

# Lessons On Attorney Fee Motions In Fed. Circ. Patent Case

By **Jeremy Edwards** (June 9, 2023)

The U.S. Court of Appeals for the Federal Circuit recently provided some helpful reminders about pursuing and opposing awards of attorney fees in patent litigation.

In the May 23 *OneSubsea IP UK Ltd. v. FMC Technologies Inc.* decision, the Federal Circuit affirmed the U.S. District Court for the Eastern District of Texas' rejection of FMC's bid for fees.

While the *OneSubsea* decision does not break new ground, a few twists and turns make it instructive in several ways. This article discusses several lessons and a reminder that emerge from this decision.



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## Background

This was a patent infringement dispute between competitors over technology for undersea fossil fuel exploration. The battle took place at both the district court and the patent office and lasted several years. FMC prevailed, but it was not a linear march to victory.

After winning a key claim construction dispute, FMC moved for summary judgment of noninfringement based on the construed claim term.

Before that motion was decided, however, the district court stayed the case in view of pending inter partes reviews. In deciding to stay the case, the judge remarked that it was unclear whether the motion would be granted.

The IPRs wiped out a number of claims, but not all of them. Almost three years later, during a hearing about restarting the case, the judge questioned, perhaps incredulously, whether FMC really thought the judge could grant summary judgment on the current record.

When the case was restarted, FMC brought a second motion for summary judgment of noninfringement on essentially the same grounds. In opposing that motion, *OneSubsea's* expert witness relied on a theory that was later found to be inconsistent with the claim construction decision.

For that reason, the expert evidence of infringement was excluded from consideration during summary judgment.

The judge then granted FMC's second motion for summary judgment. In doing so, the district court explained that it was basing its ruling on the absence of admissible evidence from *OneSubsea* to oppose the motion, and not on which side was correct or more persuasive. *OneSubsea* did not appeal the judgment.

Having prevailed on the merits, FMC then moved for an award of attorney fees under Title 35 of the U.S. Code, Section 285. It argued that the case was objectively baseless and that *OneSubsea* had engaged in litigation misconduct, prolonging the case.

Shortly after briefing on that motion was complete, however, the presiding judge retired and a replacement judge was assigned to decide the motion. The new judge denied the motion, and FMC appealed.

## **The OneSubsea Decision**

On appeal, FMC first argued that the Federal Circuit should apply a lower standard of review than the usual "abuse of discretion," standard, because the replacement judge had not "lived with the case."

FMC relied on cases not involving attorney fee motions, where the involvement of a replacement judge led the appellate courts to apply a lower standard of review.

The one OneSubsea panel, however, distinguished those cases as clearly inapposite and outliers because they involved decisions based on witness credibility.

The panel noted that FMC had not pointed to any issue in the case that turned on witness credibility, and noted that the merits of the attorney fee motion "[n]ecessarily...had to be judged on the basis of the written record."

The panel concluded by noting that FMC provided no reason why the panel was in a better position to decide the attorney fee motion than the replacement district court judge.

Second, FMC argued that OneSubsea's infringement argument became objectively baseless when the district court construed the key claim term in FMC's favor.

The panel rejected this argument seizing on several comments along the way from the district court about the strength of each motion for summary judgment. Most notably, the panel then offered the following admonishment:

When a district court, fully aware of the competing contentions of the parties, declines to end the case on summary judgment and allows a plaintiff's case to proceed, the district court may have effectively determined that the position of the party opposing summary judgment is not objectively baseless, making it nearly impossible for the plaintiffs' case (on the issue that was the subject of the summary judgment motion) to "stand out" as lacking substance at that time.

Third, FMC argued that because OneSubsea failed to put up evidence sufficient to preclude summary judgment, this failure alone rendered the case exceptional. The panel disagreed, reasoning that Onesubsea had come up with some evidence; it just turned out to be inadmissible.

## **Lessons From the OneSubsea Decision**

Several lessons and a reminder emerge from this decision. First, persuading the district court to your side on an attorney fee motion is essentially your only shot.

The decision is highly discretionary, so do not expect rigorous scrutiny from the Federal Circuit.

Moreover, the panel signaled that it might never lower the standard of review. Indeed, the panel suggested that even in a replacement judge scenario, (1) the standard of review on appeal will only be lowered if the underlying decision involved witness credibility determinations, and (2) exceptional case motions are "necessarily" decided on the papers.

But if a case is objectively baseless, it is not likely going to turn on witness credibility. And likewise, if a motion is decided on the papers it is not clear when witness credibility would ever factor in.

Second, take note of comments from the court about the merits of the case made along the way. Even if equivocal, merely uttered in passing or made as part of a procedural dispute, such comments make or break a motion for attorney fees.

Here, the judge commented that the outcome of the first summary judgment motion was uncertain.

Later, the judge incredulously asked FMC's counsel if they "really think [the judge is] going to be able to grant summary judgment on that?"

The Federal Circuit relied on both remarks as indicating that the district court did not regard OneSubsea's infringement position as objectively baseless.

Third, be mindful that moving for summary judgment and pressing for it to be decided can imperil a later bid for attorney fees.

Here, the OneSubsea panel went out of its way to make the point that a court's refusal to decide a motion for summary judgment and to instead let the case proceed — or be stayed for other reasons — can demonstrate that the case was not exceptional at the time.

Finally, a case is not automatically exceptional simply because it was ultimately resolved on summary judgment.

Here, the Federal Circuit endorsed the district court's reasoning that OneSubsea's "ultimate failure to produce admissible evidence" to stave off summary judgment did not alone make the case exceptional, because it was "not a case in which [patentee] produced no evidence at all to support its case."

One might be forgiven for questioning this as a peculiar distinction. But see lesson one above: do not expect rigorous appellate scrutiny of a decision on attorney fees.

## **Conclusion**

In pursuing and defending against attorney fee motions in patent litigation, there may be no silver bullet. The totality of the circumstances must be considered.

Be mindful of the moves you make, and take note of the moves made by your adversary. Whether attorney fees are warranted rests squarely in the discretion of the trial judge, and upending such decisions on appeal will continue to be a tall order.

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[1] Octane Fitness LLC v. Icon Health & Fitness Inc. 572 U.S. 545 (2014).