UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

BLUE SPIKE, LLC,

Plaintiff,

v.

ADOBE SYSTEMS, INC.,

Defendant.

Case No. 14-cv-01647-YGR

ORDER RE: COUNTERCLAIMS

On May 4, 2015, the Court issued an order granting voluntary dismissal with prejudice as to the plaintiff's claims and issuing an order to show cause ("OSC"). (Dkt. No. 74.) The OSC asked why the Court should not enter judgment on the defendant's counterclaims of non-infringement in light of the "preclusive effect" of Judge Corley's January 26, 2015 Order striking the plaintiff's infringement contentions, "now preventing the plaintiff from introducing any evidence of infringement as to the asserted patents and accused products at issue in this case." (*Id.* (citing *Shared Memory Graphics, LLC v. Apple Inc.*, No. C 10-2475, 2011 WL 5320749, at *3 (N.D. Cal. Nov. 2, 2011) (finding an order striking infringement contentions without leave to amend, such that the plaintiff cannot introduce evidence of infringement by the accused products, "goes beyond the ordinary scope of discovery orders and becomes dispositive")).)[1]

According to the defendant, the plaintiff initially represented it did not intend to object to the contemplated course. (Dkt. No. 77-1.) Nevertheless, the plaintiff ultimately filed an objection in response to the OSC, arguing against entry of judgment on the counterclaims of non-infringement in favor of the defendant. (Dkt. No. 75.) At the Court's request, the defendant

[1] The OSC also contemplated dismissal of the defendant's invalidity counterclaims without prejudice. Neither party objected to that proposed outcome.

thereafter filed a response to the plaintiff's objection. (Dkt. No. 77.)

In opposing the proposed course, the plaintiff first suggests there is no longer a case or controversy warranting entry of judgment on the counterclaims, citing *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054 (Fed. Cir. 1995) (The estoppel caused by "Super Sack's promise not to sue . . . removes from the field any controversy sufficiently actual to confer jurisdiction over this case."). As noted by the defendant, however, that case is readily distinguishable from the instant circumstances. In *Super Sack*, the plaintiff had already filed a binding promise not to sue the defendant, conclusively eliminating the controversy at issue between the parties. Here, the plaintiff has merely stated that it is "willing to enter into a consent decree as outlined in *Super Sack*"—but has not done so.[2] Second, without directly addressing, distinguishing, or providing contrary authority to *Shared Memory*, the plaintiff unpersuasively argues "a Plaintiff's failure to satisfy a patent local rule requirement to prove infringement cannot morph into a finding of no infringement for the accused infringer in a declaratory judgment." (Dkt. No. 75 at 3.) As in *Shared Memory*, the plaintiff is now unable to put forth evidence of infringement, and therefore entry of judgment for the defendant on its counterclaims of non-infringement is a foregone conclusion.[3] Third, the plaintiff argues the defendant's counterclaims for non-infringement are impermissibly broad—but, as noted by the defendant, they mirror the breadth of the plaintiff's own infringement claims, and thus this argument suggests bad faith by the plaintiff either now or at the outset of the case. The plaintiff's fourth and final argument is largely unintelligible and, again, appears to rely on a mistaken belief that the defendant, and not

[2] (Dkt. No. 75 at 4.) According to the defendant, "Blue Spike's Response makes clear that it is ***still quibbling*** with the scope of Adobe's counterclaims of non-infringement, clearly demonstrating that Blue Spike is not prepared to provide a covenant that extinguishes all claims against any past and current Adobe products." (Dkt. No. 77 at 2 (emphasis in original).)

[3] Contrary to the plaintiff's suggestion (made without any supporting legal citation) that the defendant bears the burden of proof on its counterclaims for non-infringement, "[i]t has long been established that the patent owner has the burden to prove infringement." *Yufa v. Lockheed Martin Corp.*, 575 F. App'x 881, 886 (Fed. Cir. 2014) (citing *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 849 (2014)); *see also Apple, Inc. v. Samsung Electronics Co.*, No. 12-CV-00630, 2014 WL 4443407, at *18 (N.D. Cal. Sept. 8, 2014) (granting summary judgment on non-infringement counterclaim where the patentee presented no evidence of infringement at trial).

the plaintiff as patentee, bears the burden in seeking a declaratory judgment of non-infringement.

Having been provided with no persuasive argument or authority by the plaintiff to warrant a departure from the approach adopted in *Shared Memory*, the Court finds entry of judgment for the defendant on its counterclaims for non-infringement warranted in light of the circumstances detailed in the May 4, 2015 Order. The defendant shall prepare and file a proposed form of judgment addressing all of its counterclaims as provided herein, approved as to form by the plaintiff, within five (5) business days from the date of this Order.

The OSC hearing set for June 5, 2015 is hereby **VACATED**.

IT IS SO ORDERED.

Dated: May 20, 2015

YVONNE GONZALEZ ROGERS
UNITED STATES DISTRICT COURT JUDGE

United States District Court
Northern District of California