FOR PUBLICATION

**UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

MICROSOFT CORPORATION, a
Washington corporation,
     Plaintiff-Appellee,

v.

MOTOROLA, INC.; MOTOROLA
MOBILITY, INC.; GENERAL
INSTRUMENT CORPORATION,
     Defendants-Appellants.

No. 14-35393

D.C. Nos.
2:10-cv-01823-JLR
2:11-cv-00343-JLR

OPINION

Appeal from the United States District Court
for the Western District of Washington
James L. Robart, District Judge, Presiding

Argued and Submitted
April 8, 2015—San Francisco, California

Filed July 30, 2015

Before: Sidney R. Thomas, Chief Judge, and J. Clifford
Wallace and Marsha S. Berzon, Circuit Judges.

Opinion by Judge Berzon

SUMMARY*

Patent Licensing

The panel affirmed the district court's judgment in favor of Microsoft Corporation in an action brought by Microsoft, a third-party beneficiary to Motorola, Inc.'s reasonable and non-discriminatory ("RAND") commitments, alleging Motorola breached its obligation to offer RAND licenses to certain of its patents in good faith.

At issue in the appeal were two patent portfolios, formerly owned by Motorola, both of which were subject to RAND agreements. The court previously upheld, in an interlocutory appeal, an anti-suit injunction preventing Motorola from enforcing in a German action any injunction it might obtain against Microsoft's use of certain contested patents. *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872 (9th Cir. 2012). Following that prior decision, a jury determined that Motorola had breached its RAND good faith and fair dealing obligations in its dealings with Microsoft.

The district court conducted a bench trial to determine a RAND rate and range for Motorola's patents. The case then proceeded to a jury trial on the breach of contract claim, and the jury returned a verdict for Microsoft in the amount of $14.52 million. The district court denied Motorola's motions for judgment as a matter of law.

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* This summary constitutes no part of the opinion of the court. It has been prepared by court staff for the convenience of the reader.

The panel held that this court had jurisdiction. The panel held that this court's exercise of jurisdiction over the case in the prior interlocutory appeal, and the Federal Circuit's decision to transfer the instant appeal to this court because this court had jurisdiction, were both law of the case. The panel further held that the earlier jurisdictional determinations were not clearly erroneous.

The panel rejected Motorola's two merits challenges to the RAND bench trial, specifically, that the district court lacked the legal authority to decide the RAND rate issue in a bench trial, and that the RAND rate analysis was contrary to Federal Circuit precedent. First, the panel did not consider whether, absent consent, a jury should have made the RAND determination, because Motorola was aware that the RAND determination was being made to set the stage for the breach of contract jury trial, nor did Motorola ever withdraw its affirmative stipulation to a bench trial for that purpose. Second, the panel held that the district court's RAND analysis did not violate Federal Circuit patent damages law because this was not a patent law action. The panel held, however, that the district court's analysis properly adapted the Federal Circuit's patent law methodology as guidance in this contract case concerning the questions of patent valuation. The panel concluded that the district court's RAND determination was not based on a legal error or on a clearly erroneous view of the facts in light of the evidence.

Concerning the jury trial and verdict, the panel held that the record provided a substantial basis on which the jury could have based a verdict favoring Microsoft.

Concerning the motion for judgment as a matter of law, the panel rejected Motorola's two challenges to the damages

sought for attorneys' fees and litigation costs incurred in defending the injunctive actions. First, Motorola raised the *Noerr-Pennington* doctrine, which shields individuals from, *inter alia*, liability for engaging in litigation. The panel noted that the doctrine does not immunize a party from actions that amount to a breach of contract. The panel held that enforcing a contractual commitment to refrain from litigation does not violate the First Amendment. The panel further noted that the jury concluded that seeking injunctive relief violated Motorola's contractual RAND obligations. The panel concluded that the *Noerr-Pennington* doctrine did not immunize Motorola from liability for that breach of its promise. Second, Motorola alleged that Microsoft was not entitled to attorneys' fees as damages under Washington law. The panel held that where a party's injunctive actions to enforce a RAND-encumbered patent violated the duty of good faith and fair dealing, Washington courts would allow the damages awarded to include the attorneys' fees and costs expended to defend against the injunction action.

Finally, the panel rejected Motorola's allegations that the district court abused its discretion in making two evidentiary rulings. First, concerning RAND rates and ranges submitted to the jury, the panel held that Motorola consented to admission of the facts underlying the RAND rates and ranges to the jury. The panel agreed with the district court that Motorola's consent to the RAND bench trial encompassed introducing the court's findings of fact to the jury in the breach of contract trial. Second, Motorola objected to the admission of evidence of a Federal Trade Commission investigation into Motorola's enforcement policies, including its seeking of injunctions. The panel held that the district court did not abuse its discretion in admitting the evidence because the danger of prejudice in admitting limited

testimony about the FTC investigation did not so manifestly outweigh the testimony's probative value.

COUNSEL

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