup> Dragon's remaining arguments are directed to overturning *B.E. Technology*. We cannot consider these arguments at the panel stage as we are bound to follow the precedential decisions of prior panels. See *CCA Assocs. v. United States*, 667 F.3d 1239, 1244 (Fed. Cir. 2011).

jointly and severally liable with a party. Appellants request that we resolve these legal issues prior to any remand. Though we see no basis in the Patent Act for awarding fees under § 285 for work incurred in *inter partes* review proceedings that the Appellants voluntarily undertook, we remand to the district court for initial consideration of Appellants' fee motions. We note that fees are awarded only in exceptional cases, and not to every prevailing party. Should the district court determine that this is not an exceptional case, there would be no need to reach the additional issues regarding fee-shifting in *inter partes* reviews or joint and several liability of counsel. For this reason, we decline counsel's request that we resolve these issues in the first instance.

#### CONCLUSION

We have considered the parties' remaining arguments and find them unpersuasive. For the foregoing reasons, we vacate and remand the district court's order denying Appellants' motions for attorneys' fees under 35 U.S.C. § 285.

#### **VACATED AND REMANDED**

#### COSTS

Costs to Appellants.