



PostX CORPORATION v. SECURE DATA IN MOTION

2005 | Cited 0 times | N.D. California | August 31, 2005

ORDER GRANTING PLAINTIFF'S MOTION FOR RECONSIDERATION, AND AMENDING AUGUST 17, 2005 ORDER

On August 19, 2005, PostX filed a motion for leave to file a motion for reconsideration pursuant to Local Rule 7-9(a). PostX seeks reconsideration of the statement in the Court's August 17, 2005 Order re: Summary Adjudication Motions that "a Lanham Act claim based on a false claim of infringement does not require a showing of objective baselessness." August 17, 2005 Order at 16:22-23. The Court has granted the motion for leave and hereby GRANTS plaintiff's motion for reconsideration.¹

The Court relied on *Zenith Electronics Corp. v. Exzec, Inc.*, 182 F.3d 1340, 1354 (Fed. Cir. 1999), where the Federal Circuit held that claims under § 43(a) of the Lanham Act require a showing of bad faith. As PostX correctly points out, however, the Court of Appeals stated in *Zenith* that "[e]xactly what constitutes bad faith remains to be determined on a case by case basis," and did not clearly enunciate whether the bad faith test included both objective and subjective requirements. More recently, in *Globetrotter Software, Inc. v. Elan Computer Group, Inc.*, 362 F.3d 1367 (Fed. Cir. 2004), the Federal Circuit addressed the question of "whether the bad faith standard of *Zenith* can be satisfied in the absence of a showing that the claims asserted were objectively baseless," and held that "it cannot." 362 F.3d at 1375. Under *Globetrotter*, which addressed state law claims based on communications alleging patent infringement, "[a] plaintiff claiming that a patent holder has engaged in wrongful conduct by asserting claims of patent infringement must establish that the claims of infringement were objectively baseless." *Id.* at 1377. Since *Globetrotter*, at least one court in this district has applied the objective baselessness requirement to Lanham Act claims. See *Dominant Semiconductors Sdn. Bhd. v. OSRAM GmbH*, 2005 WL 1514100, at *3-4 (N.D. Cal. Jun. 21, 2005) (finding that, in determining whether a patentee has acted in bad faith under the Lanham Act, the court must first determine whether the statements alleging infringement were objectively baseless).

As PostX acknowledges, the rule of *Globetrotter* does not entitle it to summary adjudication on Sigaba's Lanham Act counterclaim. However, the Court considers it necessary to amend its August 17, 2005 Order to state the correct legal standard and clarify the effect of *Globetrotter* on the factual basis for the Lanham Act claim. The sentence in the August 17, 2005 Order at 16:22-24 ("However, a Lanham Act claim based on a false claim of infringement does not require a showing of objective baselessness, and thus the Court's finding that PostX's suit was not objectively baseless under PREI does not control the viability of Sigaba's Lanham Act counterclaim") is hereby deleted and replaced with the following: A Lanham Act claim based on a false claim of infringement requires a



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showing of objective baselessness. See *Globetrotter Software, Inc. v. Elan Computer Group, Inc.*, 362 F.3d 1367 (Fed. Cir. 2004); *Dominant Semiconductors Sdn. Bhd. v. OSRAM GmbH*, 2005 WL 1514100, at *3-4 (N.D. Cal. Jun. 21, 2005) (applying *Globetrotter*, and holding that, in determining whether a patentee has acted in bad faith for purposes of a Lanham Act claim, the court must first determine whether the statements alleging infringement were "objectively baseless" "such that no reasonable litigant could realistically expect success on the merits."). However, the Court's finding that PostX's suit was not objectively baseless under PREI does not control the viability of Sigaba's Lanham Act counterclaim. Sigaba alleges that PostX widely publicized its suit against Sigaba to potential customers, and that it went so far as to leave on its website a press release regarding the alleged infringement for months after the Federal Circuit had affirmed this Court's findings of non-infringement. While statements by PostX regarding infringement made before and during the patent litigation are not actionable under *Globetrotter*, statements after resolution of the infringement claims, and the act of leaving the press release up on PostX's website after the Federal Circuit's ruling, do give rise to a Lanham Act claim that is not precluded by Noerr-Pennington doctrine. The Court's August 17, 2005 Order is hereby AMENDED accordingly. IT IS SO ORDERED.

