No. 23-1035

United States Court of Appeals for the Federal Circuit

REALTIME ADAPTIVE STREAMING LLC,
Plaintiff-Appellant,

v.

SLING TV, L.L.C., SLING MEDIA, L.L.C.,
DISH NETWORK L.L.C., DISH TECHNOLOGIES L.L.C.,
Defendants-Appellees

SLING MEDIA, INC., ECHOSTAR TECHNOLOGIES LLC,
Defendants

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO IN CASE NO. 1:17-CV-02097-RBJ, JUDGE R. BROOKE JACKSON

APPELLEES' PETITION FOR REHEARING EN BANC

Ruffin B. Cordell
Adam R. Shartzer
Brian J. Livedalen
Michael J. Ballanco
FISH & RICHARDSON P.C.
1000 Maine Ave., Suite 1000
Washington, DC 20024
Tel: (202) 783-5070

October 23, 2024

Attorneys for Appellees

CERTIFICATE OF INTEREST

Counsel for Defendant-Appellees DISH Network L.L.C., DISH Technologies L.L.C., Sling Media L.L.C., Sling TV L.L.C. (collectively, "DISH") certifies the following:

1. Provide the full names of all entities represented by undersigned counsel in this case: DISH Network L.L.C., DISH Technologies L.L.C., Sling Media L.L.C., Sling TV L.L.C.

2. Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities, and not identified in response to Question 3: None.

3. Provide the full names of all parent corporations for the entities and all publicly held companies that own 10 percent or more of the stock in the entities:

    a. DISH Network L.L.C. is a wholly-owned subsidiary of DISH DBS Corporation.

    b. DISH Technologies L.L.C. is a wholly-owned subsidiary of DISH Network L.L.C.

    c. DISH Network L.L.C., DISH Technologies L.L.C., and DISH DBS Corporation are wholly-owned indirect subsidiaries of DISH Network Corporation.

    d. DISH Network Corporation is a wholly-owned subsidiary of EchoStar Corporation, with publicly traded equity (NASDAQ:SATS).

    e. Sling Media L.L.C. is a wholly-owned subsidiary of DISH Technologies L.L.C., DISH Technologies Holding Corporation, DISH Network L.L.C., DISH DBS Corporation, DISH Orbital Corporation, and DISH Network Corporation.

    f. Sling TV L.L.C. is a wholly-owned subsidiary of Sling TV Holding L.L.C., DISH Technologies L.L.C., DISH Technologies Holding Corporation, DISH Network L.L.C., DISH DBS Corporation, DISH Orbital Corporation, and DISH Network Corporation.

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:

Fish & Richardson P.C.: Timothy W. Riffe, Daniel Tishman, Matthew Mosteller, Caitlin M. Dean*, Michael R. Ellis, Min Woo Park*, Raj Utreja*, Ryan M. Teel*, Andrew L. Schrader*.
Wheeler, Trigg, O'Donnell: Hugh Q. Gottshalk

* No longer with the firm

5. Other than the originating case(s) for this case, are there any related or prior cases that meet the criteria under Fed. Cir. 47.5(a)?

Yes.

6. Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

Not Applicable

Dated: October 23, 2024

/s/ Ruffin B. Cordell
Ruffin B. Cordell

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Page(s)

Cases

Statutes

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:

- *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545 (2014);
- *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 572 U.S. 559 (2014);
- *District of Columbia v. Wesby*, 583 U.S. 48, 60-61 (2018);
- *Bayer CropScience AG v. Dow AgroSciences LLC*, 851 F.3d 1302, 1306 (Fed. Cir. 2017); and
- *Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372, 1377 (Fed. Cir. 2017).

Dated: October 23, 2024

/s/ Ruffin B. Cordell
Ruffin B. Cordell
Counsel for Sling TV L.L.C., Sling Media L.L.C., DISH Network L.L.C., DISH Technologies L.L.C.

INTRODUCTION

In *Highmark Inc. v. Allcare Health Management System, Inc.*, 572 U.S. 559 (2014), the Supreme Court held "that an appellate court should review all aspects of a district court's § 285 determination for abuse of discretion." *Id.* at 561. On the same day, the Supreme Court also held in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545 (2014), that "[d]istrict courts may determine whether a case is 'exceptional' [under 35 U.S.C. § 285] in the case-by-case exercise of their discretion, considering the totality of the circumstances." *Id.* at 554. Despite this guidance, the precedential panel opinion in *Realtime Adaptive Streaming L.L.C. v. Sling TV, L.L.C.*, 113 F.4th 1348 (Fed. Cir. 2024) ("Panel Op."), fails to apply either *Highmark*'s abuse of discretion standard of review or *Octane Fitness*'s totality-of-the-circumstances rubric.

Rather, in setting aside the district court's well-reasoned determination that this was an exceptional case deserving of attorneys' fees, the panel opinion substitutes its own judgment de novo for the district court's and considers each of the district court's findings in isolation. In so doing, this case introduces significant legal errors, with profound consequences, into this Court's canon. The panel opinion condones a new breed of abuse-of-discretion review and totality-of-the-circumstances analysis entirely out of step with the standards established by the Supreme Court, this Court, and the regional Circuits.

Appellees Sling TV L.L.C., Sling Media L.L.C., DISH Network L.L.C., and DISH Technologies L.L.C. (collectively, "DISH") respectfully request that the Court rehear this case en banc to remedy these errors and avoid the legal inconsistencies that the panel opinion introduces.

BACKGROUND

Appellant Realtime Adaptive Streaming LLC sued DISH in the District of Colorado asserting U.S. Patent Nos. 8,867,610 and 8,934,535. Both broadly relate to selection of a data compression scheme. Appx189. The '610 and '535 patents share the same patent family and are highly similar. *Compare* Appx27, Appx56-69, *with* Appx508-509, Appx537-552.

While the district court case against DISH was pending, DISH and several other companies filed a series of *inter partes* review petitions seeking to invalidate the '610 and '535 patents. The district court stayed the case when those IPR proceedings were instituted. Appx95 at Dkt. 162. The '535 patent was invalidated in IPR, although the '610 patent escaped IPR merits-based review through a time-bar de-institution decision by the Board. *See Sling TV, L.L.C. v. Realtime Adaptive Streaming LLC*, 840 F. App'x 598 (Fed. Cir. 2021). In addition to the IPR proceedings, an *ex parte* reexamination proceeding was ordered against the '610 patent. Appx1500. While this case was on appeal, the Board affirmed the Examiner's final rejection of the '610 patent claims, and the USPTO issued an ex parte reexamination certificate cancelling all the challenged claims. *Ex Parte Realtime Adaptive Streaming LLC*, Appeal No. 2023-1035 (P.T.A.B. Apr. 19, 2023).

Amidst these validity challenges, DISH also argued before the district court that the '610 patent was subject matter ineligible under 35 U.S.C. § 101. DISH first raised this argument before the case was stayed for IPR in a Rule 12(b)(6) motion to dismiss. Appx1495-1497. The district court decided to perform claim construction before rendering an eligibility determination, and denied the initial motion without

prejudice. Appx391 (14:9-15). The district court construed the claims just before staying the case for IPR. Appx1209-1210.

While the case was stayed pending IPR, two other tribunals determined that the asserted claims of the highly related '535 patent were § 101 ineligible. In *Realtime Adaptive Streaming LLC v. Google, LLC*, No. 2:18-cv-03629, (C.D. Cal. Oct. 25, 2018), the district court held ineligible claims 15-30 of the '535 patent, finding they are "directed to an abstract idea" and "fail[] to provide an inventive concept." Appx1448-1462. Similarly, in *Realtime Adaptive Streaming LLC v. Netflix, Inc.*, No. 17-1692, Dkt. 48 at 22 (D. Del. Dec. 12, 2018), a magistrate judge found ineligible the '535 patent claims. Appx1463-1499.[1]

Meanwhile, the stay lifted in the DISH district court case in Colorado. Within weeks, DISH wrote to Realtime to notify it that the '610 patent was § 101 ineligible, particularly in view of several case law developments that had occurred while the case was stayed. Appx2146. DISH indicated it would seek fees if Realtime continued to litigate the '610 patent. Appx2147. Realtime pressed forward, and DISH moved for summary judgment of ineligibility. Appx1386-1404; Appx1938-Appx1947.

The district court granted DISH's motion, ruling that the asserted claims of the '610 patent are patent-ineligible. Appx2013; Appx2004-2005. The district court analogized this case to *Adaptive Streaming Inc. v. Netflix, Inc.*, 836 F. App'x 900 (Fed. Cir. 2020), and cited the *Google* and *Netflix* § 101 decisions for the '535 patent as persuasive

[1] Realtime dismissed its case before the Delaware district court could rule on the magistrate judge's report and recommendation finding the claims ineligible. *See Realtime Adaptive Streaming LLC v. Netflix, Inc.*, 41 F.4th 1372, 1376-77 (Fed. Cir. 2022).

authority. Appx2006-2009. Realtime appealed the district court's summary judgment order to this Court, which affirmed without opinion, pursuant to Federal Circuit Rule 36. *Realtime Adaptive Streaming LLC v. Sling TV, L.L.C.*, No. 21-2268, 2023 WL 3373583, at *1 (Fed. Cir. May 11, 2023).

After invalidating the asserted claims of the '610 patent, DISH requested the district court deem the case "exceptional" pursuant to 35 U.S.C § 285 and partially award DISH its attorneys' fees. DISH argued that Realtime maintained the case post-stay in spite of the claims being clearly patent-ineligible. Appx2022. DISH outlined a timeline of events indicating that Realtime knew, or should have known, that the '610 patent was ineligible when it urged the court to lift the stay, which is the point from which DISH sought its fees. Appx2025; Appx2031.

The district court agreed, deeming the case exceptional and awarding DISH $3.9 million in attorneys' fees. Appx1-8, Appx14, Appx23. Specifically, the court described a series of "red flags" that occurred throughout the case that should have signaled to Realtime that the '610 patent was ineligible. They were:

1. The *Google* and *Netflix* decisions finding ineligible claims of the '535 patent, which is in the same family at the '610 patent;
2. The Federal Circuit's *Adaptive Streaming* decision;
3. The PTAB's invalidation of the '535 patent;
4. The reexamination finding that the '610 patent is invalid under §§ 102, 103;
5. DISH's notice letter to Realtime; and
6. The declaration of DISH's expert, Dr. Bovik, in support of DISH's summary judgment motion.

Appx4-7. The district court "consider[ed] the totality of the circumstances leading up to [its] grant of summary judgment" and concluded that "by carrying on despite numerous danger signals or red flags as I have called them, Realtime accepted the risk of having to reimburse defendants' reasonable attorney's fees." Appx8.

Realtime appealed the exceptionality finding. The panel opinion "conclude[s] the district court did not err in its determination that the *Google* and *Netflix* decisions on Claim 15 of the '535 patent were a significant red flag to Realtime to reconsider its patent eligibility position of the asserted claims of the '610 patent." Panel Op., 113 F.4th at 1355. For the remaining red flags, however, the panel opinion substitutes its own analysis rather than examine whether the district court abused its discretion by considering these red flags in finding the case exceptional, as it must under *Highmark*. Moreover, the panel opinion examines each of these red flags in a vacuum, rather than through the lens of the totality of the circumstances, as *Octane Fitness* requires. The panel opinion vacates the district court's exceptionality determination and remands for further proceedings.

ARGUMENT

I. The Panel Opinion Fails to Apply the Abuse of Discretion Analysis *Highmark* Requires

A. Abuse of Discretion Is a "Highly Deferential Standard"

A § 285 exceptionality determination is reviewed for an abuse of discretion, *Highmark*, 572 U.S. at 563-64, which is "a highly deferential standard of appellate review." *Bayer CropScience AG v. Dow AgroSciences LLC*, 851 F.3d 1302, 1306 (Fed. Cir. 2017). This "great deference to the district court's exercise of discretion in awarding

fees" is for good reason. *Energy Heating, LLC v. Heat On-The-Fly, LLC*, 15 F.4th 1378, 1382 (Fed. Cir. 2021)). "Because the district court lives with the case over a prolonged period of time, it is in a better position to determine whether a case is exceptional and it has discretion to evaluate the facts on a case-by-case basis." *Raniere v. Microsoft Corp.*, 887 F.3d 1298, 1308 (Fed. Cir. 2018).

Although the panel opinion noted that, "[t]o meet the abuse of discretion standard, the appellant must show 'a clear error of judgment in weighing relevant factors or in basing its decision on an error of law or on clearly erroneous factual findings,'" Realtime did not make this showing, nor did the panel opinion demonstrate that any such defects exist in the district court's fees opinion. Panel Op., 113 F.4th at 1354 (quoting *Energy Heating*, 15 F.4th at 1382). This presents a critical flaw with the panel opinion's reasoning. While the panel concludes that the district court committed an abuse of discretion for considering certain red flags, it never makes the required showing of a clear error of judgment or error of fact or law in any one factor alone, or with all the factors taken together. This cannot be right because "an appellate court should review **all aspects** of a district court's § 285 determination for abuse of discretion." *Highmark*, 572 U.S. at 561.[2] Here, none of the red flags the panel opinion criticizes rises to an abuse of discretion, and many of the flags are fully supported by this Court's precedent.

[2] Unless noted, all emphasis added.

1. The Panel Opinion's Rejection of the *Adaptive Streaming* Red Flag Cannot Be Squared with *Inventor Holdings*

This Court's *Adaptive Streaming* decision is a key case the district court relied upon in its § 101 summary judgment opinion that this Court affirmed. *See* Appx2006, Appx2014. As the district court correctly found, both the '610 patent and the *Adaptive Streaming* patent concern encoding data into different formats, with an "absence of implementation details." *See* Appx2006, Appx2014. Yet, despite these similarities, the panel opinion held that "[w]ithout more, such as a side-by-side analysis of all limitations of a claim of the '610 patent and the claims at issue in *Adaptive Streaming*, DISH simply did not adequately show that the patent infringement claim had been rendered exceptionally meritless," and that "[t]he district court erred in finding that the *Adaptive Streaming* decision should have put Realtime on notice that its patent claims were meritless." Panel Op., 113 F.4th at 1356.

The panel opinion's criticisms are diametrically opposed to this Court's decision in *Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372 (Fed. Cir. 2017). There, the district court found the case exceptional under § 285 and awarded fees because "following the *Alice* decision, [the patentee]'s claims were objectively without merit." *Id.* at 1377. This Court held that the district court "acted within the scope of its discretion" in finding the case "exceptional **based solely** on the weakness of [patentee]'s post-*Alice* patent-eligibility arguments and the need to deter future 'wasteful litigation' on similarly weak arguments." *Id.* The Court did not require as a prerequisite that the alleged infringer present a comparison chart directly mapping the claims of the asserted patent to those of past cases, as the panel opinion did here.

Rather, the Court correctly placed the burden with the patentee, explaining that "[i]t was [patentee's] responsibility to reassess its case in view of new controlling law." *Id.*

Although *Inventor Holdings* featured prominently in the briefing of this case, the panel opinion does not cite or discuss the decision. And as will be discussed further in Section II, there did not exist in *Inventor Holdings* other court decisions rendering a highly-related patent § 101 ineligible, like existed here with the *Google* and *Netflix* decisions. Simply put, the panel opinion's rejection of the *Adaptive Streaming* red flag cannot be harmonized with *Inventor Holdings*. Even apart from *Inventor Holdings*, the panel opinion never finds, nor could it, that the district court's reliance on *Adaptive Streaming* as a red flag constitutes a clear error in judgment or error in fact or law amounting to an abuse of discretion under the Court's governing standard. The panel opinion thus contradicts both *Inventor Holdings* and *Highmark*.

2. The Panel Opinion's Rejection of the Notice Letter as a Red Flag Cannot Be Squared with *Stone Basket*

Weeks after the stay of the case was lifted, DISH sent Realtime a notice letter in which "[the DISH] defendants reiterated their position on invalidity, noted that substantial litigation expense would be incurred if the case continued, and asked plaintiff to dismiss its claims." Appx7 (citing Appx2143-2147). The letter drew Realtime's attention to the *Google* and *Netflix* decisions finding ineligible claims of the related '535 patent, specifying that "[e]ven a casual comparison of the '610 patent asserted claims to the now invalid claims of the '535 patent reveals that the '610 asserted claims are likely to suffer the same ineligibility finding." Appx2146. DISH's letter also identified that this Court had issued its *Adaptive Streaming* decision, and that,

"[g]iven the similarities of the claims of the '610 patent to the claims of the *Adaptive Streaming* patent reviewed by the Federal Circuit, there can be no objective basis for continuing to litigate claims against Defendants that are clearly patent ineligible." Appx2146. DISH concluded, "[i]f Realtime continues its pursuit of this litigation—despite all of the facts and legal determinations indicating Realtime's litigation positions lack substantive merit—Defendants will seek costs, fees, and sanctions against Realtime . . . pursuant to . . . 35 U.S.C. § 285[.]" Appx2147.

The panel opinion's finding that the district court erred in considering this notice letter as a red flag contravenes precedent. In other opinions, the Court has indicated that pre-judgment notice of exceptionality may effectively be a prerequisite for attaining a § 285 determination. In *Stone Basket Innovations, LLC v. Cook Med. LLC*, 892 F.3d 1175, 1181 (Fed. Cir. 2018), the Court held that the movant's "failure to provide early, focused, and supported notice of its belief that it was being subjected to exceptional litigation behavior" supported the district court's non-award of § 285 fees. The Court explained that "a party cannot simply hide under a rock, quietly documenting all the ways it's been wronged, so that it can march out its 'parade of horribles' after all is said and done." *Id.*

Given this law, it cannot stand that the district court abused its discretion by finding DISH's notice letter amounted to a red flag when that letter specifically identified the weakness of Realtime's claims under § 101.[3] After all, this Court

[3] This is especially true given that DISH's notice letter explained the *Google* and *Netflix* decisions, which found ineligible the related '535 patent, signaled the '610 patent was ineligible. Appx2146-2147. The panel opinion noted *Google* and *Netflix* decisions

previously instructed litigants on the importance of "early, focused, and supported notice of . . . exceptional litigation behavior." *Id.* Yet, the panel opinion turned its back on this precedent in concluding that it "is not clear what it is about the notice letter . . . that constitutes a red flag." Panel Op., 113 F.4th at 1357. And like with the *Adaptive Streaming* red flag, the panel opinion rejects the notice letter red flag without finding a clear error in judgment or error in fact or law to support an abuse of discretion under the Court's governing standard.

* * *

The panel opinion's de novo reevaluation of the district court's exceptionality finding simply cannot be squared with the "highly deferential" abuse of discretion standard, particularly in view of how this Court has sketched the contours of this standard in the § 285 context. *Bayer*, 851 F.3d at 1306. That is, the panel opinion does not demonstrate "a clear error of judgment," an "error of law," or a "clearly erroneous factual finding." *Energy Heating*, 15 F.4th at 1382. The panel opinion thus contravenes this Court's binding abuse of discretion precedent. It also stands askew of the many other Circuits that apply a similar abuse of discretion standard. *See, e.g.*, *Taucher v. Brown-Hruska*, 396 F.3d 1168, 1173 (D.C. Cir. 2005) (Roberts, J.) (holding abuse of discretion requires "clearly erroneous factual findings" or "a clear error of judgment in the conclusion it reached upon a weighing of the relevant factors"); *see also Harlamert v. World Finer Foods, Inc.*, 489 F.3d 767, 773 (6th Cir. 2007) (similar); *United States v. Corey*, 207 F.3d 84, 88 (1st Cir. 2000) (similar); *McCollough v. Johnson,*

---

cumulatively amounted to "a significant red flag to Realtime to reconsider its patent eligibility position." Panel Op., 113 F.4t at 1355.

Rodenburg & Lauinger, LLC, 637 F.3d 939, 953 (9th Cir. 2011) (similar); *FDIC v. Rocket Oil Co.*, 865 F.2d 1158, 1160 n.1 (10th Cir. 1989) (similar); *Kern v. TXO Production Corp.*, 738 F.2d 968 (8th Cir. 1984) (similar).

Nor can the panel opinion be harmonized with different articulations of the abuse of discretion test arising from other Circuits. The Second Circuit has described that the "the traditional formulation of the abuse of discretion standard" will "uphold the trial judge's exercise of discretion unless he acts arbitrarily or irrationally." *United States v. Robinson*, 560 F.2d 507, 515 (2d Cir. 1977). And the Ninth Circuit has remarked that the standard "requires looking at both whether the trial court applied the correct legal rule, and, if so, whether application of the rule was illogical, implausible, or without support in the record." *In re Korean Air Lines Co., Ltd.*, 642 F.3d 685, 698 n.11 (9th Cir. 2011); *see also Harman v. Apfel*, 211 F.3d 1172, 1175 (9th Cir. 2000) (noting reversal under abuse of discretion standard is possible only "when the appellate court is convinced firmly that the reviewed decision lies beyond the pale of reasonable justification under the circumstances"). Other Circuits emphasize that "[a]buse of discretion review means that the court has a range of choice, and that its decision will not be disturbed as long as it stays within that range and is not influenced by any mistake of law." *See United States v. Dockery*, 955 F.2d 50, 54 (D.C. Cir. 1992) (emphasis omitted) (quoting *Kern v. TXO Production Corp.,* 738 F.2d 968, 970 (8th Cir.1984)).

At bottom, the panel opinion contravenes the abuse of discretion standard under any of these articulations. Allowing the panel opinion to stand will violate

Highmark, inject confusion into this Court's abuse of discretion case law, and place this Court at odds with the regional Circuits, threatening a circuit split.

II. The Panel Opinion Fails to Apply the Totality of the Circumstances Analysis *Octane Fitness* Requires

Octane Fitness holds that "[d]istrict courts may determine whether a case is 'exceptional' [under 35 U.S.C. § 285] in the case-by-case exercise of their discretion, considering the **totality of the circumstances**." 572 U.S. at 554. At the heart of an "analysis of the 'totality of the circumstances'" is that it "requires an 'evaluation of all pertinent evidence.'" *Prosperity Tieh Enter. Co. v. United States*, 965 F.3d 1320, 1327 (Fed. Cir. 2020) (quoting *Nobel Biocare Servs. AG v. Instradent USA, Inc.*, 903 F.3d 1365, 1378 (Fed. Cir. 2018), *as amended* (Sept. 20, 2018)); *see also Innovative Therapies, Inc. v. Kinetic Concepts, Inc.*, 599 F.3d 1377, 1379 (Fed. Cir. 2010) (explaining totality of the circumstances requires that "several factors" must be "considered together").

What is not permitted in a totality of the circumstance analysis is to consider each factor in a vacuum, independent of the other factors. The Supreme Court made this point clear in *District of Columbia v. Wesby*, 583 U.S. 48 (2018), where it held that a court of appeals "viewed each fact 'in isolation, rather than as a factor in the totality of the circumstances,'" an approach that is "mistaken in light of our precedents." *Id.* at 60 (quoting *Maryland v. Pringle*, 540 U.S. 366, 372 n.2 (2003)). Reversing the court of appeals' flawed analysis, the Supreme Court explained:

> The totality of the circumstances requires courts to consider the whole picture. **Our precedents recognize that the whole is often greater than the sum of its parts—especially when the parts are viewed in isolation**. Instead of considering the facts as a whole, the panel majority

> took them one by one. . . . **The totality of the circumstances test precludes this sort of divide-and-conquer analysis.**

Id. at 60-61 (cleaned up).

The flawed "divide-and-conquer" totality of the circumstances analysis the Supreme Court rejected in *Wesby* is precisely what the panel opinion applied here. The panel opinion treats each red flag it criticizes in total isolation without ever bringing the red flags together to reveal the "whole picture." *Id.* at 60.

For example, in rejecting the *Adaptive Streaming* red flag, the panel opinion eschewed the required totality-of-circumstances framework by holding that "[s]imply being on notice of adverse case law and the possibility that opposing counsel would pursue § 285 fees does not amount to clear notice that the '610 claims were invalid and is therefore not sufficient to support an exceptionality finding in this case." Panel Op., 113 F.4th at 1358. That holding ignores the *Google* and *Netflix* decisions, where two other tribunals held ineligible the related and highly similar '535 patent, which the panel opinion agreed was a proper red flag. Even more explicitly for the notice letter red flag, the panel opinion remarked that "[i]t is not clear what it is about the notice letter, **viewed independently of the *Google* and *Netflix* decisions it referenced**, that constitutes a red flag." Panel Op., 113 F.4th at 1357. Viewing separate circumstances independently is the opposite of what the Supreme Court's totality of the circumstances test for § 285 requires.

The same is true for the validity- and expert-related red flags the panel opinion discredited as it viewed them in isolation and not in conjunction with the other red flags. Moreover, both *Octane* and *Highmark* invite district courts to consider a broad

range of factors as part of the totality analysis. *See Octane Fitness*, 572 U.S. at 554 n.6 (explaining "district courts could consider a nonexclusive list of factors" in a totality of the circumstances analysis); *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 572 U.S. 559, 564 (2014). Yet, the panel opinion appears to fault the district court's consideration of a range of red flags when arriving at its § 285 determination.

Ultimately, the district court applied a proper totality of the circumstances analysis that the panel opinion upends in favor of de novo factor-by-factor review. The district court considered all of the red flags together to conclude that this is an exceptional case, as it is. Appx8 ("[W]hen I consider the totality of the circumstances leading up to this Court's grant of summary judgment on July 31, 2021, I find that Realtime's dogged pursuit of the case notwithstanding those danger signals renders this an exceptional case."). Indeed, even the *Google / Netflix* or *Adaptive Streaming* red flags standing alone support the district court's exceptionality finding under this Court's precedent. *Inventor Holdings*, 876 F.3d at 1377 (holding a case may be exceptional "based solely on the weakness of [a patentee]'s post-*Alice* patent-eligibility arguments and the need to deter future 'wasteful litigation' on similarly weak arguments")). The Court should re-hear this case en banc to correct this analytical error.

CONCLUSION

For the foregoing reasons, the Court should rehear this appeal en banc and affirm the district court's exceptional case finding and fees award.

Dated: October 23, 2024

Respectfully submitted,

/s/Ruffin B. Cordell

Ruffin B. Cordell
Adam R. Shartzer
Brian J. Livedalen
Michael J. Ballanco
Fish & Richardson P.C.
1000 Maine Ave. SW, Suite 1000
Washington, DC 20024
(202) 783-5070
cordell@fr.com

Attorneys for Sling TV L.L.C.,
Sling Media L.L.C.,
DISH Network L.L.C.,
DISH Technologies L.L.C.

CERTIFICATE OF SERVICE AND FILING

I certify that on October 23, 2024, I electronically filed the foregoing document of appellee using the Court's CM/ECF filing system. Counsel for appellant were electronically served by and through the Court's CM/ECF filing system per Fed. R. App. P. 25 and Fed. Cir. R. 25(e).

/s/ Ruffin B. Cordell
Ruffin B. Cordell

CERTIFICATE OF COMPLIANCE

This Petition for Rehearing En Banc of appellee is submitted in accordance with the type-volume limitation of Fed. R. App. P. 35(b)(2)(A). The Petition contains 3,898 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(f) and Fed. Cir. R. 32(b)(2). This Brief has been prepared in a proportionally spaced typeface using Microsoft Word 2016 in Garamond, 14 Point.

Dated: October 23, 2024

/s/ Ruffin B. Cordell
Ruffin B. Cordell

United States Court of Appeals for the Federal Circuit

REALTIME ADAPTIVE STREAMING L.L.C.,
Plaintiff-Appellant

v.

SLING TV, L.L.C., SLING MEDIA, L.L.C., DISH NETWORK L.L.C., DISH TECHNOLOGIES L.L.C.,
Defendants-Appellees

SLING MEDIA, INC., ECHOSTAR TECHNOLOGIES LLC,
Defendants

2023-1035

Appeal from the United States District Court for the District of Colorado in No. 1:17-cv-02097-RBJ, Judge R. Brooke Jackson.

Decided: August 23, 2024

PHILIP WANG, Russ August & Kabat, Los Angeles, CA, argued for plaintiff-appellant. Also represented by PAUL ANTHONY KROEGER, BRIAN DAVID LEDAHL, REZA MIRZAIE.

ADAM SHARTZER, Fish & Richardson P.C., Washington, DC, argued for defendants-appellees. Also represented by

MICHAEL JOHN BALLANCO, RUFFIN B. CORDELL, BRIAN JAMES LIVEDALEN.

Before MOORE, *Chief Judge*, LOURIE, *Circuit Judge*, and ALBRIGHT, *District Judge*[1].

ALBRIGHT, *District Judge*.

Appellant Realtime Adaptive Streaming LLC appeals from an award of attorneys' fees from the United States District Court for the District of Colorado.

The district court's fees award to defendants was based on six so-called "red flags." It found that those red flags should have served as warning signs to Realtime that its case was fatally flawed. And in "carrying on despite numerous danger signals. . . [plaintiff] accepted the risk of having to reimburse defendants' reasonable attorneys' fees." J.A. 8. The district court found that "the totality of the circumstances," in light of those six red flags, rendered the case exceptional. *Id.* We vacate and remand because the district court abused its discretion in determining the case exceptional for the reasons below.

BACKGROUND

Plaintiff-Appellant Realtime Adaptive Streaming LLC ("Realtime" or "plaintiff") initially sued DISH and related Sling entities (collectively, "DISH" or "defendants") on August 31, 2017, for alleged infringement of U.S. Patent Nos. 8,275,897 ("the '897 patent"); 8,867,610 ("the '610 patent"); and 8,934,535 ("the '535 patent"). The asserted patents are generally related to digital data compression. The district

---

[1] Honorable Alan D Albright, District Judge, United States District Court for the Western District of Texas, sitting by designation.

court ultimately found the asserted claims of the '610 patent ineligible as abstract under 35 U.S.C. § 101.

Early in the case, defendants filed motions to dismiss and motions for judgment on the pleadings. Defendants asked the district court to find the asserted claims invalid under § 101. J.A. 256–57. The district court denied those motions and, instead, instructed the parties it would rehear any invalidity arguments after claim construction. J.A. 391–96. The district court added that its denial was based in part on other districts' decisions finding similar data compression claims eligible and valid. *Id.* The court remarked during a hearing that it was "satisfied with the merits" of the other district court decisions upholding the eligibility of similar patents. J.A. 391.

In October 2018, the Central District of California issued an order finding, *inter alia*, Claims 15–30 of the '535 patent ineligible under § 101. *Realtime Adaptive Streaming LLC v. Google LLC*, No. 2:18-cv-03629-GW-JC, ECF No. 36 (C.D. Cal. Oct. 25, 2018) (the "*Google* decision"); J.A. 1332–45. The Central District of California determined that Claims 1–14 of the '535 patent were eligible because they were "tied to specific computer systems that 'improve[] computer functionality in some way' rather than being drawn to purely abstract concepts." J.A. 1340 (quoting *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1367 (Fed. Cir. 2018)). Less than two months later, a magistrate judge in the District of Delaware also found Claim 15 of the '535 patent (as a representative claim) ineligible because it provided "no technical detail describing how to achieve" the results it claims. *Realtime Adaptive Streaming LLC v. Netflix, Inc.*, No. 17-1692, 2018 WL 6521978, at *6 (D. Del. Dec. 12, 2018) (the *"Netflix* decision"); J.A. 1478. Collectively, the district court treated these decisions as the first red flag.

In January 2019, the district court issued its claim construction ruling in this case. J.A. 1184. Concurrently, the

'535 and '610 patents were subject to *inter partes* review ("IPR") proceedings at the U.S. Patent and Trademark Office, Patent Trial and Appeal Board ("Board"). J.A. 1387. Shortly thereafter, in February 2019, the district court stayed the infringement litigation pending the IPR proceedings. J.A. 95 at ECF No. 162. One of those IPR proceedings resulted in Claims 1–14 of the '535 patent being found to be unpatentable on obviousness grounds. This was the third red flag, the second red flag being this Court's decision in *Adaptive Streaming Inc. v. Netflix, Inc.*, 836 F. App'x 900 (Fed. Cir. 2020). Plaintiff then withdrew its claims under the '535 patent. J.A. 1219. The IPR against the '610 patent was terminated as untimely by the Board—a decision this Court affirmed. *Sling TV, L.L.C. v. Realtime Adaptive Streaming LLC*, 840 F. App'x 598 (Fed. Cir. 2021).

Since no IPRs against the '610 patent (the only remaining asserted patent against DISH) remained, the district court lifted the stay on January 15, 2021, almost two years after the stay was entered. According to the district court, defendants' fees started to accrue once the stay was lifted. J.A. 3. Shortly after the stay was lifted, the fourth red flag occurred: the USPTO issued non-final office actions rejecting Claim 1 of the '610 patent as obvious as part of an *ex parte* reexamination. J.A. 7. The district court found it notable that DISH sent Realtime a letter conveying its belief the '610 patent was invalid and expressing its intention to seek attorneys' fees should Realtime continue to press its case. This notice letter became the fifth red flag.

Once expert discovery was completed, the parties filed dispositive motions. As part of this process, defendants submitted the expert declaration of Dr. Alan C. Bovik. J.A. 7. Even though Realtime promptly moved to exclude Dr. Bovik's opinions, the Court treated the Bovik declaration as the sixth and final red flag.

On July 31, 2021, the district court granted DISH's motion for summary judgment of invalidity. *Realtime Adaptive Streaming LLC v. Sling TV L.L.C.*, No. 17-CV-02097-RBJ, 2021 WL 3888263 (D. Colo. July 31, 2021), *aff'd*, No. 21-2268, 2023 WL 3373583 (Fed. Cir. May 11, 2023) (per curiam); J.A. 2001–15. The court found the *Google* and *Netflix* decisions concerning Claim 15 of the '535 patent instructive as to the asserted claims of the '610 patent's subject matter eligibility and the *Alice* Step One analysis. J.A. 2004. Claim 15 of the '535 patent and Claim 1 of the '610 patent are almost identical, except for the added limitation of a "a throughput of a communication channel" found in the '610 patent. Realtime argued that this additional limitation solves a computer-specific problem and is thus not directed to an abstract idea at *Alice* Step One. J.A. 1759–68. The district court disagreed. J.A. 2011. As for *Alice* Step Two, the district court found Realtime presented no genuine issue of fact as to whether the claims at issue in the '610 patent included an inventive concept. *Id.* The district court's order concluding Claims 1, 2, 6, 8–14, 16, and 18 of the '610 patent are directed to ineligible subject matter under § 101 was affirmed by this Court. *Realtime Adaptive Streaming LLC v. Sling TV, L.L.C.*, No. 2021-2268, 2023 WL 3373583 (Fed. Cir. May 11, 2023) (per curiam).

While that finding of invalidity was on appeal, the district court granted DISH's Motion for Attorneys' Fees. The district court's order awarding fees highlighted the aforementioned six "red flags" or danger signals. The court found that "Realtime's dogged pursuit of the case notwithstanding those danger signals renders this an exceptional case." J.A. 8.

STANDARD OF REVIEW

A court may award fees to the prevailing party in "exceptional cases." 35 U.S.C. § 285. An exceptional case is "one that stands out from others with respect to the

substantive strength of a party's litigating position . . . or the unreasonable manner in which the case was litigated." *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014).

We review an exceptionality determination under an abuse of discretion standard. *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 572 U.S. 559, 563–64 (2014). To meet the abuse-of-discretion standard, the appellant must show a "clear error of judgment in weighing relevant factors or in basing its decision on an error of law or on clearly erroneous factual findings." *Energy Heating, LLC v. Heat On-The-Fly, LLC*, 15 F.4th 1378, 1382 (Fed. Cir. 2021) (quotations omitted).

DISCUSSION

The district court based its decision, as it must, on "the totality of the circumstances." J.A. 8; *see also Octane Fitness*, 572 U.S. at 554. The district court relied on the six red flags without explaining the weight for each flag. J.A. 1–8. Some of these red flags should not have been accorded any weight. Consequently, we vacate the award of attorneys' fees and remand for the district court to decide again whether attorneys' fees are warranted consistent with this opinion.

A. The *Google* and *Netflix* decisions finding claims of the '535 patent ineligible

The first red flag the district court noted was based on the *Google* and *Netflix* decisions. The district court described these decisions as "highly significant to [the] Court's ultimate determination," with reasoning "featured prominently in [the Court's] order granting summary judgment in this case." J.A. 4–5. Considering that the '610 patent had "nearly the same title," a "virtually identical" specification, and a Claim 1 that was "so similar as to be essentially the same in substance" as Claim 15 of the '535 patent, the district court found that *Google* and *Netflix*

"should have featured prominently in Realtime's thinking about the present case." J.A. 4–5. The district court also found Realtime's attempts to distinguish and criticize *Google* and *Netflix* unpersuasive. *See* J.A. 5.

Realtime contends that *Google* and *Netflix* cannot be red flags. We disagree. Realtime first argues that "the mere fact that Claim 15 of the '535 patent was found ineligible did not render Realtime's § 101 arguments as to the '610 claims frivolous." Appellant's Br. 38. Realtime points to caselaw that § 101 is claim specific and that "it can not be presumed that related patents rise and fall together." *Comair Rotron, Inc. v. Nippon Densan Corp.*, 49 F.3d 1535, 1539 (Fed. Cir. 1995). While Realtime may have correctly quoted the law, it did not correctly understand the district court's reasoning. The district court did not merely presume that the '610 claims should follow the '535 claims, nor did it rely solely on the "virtually identical" specifications. *See* J.A. 4–5. It made a specific finding that Claim 15 of the '535 patent was "essentially the same in substance" as Claim 1 of the '610 patent. J.A. 4. Realtime's cites are therefore inapposite.

Realtime also notes that the *Google* decision denied Google's motion to dismiss for ineligibility under § 101 as to U.S Patent Nos. 9,769,477 ("the '477 patent") and 7,386,046 ("the '046 patent"), as well as Claims 1–14 of the '535 patent. Realtime argues that Claim 15 is therefore distinguishable, as it does not include the throughput limitation present in the '610 patent here. Instead, Realtime argues that Claim 1 is more analogous to the '477 patent Claim 1, which had not been previously shown to have been ineligible, and which also includes a throughput limitation. Realtime also distinguishes Claim 15 on the basis that it could be performed manually by a user, a concern Realtime believes does not apply to the '610 patent. For the same reasons, Realtime also claims that *Netflix* is distinguished.

Realtime's argument that Claim 1 of the '610 patent is more like Claims 1–14 of the '535 patent and the claims of the '477 and '046 patents was not adequately set forth before the district court. Realtime's opposition to DISH's motion for summary judgment of ineligibility set out the following analysis:

> In *Google*, the Central District *denied* defendants' § 101 motion for the vast majority of the challenged claims, including all claims of the related '046 and '477 patents, as well as claims 1-14 of the '535 patent. *Google* at 7-8, 11. Those claims are more like the '610 claims than claim 15 of the '535 patent that were found to be abstract. Indeed, the court's decision supports the patent-eligibility of the '610 claims. *See id.* at 5-6.

J.A. 1767. Absent from the quote above is any justification for Realtime's claim. We agree with the district court that "the response does not provide an explanation of or support for this conclusory statement." J.A. 2012. The district court cannot be faulted for not crediting or considering an argument that Realtime itself failed to develop. As for Realtime's other arguments—that '610 patent Claim 1 is different because it contains the aforementioned throughput limitation; that '610 patent Claim 1 cannot be performed manually; and that *Netflix* erred in treating Claim 15 of the '535 patent as representative—we note that Realtime made them at length in its merits appeal of the district court's ineligibility decision. *See* Principal Brief of Plaintiff-Appellant Realtime Adaptive Streaming L.L.C. at 42–48, *Realtime Adaptive Streaming L.L.C. v. Sling TV, L.L.C.*, No. 21-2268, 2023 WL 3373583 (Fed. Cir. May 11, 2023). None of these arguments stopped a panel of this Court from affirming. *Realtime*, No. 21-2268, 2023 WL 3373583 (per curiam). Accordingly, we conclude the district court did not err in its determination that the *Google* and *Netflix* decisions on Claim 15 of the '535 patent were a

significant red flag to Realtime to reconsider its patent eligibility position of the asserted claims of the '610 patent.

B. The *Adaptive Streaming* Decision

Along with the *Google* and *Netflix* decisions, the district court also relied on a decision from this Court: the nonprecedential decision in *Adaptive Streaming Inc. v. Netflix, Inc.*, 836 F. App'x 900 (Fed. Cir. 2020). J.A. 6. In that case, this Court affirmed the ineligibility of claims directed to receiving a video signal in one format and broadcasting the signal to other devices in a different, more suitable format. *See Adaptive Streaming*, 836 F. App'x at 901. The claims at issue included selecting the different format "based at least in part on" parameters for alternate formats and dynamically selecting a video signal with a different format "in response to a change in a bandwidth condition." *Id.* at 901–02. The district court acknowledged that *Adaptive Streaming* was not binding, yet nevertheless treated it as a red flag. J.A. 6. The district court` also emphasized that DISH's notice of intent to move for summary judgment of invalidity highlighted *Adaptive Streaming*. J.A. 6.

DISH argues that *Adaptive Streaming* is "highly applicable to the facts here." Appellees' Br. 33. DISH says the district court correctly found it to be persuasive caselaw that should have impacted Realtime's thinking. *Id.* DISH claims a "close factual relationship" between the claims at issue and the *Adaptive Streaming* claims. *Id. Adaptive Streaming* also characterized past precedential decisions of this Court as holding that encoding image data and converting formats are abstract ideas. 836 F. App'x at 903; *see also Two-Way Media Ltd. v. Comcast Cable Commc'ns*, 874 F.3d 1329 (Fed. Cir. 2017); *RecogniCorp, LLC v. Nintendo Co.*, 855 F.3d 1322 (Fed. Cir. 2017); *Hawk Tech. Sys., LLC v. Castle Retail, LLC*, 60 F.4th 1349 (Fed. Cir. 2023). Ultimately, DISH's position is that "*Adaptive Streaming* merely applied existing law to a patent" that was "factually

close enough to the '610 patent that Realtime should have considered it a red flag." Appellees' Br. 35–36.

Unlike the *Google* and *Netflix* decisions, the *Adaptive Streaming* decision should not have been treated as a red flag. *Google* and *Netflix* were significant warnings to Realtime in large part because they were about a similar patent in the same family with nearly identical claim language. *Adaptive Streaming*, on the other hand, was about a different technology entirely. Without more, such as a side-by-side analysis of all limitations of a claim of the '610 patent and the claims at issue in *Adaptive Streaming,* DISH simply did not adequately show that the patent infringement claim had been rendered exceptionally meritless. The district court erred in finding that the *Adaptive Streaming* decision should have put Realtime on notice that its patent claims were meritless when deciding whether to award attorneys' fees.

C. The Board's invalidation of the '535 patent

We turn next to the two Board decisions invalidating Claims 1–14 of the '535 patent for anticipation and obviousness. The district court cited the Board decisions in its analysis, but failed to explain why the decisions were relevant in awarding attorneys' fees. J.A. 6.

DISH argues that the lack of novelty and obviousness of the '535 patent's claims bear on *Alice* Step Two with regard to the claims at issue in this case. Appellees' Br. 36–38. DISH argues that the Board's decisions undercut Realtime's allegation that the '610 patent has an unconventional arrangement of claim elements. *Id.* When opposing summary judgment of subject matter ineligibility, Realtime pointed to a Board decision finding that the related '046 patent's "tracking throughput" limitation was a point of novelty used to distinguish the prior art. J.A. 1771–72. DISH claims that considering the similarity of the '535 and '610 patents, the district court did not err in treating the Board decisions as red flags. We disagree.

At best, the two Board decisions establish that the throughput limitation was known in the prior art. *See Netflix, Inc. v. Realtime Adaptive Streaming, LLC*, No. IPR2018-01169, 2020 WL 120083, at *9 (P.T.A.B. Jan. 10, 2020). But that is not enough to establish conventionality at *Alice* Step Two. We have held that "[w]hether a particular technology is well-understood, routine, and conventional goes beyond what was simply known in the prior art." *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1369 (Fed. Cir. 2018). "The mere fact that something is disclosed in a piece of prior art, for example, does not mean it was well-understood, routine, and conventional." *Id.*

And even if all limitations of the '610 patent, including selecting a compression algorithm based upon a throughput of a communications channel, were conventional, that should not be fatal to Realtime. "[A]n inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces." *Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1350 (Fed. Cir. 2016). There simply was not enough in the Board decisions—which concerned different sections of the Patent Act and did not analyze whether anything in the prior art was well-understood, routine, or conventional—to put Realtime on notice that its arguments regarding the eligibility of its patent claims were entirely without merit.

D. The reexamination of the '610 patent finding invalidity under 35 U.S.C. § 102 and § 103

The next red flag involved two non-final office actions issued during the *ex parte* reexamination of the '610 patent. These office actions rejected Claim 1, among others, as unpatentable for obviousness. After the district court issued its opinion awarding attorneys' fees, the Board affirmed these obviousness rejections.

At the threshold, it is unclear whether these office actions were used by the district court as red flags. The district court wrote that the office actions "*could have* served

as additional red flags regarding the viability of Realtime's case." J.A. 7 (emphasis added). To the extent that the district court did rely on the office actions as red flags, its analysis is lacking for many of the same reasons discussed above regarding the '535 patent IPR. While the office actions are at least about the same patent at issue here, that fact is offset by the fact that the examiner and the Board used the broadest reasonable interpretation standard of claim construction. *See* J.A. 1685. Indeed, the Board considered and *expressly rejected* the district court's construction of "throughput" in favor of a broader construction. J.A. 2888–2901. On this record, the district court failed to adequately explain how these Board decisions sufficed to support a finding of exceptionality.

E. DISH's notice letter to Realtime

Next, we address DISH's February 11, 2021 letter to Realtime's counsel—another red flag enumerated by the district court. J.A. 7. In its letter, DISH reinforced its invalidity position, asserting that "[e]ven a casual comparison of the '610 patent asserted claims to the now invalid claims of the '535 patent reveals that the '610 asserted claims are likely to suffer the same ineligibility finding." J.A. 2146. In doing so, DISH emphasized the similarities of the claims of the '610 patent to those of the *Adaptive Streaming* decision. *Id.* The letter, also referencing the *Google* and *Netflix* decisions regarding the '535 patent, urged Realtime to drop its infringement claims and warned of the substantial litigation expense that would be incurred if the case continued. *See* J.A. 2147 ("If Realtime continues its pursuit of this litigation—despite all of the facts and legal determinations indicating Realtime's litigation positions lack substantive merit—Defendants will seek costs, fees, and sanctions against Realtime and jointly and severally against its counsel . . . ."). It is not clear what it is about the notice letter, viewed independently of the *Google* and *Netflix* decisions it referenced, that constitutes a red flag. The district court did not say. Instead, the district

court merely summarized the letter in a single sentence and noted that Realtime chose not to dismiss its claims. J.A. 7.

If such a notice letter were sufficient to trigger § 285, then every party would send such a letter setting forth its complaints at the early stages of litigation to ensure that—if it prevailed—it would be entitled to attorneys' fees. This is not to say that communications between litigants could not be considered in an exceptionality determination.

Although the letter highlighted the *Google* and *Netflix* decisions, the letter contains no analysis sufficient to put the patentee on notice that its arguments regarding ineligibility are so meritless as to amount to an exceptional case. In the entirety of the five-page letter, only two paragraphs were dedicated to discussing the ineligibility of the asserted claims of the '610 patent. *See* J.A. 2146. Further still, these two (conspicuously short) paragraphs were riddled with conclusory statements asserting that the claims of the '610 patent were similar to those of the '535 patent and to the claims of the *Adaptive Streaming* patent. No further analysis, nor specific comparisons, were provided. Nor did DISH follow up regarding its allegations after Realtime responded to the notice letter eleven days later. Simply being on notice of adverse case law and the possibility that opposing counsel would pursue § 285 fees does not amount to clear notice that the '610 claims were invalid and is therefore not sufficient to support an exceptionality finding in this case.

F. Dr. Bovik's analysis

The final red flag for the district court was the opinions of Dr. Alan C. Bovik—DISH's expert witness. J.A. 7. Dr. Bovik submitted these opinions in declarations supporting DISH's motions for summary judgment of invalidity generally and subject matter ineligibility specifically. J.A. 7; *see also* J.A. 100–01. The district court noted that Realtime moved to exclude Dr. Bovik's opinions under Federal Rule

of Evidence 702. J.A. 7. However, the opinions at issue were on non-infringing alternatives, making them irrelevant to this appeal. J.A. 7; *see also* J.A. 101. The district court continued: "I understand that parties to litigation typically are not persuaded by the opinions of the opposing party's retained expert. In my view, however, Dr. Bovik's opinions merited serious consideration, at least as another red flag concerning the potential resolution of the invalidity issue." J.A. 7.

DISH retained Dr. Bovik, who opined that the '610 patent is ineligible—and Realtime retained Dr. V. Thomas Rhyne, who opined the opposite. *See* J.A. 51–53. Indeed, Dr. Rhyne reviewed the relevant section of Dr. Bovik's report and offered specific disagreements. *See* J.A. 1822–34, 1842. This is all typical of the ordinary, unexceptional patent infringement case. Realtime and Dr. Rhyne developed critiques of and counterarguments to Dr. Bovik's opinions. *See* J.A. 1822–34. That is hardly the failing to give "serious consideration" to Dr. Bovik's opinions that the district court tasked Realtime with. *See* J.A. 7. While Dr. Bovik may have been more persuasive than Dr. Rhyne, that fact alone cannot properly establish Dr. Bovik's opinions should have put Realtime on notice that its arguments regarding the asserted claims were so without merit as to amount to an exceptional case.

DISH advances several arguments in support of the district court's determination that this case is exceptional. None have merit. DISH first points to the district court's endorsement of Dr. Bovik's opinions in its order granting summary judgment of ineligibility, arguing that the citations to Dr. Bovik "crystallized many of the glaring deficiencies with Realtime's eligibility arguments." *See* Appellee's Br. at 43; J.A. 2013–14. The district court was free to rely on Dr. Bovik's opinions in ruling on the subject matter eligibility motion. DISH's citations only show that Realtime and Dr. Rhyne took a contrary position. That is insufficient on its own to support a finding of

exceptionality. Next, in response to Realtime's opening brief, DISH notes that Realtime did not provide a direct rebuttal declaration from Dr. Rhyne. Appellees' Br. 43. But we agree with Realtime that such a declaration was unnecessary, especially here, where the parties exchanged various expert declarations covering similar issues. *See, e.g.*, J.A. 1406–15 (Bovik Decl.); J.A. 1822–34 (Rhyne Decl.). DISH also argues that the district court is better positioned to make the discretionary call that Dr. Bovik's opinion warranted serious consideration. Appellees' Br. 44. That may be correct as a general principle, but the district court's "discretion is not unbridled." *MarcTec, LLC v. Johnson & Johnson*, 664 F.3d 907, 915 (Fed. Cir. 2012). Without at least an explanation for why Realtime and Dr. Rhyne did not show "serious consideration" of Dr. Bovik's opinions, J.A. 7, the district court's analysis is insufficient to support a finding of exceptionality.

In sum, the district court erred in its justification of Dr. Bovik's opinions as a red flag.

CONCLUSION

We have considered the parties' remaining arguments and find them unpersuasive. We vacate the district court's opinion awarding attorneys' fees and remand for further consideration in light of this opinion. We offer no opinion on the correct disposition of DISH's attorneys' fees motion on remand.

VACATED AND REMANDED

COSTS

No costs.