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10 UNITED STATES DISTRICT COURT
11 NORTHERN DISTRICT OF CALIFORNIA
12 SAN FRANCISCO DIVISION

12	ROBERT JACOBSEN,)	Case No. C 06 1905 JSW
13	Plaintiff,)	Date: December 19, 2008
14	vs.)	Time: 9:00 a.m.
15	MATTHEW KATZER, KAMIND)	Courtroom No. 2
16	ASSOCIATES, INC., and KEVIN)	Honorable Jeffrey S. White
17	RUSSELL,)	MEMORANDUM OF POINTS AND
18	Defendants.)	AUTHORITIES BY DEFENDANT
19)	KEVIN RUSSELL IN REPLY TO
20)	PLAINTIFF'S OPPOSITION AND
21)	2ND SUR-REPLY

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**CASE NO. C 06 1905 JSW-REPLY MPA BY K. RUSSELL IN OPP. TO JACOBSEN
OPPOSITION AND 2ND SUR-REPLY SEEKING RECONSIDERATION**

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1 reserves the right to seek an award of attorney fees by separate noticed motion.

2 **STATEMENT OF THE ISSUES TO BE DECIDED**

3 1. Whether the Court’s award of Anti-SLAPP sanctions under CCP § 425.16
4 against Jacobsen amounts to an injury in fact and confers jurisdiction over claims that are
5 otherwise moot?

6 2. Whether any basis exists to set aside the Court’s ruling on defendants’ Anti-
7 SLAPP motions?

8 3. Whether Jacobsen’s “opposition” to KAMIND’s motion is in its effect a motion
9 for reconsideration of the Court’s prior order?

10 4. Whether defendants should be awarded additional attorney fees under CCP
11 § 425.16 (c) for opposing Jacobsen’s now renewed and insupportable motion for
12 reconsideration?

13 **STATEMENT OF FACTS**

14 **1. In granting the defendants’ motion to strike, the Court**
15 **ruled that the validity or lack of validity of KAMIND’s**
‘329 patent was irrelevant.

16 Jacobsen’s initial complaint included an antitrust claim alleging sham litigation
17 (Count IV, pp. 28-30) and one for libel. Document 1, pp. 28-30 and 33-35. The libel
18 claim alleged that Russell made a FOIA request to the Department of Energy; and that the
19 request stated JMRI and Jacobsen infringed KAMIND’s patent. Jacobsen claimed that
20 the statement was knowingly false, that Russell knew the ‘329 patent was obtained by
21 inequitable conduct, and that defendants made the FOIA request for the purpose of
22 embarrassing and intimidating Jacobsen.

23 Defendants moved to dismiss the antitrust and libel claims under Fed. R. Civ.P.
24 12(b)(6) and filed special motions to strike the libel count under California’s Anti-SLAPP
25 statute. CCP § 425.16. Jacobsen’s opposition included a lengthy declaration purporting
26 to prove KAMIND’s ‘329 patent was invalid and inequitably prosecuted, that Russell
27 could not possibly believe in its validity, and that KAMIND engaged in sham
28 litigation—the same contentions now raised *again* in his opposition to KAMIND’s motion

1 to dismiss. Document 46-1, ¶’s 82-143.

2 The Court dismissed Jacobsen’s libel claim without leave to amend. The ground
3 for dismissal was not that any statement in the FOIA request was true, but that the request
4 was not defamatory, did not accuse Jacobsen of infringing, and that such an accusation,
5 without more, would not be defamatory if made.

6 Construed in the light most favorable to Jacobsen, the FOIA request states
7 that the JMRI Project infringes the patents owned by Kamind Associates
8 and designates Jacobsen as the subject of Kamind’s search for documents.
9 By its very terms, the request does not make any statements of fact about
10 Jacobsen, but to the extent that an inference is drawn that he was
11 responsible for JMRI’s possible infringement, a mere claim of patent
12 infringement is not defamatory. [Citation.]

13 Document 111, 6:9-24. The Court also dismissed the *Walker Process* and sham litigation
14 claims for failure to show Jacobsen or JMRI suffered *antitrust injury*; the alleged harm to
15 Jacobsen did not occur in a relevant market and did not flow from the allegedly
16 anticompetitive effect of defendants’ conduct. Document 111, 3:5-5:28.

17 The Court granted defendants’ special motions to strike, reasoning: (1) Defendants
18 showed that the libel claim arose from a constitutionally protected activity because it was
19 an “effort to gather information about a possible infringement lawsuit,” as shown by
20 Matthew Katzer’s declaration. (2) It was clear that a lawsuit was actually contemplated,
21 both from the content of the request and from jurisdictional allegations in Jacobsen’s
22 complaint stating that defendants’ conduct “put Jacobsen in reasonable and serious
23 apprehension of immediate suit for infringement of the ‘329 patent.” Document 111,
24 11:9-12:3. This shifted the burden to Jacobsen to show a probability of prevailing on his
25 libel clam, which Jacobsen could not meet because the FOIA request was not defamatory.
26 *Id.* 12:4-15.

27 The Court considered and discussed Jacobsen’s contention that no reasonable
28 person could believe in good faith that the ‘329 patent was valid. The Court ruled that
29 regardless of whether that contention was true, it was irrelevant. Defendants’ motions to
30 strike did not put the merit of the patent, or defendants’ belief in its merit, at issue. To
31 the extent defendants “good faith” was at issue, the question was whether defendants

1 genuinely contemplated litigation at the time the FOIA request was made, not whether
2 their claims had merit or whether they believed those claims had merit. Jacobsen pled
3 “reasonable apprehension” he would be sued for infringement—a necessary element of his
4 declaratory relief claims—certifying that Jacobsen himself believed litigation was
5 seriously contemplated:

6 Jacobsen’s contention that any lawsuit filed by Defendants could not have
7 been “seriously and in good faith” contemplated because such a lawsuit
8 would have been meritless, not only contradicts statements in his complaint
9 which forms the basis for subject matter jurisdiction over his lawsuit, but is
10 inapposite. Whether Defendants would have prevailed on any potential
11 lawsuit is irrelevant with regard to the question whether both Jacobsen and
12 Defendants contemplated that such a lawsuit may have been imminent.

13 Document 111, n. 4, 11:26-28.

14 **2. Jacobsen’s opposition to KAMIND’s motion to dismiss
15 is in effect a second motion for reconsideration of the
16 Court’s Anti-SLAPP order.**

17 Immediately after the Anti-SLAPP order issued, Jacobsen moved the Court for
18 leave to file motion for reconsideration, arguing that the Court had failed to consider
19 whether defendants had a “good faith belief that Jacobsen and/or the JMRI project were
20 infringing - either directly or indirectly, a Katzer patent.” Document 119, 2: 20-22. The
21 Court denied reconsideration, stating it had “considered the arguments now raised when
22 considering Plaintiff’s opposition to the . . . special motions to strike and found them
23 unpersuasive.” Document, 2: 11-13.

24 KAMIND subsequently disclaimed the ‘329 patent and moved the court to dismiss
25 Jacobsen’s declaratory relief claims. Its purpose in disclaiming the patent was to avoid
26 the very substantial expense construing its claims. Katzer decl., ¶’s 5 and 6. Russell
27 decl., ¶’s 6 and 7. Jacobsen now insists KAMIND must be forced to pay such expenses
28 anyway. Jacobsen’s opposition to KAMIND’s motion to dismiss for mootness repeats
29 the arguments already raised in opposition to defendants’ Anti-SLAPP motion. Jacobsen
30 urges its declaratory relief causes of action are not moot because the Court’s \$30,000 fee
31 award “damaged” Jacobsen and that he must be permitted to litigate the validity of the
32 ‘329 patent, and other patents not clearly identified, to prove defendants’ alleged bad

1 faith. Document 243, 2: 2-28, 10:3-13:28.

2 **ARGUMENT**

3 **A. The award of SLAPP sanctions against Jacobsen is not an injury in fact**
4 **and does not confer jurisdiction over claims that are otherwise moot.**

5 **1. A party’s desire to recover attorney fees does not**
6 **provide a basis for further litigation of a moot cause.**

7 “A plaintiff cannot achieve standing to litigate a substantive issue by bringing suit
8 for the cost of bringing suit.” *Mortera v. North America Mortg. Co.*, 172 F. Supp.2d
9 1240, 1244 (N.D. Cal. 2001) and cases cited. Where litigation is moot, so that there is no
10 prevailing party, courts do not retain jurisdiction to determine a prevailing party for
11 purposes of awarding fees.

12 Where on the face of the record it appears that the only concrete interest in
13 the controversy has terminated, reasonable caution is needed to be sure that
14 mooted litigation is not pressed forward, and unnecessary judicial
15 pronouncements on even constitutional issues obtained, solely in order to
16 obtain reimbursement of sunk costs.

17 *Lewis v. Continental Bank Corp.*, 494 U.S. 472, 481, 110 S.Ct. 1249 (1990) (cited by
18 Jacobsen). *Even more*, an order requiring a party to pay the fees of his/her adversary is
19 not an injury in fact. The aggrieved party’s desire to have the order reversed does not
20 provide a basis to reopen litigation of an otherwise moot claim. *Diamond v. Charles* 476
21 U.S. 54, 69-71, 106 S.Ct. 1697 (1986).

22 The Federal Circuit agrees with *Lewis*, 494 U.S. 472, 481. *Tunik v. Merit Systems*
23 *Protection Bd.* 407 F.3d 1326, 1330-1332 (Fed. Cir. 2005). Where a statute such as 35
24 U.S.C. § 285 provides for an award of fees, the court retains jurisdiction to award fees to
25 the *prevailing party*. If the action is moot there is no prevailing party, and the court does
26 not retain jurisdiction to determine who should have prevailed. E.g. *True Center Gate*
27 *Leasing, Inc. v. Sonoran Gate, L.L.C.*, 402 F.Supp.2d 1093, 1100-1101 (D. Ariz. 2005).
28 Unless Jacobsen can show he is a prevailing party, no basis exists for jurisdiction over his
29 declaratory relief causes of action.

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2. Jacobsen is not a prevailing party, and has no basis to continue litigating for attorney fees.

In patent cases a defendant's voluntary covenant not to sue, given before the issues of validity and infringement are decided, moots and extinguishes the plaintiff's claim for declaratory relief. *Benitec Australia, Ltd. v. Nucleonics, Inc.* 495 F.3d 1340, 1343-1347 (Fed. Cir. 2007)(hereafter "*Benitec*"). *Crossbow Technology, Inc. v. YH Technology*, 531 F.Supp.2d 1117, 1119-1123 (N.D. Cal. 2007). When this occurs the plaintiff is *not* a prevailing party under 35 U.S.C. § 285, and the court does not retain jurisdiction to consider whether to award attorney fees. This is so because only an "alteration of the legal relation of the parties" which has the "necessary judicial *imprimatur*" confers prevailing party status. *In re Columbia University Patent Litigation*, 343 F.Supp.2d 35, 49 (D. Mass. 2004), citing *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health and Human Resources*, 532 U.S. 598, 605, 121 S.Ct. 1835 (2001); *Accord, True Center Gate Leasing, Inc.*, 402 F. Supp. 2d 1093, 1100. In other words, a party does not "prevail" unless a court so orders.

A different rule may apply when the patentee is a plaintiff or counter-claimant and then dismisses its own claims for infringement. *Highway Equipment Co., Inc. v. FECO, Ltd.*, 469 F.3d 1027, 1032-33 (Fed. Cir. 2006). When the plaintiff moves to dismiss its infringement claim, *and* the court exercises its discretion to dismiss with prejudice under Fed. R. Civ.P. 41(a)(2), the order of dismissal "has the necessary judicial *imprimatur*" and the defendant is a prevailing party who *may* have a claim to fees under 35 U.S.C. § 285. *Id.* at 1035. This is so because dismissal with prejudice amounts to an adjudication on the merits, and also because Rule 41 (a)(2) expressly gives the court discretion to dismiss a plaintiff's claims subject to conditions. *Id.* at 1034-35.

Highway Equipment does not contradict or overrule *Benitec* and earlier cases holding a *defendant's* covenant not to sue destroys jurisdiction; it only states they are

1 distinguishable.¹ 469 F.3d 1027, 1033 n.1 (distinguishing *Super Sack Mfg. Corp. v.*
 2 *Chase Packaging Corp.*, 57 F.3d 1054, 1058-59 (Fed.Cir.1995). None of Jacobsen’s
 3 cases is to the contrary. In *Monsanto Co. v. Bayer Bioscience N.V.*, 514 F.3d 1229, 1242
 4 (Fed. Cir. 2008), Monsanto was the prevailing party not because of Bayer’s voluntary
 5 covenant not to sue, but because Bayer’s own counterclaim for infringement was
 6 dismissed with prejudice. *Id.* at 1242. *Samsung Electronics Co., Ltd. v. Rambus, Inc.*,
 7 440 F. Supp. 2d 495 (E.D. Va. 2006) also involved dismissal with prejudice of the
 8 patentee’s own cross-complaint, and Samsung was a “prevailing party” solely by virtue of
 9 that order of dismissal. 440 F.Supp. 2d 495, 504.

10 Jacobsen’s contention that it is a “prevailing party” is contrary to authority and the
 11 United States Constitution; it should be rejected.

12 **B. No basis exists to set aside the Court’s ruling on defendants’ Anti-SLAPP**
 13 **motions.**

14 **1. Under California’s Anti-SLAPP statute, CCP § 425.16,**
 15 **the validity of the ‘329 patent, or Russell’s belief in the**
 16 **validity of the patent, are not relevant.**

17 Deciding a SLAPP motion is a two-step process. First, the moving defendant must
 18 show that the suit arises from an “act in furtherance of a person’s right of free speech or
 19 petition.” Once this showing is made the burden shifts to the plaintiff. To meet that
 20 burden the plaintiff must “demonstrate that the complaint is both [1] legally sufficient
 21 and [2] supported by a sufficient prima facie showing of facts to sustain a favorable
 22 judgment if the evidence submitted by the plaintiff is credited.” *Navellier v. Sletten*, 29
 23 Cal.4th 82, 87-89 (2002). In resolving the first step of the process, California courts have
 24 “rejected the argument that the ‘validity’ of the speech is a proper inquiry in determining
 25 whether the anti-SLAPP statute potentially applies.” *Mann v. Quality Old Time Service,*
 26 *Inc.*, 120 Cal. App. 4th 90 (2004) 104-105. “Any claimed illegitimacy of the defendant’s
 27 acts is an issue the plaintiff must raise and support in the context of the plaintiff’s burden

28 ¹See generally the extensive discussion in *In re Rivastigmine Patent Litigation*, No. 05
 MD 1661, 2007 WL 1154000, *2-*4 (S.D.N.Y Apr 19, 2007) .

1 to provide a prima facie showing of the merits of plaintiff's case." *Navellier v. Sletten* ,
2 29 Cal. 4th 82, 94.

3 Jacobsen urges that in granting Russell's Anti-SLAPP motion, the Court "relied
4 on" Russell's statement that he believed in good faith the '329 patent was valid and
5 infringed, and that the Court "did not address" this issue but left it open to be considered
6 in deciding the declaratory relief action. Document 243, 2:6-10; 6:20-7:18. Jacobsen is
7 mistaken. The Court's order states it considered those contentions and rejected them as
8 inapposite. Jacobsen's contention that the patent is invalid, and that Russell never
9 believed it was valid, was rejected because it was not relevant to any issue raised by the
10 motions to strike. Document 111, 11: 9-12:3. The same contentions, now raised in
11 support of this second motion for reconsideration, are no more germane now than they
12 were two years ago.

13
14 **2. Contrary to Jacobsen's assertions, the FOIA request
was constitutionally protected petitioning activity.**

15 *Flatley v. Mauro*, 39 Cal. 4th 299, 319 (2006) affirms earlier cases stating that the
16 Anti-SLAPP statute "cannot be invoked by a defendant whose assertedly protected
17 activity is illegal as a matter of law and, for that reason, not protected by the
18 constitutional guarantees of free speech and petition." Extreme conduct, amounting to
19 criminal extortion as a matter of law, is beyond the protection of the Anti-SLAPP statute.
20 *Id.* at 325-333. In order for an underlying action to be "illegal as a matter of law," its
21 illegality "must be conceded by the defendant or conclusively established by the evidence
22 to be so." *Salma v. Capon*, 161 Cal.App.4th 1275, 1287 (2008). Conduct otherwise
23 protected does not lose its coverage "simply because it is *alleged* to have been unlawful
24 or unethical." *Birkner v. Lam*, 156 Cal. App. 4th 275, 285 (2007) and cases cited.

25 Jacobsen urges that the FOIA request was "illegal as a matter of law" because it
26 allegedly constituted "sham litigation" or Walker Process fraud, neither of which is
27 protected by the First Amendment." Document 243, 13: 2-13. Aside from the fact that
28 the alleged violation is neither "conceded" nor "conclusively established," no claim of

1 sham litigation or Walker Process fraud is before the Court. Both are *antitrust violations*.
2 Jacobsen's antitrust claims for sham litigation and Walker Process fraud were dismissed
3 on the ground he failed to show *antitrust injury* caused by the alleged market restraint.
4 Document 111, 3:5-5:29. An order to pay attorney fees for bringing a non-meritorious
5 libel claim is not antitrust injury and will not resurrect Jacobsen's defunct antitrust
6 claims. *A fortiori*, the order will not save Jacobsen's moot claims for declaratory relief.

7
8 **C. Jacobsen's "opposition" is in fact a second motion for reconsideration of
the Court's SLAPP order, and is properly subject to money sanctions.**

9 Jacobsen's so-called "opposition" memorandum misrepresents the Court's ruling
10 and is nothing more than a second groundless motion for reconsideration of that ruling. It
11 re-raises arguments the Court considered and rejected two years ago. It is a personal
12 attack on Kevin Russell and an illegitimate attempt to bring Kevin Russell back into the
13 action as a defendant.

14 When a defendant must incur attorney fees in opposing an unsuccessful motion to
15 reconsider an Anti-SLAPP award, an award of additional fees is proper under Cal. Civ
16 Proc. Code § 425.16 (c). E.g. *Russell v. Foglio*, 60 Cal.App.4th 653, 657-58, 661-62
17 (2008). The amount of fees may be documented in the motion itself, by separate noticed
18 motion, or in a memorandum of costs after judgment. *Doe v. Luster* (2006) 145
19 Cal.App.4th 139, 144. It is "better practice to defer the fee application until the motion to
20 strike has been decided since the fees and costs actually incurred can be determined only
21 after the hearing." *Ibid*. Russell respectfully requests an order stating he is entitled to
22 recover fees incurred opposing this motion for reconsideration, and reserves his right to
23 seek such fees by noticed motion if reconsideration is denied.

24 **CONCLUSION**

25 Jacobsen's claims for declaratory relief are moot. As a matter of constitutional
26 law and judicial economy, a party may not litigate moot claims to reverse a court's
27 unfavorable ruling on a motion or recover attorney fees as "damages." A patentee sued
28 for declaratory relief may elect to disclaim the patent and may not be forced to incur
further expense in litigation solely to satisfy the plaintiff's desire for attorney fees. And

