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Federal Circuit Patent Bulletin: *Therasense, Inc. v. Becton, Dickinson & Co.*

March 12, 2014

"Expressions of outrage and suspicion in the form of attorney argument are not evidence of bad faith. Nor does the mere act of pursuing appellate review—available as a matter of right and frequently necessary to preserve future rights of appeal—by itself suggest an abuse of the legal system."

On March 12, 2014, in *Therasense, Inc. v. Becton, Dickinson & Co.*, the U.S. Court of Appeals for the Federal Circuit (Rader,* Newman, Dyk) affirmed the district court's denial of additional fees beyond its award to Becton of $5,949,050 in attorney fees and $6,389 in post-judgment interest following a case involving U.S. Patents No. 6,143,164, No. 6,592,745 and No. 5,820,551, which related to blood glucose test strips, and the various rulings of noninfringement, invalidity, and unenforceability due to inequitable conduct. The Federal Circuit stated:

Attorney's fees are authorized by statute upon a district court's finding that a case is exceptional. . . . Willfulness and litigation misconduct are among the reasons that a court may find a case to be exceptional. . . . Becton and Nova first contend that they are entitled to itemized appellate and remand fees because the district court's August 21, 2008 exceptional case finding "permeated" the appeal and remand phases. They argue that these additional fees and costs should receive treatment independent of those awarded at the trial phase. For the appeal and remand phases, Becton and Nova claim fees and costs totaling $70,591 for the appeal, $927,093 for rehearing en banc, and $354,213 for remand. Becton and Nova also claim that the cost of pursuing these additional fees before the district court was

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$17,700, not includingthe present appeal. Thus, Becton and Nova seek at least an additional $1,347,297, to which they would add $569,861 in post-judgment interest calculated specifically from August 21, 2008 as well as any pre-judgment interest, yet to be determined.

Civil litigation often includes numerous phases. But a case should be viewed more as an "inclusive whole" rather than as a piecemeal process when analyzing fee-shifting under § 285. [P]arties often task the trial court with allocating costs and attorney's fees, however, "[n]either § 285 nor its legislative history distinguishes between awarding attorney fees in the district court and in the appellate court." Indeed, § 285 does not bar the trial court from awarding fees for the entire case, including any subsequent appeals.

In this case, the district court's March 19, 2009 fee order expressly contemplated an appeal. Indeed, the district court determined that Abbott owed $5,949,050 "following the exhaustion of all appeals . . . [and only] if the Court's inequitable conduct judgment is upheld on appeal." This court vacated the district court's inequitable conduct judgment, thereby vacating the March 19, 2009 order by its express terms. While the district court still found inequitable conduct on remand, its pre-existing inequitable conduct ruling was not "upheld on appeal" as required by the March 19, 2009 fee order. As such, the district court did not err in denying Becton and Nova's motion for additional fees predicated on the vacated determination of inequitable conduct.

As an alternative theory, Becton and Nova assert that Abbott's appeal and petition for rehearing en banc qualify independently as exceptional circumstances. The law provides for appellate and remand fees where those stages of litigation are deemed independently exceptional within the meaning of § 285. . . . Becton and Nova characterize Abbott's continued pursuit of appellate review as a deliberate and malicious attempt to prolong the litigation and to deceive the district court. . . . Becton and Nova present zero evidence of bad faith. Expressions of outrage and suspicion in the form of attorney argument are not evidence of bad faith. Nor does the mere act of pursuing appellate review—available as a matter of right and frequently necessary to preserve future rights of appeal—by itself suggest an abuse of the legal system.

Here, a dissent and this court's later decision to grant Abbott's petition for rehearing en banc both demonstrate that Abbott's appeal was not frivolous. Abbott developed its appeal based on the facts and reasonable legal arguments. And Abbott did, in fact, ultimately succeed on appeal in vacating the underlying judgment of inequitable conduct. In this regard, § 285 only awards fees to the "prevailing" party. Abbott prevailed on appeal with respect to inequitable conduct. Thus, even if the appeal itself is deemed exceptional, Becton and Nova cannot be deemed the "prevailing" parties. For all the foregoing reasons, the

district court did not abuse its discretion by declining to award fees for appeal, rehearing, and remand on the basis that Becton and Nova failed to establish that the appeal itself was exceptional. . . .

Becton and Nova also seek post-judgment interest calculated specifically from August 21, 2008, the date the district court found this case to be exceptional. However, where a previous judgment is vacated, any post-judgment interest must be determined based on the more recent judgment. The district court therefore did not err in concluding that post-judgment interest should accrue only from the date of its order reinstating the prior fee award of $5,949,050. Nor did the district court err in denying Becton and Nova prejudgment interest. . . . For the foregoing reasons, the district court's decision to reinstate its award of attorney's fees under § 285 and to deny Becton and Nova's motion for piecemeal fees beyond the original award amount is affirmed.