

Case No. 13-17622

United States Court of Appeals
for the
Ninth Circuit

SUNEARTH INC., AND THE SOLARAY CORP.

Plaintiffs– Appellants

v.

SUN EARTH SOLAR POWER CO. LTD., AND NBSOLAR USA, INC.

Defendants –Appellees

On Appeal From the Judgment of the United States District Court

for the Northern District of California

The Honorable Claudia Wilken

Case No. 4:11-cv-04991-CW

PLAINTIFFS / APPELLANTS
PETITION FOR PANEL REHEARING OR
FOR REHEARING EN BANC

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INITIAL STATEMENT

Plaintiffs/Appellants SunEarth, Inc. and The Solaray Corp. (“SunEarth”) prevailed below after a bench trial in its trademark infringement action under the Lanham Act. SunEarth subsequently appealed the district court’s (1) denial of its attorneys’ fee request, (2) the scope of the permanent injunction and (3) denial of its fourth contempt motion. In a Memorandum Decision issued on May 24, 2016, a three-judge panel of this Court affirmed the Judgment in all respects.¹

The basis for requesting this combined Petition for Reconsideration or En Banc Review is limited to the panel’s decision affirming the district court’s denial of attorneys’ fees. Specifically, the panel held it was precluded by precedent from considering whether the standard used to award attorneys’ fees in Lanham Act cases has been altered by the Supreme Court’s decision in *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014). *Id.* at p.3.

In the undersigned counsel’s judgment, that erroneous conclusion was based on overlooked material points of fact and law. Specifically, the panel’s conclusion that it was required by *Fifty-Six Hope Road Music, Ltd. v. A.V.E.L.A., Inc.*, 778 F.3d 1059, 1078 (9th Cir. 2015) to apply the pre-*Octane* attorneys’ fee award standard was erroneous as a matter of law because it did not take into account that all the appellate briefing in *Fifty-Six Hope Road* was complete before *Octane* was

¹ The panel’s Memorandum Decision is Attachment 1.

decided, that none of that briefing mentioned *Octane*, that at no point in oral argument was *Octane* or the attorneys' fee award mentioned, and that panel's decision did not address *Octane* at all but, rather, recited the existing law by rote. That panel was not asked to decide, and did not decide, if *Octane* altered the legal standard in this Circuit for fee awards in Lanham Act cases. The overlooked material points of law are the rule that statements made by three-judge panels merely in passing, without analysis, are not binding precedent and the rule that circuit courts should not unnecessarily create splits in the law.²

If panel rehearing is denied, this Court should sit en banc to consider whether its definition of a Lanham Act "exceptional case" must be changed in light of *Octane*. The panel's Memorandum Decision holding it could make no changes directly conflicts with four circuit courts that have each held the *Octane* "totality of the circumstances" fee award standard in patent cases must now also be applied in Lanham Act cases and must replace their existing law.³ The panel has created an unnecessary circuit split—leaving this Court standing alone.

Moreover, *Octane* changed not only the standard used to determine whether

² SunEarth's Rule 28(j) letter informing the Court that other circuit courts adopted the *Octane* standard in Lanham Act cases is Attachment 2.

³ *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 313-315 (3rd Cir.2014); *Georgia-Pacific Consumer Products LP v. Von Drehle Corp.*, 781 F.3d 710, 720-21 (4th Cir. 2015); *Baker v. DeShong*, No. 14-11157, 2016 U.S. App. LEXIS 8014, *10-11 (May 3, 2016). See also, *Slep-Tone Entertainment v. Karaoke Kandy Store*, 782 F.3d 313, 317-18 (6th Cir.2015).

to award attorneys' fees, it also changed the evidentiary burden to prove a case is "exceptional" from clear and convincing to a preponderance of the evidence. *Octane*, 134 S.Ct. at 1758. A companion patent case decided by the Supreme Court the very same day on overlapping issues also changed the standard of review of a district court's "exceptional" patent case determination from de novo to an abuse of discretion. *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 134 S. Ct. 1744, 1748 (2014). These changes are issues of exceptional importance in patent law—and, by extension, trademark law if *Octane* and *Highmark* apply—that no circuit court, with one exception, has addressed in the context of the Lanham Act.⁴ This appeal provides the Court the opportunity to address them en banc.

The panel's alternative conclusion that even under the *Octane* standard this case is not "exceptional" and does not warrant fee shifting is dicta, and worse, legally improper. If *Octane* applies then so does *Highmark* and the change it made in the standard of review. *Highmark* held appellate review is abuse of discretion instead of de novo because determining whether a case is exceptional is a "matter of discretion" rooted in factual determinations the district court is "better positioned to decide." The district court did not perform a "totality of the circumstances" fee shifting analysis and so the panel could not, and did not, have

⁴ The Fifth Circuit held *Octane* requires that to prove a Lanham Act case "exceptional" the burden is by a preponderance of the evidence. *Baker v. Deshong*, 2016 U.S. App. LEXIS 8014 at *10.

one for review. Its own de novo analysis was improper under *Highmark* and, was moreover, functionally deficient in that it evaluated—and rationalized away—each of Defendants’ bad acts in isolation rather than, as *Octane* requires, holistically under a totality of circumstances approach. The panel’s truncated *Octane* analysis cannot stand as the example for how such an analysis should properly be done.

In the event rehearing is granted, SunEarth requests reconsideration of the panel’s decision to deny SunEarth’s motion to supplement the appellate record to include evidence of Defendants’ post-Judgment bad acts and the panel’s holding this case is not exceptional under either the current standard or *Octane*.

ARGUMENT

The prevailing party in an “exceptional case” under the Lanham Act may be awarded its attorneys’ fees. 15 U.S.C. § 1117(a).⁵ This Circuit’s current rule when the trademark owner prevails is that a case is exceptional “when the infringement is malicious, fraudulent, deliberate, or willful.” *Gracie v. Gracie*, 217 F.3d 1060, 1068 (9th Cir.2000). That list of adjectives was taken from the Lanham Act’s legislative history and first adopted as that Act’s fee-shifting standard by *Playboy Enterprises v. Baccarat Clothing Co. Inc.*, 692 F.2d 1272, 1276 (9th Cir.1982).

The district court applied this standard when rejecting SunEarth’s request for attorneys’ fees. The district court’s application of that standard was understandable

⁵ The fee-shifting provision in its entirety states: “The court in exceptional cases may award reasonable attorney fees to the prevailing party.” 15 U.S.C. § 1117(a).

given that it ruled on SunEarth’s fee request in August, 2013—long before the Supreme Court issued *Octane* in April, 2014 (while this case was on appeal). If, as every other circuit court to address the matter has held, the *Octane* “totality of the circumstances” standard applies in Lanham Act cases, then that standard must now apply to this case as well. See *Harper v. Virginia Dep’t of Taxation*, 509 U.S. 86, 97 (1993) (Supreme Court interpretations of law are given full retroactive effect in all cases still open on direct review).

I. The Panel Erred In Holding That *Fifty-Six Hope Road* Is Binding Precedent

Although SunEarth requested the panel apply the *Octane* “totality of the circumstances” standard when reviewing the denial of its fee request, the panel held it could not because it was “bound by a post-*Octane* Fitness panel’s decision applying our prior definition of exceptional.” Memorandum Decision at p.3-4 (citing *Fifty-Six Hope Road*, 778 F.3d at 1078). The panel, however, overlooked material points of fact and law when coming to that erroneous conclusion.

A. Overlooked Material Points of Fact

As a matter of fact, all of the briefing submitted by the parties in *Fifty-Six Hope Road* was completed **before** *Octane* was decided.⁶ None of the briefing submitted to that panel could have, or did, mention *Octane*. Moreover, neither that

⁶ A review of the appellate docket for *Fifty-Six Hope Road Music* [No. 13-15407 at Dkt. 71] reveals the last brief was filed in that case on March 20, 2014—a month before *Octane* was decided on April 29, 2014. See Attachment 3.

ruling nor the attorneys' fees award was discussed during oral argument.⁷ The *Fifty-Six Hope Road* panel was not presented with the question whether *Octane* changed the definition of "exceptional" under the Lanham Act. Even though decided ten months after *Octane*, the panel had no briefing on, and did not consider, let alone answer, that question. That panel's decision merely recited the existing law. *Fifty-Six Hope Road*, 778 F.3d at 1078.

B. Overlooked Material Points of Law

As a matter of law, the *Fifty-Six Hope Road* panel's passing statement of the existing law on Lanham Act attorneys' fee awards was not binding precedent on the panel that decided this appeal. In the Ninth Circuit, "statements made in passing, without analysis, are not binding precedent." *Thacker v. FCC*, 503 F.3d 984, 993-94 (9th Cir.2007). This rule applies even when the statement is a statement of law. *Estate of Saunders v. CIR*, 745 F. 3d 953, 960-61 (9th Cir.2014); *MM v. Lafayette School Dist.*, 681 F. 3d 1082, 1088 (9th Cir.2012).⁸ The *Fifty-Six*

⁷ The oral argument was held about two months after *Octane* was decided. Available at http://www.ca9.uscourts.gov/media/view.php?pk_id=0000013011

⁸ See also, *United States v. Johnson*, 256 F.3d 895, 915 (9th Cir.2001) (en banc) (Kozinski, J., concurring with four judge plurality)("Of course, not every statement of law in every opinion is binding on later panels. Where it is clear that a statement is made casually and without analysis, where the statement is uttered in passing without due consideration of the alternatives, or where it is merely a prelude to another legal issue that commands the panel's full attention, it may be appropriate to re-visit the issue in a later case.")(adopted by the Court in *Miranda B. v.*

Hope Road panel was not asked to decide, did not focus on, and did not decide whether *Octane* changed the Lanham Act’s definition of “exceptional.”

Merely because *Fifty-Six Hope Road* was decided after *Octane* does not mean its unexamined, rote recitation of an existing rule of law is binding precedent on all subsequent three-judge panels—especially when that rule was not raised as an issue or addressed by that panel. *Octane* is admittedly not “intervening” Supreme Court authority decided after *Fifty-Six Hope Road*. But that panel’s recitation of this Court’s long-held and unexamined standard for fee shifting under the Lanham Act was dicta the panel was not obligated to follow.

Octane is, however, “intervening” Supreme Court authority decided after *Playboy Enterprises*, 692 F.2d at 1276—which directly considered the issue and literally created this Court’s Lanham Act fee award standard. Because *Octane* “undercut the theory or reasoning underlying” the *Playboy Enterprises* standard in an irreconcilable way,⁹ the panel should have considered itself bound by *Octane*. See *Miller v. Gammie*, 335 F. 3d 889, 900 (9th Cir.2003) (en banc).

The panel also overlooked the rule that circuit courts should not unnecessarily create splits in the law. See, e.g., *Seven Arts Filmed Entertainment Ltd. v. Content Media Corp.*, 733 F.3d 1251, 1256 (9th Cir.2013); *Silvers v. Sony*

Kitzhaber, 328 F.3d 1181, 1186 (9th Cir.2003) and quoted in *In re Wal-Mart Wage & Hour Emp’t Practices Litig.*, 737 F.3d 1262, 1268 n. 8 (9th Cir.2013)).

⁹ See Section II, *infra*.

Pictures Entertainment, Inc., 402 F. 3d 881, 890 (9th Cir.2005). SunEarth timely provided the panel with a Rule 28(j) letter that identified the then-three (now four) circuit courts that held the *Octane* standard must now be applied in Lanham Act cases.¹⁰ The panel, however, did not mention any of those decisions but, instead, asserts without discussion that *Fifty-Six Hope Road* is binding precedent.

II. The Panel Erred By Creating An Unnecessary Circuit Split

Each of the four circuit courts that have addressed whether *Octane* changed the Lanham Act fee award standard has held it does or, in the case of the Sixth Circuit, that it likely does. Those decisions are:

a. *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 313-315 (3rd Cir.2014).

“While *Octane Fitness* directly concerns the scope of a district court's discretion to award fees for ‘exceptional’ case under § 285 of the Patent Act, the case controls our interpretation of § 35(a) of the Lanham Act. Not only is § 285 identical to § 35(a), but Congress referenced § 285 in passing § 35(a). Thus, we have ‘look[ed] to the interpretation of the patent statute for guidance’ in interpreting § 35(a). Moreover, in its explication of the word ‘exceptional,’ the *Octane Fitness* Court relied in part on the D.C. Circuit's holding that the term ‘exceptional,’ as used in § 35(a) of the Lanham Act, means ‘uncommon’ or ‘not run-of-the-mill.’ In so doing, the *Octane Fitness* Court noted that the Lanham Act fee provision is ‘identical’ to § 285 of the Patent Act. We believe that the Court was sending a clear message that it was defining ‘exceptional’ not just for the fee provision in the Patent Act, but for the fee provision in the Lanham Act as well. We therefore import *Octane Fitness*'s definition of ‘exceptionality’ into our interpretation of § 35(a) of the Lanham Act.” (emphasis added and internal citations omitted).

¹⁰ See Attachment 2.

- b. *Georgia-Pacific Consumer Products LP v. Von Drehle Corp.*, 781 F.3d 710, 720-21 (4th Cir.2015).

“To be sure, the Octane Fitness Court did not interpret the attorneys fees provision of § 1117(a). But the language of § 1117(a) and § 285 is identical, and we conclude that there is no reason not to apply the Octane Fitness standard when considering the award of attorneys fees under § 1117(a). Thus, we conclude that a district court may find a case ‘exceptional’ and therefore award attorneys fees to the prevailing party under § 1117(a) when it determines, in light of the totality of the circumstances, that (1) ‘there is an unusual discrepancy in the merits of the positions taken by the parties’ based on the non-prevailing party's position as either frivolous or objectively unreasonable; (2) the non-prevailing party ‘has litigated the case in an ‘unreasonable manner’; or(3) there is otherwise ‘the need in particular circumstances to advance considerations of compensation and deterrence.’ Because the district court did not have the benefit of the Octane Fitness standard when considering whether Georgia-Pacific was entitled to attorneys fees under § 1117(a), we vacate the court's award of attorneys fees and remand the question for further consideration in light of this standard.” (sic) (emphasis added and internal citations omitted).

- c. *Baker v. DeShong*, No. 14-11157, 2016 U.S. App. LEXIS 8014, *10-11 (May 3, 2016)

“While Octane Fitness directly concerns the scope of a district court's discretion to award fees for an ‘exceptional’ case under § 285 of the Patent Act, the case guides our interpretation of § 1117(a) of the Lanham Act and is instructive here. ... In light of the Supreme Court's clear guidance under § 285—and given the parallel purpose, structure, and language of § 1117(a) to § 285—we join our sister circuits in their reading of ‘exceptional’ under Octane Fitness and construe the same meaning here. ... We merge Octane Fitness's definition of ‘exceptional’ into our interpretation of § 1117(a) and construe its meaning as follows: an exceptional case is one where (1) in considering both governing law and the facts of the case, the case stands out from others with respect to the substantive strength of a party's litigating position; or (2) the

unsuccessful party has litigated the case in an ‘unreasonable manner.’ The district court must address this issue ‘in the case-by-case exercise of their discretion, considering the totality of the circumstances.’” (emphasis added and internal citations omitted).

d. *Slep-Tone Entertainment v. Karaoke Kandy Store*, 782 F.3d 313, 317-18 (6th Cir.2015)

“Moreover, after the district court denied the Defendants' fees motion (but while the final judgment was suspended), the Supreme Court decided *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, which clarified the meaning of ‘exceptional’ under the Patent Act's fee-shifting provision, 35 U.S.C. § 285. The fee-shifting provisions in § 285 and § 1117(a) are identical. And statutes using the same language should generally be interpreted consistently. Accordingly, on remand the district court should resolve the pending Rule 52 motion and assess the applicability of *Octane Fitness* before determining whether it is necessary to reassess if this case qualifies as extraordinary under § 1117(a).” (emphasis added and internal citations omitted).

The reasoning used by these circuit courts to hold the *Octane* standard must now apply in Lanham Act cases is nearly identical—and unassailable. There is no reason for this Court to create a circuit split on this issue.

While the panel’s Memorandum Decision is not precedent, it may still be cited to all the courts of this circuit. Ninth Circuit Rule 36-3. As the only word from this Court on this issue, litigants and district courts will likely afford the panel’s Memorandum Decision undeserved weight.

III. This Appeal Permits The Court To Address Questions of Exceptional Importance

The Court should use this appeal to address whether *Octane* and *Highmark*

are intervening authority that must now be applied in Lanham Act cases—which, if so, would both clarify and change the law of this Circuit.

A. The Evidentiary Burden To Prove A Case “Exceptional”

Octane changed the evidentiary burden to prove a patent case “exceptional” from clear and convincing to preponderance of the evidence. *Id.* at 1758.¹¹ This Court has not defined that burden even under its existing Lanham Act law.

This circuit’s Lanham Act “exceptional” case analysis is generally focused on whether the infringement was “willful.” If found, that supports (but does not compel) the conclusion the case is “exceptional.” This Court has not, however, defined the burden to prove willfulness either—leaving district courts to cite out-of-circuit precedent or none when noting that willfulness must be proved by clear and convincing evidence. *CollegeNET, Inc. v. XAP CORP.*, 483 F.Supp.2d 1058, 1065 (D. Ore.2007)(citing out-of-circuit law);¹² *Skydive Ariz., Inc. v. Quattrochi*, 704 F.Supp.2d 841, 844 (D. Ariz.2010) (no law cited).

This Court should clarify for its district courts that, as is now the rule they apply in the patent cases they hear, the burden to prove a Lanham Act case “exceptional” is by a preponderance of the evidence—not by the clear and

¹¹ The Fifth Circuit holds that change applies in Lanham Act cases. *Baker, 2016 U.S. App. LEXIS 8014 at *10.*

¹² Relied on by *Smith v. Entrepreneur Media, Inc. (In re Smith)*, 2009 Bankr. LEXIS 4582 (B.A.P. 9th Cir. Dec. 17, 2009).

convincing burden the litigants shoulder to prove willful infringement.

B. The Standard Of Review Of The Decision To Award Fees

In this Circuit, whether a trademark infringement case is “exceptional” is a question of law reviewed de novo. *Lahoti v. Vericheck, Inc.*, 636 F.3d 501, 505 (9th Cir. 2011); *Watec Co., Ltd. v. Liu*, 403 F.3d 645, 656 (9th Cir. 2005). However, the decision whether to then actually award attorneys’ fees is reviewed for an abuse of discretion. *Lahoti*, 636 F.3d at 505; *Stephen W. Boney, Inc. v. Boney Servs., Inc.*, 127 F.3d 821, 825 (9th Cir.1997).

The Supreme Court in *Highmark* addressed and rejected this type of two-phase standard of review. Relying on *Octane* and non-patent cases, the Court held that determining whether a case is exceptional “is a matter of discretion,” and that “an appellate court should apply an abuse-of-discretion standard in reviewing **all** aspects of a district court’s” fee award determination in patent cases. *Highmark*, 134 S. Ct. at 1748-49 (2014) (emphasis added and internal quotations and citations omitted). The Court explained that “[a]lthough questions of law may in some cases be relevant to the [] inquiry, that inquiry generally is, at heart, rooted in factual determinations” that the district court “is better positioned” to decide. *Id.*

As a result, the fee award decisions made by the district courts in this Circuit (and elsewhere) are now being reviewed by the Federal Circuit for an abuse of discretion. This Court should consider whether, in light of *Octane*, it must now

review its district courts' Lanham Act fee award decisions for an abuse of discretion—and do away with the type of two-phase standard of review rejected by *Highmark*.

IV. The Panel's Purported Application Of The *Octane* Standard Is Dicta And Improper

The panel purported to apply the *Octane* “totality of the circumstances” standard to assess whether this is an “exceptional case” that warrants fee shifting. Although it concluded this is not such a case, that cannot be an alternative holding.

First, it had already held it was foreclosed from applying *Octane*.

Second, the analysis it performed was wrong. The panel evaluated—and rationalized away—each of the Defendants' bad acts that were presented to the district court in isolation rather than, as *Octane* requires, holistically under a totality of the circumstances approach.

Third, it was not reviewing a proper “totality of the circumstances” fee shifting analysis as *Octane* defined that process because the district court did not perform one. The panel's own de novo analysis was constrained by the particular, and limited, facts that were presented to, and considered by, the district court in order to prove the case exceptional under the very different, and much more constrained, willful infringement standard. More facts now apply, including, for example, continued infringing action by Defendants' and their “dilatatory conduct” in failing to prosecute and refusing to stipulate to dismissal of their cross-appeal.

See, Memorandum Decision at p. 5.

Fourth, its de novo analysis is foreclosed by *Highmark's* admonition, and reasoning, that the exceptional case analysis is a “matter of discretion” rooted in factual determinations the district court is “better positioned to decide.”

For all these reasons, the panel’s purported *Octane* fee shifting analysis cannot stand as the example for how such an analysis should properly be done.

CONCLUSION

For all the reasons presented above, this Court should grant a panel rehearing or rehearing en banc to reconsider the panel’s decision affirming the district court’s denial of SunEarth’s attorneys’ fee request.

Dated: June 7, 2016

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By: /s/ DANIEL N. BALLARD, ESQ.

By: /s/ STEPHEN B. MOSIER, ESQ.
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STATEMENT OF RELATED CASES

There are no known related cases pending in this Court.

**CERTIFICATE OF COMPLIANCE PURSUANT TO
CIRCUIT RULES 35-4 AND 40-1**

I certify that pursuant to Circuit Rule 35-4 and 40-1, the attached Petition for Panel Rehearing Or Rehearing En Banc is proportionately spaced, has a typeface of 14 points or more, and contains 3,608 words.

Dated: June 7, 2016

By: /s/ Daniel N. Ballard, Esq.

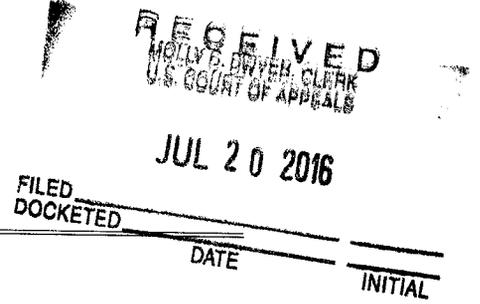
CERTIFICATE OF SERVICE

I certify that I electronically filed the foregoing with the Clerk of the Court for the United States Court of Appeals for the Ninth Circuit by using the appellate CM/ECF system on June 7, 2016. I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the appellate CM/ECF system.

Dated: June 7, 2016

By: /s/ Stephen B. Mosier, Esq.

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United States Court of Appeals

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Plaintiffs-Appellants

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Defendants-Appellees.

On Appeal from the Judgment of the United States District Court

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The Honorable Claudia Wilken

Case No. 4:11-cv-04991-CW

**RESPONSE OF DEFENDANTS-APPELLEES TO
PETITION FOR PANEL REHEARING OR
FOR REHEARING EN BANC**

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Because rehearing will not change the result of the appeal, the Court should deny the Petition.

1. The panel found the district court's denial of attorneys fees would meet the *Octane* test.

Appellants had asked the district court to award them attorneys fees, in this trademark action. The district court denied the request, applying Ninth Circuit precedent governing trademark cases. Appellants appealed that denial.

While the appeal was pending, the United States Supreme Court loosened the test for awarding attorneys fees under the patent statute, which provides for such awards in exceptional cases. *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S.Ct. 1749, 1756 (2014).

Appellants called this decision to the panel's attention in their appeal briefs, arguing the same approach should be adopted for attorneys fees requests under the trademark statute. On May 1, 2015, in a rule 28(j) submission, Appellants cited three later decisions, from other circuits, extending *Octane* to trademark actions, and argued existing Ninth Circuit cases were no longer good law. Appellants specifically asked the panel to ignore *56 Hope Rd. Music, Ltd. v. A.B.E.L.A., Inc.*, 778 F.3d 1059, 1078 (9th Cir. 2015).

The panel rejected the argument, holding *56 Hope Rd. Music* binds here. Opin., pp. 3-4. But the panel, in an alternative holding, determined the district court's fact-finding supporting the denial of attorneys fees would meet the *Octane* test:

[G]iven the district court's findings, we have little doubt that this case is unexceptional even under *Octane Fitness's* totality of the circumstances test. SESP's products bear the "Sun Earth" name abroad. The district court found that SESP's lead executive "credibly and consistently" testified that SESP did not intend to copy Sun Earth's mark but instead sought to unify its U.S. brand with its global brand. SESP also successfully registered its mark with the USPTO and the district court credited SESP's explanation that it mistakenly believed that this registration established non-infringement. On the websites, the district court found that SESP's post-injunction failure to implement choice pages

was due to IT incompetence and that SESP voluntarily brought itself into compliance after Sun Earth filed its contempt motion. On the labels, the district court determined that SESP's original label violated the modified preliminary injunction because it included the manufacturer's name at the top as opposed to the bottom of the label. The label included the words "Sun Earth Solar Power Co., Ltd." next to a NBSolar logo, and in the same size font as the other text on the label. Again, the district court found that SESP voluntarily complied once notified of the deficiency. Similarly, the district court found that SESP's various factual misstatements in its court filings were due to "mistake and carelessness" and were "affirmatively acknowledged and corrected." Finally, SESP's brief assertion of non-frivolous, state-law counterclaims cannot make this a case of "exceptional" infringement under the Lanham Act.

Opin. pp. 4-5.

Other panels of this Court have taken the same approach as taken by this panel. In unpublished decisions, *Globefill Incorporated v. Elements Spirits, Inc.*, 2016 WL 685038 (9th Cir. Feb. 19, 2016) and *Memory Lane, Inc. v. Classmates, Inc.*, 2016 WL 1169432 (9th Cir. March 25, 2016), the panels noted both the existing Ninth Circuit trademark standard and the *Octane* test, and, without choosing between them, affirmed, finding the district court's decision would meet both.

2. Rehearing will not change the result of the appeal.

The Petition asks this Court to formally extend the *Octane* test to trademark cases. But if this Court were to do so, because the panel has found the district court's decision would meet the *Octane* test, this Court would, necessarily, continue to affirm the district court's denial of attorneys fees.

Because granting the petition would not change the result of the appeal, a grant would serve no useful purpose, as regards the parties. Nor would granting the petition, to rewrite the explanation for the result, serve any public purpose. The panel designated its disposition as not appropriate for publication and not precedent, except as provided by rule 36-3. This case presents

no situation where, to avoid a misleading precedent, an opinion must be clarified or the law restated.

Since the result of the appeal would be the same, Appellees take no position on the substantive issue of whether the *Octane* test should, in a proper case, be extended to trademark actions. But this Court can think again about that issue in a future case where, unlike here, resolution of that issue would affect the result.

3. This Court should not rehear the panel’s decision upholding the district court’s fact-finding.

Appellants concede the panel concluded “even under the *Octane* standard this case is not ‘exceptional’ and does not warrant fee shifting.” Pet. at 3. To discredit the panel’s conclusion, Appellants argue the panel, in reviewing the district court’s fact findings, did not consider the effect of *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 134 S.Ct. 1744 (2014), which changed the standard under which an appellate court in a patent case reviews a decision of whether to grant attorneys fees – from non-deferential (de novo) to deferential (abuse of discretion.).

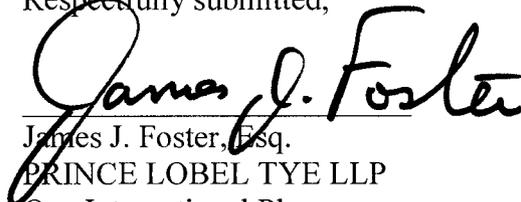
Appellants’ argument is hard to follow. To begin with, the relevant portion of the panel’s opinion, Opin., pp. 3-5, applies a deferential, clear error standard, not a non-deferential, de novo standard. More seriously, Appellants’ argument is a non sequitur. If de novo review – which gives no deference to the trial court – would cause an *affirmance*, a fortiori, so would a more deferential standard. Stated differently, *Highmark*’s change in the standard of review could only make arguing for reversal *harder*, rather than easier. Where, as here, a district court *denies*

attorneys fees, an appeal under *Highmark's* more deferential standard would be more difficult to pursue.¹

Conclusion

Because the panel found that the district court's denial of attorneys fees met the *Octane* test, rehearing the case to formally apply that test will yield the same result: affirmance. As rehearing will do nothing, this Court should deny the Petition.

Respectfully submitted,



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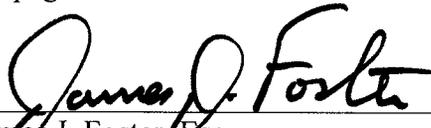
617-456-8000

Attorney for Defendants-Appellees

¹ Appellants also note that *Octane* changed the evidentiary burden in a patent case to prove a case exceptional from clear and convincing to one of preponderance of the evidence. Pet. at 2-3, 11-12. That change is irrelevant here, because the district court imposed no burden of clear and convincing evidence, nor did any party argue for such a burden. Appellants did not make this argument in their appeal briefs, and cannot raise it for the first time in this Petition.

**CERTIFICATE OF COMPLIANCE PURSUANT TO
CIRCUIT RULES 35-4 AND 40-1**

I certify that pursuant to Circuit Rule 35-4 or 40-1, the attached answer is in compliance with Fed. R. App. 32(c) and does not exceed 15 pages.

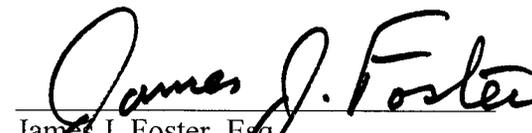

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CERTIFICATE OF SERVICE

I certify that on July 19, 2016, I served via email and overnight mail to the following counsel:

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