

EXHIBIT 8

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December 8, 2020

VIA EMAIL

Eley O. Thompson
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Re: *Philips North America LLC v. Fitbit Inc.*
Case No. 1:19-CV-11586 –IT
Section 285

Dear Counsel:

We write to follow up on my letter dated February 25, which spelled out our notice to Philips that Fitbit intends to seek its attorneys' fees from Philips according under 35 U.S.C. § 285 and *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014).

This correspondence highlights additional facts and events that have occurred since my prior letter, further underscoring how this case stands out from others as indicated by:

- ineligibility of all of the asserted claims of U.S. Patent Nos. 6,013,007 (the '007 Patent), 7,088,233 (the '233 patent), 8,277,377 (the '377 Patent) and 6,976,958 (the '958 Patent) as directed to unpatentable subject matter under 101;
- the District Court ruling in the parallel *Philips v. Garmin* litigation in C.D. Cal. confirming the indefiniteness of the asserted claims of the '007 Patent (exactly as we informed you would occur in my February letter);
- ignoring evidence of non-infringement and invalidity of the '958 patent, requiring the parties devote limited resources to '958 claim construction process, only to drop the '958 patent without explanation on the eve of the Markman hearing;
- defective infringement contentions, including missing claim elements from the accused Fitbit products;
- failure of the joint infringement allegations under the standards of *Centillion Data Systems v. Qwest Comm.*, 631 F. 3d 1279 (Fed. Cir. 2010) and *Akamai Tech. v. Limelight Networks*, 692, F3d 1301 (Fed Cir. 2012) (en banc);
- invalidity of the patents based on the same prior art relied upon in Philips' failed European patent actions;

December 8, 2020
Page 2

- Philips' history of serial meritless lawsuits and continued pursuit of meritless claims within each of those meritless lawsuit, including in Europe, this action, and the ITC, all directed to running up defense costs for the purpose of demanding a higher cost-of-defense settlement; and
- Philips' discovery abuses and failure to diligently prosecute this case, as evidenced by its failure to promptly review discovery provided by Fitbit, failure to honor the Court schedule it insisted upon at the outset of the case, and failure to timely produce key materials when required.

The totality of the circumstances demonstrates that this case stands out from others and reflects a corrupt litigation strategy that requires deterrence. Each of these items is addressed below.

I. The asserted patent claims are not patentable subject matter under 101

All the asserted patents were prosecuted and issued prior to the Supreme Court decision in *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 573 U.S. 208 (2014) that established a two-step test for determining patent eligibility. As set forth in Fitbit's motion to dismiss Philips' original complaint, the asserted patents are directed to abstract ideas, using known, generic components to carry out the abstract ideas. Philips was well aware of this deficiency in view of the manner in which it drafted its complaint. When Fitbit responded to Philips' complaint with a motion to dismiss, based on the asserted claims being directed to unpatentable subject matter under 35 U.S.C. § 101, Philips responded by amending the complaint to add factual allegations, not tethered to the specification or scope of the claims, in an effort to delay the ineligibility determination, while it continued its efforts to extract an unwarranted settlement. Fitbit was forced to file a renewed motion to dismiss to address the amended complaint. The strength of Fitbit's motion was effectively acknowledged by Philips' actions in filing an amended complaint. But artful pleading cannot cure the legal defects in the respective patent claims and specifications. *See, e.g., Secured Mail Sols. LLC v. Universal Wilde, Inc.*, 873 F.3d 905, 913 (Fed. Cir. 2017) (“[C]ourt[s] need not accept as true allegations that contradict . . . the claims and the patent specification.”). The Federal Circuit has affirmed an award of fees under 35 U.S.C. § 285 in similar circumstances. *Inventor Holdings, LLC v. Bed Bath and Beyond, Inc.*, 876 F.3d 1372 (Fed. Cir. 2017) (affirming award of fees based on plaintiff's continued assertion of patent claims invalid under 101/*Alice* analysis.)

Philips followed its amended complaint with another request for a mediation, again indicating that its litigation strategy was driven not by the merits of its case, but the desire to inflate Fitbit's costs and extract an unwarranted settlement amount commensurate with the cost of defense, not any value attributable to the asserted patents. Philips' naked reliance on expanded pleadings instead of anything in the claims or specifications of the asserted patents demonstrates

December 8, 2020
Page 3

its concession of the substantive weakness of its case and highlights the unreasonableness of its litigation campaign against Fitbit.

II. The asserted means-plus-function claims of the '007 patent lack a linked algorithm to perform the claimed functions

The asserted claims of the '007 patent include the claim element “means for computing athletic performance feedback” expressed in means-plus-function (MPF) format. Using this MPF claiming format requires the '007 patent specification to clearly link to the algorithm used to achieve this computing function. *Aristocrat Techs. Austl. Pty. Ltd. v. Int'l Game Tech.*, 521 F.3d 1328, 1333 (Fed. Cir. 2008). The '007 patent specification lacks any disclosure of a specific algorithm tied to the performance of this computing function. This fatal flaw has been repeatedly pointed out to Philips¹, with no response justifying continued assertion of these claims. See February 21, 2020 letter from Yar Chaikovsky to Eley Thompson regarding deficient infringement contentions. Philips' assertion of this patent in the face of such well-settled case law is a clear indicator that Philips' purpose is not to test the merits of its claim, but to engage in unreasonable litigation conduct to attempt to extract an undeserved settlement from Fitbit. Philips' tacit acknowledgment of this flaw is evidenced by its failure to provide the required MPF initial disclosure called for by local rule 16.6(d)(1)(A)(iv) and its failure to identify any corresponding algorithm structure in the claim construction meet and confer process. Even after Philips' belatedly presented its expert declaration with the purported algorithm that Philips' claims would satisfy the structural requirements to perform the function of the claim, Philips never amended its infringement contentions to show where in any Fitbit product the algorithm is found. Shortly after the Fitbit *Markman* hearing, the District Court in the Garmin litigation found all asserted claims of the '007 patent indefinite, exactly as Fitbit and Apple had informed Philips would occur. There is no reason to expect that the court in Massachusetts will depart from the analysis of the court in the Garmin case finding the claims of the '007 patent indefinite. The only reason for Philips' continued prosecution of these defective claims is to drive up costs and maintain “cost of defense” settlement leverage. Continued assertion of a patent claim with known validity defects supports a finding of exceptional case. See *Eko Brands v. Adrian Rivera Maynez Ent. Inc.*, 946 F.3d 1367 at 1376 (Fed. Cir. 2020).

¹ During Philips' unsuccessful effort to license the asserted patents to Apple in 2017, this same legal flaw was highlighted by Apple in its responsive presentation as the reason the '007 patent was invalid. Despite Fitbit's express request for such documents in Request for Production No. 2, served on Philips on January 10, 2020, Philips withheld this Apple document from production until September 10, 2020. Philips hid the fact that Apple had also pointed to this same legal flaw until after completion of the claim construction briefing and after the Court hearing on this issue.

December 8, 2020
Page 4

III. Philips' Infringement allegations are defective, including missing claim elements from the accused Fitbit products

Reasonable investigation of Fitbit's accused devices shows key differences between the products and the asserted claims, demonstrating the lack of infringement by Fitbit. As explained in greater detail in the meet-and-confer letter from Yar Chaikovsky to Luke Silva dated February 13, 2020, attached and incorporated herein by reference, Philips' infringement contentions fail to comply with the disclosure requirements of the local rules, and expose the lack of a rigorous analysis of Fitbit's accused products. Philips' defective infringement allegations provide yet further evidence of Philips' unreasonable litigation conduct. This failure to provide fulsome infringement contentions is further bolstered by Philips' contradictory actions concerning the '007 patent. Philips concedes that the means for computing athletic performance feedback data is governed by 35 U.S.C. 112(6) and offers through its expert witness a series of grade school mathematic equations that it claims are the algorithms that perform the claimed function. Yet Philips simultaneously fails to allege or show this algorithm (or its equivalent) is present in any accused Fitbit products. Philips expert also concedes that even the algorithm that he offers fails to perform the function of calculating calories burned, which the patent explicitly includes in its description of "athletic performance feedback."

IV. Fitbit's Accused Products Do Not Infringe the Asserted Claims of the '007 patent

The '007 performance tracking patent requires a means for computing athletic performance feedback data from a series of time-stamped waypoints obtained by a GPS receiver. As Philips should know, most of Fitbit's accused products do not have a GPS module. The two accused products with a GPS module do not use any algorithm disclosed in the '007 patent to calculate athletic performance feedback data from time-stamped waypoints obtained by the GPS module, as is required in the means for computing limitation recited in all asserted claims. Philips' infringement contentions do not identify any accused product that uses the algorithm offered by Philips' expert.

In addition, none of the accused products with a GPS module are sold as a package with or require the use of headsets in order to function, and Philips has provided no explanation of how Fitbit directly or indirectly infringes any asserted claim requiring a headset. Moreover, as Philips should have been aware through even cursory investigation of the accused products, interaction with a headset to obtain voice cues requires a third-party phone; Fitbit devices with a GPS do not provide any GPS-related information from any algorithm disclosed in the '007 patent to the headset. Regardless, the accused Fitbit devices do not provide any computed athletic performance feedback data using any algorithm disclosed in the '007 patent as part of any audio cue.

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