

Attorney fee awards in patent cases after *Octane Fitness*

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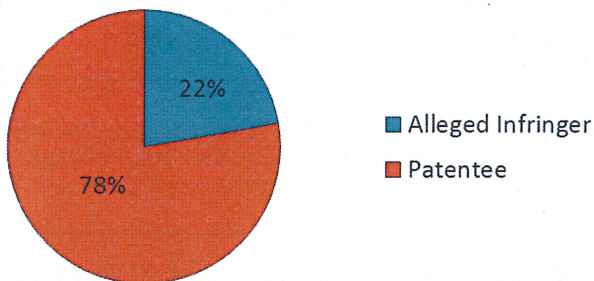
In April the U.S. Supreme Court relaxed the standard for awarding attorney fees to prevailing parties in patent cases. Attorney fees may now be awarded to a prevailing party in any patent case that “stands out from others with respect to the substantive strength of a party’s litigating position ... or the unreasonable manner in which the case was litigated.” *Octane Fitness LLC v. ICON Health & Fitness Inc.*, 134 S. Ct. 1749, 1756 (2014) (defining “exceptional” case under 35 U.S.C. § 285).

Following the *Octane Fitness* decision, there have been at least 40 district court decisions on motions for attorney fees. Those cases and their outcomes are summarized in the table starting on page 15.

ANALYSIS OF THE DATA

Of the 40 decisions listed in the table, the courts granted 18 motions (45 percent) and denied 25 (55 percent). Of the 18 granted motions, 14 were awarded against the patentee, while four were awarded against the alleged infringer. The following chart compares the number of motions granted against patentees versus alleged infringers.

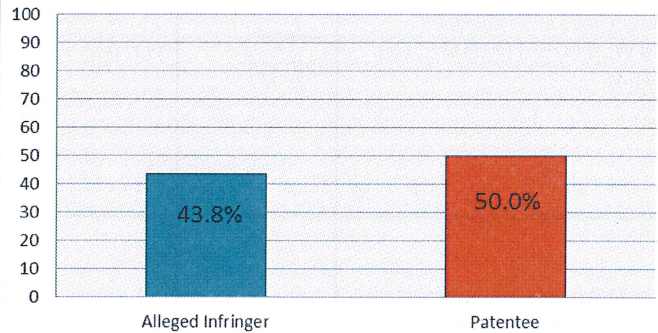
Motion for Fees Awarded Against



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The following chart compares the success rate of motions for attorney fees when filed by an alleged infringer versus the success rate when filed by the patentee.

Success Rate When Brought By



METHODOLOGY

The list of cases in the table was compiled by searching for decisions citing *Octane Fitness*. The results were narrowed to include only those decisions arising from a claim of patent infringement. Additional decisions were located by running a search for articles discussing *Octane Fitness*. The table includes only decisions that granted or denied a motion for attorney fees; appellate decisions remanding to a lower court were excluded.

CONCLUSION

In the months since *Octane Fitness* was decided, district courts have granted nearly half of all motions for attorney fees filed in patent cases. Patentees are more often on the receiving end of a motion for attorney fees than accused infringers. But the data indicate that when patentees do file a motion for attorney fees, they actually enjoy a slightly higher rate of success than accused infringers. **WI**

Case Name	Filter of motion for fees	Granted?	Summary
<i>Lumen View Technology LLC v. Findthebest.com Inc.</i> , 2014 WL 5389215 (S.D.N.Y. Oct. 23, 2014)	Alleged infringer	Yes	The court held that the lawsuit was frivolous and objectively unreasonable. No reasonable litigant could have expected success because it was clear the product did not infringe. The patentee had threatened a settlement demand escalator and had filed numerous boilerplate complaints against others. The court labeled the patentee a patent assertion entity.
<i>LendingTree LLC v. Zillow Inc.</i> , 2014 WL 5147551 (W.D.N.C. Oct. 9, 2014)	Alleged infringer	No/Yes	Both defendants moved for attorney fees. The court denied defendant Zillow's motion. The court held that, while somewhat feeble, the patentee's claim of infringement against Zillow was not unreasonable. The court also noted that the patentee was not a patent assertion entity. However, the court then granted in part defendant NextTag's motion. The court held that the litigation against NextTag became unreasonable after it became clear that NextTag had very strong laches and estoppel defenses. The court also focused on the patentee's unreasonable behavior during discovery.
<i>Rates Technology Inc. v. Broadvox Holding Co. LLC</i> , 2014 WL 5023354 (S.D.N.Y. Oct. 7, 2014)	Alleged infringer	No	The court held that the patentee's conduct did not cause the alleged infringer to suffer any unwarranted attorney fees. In addition, the case was dismissed because of the patentee's failure to obtain counsel, so there was no decision on the merits. Therefore, the alleged infringer could not prove the suit was objectively baseless.
<i>Wiley v. RockTenn CP LLC</i> , 2014 WL 4929447 (E.D. Ark. Sept. 30, 2014)	Alleged infringer	No	The court held that this was not an exceptional case because the alleged infringer had at one time held a license to the patent, and it was not unreasonable for the patentee to allege that other similar products sold by the alleged infringer also infringed the patent.
<i>Western Holdings LLC v. Summers</i> , 2014 WL 4922628 (D. Utah Sept. 30, 2014)	Alleged infringer	No	The court held that there was nothing in the record to suggest this case was exceptional. The patentee filed a complaint, the alleged infringer moved to dismiss and the patentee voluntarily dismissed its claims.
<i>SmartWater Ltd. v. Applied DNA Sciences</i> , No. 12-CV-05731, (E.D.N.Y. Sept. 29, 2014)	Alleged infringer	No	The patentee decided to drop its claim against the alleged infringer. The court held that while the alleged infringer's arguments of non-infringement seemed strong, the patentee's arguments were not exceptional in their weakness. The court also found that the patentee had not displayed bad faith in the course of litigation.
<i>Summit Data Systems LLC v. EMC Corp.</i> , 2014 WL 4955689 (D. Del. Sept. 25, 2014)	Alleged infringer	Yes	The court found that infringement would have been impossible because the alleged infringer's product would only infringe when used in conjunction with certain Microsoft software. Microsoft held a license to the patent, however, so there could be no infringement. It took the patentee 18 months to disclose the licensing agreement. In addition, the court found that the patentee was a patent assertion entity and was only seeking to extract nuisance-value settlements from its targets.
<i>Ohio Willow Wood Co. v. Alps South LLC</i> , 2014 WL 4775374 (S.D. Ohio Sept. 24, 2014)	Alleged infringer	Yes	The court held that the patentee had engaged in inequitable conduct before the Patent and Trademark Office during re-examination proceedings. The court held that this made the case exceptional.

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<i>Linex Technologies v. Hewlett-Packard Co.</i> , 2014 WL 4616847 (N.D. Cal. Sept. 15, 2014)	Alleged infringer	Yes	The court held that the patentee knew its claims were objectively weak because the claims were construed in two previous forums such that infringement could not be found.
<i>Parallel Iron LLC v. NetApp Inc.</i> , 2014 WL 4540209 (D. Del. Sept. 12, 2014)	Alleged infringer	No*	The court held that the alleged infringer could not be considered a prevailing party when the parties filed a joint motion to dismiss after the patentee entered into a licensing agreement that benefited the alleged infringer. However, the court awarded attorney fees under its inherent authority because it found that the patentee litigated the case in bad faith. (*While the court did not award attorney fees under Section 285, it did award them under its inherent authority.)
<i>Chalumeau Power Systems LLC v. Alcatel-Lucent</i> , 2014 WL 4675002 (D. Del. Sept. 12, 2014)	Alleged infringer	Yes	The court held that the patentee's infringement theories and claim construction positions were frivolous. The court also found that patentee's sole purpose in filing the lawsuit was to extort a settlement fee. The patentee tried to string out the case so that the alleged infringer would incur significant costs, while trying to minimize its own costs.
<i>IPVX Patent Holdings v. Taridium LLC</i> , 2014 WL 4437307 (E.D.N.Y. Sept. 9, 2014)	Patentee	No	The court entered a default judgment against the alleged infringer because it failed to defend the action. Because the patentee provided no reason why the case should be considered exceptional, and did not allege willful infringement in its complaint, the court denied attorney fees.
<i>H-W Technology Inc. v. Overstock.com Inc.</i> , 2014 WL 4378750 (N.D. Tex. Sept. 3, 2014)	Alleged infringer	No	The court affirmed recommendations by a magistrate judge and held that, even though the patentee's arguments were ultimately found to be without merit, they were not clearly frivolous, and all of the proceedings were conducted by written submissions in a relatively timely manner.
<i>Gametec LLC v. Zynga, Inc.</i> , 2014 WL 4351414 (N.D. Cal. Sept. 2, 2014)	Alleged infringer	No	The court held that even though the asserted patent was found invalid on the pleadings, this case was not exceptional. The patent was found invalid as an abstract idea, but the critical idea of inventive concept was evolving at the time. The patentee's claims, therefore, were not frivolous or objectively unreasonable. In addition, the court held that the patentee's litigation strategy, while aggressive, was not so exceptional as to justify attorney fees.
<i>Gevo Inc. v. Butamax Advanced Biofuels LLC</i> , 2014 WL 4247735 (D. Del. Aug. 26, 2014)	Alleged infringer	No	The court held that, even though non-infringement was found on summary judgment, the patentee's claims were not exceptionally meritless. There was intense competition and disagreement between the parties, and summary judgment was only granted after reviewing expert reports and hearing oral arguments.
<i>Rubbermaid Commercial Products v. Trust Commercial Products</i> , 2014 WL 4987878 (D. Nev. Aug. 22, 2014)	Patentee	Yes	The court entered a default judgment against the alleged infringer because it failed to defend against the action. Because the patentee's complaint alleged willful infringement, and such allegations must be accepted as true when entering a default judgment, the court awarded attorney fees.
<i>Yufa v. TSI Inc.</i> , 2014 WL 4071902 (N.D. Cal. Aug. 14, 2014)	Alleged infringer	Yes	The court found that the patentee had carried out an inadequate pre-filing investigation and that the case became exceptional after the patent tutorial. At that point it should have been clear that the patent was not infringed. The court also held that, even though the patentee was a <i>pro se</i> litigant, he was an experienced one, and therefore he should not be relieved of paying attorney fees.

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<i>Romag Fasteners Inc. v. Fossil Inc.</i> , 2014 WL 4073204 (D. Conn. Aug. 14, 2014)	Patentee	Yes	The court held that, although not all the alleged infringer's defenses were entirely groundless, those that were should have been withdrawn before the close of evidence. The court also highlighted as an important factor the differing importance of the invention to each party. It was the patentee's entire business, but made up only a small portion of the infringer's business.
<i>Kilopass Technology v. Sidense Corp.</i> , 2014 WL 3956703 (N.D. Cal. Aug. 12, 2014)	Alleged infringer	Yes	The court held that the patentee pursued litigation in an unreasonable manner because the patentee alleged literal infringement when it was clear that there was none, took inconsistent positions before the court and the Patent Trial and Appeal Board, and did not carry out a sufficient pre-filing investigation of whether the patent was infringed by way of the doctrine of equivalents.
<i>Integrated Technology Corp. v. Rudolph Technologies</i> , No. 06-CV-2182 (D. Ariz. Aug. 8, 2014)	Patentee	Yes	The court held that the alleged infringer had, among other things, tried to hide its infringement and provided false discovery responses. Its defense was not only objectively unreasonable but strikingly weak.
<i>Stragent LLC v. Intel Corp.</i> , 2014 WL 6756304 (E.D. Tex. Aug. 6, 2014)	Alleged infringer	No	The court held that while some of the patentee's theories of infringement were weak, the alleged infringer never even challenged them in summary judgment. No injustice would result from requiring the alleged infringer to pay its own attorney fees as a result.
<i>Meyer Intellectual Properties v. Bodum USA Inc.</i> , 2014 WL 3724797 (N.D. Ill. July 28, 2014)	Alleged infringer	No	The alleged infringer's request for fees was based on its assertion of inequitable conduct and litigation misconduct. The court held that there was insufficient evidence of inequitable conduct. There was insufficient evidence that the patentee was aware of the prior art that ultimately invalidated the patent.
<i>Pragmatus Telecom LLC v. Newegg Inc.</i> , 2014 WL 3724138 (D. Del. July 25, 2014)	Alleged infringer	No	The court held that the alleged infringer could not be considered a prevailing party because the patentee moved to dismiss the case only after it entered into licensing agreements with the alleged infringer's suppliers, leading to downstream licensures for the alleged infringer.
<i>EON Corp. IP Holdings LLC v. Cisco Systems</i> , 2014 WL 3726170 (N.D. Cal. July 25, 2014)	Alleged infringer	No	The court held that while the patentee's infringement arguments after claim construction were quite stretched, and few patentees would pursue the case, the court could not hold that no reasonable patentee would pursue it.
<i>Lee v. Mike's Novelties</i> , No. 10-CV-02225 (C.D. Cal. July 14, 2014)	Patentee	No	The court held that while there may have been some litigation misconduct, it was modest and was insufficient for an award of attorney fees. In addition, the alleged infringer's defense was supported by some evidence and was not objectively unreasonable.
<i>Medtrica Solutions Ltd. v. Cygnus Medical LLC</i> , No. 12-CV-538 (W.D. Wash. July 10, 2014)	Alleged infringer	Yes	The court held that the patentee's counterclaims for infringement were unreasonable because it had over a year to develop evidence of infringement but failed to do so.
<i>Action Star Enterprise Co. v. Kaijet Technology International</i> , No. 12-CV-08074 (C.D. Cal. July 7, 2014)	Alleged infringer	Yes	The court held that the patentee litigated the case in an unreasonable manner because it did not properly comply with discovery requests.

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Case Name	Filer of motion for fees	Granted?	Summary
<i>Cognex Corp. v. Microscan Systems</i> , 2014 WL 2989975 (S.D.N.Y. June 30, 2014)	Patentee	Yes	The court held that the alleged infringer's defenses were particularly weak and lacked support in the evidence. In addition, the jury found against the alleged infringer on the subjective prong of willful infringement. The alleged infringer engaged in unreasonable litigation tactics that wasted time.
<i>Precision Links Inc. v. USA Products Group</i> , 2014 WL 2861759 (W.D.N.C. June 24, 2014)	Alleged infringer	Yes	The court awarded two-thirds of the alleged infringer's attorney fees because the claim of infringement, with respect to two out of the three claims asserted, was frivolous and objectively baseless. In addition, the patentee pursued unreasonable litigation strategies, such as seeking a frivolous preliminary injunction based on consumer safety.
<i>Realtime Data LLC v. CME Group Inc.</i> , No. 11-CV-6697 (S.D.N.Y. June 24, 2014)	Alleged infringer	No	The court held that the fact that the patentee ultimately lost on summary judgment does not make a case exceptional. In addition, the fact that the patentee submitted a privilege log that subsequently required significant revision is not sufficient to find the case exceptional.
<i>Shire LLC v. Amneal Pharms.</i> , 2014 WL 2861430 (D.N.J. June 23, 2014)	Patentee	No	The court held that there was insufficient evidence of willful infringement, and there was nothing to suggest this was an exceptional case. The court found this to be a fairly typical Hatch-Waxman case, with the alleged infringer doing nothing more than defendants typically do when seeking to market a generic.
<i>Rimlinger v. Shenyang 245 Factory</i> , 2014 WL 2527147 (D. Nev. June 4, 2014)	Patentee	No	The court entered a default judgment against the alleged infringer because it failed to defend against the action. However, because the patentee provided no reason why the case should be considered exceptional, the court denied attorney fees.
<i>Robinson v. Bartlow</i> , 2014 WL 2468817 (W.D. Va. June 3, 2014)	Alleged infringer	No	The court held that the alleged infringer could not be considered a prevailing party because the case was dismissed without prejudice for the patentee's failure to prosecute.
<i>CreAgri Inc. v. PinnacLife Inc.</i> , 2014 WL 2508386 (N.D. Cal. June 3, 2014)	Alleged infringer	No	The court held that the pre-filing investigation was sufficient where the patentee relied on a product label as opposed to testing the product. In addition, while ultimately unsuccessful, the patentee provided substantial evidence supporting its claim of infringement.
<i>Intellect Wireless Inc. v. Sharp Corp.</i> , 2014 WL 2443871 (N.D. Ill. May 30, 2014)	Alleged infringer	Yes	The patentee was found to have engaged in inequitable conduct in securing the patent. The court noted that inequitable conduct is not always sufficient to support a finding that a case is exceptional, but here the patentee had made affirmative false misrepresentations to the Patent and Trademark Office in order to swear behind prior art.
<i>EON Corp. IP Holdings LLC v. FLO TV Inc.</i> , 2014 WL 2196418 (D. Del. May 27, 2014)	Alleged infringer	No	The court held that while the claims were ultimately found invalid, they were computer-implemented means-plus-function claims, a complex and evolving area of the law. The decision to invalidate was not an easy one, and, therefore, the patentee's case was not so deficient as to justify attorney fees. In addition, it was not necessarily unreasonable for the patentee to continue litigating after it became clear that it would likely recover less than what it would cost to litigate.

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<i>Kaneka Corp. v. Zhejiang Medicine Co.</i> , No. 11-CV-02389 (C.D. Cal. May 23, 2014)	Alleged infringer	No	The court held that it was not unreasonable for the patentee to continue litigating after the International Trade Commission had found no infringement, or after the court had adopted claim constructions similar or identical to those adopted at the ITC.
<i>Home Gambling Network Inc. v. Piche</i> , 2014 WL 2170600 (D. Nev. May 22, 2014)	Alleged infringer	Yes	The court held that the case was exceptional because it should have been clear that the claim of infringement would fail when all the steps of the method patent were not carried out in the U.S., and there was case law from the Federal Circuit directly on point.
<i>Classen Immunotherapies Inc. v. Biogen Idec</i> , 2014 WL 2069653 (D. Md. May 14, 2014)	Alleged infringer	Yes	The court held that the claim of infringement was objectively unreasonable because the patentee learned within five months that the alleged infringer's only involvement was licensing the vaccine before the patent had issued.

Trademark cases

CONTINUED FROM PAGE 1

the trademark in 1993. In 1996, Hargis Industries applied to register the mark Sealtite for its own fasteners.

B&B opposed the application before the Trademark Trial and Appeal Board and filed an infringement suit against Hargis in the U.S. District Court for the Eastern District of Arkansas in 1998 after Hargis began selling the Sealtite line of metal screws. The TTAB action was stayed pending the litigation, the petition said.

Following a four-day trial in May 2000 the jury returned a verdict for Hargis. The parties then returned to the TTAB, where Hargis argued that the District Court's decision should be given preclusive effect. The TTAB disagreed, holding that the jury made no findings concerning the likelihood of confusion.

In 2007, the board sustained B&B's opposition and denied Hargis' registration of the Sealtite mark, concluding the marks were "substantially identical" and used on similar products and that Hargis' mark was likely to cause confusion with B&B's registered mark.

B&B returned to court to press its trademark infringement suit against Hargis and sought summary judgment, arguing the TTAB decision has preclusive effect. The District Court denied the motion and did not allow B&B to introduce the TTAB decision into evidence.

The jury found for Hargis. On appeal, a divided panel of the 8th U.S. Circuit Court of Appeals affirmed the decision.

Arguing for B&B at the Supreme Court, **William M. Jay** of **Goodwin Procter** in Washington said the TTAB decision should be preclusive because the key issue before both tribunals was the likelihood of confusion.

Jay said in an email that although the controversy before the TTAB was the issue of registration, and the trial court considered the issue of infringement, that should not change the result of the high court's inquiry.

"B&B Hardware's position is that, under the traditional rules of issue preclusion, the same issue cannot be litigated twice, and that rule should apply to TTAB rulings. Our rule would reduce the opportunity to pursue duplicative litigation when the facts truly have not changed," Jay added.

Arguing on Hargis' behalf, Neal K. Katyal of Hogan Lovells in Washington began oral argument by explaining why the TTAB proceeding did not preclude further consideration by a court.

"Congress made clear that ... the conclusive determination of the right to use a mark in commerce was reserved for Article III courts with robust procedures and sweeping remedies," Katyal told the high court.

He said there is a more limited opportunity to offer evidence in a TTAB proceeding than in court.

HANA FINANCIAL

According to its petition, Hana Financial, incorporated in California in 1994, began using the Hana Financial mark the following year and obtained a federal registration for the trademark in 1996.

Korea-based Hana Bank began in 1971 as Korea Investment Finance Corp. The bank changed its name to Hana Bank in 1991, before it had any businesses in the United States, according to court documents. It established the Hana Overseas Korean Club in 1994 to provide services to U.S. residents.

In 2000 the bank changed its name to Hana World Center and unsuccessfully tried to register the Hana Bank service mark. Without the trademark registration, the company began operating in New York as Hana Bank, Hana Financial said in briefing to the Supreme Court.

When Hana Bank announced it was entering the Los Angeles market, Hana Financial filed a trademark infringement suit in the Central District of California in 2007.

Hana Bank countered that its mark had precedent based on tacking because of its use of the name Hana Overseas Korean Club in 1994.

At trial, the court said the issue was evidentiary rather than a question of law and submitted it to the jury.

According to Hana Financial, the judge, in instructing the jury, said, "the marks must