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The authors offer an in-depth review of attorneys' fees decisions since the Supreme Court's April 29 *Octane* opinion.

A Practitioner's Guide to Post-*Octane Fitness* Decisions: The New Landscape of Section 285 Attorney Fees



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In *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*,¹ the Supreme Court overturned the Federal Circuit's existing standard for awarding attorney fees under 35 U.S.C. § 285 and announced a new standard.

¹ *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749, 2014 BL 118431, 110 U.S.P.Q.2d 1337 (2014) (88 PTCJ 28, 5/2/14).

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Providing increased discretion to district courts in conducting the analysis, the Supreme Court held that:

An “exceptional” case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated. District courts may determine whether a case is “exceptional” in the case-by-case exercise of their discretion, considering the totality of the circumstances.²

The court suggested factors that district courts might consider, including frivolousness, motivation, factual or legal unreasonableness, and “the need in particular circumstances to advance considerations of compensation and deterrence.”³ Further, the court lowered the burden of proof, holding that a party's entitlement to fees must be proven by a preponderance of the evidence.⁴

Since the new standard was announced, district courts have decided motions for Section 285 attorney fees in close to 60 patent cases. One district court that recently attempted to synthesize the case law stated that, “although *Octane* reduced the showing required for an award on the ground of objective baselessness, courts continue to hold claims of baselessness to a high bar.”⁵ This may be so, but at least one commentator has noted that rates of attorney fees awards have increased since the Supreme Court's decision.⁶ A survey of these

² *Id.* at 1756 (emphasis added).

³ *Id.* at 1756 n.6.

⁴ *Id.* at 1758.

⁵ *Small v. Implant Direct Mfg. LLC*, No. 1:06-cv-00683-NRB (S.D.N.Y.), Mem. and Order at 7, Oct. 23, 2014, ECF No. 363.

⁶ See Randy Lipsitz, Aaron Frankel, and Hanna Seifert, “Recent Supreme Court Decision Takes Us Back to the Future: Attorney Fees Award Rate Increases in Patent Cases,” 88 Patent, Trademark & Copyright J. 1489 (Oct. 10, 2014) (88 PTCJ 1489, 10/10/14).

cases reveals circumstances commonly considered and relied on by courts in granting or denying fee requests. This article identifies these circumstances and analyzes how they have factored into courts' determinations.

I. Factors Relating to the Substantive Strength of a Party's Litigation Position

As at least one court has observed, when analyzing the substantive strength of a party's litigation positions, courts are more likely to award fees where it seems apparent that a party knew, or willfully ignored, evidence that its arguments lacked merit.⁷ Specific circumstances that courts have considered in determining whether the substantive strength of a party's litigation position supports an exceptional case finding include: the adequacy and/or results of a plaintiff's pre-suit investigation; a party's track record pursuing similar arguments in prior litigation; claim construction arguments and outcomes; and reliance on legally or factually unsupported arguments.

a. The Importance of a Pre-Suit Investigation

In deciding post-*Octane Fitness* motions for attorney fees, courts have considered whether a plaintiff conducted an adequate pre-suit investigation before pursuing a claim.

Several courts have given this factor particular weight where it appears that there was no pre-suit investigation, or that such an investigation would have revealed the baselessness of the claim.⁸ For example, courts have awarded fees under Section 285 in:

- *Lumen View Tech., LLC v. Findthebest.com, Inc.* Though Lumen claimed to have conducted weeks of infringement analysis, it offered no facts to support its claim.
- *LendingTree, LLC v. Zillow, Inc.* The court found that, had LendingTree engaged in any meaningful pre-suit investigation (such as reviewing its internal communications about, and external communications with, defendant NexTag, or interviewing employees involved in those communications), LendingTree would have realized that NexTag's laches and estoppel defenses barred its claims completely.⁹
- *Precision Links Inc. v. USA Prods. Group, Inc.* A pre-filing opinion letter prepared by plaintiff's counsel acknowledged that he had no evidence that the accused products were sold with instructions or other directions that they should be used

⁷ See *Small*, supra note 5 at 7-8 (synthesizing certain post-*Octane Fitness* case law).

⁸ Although the Supreme Court's new standard does not specifically use the "objective baselessness" terminology of the Federal Circuit's prior standard, the court noted that "a case presenting either subjective bad faith or exceptionally meritless claims may sufficiently set itself apart from mine-run cases to warrant a fee award," *Octane Fitness*, 134 S. Ct. at 1757, and courts continue to use the "objectively baseless" terminology.

⁹ No. 1:13-cv-03599-DLC (S.D.N.Y.), Op. and Order at 13 n.2, May 30, 2014, ECF No. 83.

¹⁰ No. 3:10-cv-00439-FDW-DCK (W.D.N.C.), Order at 26, Oct. 9, 2014, ECF No. 664.

as certain patent claims required, but plaintiff nevertheless pursued indirect infringement allegations.¹¹

Courts have also determined that inadequate or incomplete investigations provide a basis for finding that a case is exceptional. In the plaintiff's pre-suit investigation in *Kilopass Tech. Inc. v. Sidense Corp.*, Kilopass's first outside law firm informed it that Sidense's products did not infringe the patent claims literally.¹² Kilopass then retained a second law firm to conduct another analysis, but did not inform the second law firm of the first law firm's conclusions.¹³ The second law firm opined favorably regarding a claim against Sidense under the doctrine of equivalents, but noted that it required a "more detailed investigation."¹⁴ However, Kilopass instructed the second law firm to stop all work before its investigation was complete.¹⁵ The only other pre-suit analysis Kilopass conducted involved a team of Kilopass engineers, who reverse-engineered a Sidense product and concluded that Sidense infringed under the doctrine of equivalents "from an engineer's perspective."¹⁶

In awarding Sidense its fees, the court stated that "it was not reasonable for Kilopass to rely on the [second law firm's] opinion because it was not complete and because Kilopass had failed to provide [the firm] with all relevant facts allowing [it] to perform a proper analysis. Moreover, the opinion was never confirmed by an independent technical expert."¹⁷ The court also found that it was unreasonable for Kilopass to rely on the opinion of its team of engineers because there was no indication the team included any attorney or understood the legal requirements for establishing infringement under the doctrine of equivalents, nor were the conclusions shown to, and confirmed by, counsel.¹⁸

Testing, when possible, may be important both to a plaintiff and a defendant when evaluating a pre-suit investigation. In *Yufa v. TSI Inc.*, Yufa did not conduct

¹¹ No. 3:08-cv-00576-MR (W.D.N.C.), Mem. of Decision and Order, June 24, 2014, ECF No. 131 (affirming prior award of attorney fees on remand); *Precision Links Inc. v. USA Prods. Group, Inc.*, No. 2012-1461 (Fed. Cir.) at 8, June 7, 2013, ECF No. 46-2 (describing opinion letter). But see *Elite Lighting v. DMF, Inc.*, No. 2:13-cv-01920-GW-JCG (C.D. Cal.), Tentative Ruling on Mot. for Exceptional Case Att'y Fees (35 U.S.C. § 285) at 4-5, June 30, 2014, ECF No. 105 (fees denied even though plaintiff's claims of pre-suit testing were, scant, uncorroborated, and "suspicious"); *Wiley v. RockTenn CP, LLC*, No. 4:12-cv-00226 (E.D. Ark.), Order at 8, Sept. 30, 2014, ECF No. 102 (finding the case not exceptional even though plaintiff admitted "he did not prepare a claim chart, perform preliminary claim construction, or consult a patent expert prior to filing suit"). In *Wiley*, the defendant's own troubling litigation conduct discussed *infra* at Section II.c. may have impacted the court's decision.

¹² No. 3:10-cv-02066-SI (N.D. Cal.), Order Granting Def.'s Mot. for Att'y Fees at 4-5, Aug. 12, 2014, ECF No. 427.

¹³ *Id.* at 5-7.

¹⁴ *Id.* at 5-6.

¹⁵ *Id.* at 6 & 18.

¹⁶ *Id.* at 7.

¹⁷ *Id.* at 21-22.

¹⁸ *Id.* at 22; see also *Chalumeau Power Sys. LLC v. Alcatel-Lucent*, No. 1:11-cv-01175-RGA (D. Del.), Mem. at 3-4, Sept. 12, 2014, ECF No. 178 (awarding fees based, in part, on an inadequate pre-suit investigation where the only relevant document Chalumeau produced broke the asserted patent claim into four overbroad limitations that encompassed multiple disputed terms in each group).

any testing before filing his complaint.¹⁹ Instead, he relied on advertisements and articles, none of which suggested that the accused products operated as taught by the patent.²⁰ In awarding fees, the court found that “this suggests that Plaintiff did not conduct an adequate investigation prior, at the very least, to filing his amended complaint, and weighs in favor of finding that this case is exceptional.”²¹

By contrast, in *CreAgri, Inc. v. Pinnaclife, Inc.*, CreAgri had not conducted any testing prior to filing suit, but it had (1) reviewed the patents and file histories to interpret the claims, (2) reviewed publicly available information about the accused products as well as pending patents filed by the defendant that CreAgri thought might be related to the accused products, and (3) compared each claim element of the patents to the information it had learned about the accused products and determined that the products infringed.²² As a result of this investigation, CreAgri concluded that actual testing would not change its analysis. The court agreed, and denied Pinnaclife its fees in part because Pinnaclife never itself performed the testing that it contended would have decisively resolved the case.²³

b. Failure or Success in Prior Litigation

A plaintiff’s failure or success in prior similar litigation can also factor into a court’s assessment of whether a case is exceptional.

In *Linex Techs., Inc. v. Hewlett-Packard Co.*,²⁴ the plaintiff’s failure to prevail in multiple similar actions contributed to the court’s decision to award attorney fees. Linex had previously filed suit against 15 defendants in the Eastern District of Texas claiming that the 802.11n wireless communication standard infringed U.S. Patent No. 6,757,322.²⁵ Following an unfavorable claim construction ruling on the term “spread spectrum signals” in that case, Linex settled with each defendant for a lump sum payment and sought reissue of two of the ’322’s continuation patents, both of which contained the “spread spectrum signals” claim term.²⁶

¹⁹ No. 4:09-cv-01315-KAW (N.D. Cal.), Order Granting in Part and Den. In Part TSI Inc.’s Mot. for Att’y Fees and Non-Taxable Costs at 4-5, Aug. 14, 2014, ECF No. 198.

²⁰ *Id.* at 5.

²¹ *Id.* The fact that Yufa’s complaint survived a motion to dismiss did not support Yufa’s claim that he had actual evidence of infringement because the pleadings stage does not require factual support. *Id.* Further, TSI provided Yufa with substantial discovery, including schematics of the accused products that indicated the products did not infringe. Nonetheless, Yufa did not dismiss his lawsuit after reviewing the discovery, but continued to prosecute his case without any admissible evidence. *Id.*

²² *CreAgri, Inc. v. Pinnaclife, Inc.*, No. 5:11-cv-06635-LHK (N.D. Cal.), Order Den. Def.’s Mot. for Att’y Fees at 16, June 3, 2014, ECF No. 209; cf. *Sound Design Tech., Ltd. v. Oticon, Inc.*, No. 2:11-cv-01375-SRB (D. Ariz.), Order at 5, Nov. 18, 2014, ECF No. 361 (plaintiff had not brought its infringement claims in bad faith where it could not learn until discovery all the technical details regarding the specific operation of the relevant components of the accused products) (not for publication).

²³ *Id.* at 15-17, 22-23.

²⁴ No. 4:13-cv-00159-CW (N.D. Cal.), Order Regarding Briefing Schedule for Mots. For Att’y Fees, Sept. 15, 2014, ECF No. 413.

²⁵ *Id.* at 2.

²⁶ *Id.* at 2-3, 5, & 9.

Linex then filed a petition at the International Trade Commission accusing Hewlett-Packard and other defendants of infringing the ’322 patent and one of the reissue patents, and around the same time, filed a corresponding infringement action in the Northern District of California.²⁷ The ITC staff attorney ultimately submitted a brief, which the court termed an “opinion,” that, like the Texas court, used a similarly unfavorable construction for “spread spectrum signals” and stated that he did not expect the evidence to show the patents were infringed.²⁸ Following this, Linex voluntarily dismissed the ITC action and withdrew some of the asserted claims in the California action, including all claims of the ’322 patent.²⁹ The California court subsequently construed “spread spectrum signals” consistently with the earlier determinations and found the remaining claims of the reissue patents either invalid or valid, but not infringed.³⁰

In awarding attorney fees under Section 285, the court found it significant that “Linex settled with all of the Texas defendants soon after that court’s claim construction, and withdrew its ITC claims immediately after the staff attorney’s opinion was published,” suggesting that Linex understood the importance of those opinions.³¹ The court observed that, “even though neither forum’s determination was binding on this Court’s determination as *res judicata*, Linex was not free to pursue another case targeting the same technology with impunity.”³² In short, “Linex should have known that its spread spectrum claims would not succeed against [defendants’] technology.”³³

Conversely, in *EON Corp IP Holdings LLC v. Cisco Sys. Inc.*,³⁴ the plaintiff’s success in prior similar litigations weighed against awarding the defendants their attorney fees. The court found that EON’s post-claim construction infringement argument was “quite stretched, such that few patentees would pursue it.”³⁵ However, the court did not find EON’s argument objectively baseless in part because EON had achieved favorable results in prior litigations involving the same patent even after the courts in those cases construed the same claim language in the same unfavorable way.³⁶ Though there were “valid distinctions between those cases and this one,” the court found this fact compelling and declined to award fees.³⁷

A party’s track record in similar prior litigation, however, is not determinative of whether a court will deem a case exceptional. In *Kaneka Corp. v. Zhejiang Med. Co.*, the court denied defendants’ motion for fees and explained that it “[could not] find that the determination of noninfringement in the ITC Proceeding, which [was] not binding . . . somehow rendered Kaneka’s ar-

²⁷ *Id.* at 2-3.

²⁸ *Id.* at 3-4.

²⁹ *Id.* at 4.

³⁰ *Id.* at 5.

³¹ *Id.* at 8.

³² *Id.*

³³ *Id.* at 9.

³⁴ *EON Corp IP Holdings LLC v. Cisco Sys. Inc.* (“Cisco”), No. 3:12-cv-01011-JST (N.D. Cal.), Order Den. Mot. for Att’y Fees, July 25, 2014, ECF No. 1101.

³⁵ *Id.* at 9.

³⁶ *Id.*

³⁷ *Id.*

guments baseless or extraordinary.”³⁸ And in *Alexsam, Inc. v. The Gap, Inc.*, though the defendants argued plaintiff had no objective basis for pursuing infringement theories that had failed against two other companies that used the same accused third-party card processor, the court declined to award fees in part because the defendants had opposed consolidation with the earlier trials, insisting they needed to present evidence specific to their own systems.³⁹

c. Relevance of Claim Construction

Since *Octane Fitness*, some parties have suggested that attorney fees should be awarded solely because their opponent supposedly should have dismissed its case following an adverse claim construction order. Thus far, these arguments have failed.⁴⁰ As one court stated: “To hold that [plaintiff] had to give up its infringement suit after claim construction and prior to the trial court’s adjudication of the infringement claim would put future plaintiffs in an untenable position.”⁴¹ Specifically, “[a] plaintiff[] would be unable to pursue a case-dispositive order and therefore a suitable record for appeal without risking an award of attorney fees.”⁴²

A party’s claim construction arguments can, however, factor into a court’s analysis of a request for fees under Section 285.

Courts have awarded attorney fees where a plaintiff pursued what the courts considered to be untenable claim construction positions. For example, in *Tech. Innovations, LLC v. Amazon.com, Inc.*, the court recognized that, “[r]easonable minds can differ as to claim construction positions and losing constructions can nevertheless be non-frivolous. But there is a threshold below which a claim construction is so unreasonable that no reasonable litigant could believe it would succeed.”⁴³ The court described plaintiff’s construction of “printed,” which encompassed “any configuration in which information is presented for direct human perception,” as “astonishingly broad.”⁴⁴ Based on that record, and despite what the court found to be a reasonable pre-suit investigation, the court determined that

the plaintiff was not objectively reasonable and awarded the defendant its attorney fees.⁴⁵

Similarly, in *Chalumeau Power Sys. LLC v. Alcatel-Lucent*, the court called Chalumeau’s constructions among “the wors[t] constructions I’ve ever seen so far.”⁴⁶ First, the patent specification referred to adapters of a “first” “second,” and “third type,” where only adapters of the first type receive power.⁴⁷ Chalumeau proposed that the claim term “an adapter of a first type” be construed as an “adapter of a particular type.”⁴⁸ The court noted that such a construction would improperly include adapters of a “second” and “third” type.⁴⁹ Second, Chalumeau’s proposed construction of “user interface connector” allowed for the user interface connector to be part of the network hub, even though the specification clearly showed that “hub user connectors”—not the “user interface connectors”—were part of the network hub.⁵⁰ Though the court agreed with some of Chalumeau’s constructions, taken as a whole, the court found Chalumeau’s positions to be frivolous.⁵¹ Accordingly, the court awarded defendants their attorney fees.⁵²

Other courts have held that a plaintiff’s success or partial success at the claim construction phase weighs against a finding that the case is exceptional:

- *CreAgri, Inc. v. Pinnacle, Inc.* In denying defendant’s motion for attorney fees, the court explained that defendant’s loss on claim construction arguments suggested infringement allegations were reasonable.⁵³
- *SFA Sys., LLC v. 1-800-Flowers.com, Inc.* The court observed that defendant’s failed claim construction arguments weighed against finding plaintiff’s litigation position was baseless and declined to award fees.⁵⁴
- *Macrosolve, Inc. v. Antenna Software, Inc.* The court determined that its adoption of portions of plaintiff’s proposed claim construction on disputed terms and rejection of defendant’s attempts to narrow claims through further construction undercut defendant’s argument that plaintiff’s claims were meritless.⁵⁵

³⁸ No. 2:11-cv-02389-MRP-SS (C.D. Cal.), Order Den. Defs.’ Mot. for Att’y Fees and Costs at 7, May 23, 2014, ECF No. 351.

³⁹ No. 2:13-cv-00004-MHS-CMC (E.D. Tex.), Order Den. Mot. for Att’y Fees Under 35 U.S.C. § 285 at 1-2, May 12, 2014, ECF No. 278.

⁴⁰ See, e.g., *Realtime Data, LLC v. CME Group Inc.*, No. 1:11-cv-06697-KBF (S.D.N.Y.), Mem. Decision & Order at 3, June 24, 2014, ECF No. 921 (“The CME Defendants believe that plaintiff should have given up its case following the Court’s claim construction; that it did not do so and ultimately lost on summary judgment does not itself amount to unreasonable or baseless conduct.”); *Cisco*, *supra* note 34, at 9 (“[T]he Court cannot quite conclude that no reasonable patentee could see an opening in the Court’s claim construction order through which the argument could be squeezed.”); *LendingTree*, *supra* note 10, at 19 (“While LendingTree’s infringement allegations were substantially limited based on the Court’s claim construction, LendingTree had at least a loose footing on which to rest its infringement arguments.”).

⁴¹ *Kaneka Corp.*, *supra* note 38 at 7.

⁴² *Id.* at 8.

⁴³ No. 1:11-cv-00690-SLR (D. Del.), Mem. Order at 3, July 23, 2014, ECF No. 175 (internal quotations omitted). The court called this a Rule 11 sanction, but later clarified that the correct analytical framework should have been Section 285. *Id.*, Order at 3, Oct. 22, 2014, ECF No. 185.

⁴⁴ *Id.*, Order at 3, July 23, 2014, ECF No. 175.

⁴⁵ *Id.* at 3, 5.

⁴⁶ *Chalumeau*, *supra* note 18 at 5.

⁴⁷ See *id.* at 8; see also *id.*, Mem. Op. at 8, Oct. 30, 2013 ECF No. 136.

⁴⁸ *Chalumeau*, *supra* note 18, at 4.

⁴⁹ *Id.*; see also *id.*, Mem. Op. at 8, Oct. 30, 2013 ECF No. 136.

⁵⁰ *Chalumeau*, *supra* note 18, at 5.

⁵¹ *Id.* at 4.

⁵² *Id.* at 6-7; see also *TNS Media Research, LLC v. Tivo Research and Analytics, Inc.*, No. 1:11-cv-04039-SAS (S.D.N.Y.), Op. and Order at 3, 26, & 30-31, Nov. 4, 2014, ECF No. 204.

⁵³ *CreAgri*, *supra* note 22, at 17.

⁵⁴ No. 6:09-cv-00340-LED (E.D. Tex.), Order at 4-5, July 8, 2014, ECF No. 473.

⁵⁵ No. 6:11-cv-00287-MHS-KNM (E.D. Tex.), Order at 5, October 16, 2014, ECF No. 573. But see *IPVX Patent Holdings, Inc. v. Voxernet, LLC*, No. 5:13-cv-01708-HRL (N.D. Cal.), Order (1) Den. Pl.’s Mot. to Vacate J. and (2) Granting in part Def.’s Mot. for Att’y Fees at 10, Nov. 6, 2014, ECF No. 181 (“The fact that IPVX primarily prevailed on claim construction does not negate a finding of unreasonableness.”).

d. Legally and Factually Unsupported Arguments

The degree to which a party's claims are supported by legal and/or factual bases may also factor into a court's assessment of whether a case is exceptional. Post-*Octane Fitness*, attorney fees have been awarded under Section 285 in at least the following circumstances involving claims that could not be supported legally or factually:

- In *Precision Links Inc. v. USA Prods. Group, Inc.*, to circumvent dismissal of an untimely appeal, the plaintiff requested that the district court 1) “characterize its response to the defendants’ motion for summary judgment as a timely notice of appeal;” 2) “amend a previous order to retroactively grant an extension of time for filing its notice of appeal;” or 3) “treat its out-of-time notice of appeal as a request for an extension of time to file a notice of appeal because of excusable neglect.”⁵⁶ The court lacked authority to grant the relief requested and, for that reason, among others, the court awarded defendants their attorney fees.⁵⁷
- In *Falana v. Kent State Univ.*, the court awarded the plaintiff its attorney fees based on, among other things, the defendants’ attempt to appeal an explicitly non-final order to the Federal Circuit.⁵⁸
- In *Home Gambling Network, Inc. v. Piche*, HGN asserted a method claim against a defendant whose product did not perform all steps of the claimed method within the United States.⁵⁹ In awarding attorney fees, the court explained that, because HGN never contested this fact, it should have known that it had no cause of action for patent infringement.⁶⁰
- In *Medtrica Solutions Ltd. v. Cygnus Medical LLC*, the court granted Medtrica its attorney fees even though there was no litigation misconduct and Cygnus’s arguments were not objectively baseless, explaining that, “Cygnus had a sample of the accused product and the opportunity to engage in discovery for more than one year before Medtrica and Steris filed their motion for summary judgment of non-infringement.”⁶¹ Despite this, the only evidence Cygnus submitted supporting its infringement theories were excerpts from websites that did not suggest infringement.⁶²
- In *Homeland Housewares, LLC v. Sorensen Research & Dev. Trust*, the Federal Circuit affirmed the district court’s award of attorney fees, noting: “after more than a year of opportunities to take discovery and run tests, Sorensen [had] presented no evidence whatsoever . . . and had not even sug-

gested what type of evidence it might present in that regard.”⁶³

- In *Classen Immunotherapies, Inc. v. Biogen Idec*, the court found the case exceptional in part on the basis that the only evidence plaintiff offered were articles on a website that did not support its theories of inducement and that failed to provide any evidence of direct infringement.⁶⁴
- *Yufa v. TSI Inc.* The court granted defendant fees where plaintiff argued that defendant’s schematics supported his claim, but did not provide them in his motion.⁶⁵

Some post-*Octane Fitness* motions for attorney fees, however, have been denied where any reasonable factual or legal basis underlying a party’s argument can be identified.⁶⁶ For example, courts have been less likely to find legal arguments frivolous where the area of law

⁶³ No. 2013-1537 (Fed. Cir.) at 6, Sept. 8, 2014, ECF No. 48-2 (nonprecedential) (citation omitted) (88 PTCJ 1174, 9/12/14).

⁶⁴ No. 1:04-cv-02607-WDQ (D. Md.), Mem. Order at 14-16 & n.17, May 14, 2014, ECF No. 291.

⁶⁵ *Yufa*, *supra* note 19, at 5-6; *see also Romag Fasteners, Inc. v. Fossil, Inc.*, No. 3:10-cv-01827-JBA (D. Conn.), Ruling on Mot. for Att’y Fees at 5-6, Aug. 14, 2014, ECF No. 481 (fees granted where expert opinion was nothing more than ipse dixit, defendants’ evidence in support of their indefiniteness argument was “woefully inadequate,” and defendants presented no evidence in support of remaining invalidity defenses); *IPVX Patent Holdings*, *supra* note 55, at 10 (“Failing to develop any evidence to support an infringement position ‘stands out from others with respect to the substantive strength of a party’s litigating position.’”); *cf. NXP B.V. v. Blackberry, Ltd.*, No. 6:12-cv-00498-YK-TBS (M.D. Fla.), Mem. at 16, Oct. 22, 2014, ECF No. 563 (defendants’ fees denied because “[a]lthough Plaintiff did not present any witness testimony independently corroborating this theory, Defendants had the burden of proving invalidity by clear and convincing evidence, and it was reasonable for Plaintiff to argue to the jury that Defendants had failed to meet their burden”).

⁶⁶ *See, e.g., Bianco v. Globus Med., Inc.*, No. 2:12-CV-000147-WCB, (E.D. Tex.) Mem. and Order at 5-6, May 12, 2014, ECF No. 290 (fees denied on inventorship issue because plaintiff’s argument that the purported inventor provided a substantial portion of the conception of the invention was supported by drawings and a finding that defendant misappropriated plaintiff’s trade secrets); *H-W Tech., L.C. v. Overstock.com, Inc.*, No. 3:12-cv-00636-G-BH (N.D. Tex.), Findings, Conclusions, and Recommendation at 8, 10-11, Aug. 15, 2014, ECF No. 89 (even though plaintiff asserted a claim against a defendant to whom the claim did not seem to apply, fees were denied in part because the Federal Circuit held oral argument and issued a precedential written opinion on plaintiff’s earlier appeal); *Charge Lion, LLC v. Linear Tech. Corp.*, No. 6:12-CV-769-JDL (E.D. Tex.), Mem. Op. and Order at 4-5, Aug. 25, 2014, ECF No. 107 (fees denied because, although four of the 55 accused products did not perform the claimed operation, the claims against the other 51 accused products were weak, but arguably reasonable); *Small*, *supra* note 5, at 10-11 (fees denied in part because, even though the patent was found invalid, the basis for the cause of action was provided by the patent examiner, who supplied plaintiff with the language of the claim, and thereby implied that it was sufficient to support a reissue patent); *Pure Fishing, Inc. v. Normack Corp.*, No. 3:10-cv-02140-CMC (D.S.C.), Supplemental Op. and Order on Att’y Fees at 10, Oct. 28, 2014, ECF No. 398 (fees denied because defendant’s success on its invalidity defense, which required a high standard of proof, coupled with its admission of literal infringement suggested plaintiff’s position was not so weak as to warrant fees).

⁵⁶ *Precision Links*, *supra* note 11, at 7.

⁵⁷ *Id.* at 8.

⁵⁸ No. 5:08-cv-00720-DDD (N.D. Ohio), Mem. Op. at 45-46, July 31, 2014, ECF No. 140.

⁵⁹ No. 2:05-cv-00610-DAE-VCF (D. Nev.), Order Granting Defs.’ Mot. for Award of Att’y Fees and Costs at 3-4, 10-13, May 22, 2014, ECF No. 367.

⁶⁰ *Id.* at 15.

⁶¹ No. 2:12-cv-00538-RSL (W.D. Wash.), Order Granting Mot. for Recons. at 3-4, July 10, 2014, ECF No. 156.

⁶² *Id.* at 4.

is evolving. In *EON Corp IP Holdings LLC v. FLO TV Inc.*, after a claim construction hearing, the court found that eight computer-implemented means-plus-function terms in the patent were indefinite, invalidating all asserted claims.⁶⁷ However, the court denied FLO TV's motion for attorney fees, noting that EON's case was not deficient because it "turned on a complex and evolving area of the law—the construction of computer-implemented means-plus-function terms," and that, although the court found all asserted claims invalid, "the decision was not an easy one."⁶⁸

In addition, several post-*Octane Fitness* cases suggest that, in the absence of litigation misconduct, courts may be reluctant to find that no evidence supports a claim.

For example, in *EON Corp IP Holdings LLC v. Cisco Sys. Inc.*, the court found that, although the plaintiff's infringement contentions lacked merit and its post-claim construction infringement argument was "quite stretched, such that few patentees would pursue it," the court could not conclude that "no reasonable patentee could see an opening in the Court's claim construction order through which the argument could be squeezed."⁶⁹ And in *Elite Lighting v. DMF, Inc.*, the court denied defendants' motion for fees even though it found that "prior art left very little, if any space to navigate between invalidity and noninfringement."⁷⁰ In that case, "there was a particularly low likelihood of success on the asserted design patent" because of the similarity to the prior art.⁷¹ However, with respect to the asserted utility patent, the plaintiff's substantive arguments were not extraordinarily weak because "Plaintiff relied throughout on the ambiguity in the patent that it procured, but that is unfortunately not exceptional in patent cases."⁷²

Of note, in circumstances involving claims alleged to be legally or factually unsupported, providing notice to a party of the baselessness of its claims early in the litigation may factor into a court's determination whether a case is exceptional. In *Lumen View*, the court determined that the plaintiff's claims were objectively baseless in part because the defendant had put the plaintiff on notice that there could be no infringement in two phone calls and a letter at the outset of litigation.

⁶⁷ *EON Corp IP Holdings LLC v. FLO TV Inc.* ("FLO TV"), No. 1:10-cv-00812-RGA (D. Del.), Mem. Op. at 2, May 27, 2014, ECF No. 936.

⁶⁸ *Id.* at 3; cf. *Gametek LLC v. Zynga, Inc.*, No. 3:13-cv-02546-RS (N.D. Cal.), Order Den. Defs.' Att'y Fees at 5, Sept. 2, 2014, ECF No. 116 (noting that a case in which invalidity can be determined on the pleadings is not an ipso facto exceptional case, particularly where the critical issue of inventive concept (computer-implemented inventions under Section 101) is evolving).

⁶⁹ *Cisco*, supra note 34 at 9; cf. *ThermoLife Int'l LLC v. Better Body Sports LLC*, No. 2:12-cv-09229-GAF-FFM (C.D. Cal.), Order re: Renewed Mot. for Att'y Fees at 5, Oct. 10, 2014, ECF No. 278 ("Even had ThermoLife's theory been composed entirely of its erroneous assertions regarding interpretation of the *Markush* language, or even if ThermoLife knew that the [prior art's] subject matter was sufficiently similar to the [patent to be invalidating], ThermoLife's claims could still not rise to the level of an 'exceptional case' because of the viability of its arguments regarding the publication and availability of the [invalidating prior art].").

⁷⁰ *Elite Lighting*, supra note 11, at 2.

⁷¹ *Id.* at 2.

⁷² *Id.* at 3.

tion.⁷³ Similarly, in *Classen Immunotherapies, Inc. v. Biogen Idec*, the court held that the infringement claim was objectively baseless and the case was exceptional in part because the defendant told the plaintiff there was no possibility of infringement and offered to provide a declaration to confirm it.⁷⁴

II. Unreasonable Manner of Litigation

Under *Octane Fitness*, a party's unreasonable manner of litigating can alone support a finding that a case is exceptional. Looking at district court decisions post-*Octane Fitness*, discovery disputes and aggressive litigation strategies, without more, typically do not suffice.⁷⁵ In contrast, litigation misconduct or an improper purpose in bringing a litigation (including to extract a nuisance-value settlement) can factor into a court's determination whether to award fees under Section 285. This section looks at circumstances courts have weighed in considering whether a party's manner of litigation makes a case exceptional.

a. Nature of a Party's Business and Relative Sizes of Parties

Much of the early speculation surrounding the Supreme Court's *Octane Fitness* decision centered on the effect it might have on non-practicing entity (NPE)

⁷³ *Lumen View*, supra note 9, at 13-14.

⁷⁴ *Classen*, supra note 64, at 12-13; see also *Pure Fishing*, supra note 66, at 7 (objective baselessness of claim was supported by defendant's "unchallenged assertion that, before the complaint was served, it voluntarily disclosed the polymers it was using, none of which would support a claim of infringement even when (properly) considered independently").

⁷⁵ See *CreAgri*, supra note 22, at 23-25 (no unreasonable litigation conduct where both sides were too aggressive in their discovery positions); *Realtime*, supra note 40, at 3 (no unreasonable litigation conduct where plaintiff submitted privilege log that required significant time and attention on the part of defendants); *Elite Lighting*, supra note 11, at 3 (no unreasonable litigation conduct where discovery abuses had already been sanctioned and the remaining discovery issues revealed the parties did not work together productively); *Meyer Intellectual Props. Ltd. v. Bodum USA, Inc.*, No. 1:06-cv-06329 (N.D. Ill.), Mem. Op. and Order at 5, July 28, 2014, ECF No. 355 (no unreasonable litigation conduct where plaintiff tried to limit inequitable conduct as an issue at trial and to limit evidence based on the Federal Rules of Civil Procedure and both sides litigated aggressively); *Gametek*, supra note 68, at 7-8 (no unreasonable litigation conduct where plaintiff only filed one denied motion to compel, which was filed after defendant belatedly complied with discovery demands); *LendingTree*, supra note 10, at 21 (no unreasonable litigation conduct where plaintiff's litigation strategy was not uniquely aggressive and plaintiff's failure to comply with certain court orders had already been ruled upon); *NXP B.V.*, supra note 65, at 20 ("No opportunity to win an advantage was overlooked, often resulting in the need for the Court to intervene in discovery disputes and rule on disputed evidentiary matters more often than is ordinarily necessary. Any delay, expense or inconvenience that resulted is a shared responsibility of the parties."); *TransPerfect Global Inc. v. MotionPoint Corp.*, No. 4:10-cv-02590 (N.D. Cal.), Order on Post-Trial Mot. at 19, Nov. 13, 2014, ECF No. 544 ("MotionPoint's alleged discovery abuses . . . do not appear to have been committed in bad faith, and its alleged misstatements of fact and disclosures of confidential information were relatively minor.").

plaintiffs.⁷⁶ Post-*Octane Fitness* case law suggests that asserting a plaintiff is a “hyper-litigious” NPE is not, by itself, sufficient to support an exceptional case finding.⁷⁷ Courts have, however, suggested that whether a party is an NPE may factor into a consideration of the totality of the circumstances.⁷⁸ Indeed, at least one court has stated that “the need for the deterrent impact of a fee award is greater where there is evidence that the plaintiff is a ‘patent troll.’”⁷⁹

The nature and/or size of a party’s business may also factor into a court’s assessment of a party’s litigation conduct when considering a motion for attorney fees. For example, in ruling on the plaintiff’s motion for attorney fees in *Romag Fasteners, Inc. v. Fossil, Inc.*, the court noted that the products at issue covered by the patent-in-suit represented the plaintiff’s principal business asset, but only a small portion of the defendants’ business.⁸⁰ The court found compelling the fact that defendants had failed to formally withdraw baseless invalidity defenses until after the close of evidence in an effort to raise the cost of pursuing the lawsuit, and ultimately determined the case was exceptional.⁸¹

b. Attempts to Extract Nuisance-Value Settlements

Circumstances suggesting that a litigation was filed in order to obtain a nuisance settlement can also factor into a court’s assessment of whether a party’s litigation tactics merit a finding that a case is exceptional. Several post-*Octane Fitness* decisions have held that such circumstances weigh in favor of awarding attorney fees.

In *Chalumeau Power Sys. LLC v. Alcatel-Lucent*, Chalumeau had dropped its suit following an adverse claim construction order. In granting Alcatel’s motion for attorney fees, the court concluded:

Chalumeau filed a frivolous lawsuit with the sole purpose of extorting a settlement fee. When it realized that was not going to happen, it dropped the case. Chalumeau’s entire litigation strategy was devoted to stringing out the case in the

⁷⁶ See, e.g., Daniel Fisher, *Patent Trolls Face Higher Risks As Supreme Court Loosens Fee-Shifting Rule*, FORBES, Apr. 29, 2014.

⁷⁷ See, e.g., *Rates Tech., Inc. v. Broadvox Holding Co., LLC*, No. 1:13-cv-00152-SAS-SN (S.D.N.Y.), Op. and Order at 35, Oct. 7, 2014, ECF No. 181 (noting that, if its claims had merit, plaintiff’s “status as a hyper-litigious non-practicing entity should not prevent it from bringing suit”); see also *IPVX Patent Holdings*, *supra* note 55, at 3 (the fact that plaintiff is a “patent assertion entity” that has filed infringement allegations against multiple defendants does not make it “automatically the villain”) (citation omitted); cf. *SFA Sys.*, *supra* note 54 at 4 (fees denied in part because filing numerous lawsuits against numerous defendants does not make a case exceptional).

⁷⁸ See, e.g., *LendingTree*, *supra* note 10, at 22 (denying fees and finding it significant that this case did not involve NPEs, but rather “two sizable, multi-national companies, both of which are practicing entities—direct competitors—that engaged in a legitimate fight over the breadth of the patents”); *Small*, *supra* note 5, at 12; *id.* at 12 (fact that plaintiff was not a troll weighed against fees).

⁷⁹ *Small*, *supra* note 5, at 9.

⁸⁰ *Romag*, *supra* note 65, at 7.

⁸¹ *Id.* at 6-7. But see *Yufa*, *supra* note 19, at 6-7 (fact that plaintiff was a pro-se litigant did not relieve him from liability for attorney fees).

hopes that Alcatel would incur fees while Chalumeau would not.⁸²

Among the factors the court found compelling was Chalumeau’s suspect claim that it dismissed the case because Alcatel’s license defense changed the “economics of the case,” not because of its failed claim construction arguments.⁸³ In fact, Chalumeau had executed the license before it filed the lawsuit and was therefore in the best position to understand its relevance to the case.⁸⁴ The court also found it telling that Chalumeau did not disclose an expert until mere days before fact discovery ended, which enabled it to “keep its costs low, while forcing Alcatel to spend considerable sums defending a frivolous lawsuit.”⁸⁵

Similarly, in *Lumen View Tech., LLC v. Findthebest.com, Inc.*, the court inferred that Lumen’s purpose for bringing its suit was to extract a nuisance-value settlement. Indeed, the court called it “a prototypical exceptional case.”⁸⁶ The court noted that Lumen is an NPE and identified the “boilerplate nature of Lumen’s complaint, the absence of any reasonable pre-suit investigation, . . . the number of substantially similar lawsuits filed within a short time frame,” and the fact that Lumen never sought to enjoin the allegedly infringing conduct as factors supporting its conclusion.⁸⁷ The court further noted Lumen’s threats of “full-scale litigation,” “protracted discovery,” and a “settlement demand escalator” (i.e., it threatened to increase its settlement demand every time the defendant filed a responsive pleading or nondispositive motion).⁸⁸

The court in *Summit Data Sys., LLC v. EMC Corp.*⁸⁹ also looked to nuisance-value settlements as support for its determination that the case was exceptional. Prior to filing suit, Summit had entered into a license agreement with RPX (a computer industry “patent aggregator”) that covered the asserted patents and provided licenses to 43 member companies, including Microsoft.⁹⁰ Shortly after filing suit, two defendants joined the license agreement, which included rights to practice the asserted patents, and were dismissed from the case. Then, following claim construction proceedings, three other defendants settled for \$60,000, \$170,000, and \$150,000. At the end of fact discovery, Summit settled with the only defendant remaining in the litigation besides NetApp for \$75,000.⁹¹

The court ultimately found that Summit’s license agreement with RPX precluded all of its claims against

⁸² *Chalumeau*, *supra* note 18, at 7.

⁸³ *Id.* at 6.

⁸⁴ *Id.*

⁸⁵ *Id.* at 7.

⁸⁶ *Lumen View*, *supra* note 9, at 1.

⁸⁷ *Id.* at 2, 14-15; see also *IPVX Patent Holdings*, *supra* note 55, at 11 (litigation conduct supported fees because complaint was “boilerplate” and served on dozens of defendants, plaintiff never demonstrated it performed a pre-suit investigation, “carelessly” served discovery requests that had nothing to do with the [accused product],” and “relied on claim construction briefings filed against other defendants with dissimilar products . . . [and] which did not . . . respond to [defendant’s] proposed constructions”).

⁸⁸ *Lumen View*, *supra* note 9, at 6 & 14.

⁸⁹ *Summit Data Sys., LLC v. EMC Corp.*, No. 1:10-cv-00749-GMS (D. Del.), Mem., Sept. 25, 2014, ECF No. 260.

⁹⁰ *Id.* at 2.

⁹¹ *Id.* at 3. Summit dismissed its claims against EMC on November 9, 2012. *Id.*

NetApp because its theory of infringement relied on the running of Microsoft's (licensed) software.⁹² The court deemed Summit's allegations frivolous, and took issue with Summit's failure to produce the RPX license agreement for 18 months.⁹³ Additionally, the court stated, "Summit's practice of extracting settlements worth a fraction of what the case would cost to litigate supports a finding of exceptionality."⁹⁴

However, evidence suggesting a plaintiff sought a nuisance-value settlement does not always result in a court finding that a case is exceptional. For example:

- In *Charge Lion, LLC v. Linear Tech. Corp.*, the court determined that the case was not exceptional despite the plaintiff receiving an average payment of \$15,188 per defendant because the defendant offered no other evidence of improper settlement negotiations or that other defendants had been "strong-armed" into paying licensing fees.⁹⁵
- In *Macrosolve, Inc. v. Antenna Software, Inc.*, the fact that plaintiff had filed suit against a variety of defendants and settled for less than the litigation costs, did not, alone, show bad faith.⁹⁶ The court declined to find that the case was exceptional.⁹⁷
- In *Rates Tech., Inc. v. Broadvox Holding Co., LLC*, the court held that the case was not exceptional and observed that the defendant could not claim any unnecessary financial injury based on "threats" that defendant might face significant financial distress if it did not settle the case.⁹⁸ The court noted that the ABA states that "[i]t is . . . proper to remind the opposing party of the ordinary costs of proceeding to trial and to suggest that it may be in the opposing party's interest to avoid these costs by agreeing to a settlement."⁹⁹
- Similarly, in *EON Corp IP Holdings LLC v. FLO TV Inc.*, the court stated: "It cannot be the case that a plaintiff may be subjected to monetary sanctions

⁹² *Id.* at 6-7.

⁹³ *Id.* at 6; *see also LendingTree, supra* note 10, at 26 (case was exceptional because plaintiff "stonewalled [defendant's] pursuit of the case-dispositive laches and estoppel defenses, refused to recognize the strength of NexTag's case, and proceeded with its minimally sufficient infringement claims against [defendant] at all costs").

⁹⁴ *Summit, supra* note 89, at 7-8, citing *Eon-Net LP v. Flagstar Bancorp*, 653 F.3d 1314, 1327-28, 99 U.S.P.Q.2d 1522 (Fed. Cir. 2011) (82 PTCJ 467, 8/5/11) (upholding district court's determination that the case was exceptional where an NPE sought to extract nuisance-value settlements from numerous defendants, for values less than 10 percent what it would cost the defendants to litigate).

The fact that Summit dismissed its claims with prejudice prior to the court issuing a ruling on the merits supported this conclusion. The court noted: "Of course plaintiffs are free to perform their own cost-benefit analyses, and Summit's decision to voluntarily dismiss its case prior to summary judgment does not, alone, make the case exceptional. When taken together with the additional circumstances, however, Summit's conduct appears much less defensible." *Summit, supra* note 89 at 8 n.6.

⁹⁵ *Charge Lion, supra* note 66, at 3-4.

⁹⁶ *Macrosolve, supra* note 55, at 5.

⁹⁷ *Id.* at 6.

⁹⁸ *Rates Tech., supra* note 77, at 33-34.

⁹⁹ *Id.* at 37 n.157.

for failing to drop a case against a defendant if the cost of litigation exceeds the potential recovery."¹⁰⁰

c. Threats to Seek Attorney Fees

A party's threats to pursue attorney fees may also factor into a court's determination of whether a case is exceptional. In *Wiley v. RockTenn CP, LLC*, Wiley had provided a license to RockTenn's predecessor-in-interest, but later terminated that agreement and filed a complaint asserting, among other things, breach of contract for unpaid royalties and patent infringement.¹⁰¹ Significantly, RockTenn's in-house counsel admitted—either before or at the time Wiley filed his complaint—that RockTenn had underpaid Wiley under the license.¹⁰²

After the court granted RockTenn's motion for summary judgment on Wiley's infringement claims, RockTenn moved for attorney fees.¹⁰³ The court denied RockTenn's motion, in part because RockTenn had "threatened to seek attorney fees from the beginning of [the] litigation" and used "the threat of fees to persuade Mr. Wiley to abandon all of his claims—including those claims based on RockTenn's admitted breach of the license agreement."¹⁰⁴ When Wiley offered to settle the case for \$20,000, RockTenn declined the offer, but counter-offered to reconsider its claim for attorney fees if Wiley was willing to dismiss his case with prejudice and grant RockTenn a general release.¹⁰⁵ Further, on the day the court entered its order on summary judgment, RockTenn told Wiley it would drop its claim for fees in return for a "walk-away."¹⁰⁶ Because of RockTenn's litigation conduct, the court found the case was not exceptional, and expressly noted that, even if it were, "the Court would exercise its discretion to decline to award fees."¹⁰⁷

d. Making Misrepresentations to the Court

Predictably, lying to the court and falsifying evidence may support a determination that a case is exceptional. In *Falana v. Kent State University*, Falana had prevailed on his claim to correct inventorship, which the Federal Circuit affirmed.¹⁰⁸ In ruling on Falana's request for attorney fees, the court observed that the testimony of the two named inventors was shaped by an effort to mislead the court regarding Falana's role in the conception of the invention claimed in the patent.¹⁰⁹ The court found the first named inventor's misconduct—which included falsifying Falana's research notebooks—"so pervasive" that the court could not excuse it as isolated or as an inadvertent error or misstatement.¹¹⁰ Overall, the court found that this inventor's incorrect, "inaccurate, evasive and misleading

¹⁰⁰ *FLO TV, supra* note 67, at 4.

¹⁰¹ *Wiley, supra* note 11, at 2.

¹⁰² *Id.* at 13.

¹⁰³ *Id.* at 4-5.

¹⁰⁴ *Id.* at 14 (emphasis added).

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ *Id.* at 15.

¹⁰⁸ *Falana, supra* note 58, at 1.

¹⁰⁹ *Id.* at 25-26, 30.

¹¹⁰ *Id.* at 15, 26-27; *cf. Charge Lion, supra* note 66, at 4-5 (where plaintiff's claims reflected inattentiveness and even carelessness, this was insufficient to render the case exceptional).

testimony . . . was breathtaking its scope.”¹¹¹ The court continued:

[The inventor’s] trial testimony directly contradicted his earlier deposition testimony on multiple matters, and his facile changes of story with no apparent explanation made it clear to the Court that [the inventor] was willing to deliver any testimony that [he] believed would defeat Falana’s co-inventor ship claim.¹¹²

Similarly, at trial, the second named inventor contradicted prior statements he made in a letter he had prepared before the litigation that strongly supported Falana’s inventorship claim.¹¹³ Accordingly, the court found the case exceptional under Section 285 and awarded fees.¹¹⁴

e. Shifting Litigation Positions

Courts have also awarded attorney fees under Section 285 where a party’s shifting litigation positions suggest that it litigated in an unreasonable manner. In *Kilopass Tech. Inc. v. Sidense Corp.*, one of the asserted patents-in-suit had survived an *inter partes* reexamination brought by defendant Sidense based on the patent examiner’s determination that Kilopass’s patent overcame prior art because it was well known at the time of the invention that “bitlines and wordlines . . . are not interchangeable.”¹¹⁵ When Sidense appealed that decision to the Board of Patent Appeals and Interferences of the Patent and Trademark Office, Kilopass filed a brief explicitly agreeing with the patent examiner’s finding.¹¹⁶

In the district court litigation, Kilopass later argued that “wordlines” and “bitlines” were interchangeable claim terms.¹¹⁷ The court, however, found that by taking a contrary position before the BPAI, Kilopass had clearly disavowed claim scope of those terms.¹¹⁸ The day following the court’s ruling, Kilopass filed a supplemental statement with the PTO claiming it had made an error in its prior statement when it agreed that the terms “bitline” and “wordline” are not interchangeable.¹¹⁹ Kilopass then sought leave to file a motion for reconsideration of the court’s order finding disavowal of claim scope, citing its supplemental statement to the PTO.¹²⁰ Awarding Sidense its attorney fees, the court stated, “Kilopass’s attempt to argue one thing to this Court, then argue a different thing to the BPAI, and then attempt to change its position before the BPAI only after it resulted in an unfavorable ruling from this Court amounts to ‘gamesmanship,’” which showed it had litigated in an unreasonable manner.¹²¹

¹¹¹ *Falana*, *supra* note 58, at 26.

¹¹² *Id.* But see *Applied Med. Res. Corp. v. TYCO Healthcare Group LP*, No. 8:11-cv-01406-JVS-AN (C.D. Cal.), at 9, Nov. 17, 2014, ECF No. 457 (alleged inventors’ primary reliance on an objectively unreliable witness made the case a “close call,” but because they also relied on other evidence supporting their claims, the case did not stand out from others).

¹¹³ *Falana*, *supra* note 58, at 29-30.

¹¹⁴ *Id.* at 48

¹¹⁵ *Kilopass*, *supra* note 12 at 9.

¹¹⁶ *Id.*

¹¹⁷ *Id.* at 8-9.

¹¹⁸ *Id.* at 10.

¹¹⁹ *Id.*

¹²⁰ *Id.*

¹²¹ *Id.* at 17; see also *Pure Fishing*, *supra* note 66, at 7-8 (plaintiff’s shifting positions on claim construction resulted in an unwarranted increase in the expense of litigation and sup-

f. Attempts To Shield Disclosure of Key Evidence

Though discovery disputes alone tend not to support an exceptional case finding, if a party’s discovery conduct reveals an attempt to shield potentially dispositive evidence, such a circumstance may support an attorney fee award. For example:

- In *LendingTree, LLC v. Zillow, Inc.*, the documents showing plaintiff’s claims were barred based on laches and estoppel came from backup tapes plaintiff had initially refused to produce, even after a court order. The court observed, “throughout the entirety of the proceedings, LendingTree incessantly sought to thwart NexTag’s efforts to uncover evidence surrounding the timing and extent of LendingTree’s knowledge of NexTag’s allegedly infringing systems,” and awarded attorney fees.¹²²
- In *Chalumeau Power Sys. LLC v. Alcatel-Lucent*, the court awarded attorney fees where Chalumeau opposed the defendant’s motion to add a license defense on the grounds it would be futile, but later took the position that the addition of the license defense changed the case economics, resulting in its voluntary dismissal of the case.¹²³ Among other things, the court observed that Chalumeau had all along been in the best position to evaluate the significance of the license, whereas the defendant had to engage in expensive discovery to pursue the potentially case dispositive defense.¹²⁴

g. Disregard of Court Orders

Ignoring an express order of the court may also support an award of fees, particularly if done so in connection with what are determined to be frivolous litigation positions. For example, parties have been faulted for filing unsolicited briefs after the issues had been taken under consideration, and for filing multiple meritless motions for reconsideration.

These were the circumstances in *Homeland Housewares, LLC v. Sorensen Research & Dev. Trust*.¹²⁵ On appeal, the Federal Circuit noted that, although such filings, standing alone, might not justify finding the case exceptional, the district court did not abuse its discretion considering this conduct in the totality of the circumstances.¹²⁶ And in *Cognex Corp. v. Microscan Sys., Inc.*, the court awarded attorney fees to a plaintiff for time spent contesting motions brought by defendants that sought to relitigate issues that had already been decided during trial.¹²⁷

h. Potentially Determinative Circumstances—Patent Misuse, Inequitable Conduct and Willful Infringement

Though courts applying *Octane Fitness* consider the totality of the circumstances, a handful of decisions

ported a finding plaintiff litigated in an unreasonable manner).

¹²² *LendingTree*, *supra* note 10, at 24-26.

¹²³ *Chalumeau*, *supra* note 18, at 6-7.

¹²⁴ *Id.* at 6.

¹²⁵ *Homeland Housewares*, *supra* note 63, at 4; see also *TNS Media*, *supra* note, 52 at 10-13, 32.

¹²⁶ *Homeland Housewares*, *supra* note 63, at 4-8.

¹²⁷ No. 1:13-cv-02027-JSR (S.D.N.Y.), Mem. Order at 9-10, June 30, 2014, ECF No. 252.

suggest that certain circumstances, on their own, may justify an award of fees.

In *Home Gambling Network, Inc. v. Piche*, the court observed that a finding of patent misuse “is highly probative of Plaintiffs’ bad faith in bringing the patent infringement claim to begin with.”¹²⁸ The court went on to explain that, “Plaintiffs first tried to limit Defendants’ usage of something that was never owned by them, and then attempted to sue for infringement of steps of the patent that they voluntarily relinquished years earlier.”¹²⁹ Based on this, the court awarded attorney fees.¹³⁰

Also, inequitable conduct alone may support a finding that a case is exceptional.¹³¹ In *Intellect Wireless, Inc. v. Sharp Corp.*, the patentee had filed approximately 12 false declarations with the PTO in order to swear behind prior art, and submitted a press release that announced he had donated two prototypes to the Smithsonian, when in fact, he had only donated hollow imitations.¹³² The court found that the patentee’s inequitable conduct made the case exceptional because, if he had not filed the false declarations, he likely would not have obtained the patents or sued the defendants for infringement.¹³³

Similarly, if willful infringement is established, that alone may support an award of attorney fees.¹³⁴ In *Co-*

maper Corp. v. Antec, Inc., although relying on pre-*Octane Fitness* decisions, the court observed that “the general rule is that the district court must normally explain why it decides that a case is not exceptional under Section 285 when a factual finding of willful infringement has been established and, if exceptional, why it decides not to award attorney fees.”¹³⁵ Here, the defendants did not challenge the jury’s willful infringement finding, did not appeal the finding, and despite two appeals, the Federal Circuit did not disturb the jury’s finding.¹³⁶ Given the late stage of litigation, the district court viewed the defendants’ arguments in opposing plaintiff’s request for attorney fees that the case was close and that there was a good-faith dispute regarding the patent’s validity as unavailing attempts to relitigate long-settled issues.¹³⁷ Accordingly, the court awarded fees on the basis of the willful infringement finding.¹³⁸

III. Conclusion

Though some common factors emerge from a survey of post-*Octane Fitness* rulings on motions for attorney fees under 35 U.S.C. § 285, it is clear that each assessment will turn on case-specific circumstances. The strongest cases for recovering attorney fees, however, still appear to be those where objectively baseless litigation positions are coupled with evidence that a party’s litigation tactics were unreasonable.

¹²⁸ *Home Gambling*, *supra* note 59, at 20.

¹²⁹ *Id.*

¹³⁰ *Id.* at 20-22.

¹³¹ *Intellect Wireless, Inc. v. Sharp Corp.*, No. 1:10-cv-06763 (N.D. Ill.), Mem. Op. & Order at 12-13, May 30, 2014, ECF No. 168 (citing cases, but noting that not all cases involving inequitable conduct are necessarily exceptional); *cf. Meyer Intellectual*, *supra* note 75, at 5 (“The Court agrees with Meyer that the record does not sufficiently support a finding of inequitable conduct so as to justify such a finding of an exceptional case.”).

¹³² *Intellect Wireless*, *supra* note 131, at 5-6.

¹³³ *Id.* at 16.

¹³⁴ See *Comaper Corp. v. Antec, Inc.*, No. 05-1103 (E.D. Pa.), Order at 3 n.1, June 11, 2014, ECF No. 243 (citing cases);

Rubbermaid Commer. Prods. v. Trust Commer. Prods., No. 2:13-cv-02144-GMN-GWF (D. Nev.), Order and Findings & Recommendation at 9, Aug. 22, 2014, ECF No. 122 (“In the context of default, when a complaint alleges willful infringement and the court subsequently enters default judgment, the court must find for the purposes of attorneys’ fees that the infringement was willful.”) (citation and internal quotation omitted).

¹³⁵ *Comaper*, *supra* note 134, at 4 n.1.

¹³⁶ *Id.* at 5 n.1.

¹³⁷ *Id.* at 5 n.1.

¹³⁸ *Id.* at 5 n.1.