

HONORABLE RICHARD A. JONES

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

NATIONAL PRODUCTS, INC.,

Plaintiff,

v.

GAMBER-JOHNSON LLC,

Defendant.

CASE NO. C07-1985RAJ

ORDER

**I. INTRODUCTION**

This matter comes before the court on a motion for protective order (Dkt. # 42) and a motion for final judgment (Dkt. # 52) from Plaintiff National Products, Inc. (“NPI”). The court has also considered the response (Dkt. # 46) of Defendant Gamber-Johnson LLC (“G-J”) to the court’s May 12, 2008 order to show cause. NPI has requested oral argument, G-J has not. For the reasons stated herein, the court finds oral argument unnecessary, GRANTS NPI’s motion for protective order (Dkt. # 42), DENIES NPI’s motion for final judgment (Dkt. # 52), and directs G-J to file a motion for attorney fees no later than October 6, 2008.

**II. BACKGROUND**

The court disposed of the heart of this patent infringement action more than four months ago in an April 23 order. In that order, the court granted NPI’s motion for

1 voluntary dismissal of its infringement claims. NPI filed those claims in December 2007,  
2 and moved to dismiss them on February 28, 2008. There is no indication that the parties  
3 commenced discovery before the court dismissed the claims in the April 23 order.

4 The April 23 order left three G-J counterclaims standing: one for declaratory  
5 judgment of noninfringement, one for declaratory judgment of invalidity of the patent-in-  
6 suit, and one for declaratory judgment that NPI committed inequitable conduct before the  
7 United States Patent and Trademark Office (“PTO”) in procuring the patent-in-suit.  
8 Despite those three counterclaims, the court emphasized in the April 23 order that the  
9 only dispute left for resolution was G-J’s assertion that this action was “exceptional” as  
10 the term is used in 35 U.S.C. § 285 and meriting of an award of attorney fees to G-J. The  
11 court stated that G-J’s “declaratory judgment counterclaims will go no further” than the  
12 resolution of its dispute under § 285. Apr. 23 order (Dkt. # 37) at 12. The court stated  
13 that it would not “enter declaratory relief that exceeds the scope of its resolution of G-J’s  
14 forthcoming request for attorney fees.” *Id.*

15 At the conclusion of the April 23 order, the court “dismiss[e]d NPI’s infringement  
16 claims with prejudice,” and “direct[ed] the clerk to enter partial judgment (Fed. R. Civ. P.  
17 54(b)) in accordance with [the] order.” The clerk accordingly entered judgment the same  
18 day. Alongside the case caption, the judgment declared itself a “Partial Judgment (Fed.  
19 R. Civ. P. 54(b)).” Dkt. # 38.

20 Despite the Rule 54(d)(2)(B)(i) requirement that G-J seek attorney fees within 14  
21 days of entry of judgment, G-J filed no motion. On May 12, the court issued an order to  
22 show cause why this case should not be dismissed.

23 Meanwhile, in the aftermath of the April 23 order, G-J demanded that NPI respond  
24 to sets of interrogatories and requests for production of documents. The discovery  
25 purportedly sought information relevant to G-J’s request for § 285 attorney fees. NPI  
26 moved for a protective order. In its May 12 order to show cause, the court barred  
27 discovery pending further ruling from the court.

1 On June 4, NPI filed a motion for “final judgment,” seeking dismissal of G-J’s  
2 counterclaims.

3 The court must now decide what remains of this case, and whether to permit G-J  
4 to take discovery.

### 5 III. ANALYSIS

#### 6 A. The Court Declines to Enforce Rule 54(d)(2)(B)(i)’s 14-Day Deadline for 7 Attorney Fees Motions.

8 On April 23, acting at the court’s direction, the clerk of court entered partial  
9 judgment on NPI’s patent claims. The judgment disposed of all of NPI’s claims in this  
10 action. G-J’s right to attorney fees arises solely from the dismissal of NPI’s claims. Rule  
11 54(d)(2)(B)(i) required G-J to move for attorney fees “no later than 14 days after the  
12 entry of judgment,” unless a statute or court order provided otherwise.

13 G-J sees matters differently, arguing the 14-day deadline of Rule 54 “begins to run  
14 only from the filing of a *final* judgment, and no *final* judgment has been entered in this  
15 matter.” Dkt. # 46 at 1 (emphasis in original). G-J’s preference for “final” judgments  
16 finds no support in Rule 54(d) itself, which requires only the “entry of judgment.”  
17 Advisory Committee notes accompanying Rule 54 state that the 14-day deadline runs  
18 from “final judgment,” but there is no indication that the Advisory Committee intended to  
19 import an additional limitation to the Rule. G-J, moreover, does not explain why the  
20 court should rely on Advisory Committee notes rather than the text of the rule itself. *See*  
21 *Tome v. United States*, 513 U.S. 150, 167 (1995) (Scalia, J., concurring) (“[T]he Notes  
22 cannot, by some power inherent in the draftsmen, change the meaning that the Rules  
23 would otherwise bear.”); *United States v. Hayes*, 983 F.2d 78, 82 (7th Cir. 1992) (noting  
24 that Advisory Committee notes “are not binding on the court”).

25 The 14-day period of Rule 54(d) accrues from entry of judgment, and Rule 54(a)  
26 defines judgment as “a decree and any order from which an appeal lies.” Typically,  
27 judgments dispose of all issues in a case, but Rule 54(b) authorizes “final judgments” as

1 to fewer than all parties or fewer than all claims in some circumstances. Such judgments  
2 are appealable. *See, e.g., Wolkowitz v. FDIC (In re Imperial Credit Indus., Inc.)*, 527  
3 F.3d 959, 965 (9th Cir. 2008).

4 G-J asserts that the court's April 23 judgment is invalid because it did not  
5 "expressly determine[] that there is no just reason for delay" in entering judgment, in  
6 accordance with Rule 54(b). Ninth Circuit law reflects both a preference for explicit  
7 findings in favor of a Rule 54(b) judgment, *AmerisourceBergen Corp. v. Dialysist West,*  
8 *Inc.*, 445 F.3d 1132, 1137-38 (9th Cir. 2006), and an unwillingness to accept a trial  
9 court's mere citation of Rule 54(b) as adequate support for a judgment under that rule.  
10 *Frank Briscoe Co. v. Morrison-Knudsen Co.*, 776 F.2d 1414, 1415-16 (9th Cir. 1985).

11 G-J cites none of this authority, and the court ultimately need not decide whether its April  
12 23 judgment triggered the 14-day attorney fee motion deadline. The rule gives the court  
13 authority to amend the deadline for filing attorney fee motions. Fed. R. Civ. P.  
14 54(d)(2)(B) (imposing 14-day period "[u]nless a statute or court order provides  
15 otherwise"). For the reasons stated below, the court directs G-J to file an attorney fee  
16 motion no later than October 6, 2008.

17 **B. The Court Finds No Reason to Permit G-J to Take Discovery at This Time.**

18 G-J appears to concede that it cannot substantiate its § 285 attorney fee request  
19 without additional discovery. G-J will apparently base its § 285 request solely on its  
20 allegations of inequitable conduct. *See* Dkt. # 46 at 7 (stating that G-J "is willing to  
21 forego, without prejudice, its declaratory judgment claims of noninfringement and  
22 invalidity, and to focus discovery and proceedings on the inequitable conduct claim");  
23 Dkt. # 55 at 7 ("G-J has already agreed to shorten and simplify this case by focusing  
24 discovery on its inequitable conduct claim."). G-J complains, however, that it "has not  
25 been given the chance to substantiate its claims," and that the court should permit it to  
26 take discovery for that purpose. Dkt. # 46 at 9.

1 The court finds no merit in G-J's contention that the mere fact that it has  
2 counterclaims pending entitles it to discovery. The court has broad discretion to control  
3 the scope of discovery. *See Childress v. Darby Lumber, Inc.*, 357 F.3d 1000, 1009 (9th  
4 Cir. 2004); *see also* Fed. R. Civ. P. 26(b)(1). The court's April 23 order established that  
5 the scope of the declaratory judgment counterclaims was no more extensive than the  
6 scope of G-J's request for § 285 attorney fees. The court will limit discovery in  
7 accordance with the scope of the counterclaims.

8 The court briefly turns from the parties' discovery dispute to their attempts to  
9 undo the April 23 order. G-J argues that the court erred in limiting the scope of its  
10 counterclaims by holding that the court's subject matter jurisdiction was "*potential*"<sup>1</sup> or  
11 "*limited.*" Dkt. # 46 at 7 (emphasis in original). G-J misinterprets the order, which  
12 defined the remaining controversy (whether G-J is entitled to § 285 attorney fees) and  
13 stated that it would resolve no more of G-J's declaratory judgment counterclaims than  
14 necessary to resolve that controversy. Apr. 23 ord. at 12. Indeed, the court noted that it  
15 could have dismissed G-J's counterclaims, retaining jurisdiction solely "to enter  
16 declaratory relief as appropriate in resolving G-J's request under § 285." *Id.* at 12 n.5.

17 Indeed, dismissing G-J's counterclaims is precisely what NPI seeks in its motion  
18 for final judgment. That motion is no more than a belated motion for reconsideration of  
19 the April 23 order. In that order, the court declined to dismiss G-J's counterclaims  
20 because the approach it chose, leaving G-J's counterclaims pending but limiting their  
21 scope, was the functional equivalent to NPI's now-preferred alternative. Apr. 23 ord.  
22 at 12 n.5. The court declines to reconsider its prior order by granting G-J's motion for

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23 <sup>1</sup> G-J's intimations of "*potential*" jurisdiction mischaracterize the April 23 order. Faced with  
24 three declaratory judgment counterclaims, but "no idea" on what basis G-J might seek to prove  
25 the case to be "exceptional" in accordance with § 285, the court noted that it "*potentially*" had  
26 jurisdiction to enter relief on all three counterclaims. Apr. 23 ord. at 10-11 & n.3. G-J's  
27 subsequent decision to base its § 285 argument solely on its inequitable conduct allegations  
28 illustrates the need for this observation. If G-J has committed to that choice, then the court has  
no jurisdiction to resolve G-J's declaratory judgment counterclaims for noninfringement and  
invalidity, as those issues are no longer in controversy. The court expects G-J to clarify, in its  
upcoming motion for attorney fees, whether it has abandoned those counterclaims.

1 final judgment, because even if the court granted the request, it would make no  
2 substantive difference in the posture of the case. The parties agree that G-J may pursue  
3 its claim for § 285 attorney fees. The parties' battle is over whether G-J is entitled to  
4 discovery to support that claim.

5 The court now returns to that discovery battle, which raises this question: Should  
6 the court permit G-J to protract this litigation by allowing discovery into inequitable  
7 conduct allegations that G-J will use solely to support its request for § 285 attorney fees?  
8 The decision is committed to the court's discretion. *Digeo, Inc. v. Audible, Inc.*, 505 F.3d  
9 1362, 1370 (Fed. Cir. 2007). In *Digeo*, the court upheld the trial court's refusal to allow  
10 discovery to buttress a § 285 motion. Just as in this case, the trial court had granted the  
11 plaintiff's motion to voluntarily dismiss his infringement claims. *Id.* at 1366. The court  
12 also denied both the defendant's motion for § 285 attorney fees and its request for  
13 additional discovery to support that motion. *Id.*; *see also Digeo, Inc. v. Audible, Inc.*, No.  
14 C05-464JLR, 2006 U.S. Dist. LEXIS 87266, at \* 14-16 (W.D. Wash. Dec. 1, 2006). The  
15 trial court found that the defendant's "unsubstantiated speculation that further discovery  
16 would reveal evidence of [plaintiff's] culpable conduct" was insufficient to overcome  
17 numerous considerations weighing against additional discovery. *Digeo*, 2006 U.S. Dist.  
18 LEXIS 87266 at \* 16; *see also id.* at \*14-16 (reviewing district court authority  
19 disapproving discovery that permits "fee litigation to be the tail that wags the dog")  
20 (quoting *Aventis Cropscience, N.V. v. Pioneer Hi-Bred Int'l, Inc.*, 294 F. Supp. 2d 739,  
21 743-44 (M.D.N.C. 2003)). Among those considerations was the court's reluctance to  
22 devote more resources to a second litigation over whether the case was "exceptional"  
23 under § 285. *Id.* The court also noted the absence of evidence suggesting the defendant's  
24 culpability. *Id.* The Federal Circuit affirmed, finding "no abuse of discretion in the  
25 district court's denial of the discovery motion." *Digeo*, 505 F.3d at 1370.

26 G-J's attempt to distinguish *Digeo* is unavailing. G-J contends, for example, that  
27 whereas it has had no chance to take discovery, the defendant in *Digeo* had completed

1 discovery when it moved for attorney fees. Dkt. # 55 at 6. G-J ignores that the voluntary  
2 dismissal in *Digeo* came after the last-minute revelation that the plaintiff did not actually  
3 own the patent-in-suit. 2006 U.S. Dist. LEXIS 87266 at \*13 (“[Defendant] litigated this  
4 action for more than a year without discovering that someone had forged [an inventor’s]  
5 assignment of his interest.”); *Digeo, Inc. v. Audible, Inc.*, 2006 U.S. Dist. LEXIS 62994,  
6 at \* 1-2 (W.D. Wash. Aug. 24, 2006) (“The resurrection of an inventor thought to be  
7 deceased has derailed this otherwise routine action for patent infringement.”). Just like  
8 G-J, the defendant in *Digeo* could not prove its § 285 allegations without additional  
9 discovery. 2006 U.S. Dist. LEXIS 87266 at \*14 (“[Defendant] seeks additional  
10 discovery to obtain the clear and convincing evidence it needs to prove that this case is  
11 exceptional.”). Just like G-J, the defendant in *Digeo* had no opportunity to take discovery  
12 on the issue that it believed rendered the case exceptional. *See Digeo*, 2006 U.S. Dist.  
13 LEXIS 62994 at \*24 (freezing discovery). The Federal Circuit nonetheless upheld the  
14 district court’s refusal to permit additional discovery.

15 The *Digeo* opinions illuminate several principles. First, they show that G-J’s  
16 insistence that it is *entitled* to discovery to support its § 285 claim is fallacious. Second,  
17 they affirm that a trial court’s reluctance to conduct a second full-blown litigation over  
18 attorney fees is a legitimate consideration counseling against a discretionary grant of  
19 discovery. *Digeo*, 505 F.3d at 1370 (noting that the trial court “balanced [defendant’s]  
20 assertion that additional discovery would produce evidence of [plaintiff’s] culpable  
21 conduct against the expenditure of resources discovery would require”). Third, they  
22 demonstrate that a trial court may appropriately insist that a defendant seeking discovery  
23 to bolster its § 285 claim provide more than “unsubstantiated speculation.” *Id.*


24 With these principles in mind, the court rules as follows. It will not permit  
25 additional discovery at this time. G-J must instead file its motion for § 285 attorney fees  
26 no later than October 6, 2008, and note the motion in accordance with the court’s local  
27 rules. To the extent that it has evidence suggesting a non-speculative basis for deeming

1 this case “exceptional,” it must provide that evidence in conjunction with the motion. To  
2 the extent that G-J believes that specific additional discovery would adduce more support  
3 for its § 285 request, then it may provide specific examples in its motion.

4 **IV. CONCLUSION**

5 For the reasons stated above, the court DENIES NPI’s motion for final judgment  
6 (Dkt. # 52) and GRANTS NPI’s motion for a protective order (Dkt. # 42). G-J must file  
7 a motion for attorney fees no later than October 6, 2008. The court will determine  
8 whether to permit additional discovery in its ruling on that motion.

9 DATED this 18th day of September, 2008.

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12 The Honorable Richard A. Jones  
13 United States District Judge  
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