Insights: Alerts

5 Key Takeaways: Three Years After Octane Fitness – Patent Litigation Fee Fights

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Kilpatrick Townsend's Clay Holloway, a partner in the firm's Atlanta office, recently participated in a webinar as part of a panel to discuss the issue of attorney fees three years after the U.S. Supreme Court decision in Octane Fitness made it easier to recover attorney fees in patent litigation cases.

- Post-*Octane Fitness* attorneys' fees in patent cases hinges almost entirely on exceptional case. The Supreme Court lowered the burden of proof from clean and convincing evidence to preponderance of the evidence. The review standard is for abuse of discretion.

- *Checkpoint Systems* – The Federal Circuit reversed, without remand, the district court's finding of exceptional case noting that the infringement charge was reasonable and the litigation tactics were not bad faith. The *Checkpoint* case demonstrated that not all losing cases were exceptional. The intent of the exceptional case award of attorneys' fees was not to rid patent law of the "American Rule" of parties bearing their own costs.

- *Newegg* – The Federal Circuit reversed, and remanded solely for fee determination, the district court's finding of no exceptional case. The *Newegg* decision focused a great deal on "shifting sands" theories and gamesmanship and highlighted that baseless litigation for nuisance value puts plaintiffs at risk of attorneys' fees awards for pursuing questionable matters.

- Fee Awards must be supported and this requires "opening the cupboard." To recover fees, they must be proven up and this means disclosure of confidential information such as billing rates and time entries. Establishing the reasonableness of the fees sought may require educating the court on the national level of practice of patent cases. If there are multiple parties who are to be awarded fees, courts are loathed to duplicate the aware for duplicated work.

- Let the other side know of your intent to seek fees early! In addition to signaling the strength of your client's position, having a "line in the sand" of when the opposing party lost its footing in terms of the strength of its case allows a district court to mark when a case may have become exceptional. In *Newegg*, the court noted that after claim construction, the plaintiff had essentially proved themselves out of a case and thus the continued prosecution of the action was exceptional and warranted fees.

Related People



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