

THERASENSE, INC. v. BECTON, DICKINSON AND COMPANY, Appeal No. 2012-1504 (Fed. Cir. March 12, 2014). Before Rader, Newman and Dyk. Appealed from N.D. Cal. (Judge Alsup).

Background:

This was the second appeal in an eight-year long patent infringement suit involving patents owned by Plaintiff. The district court had initially granted summary judgment of non-infringement for Defendant and deemed one of Plaintiff's patents unenforceable due to inequitable conduct. The case was found to be exceptional by the district court and the district court determined that Plaintiff owed nearly 6 million dollars in attorney's fees to Defendant "following the exhaustion of all appeals . . . [and only] if the Court's inequitable conduct judgment is upheld on appeal."

Plaintiff did not appeal the exceptional case finding or the fee award, but the Federal Circuit sitting *en banc* altered the standard for inequitable conduct and vacated the district court's inequitable conduct judgment and remanded for further proceedings. On remand the district court applied the new standard and again determined that Plaintiff's patent was procured through inequitable conduct. Defendant's motion to supplement the original fee award with additional fees incurred on appeal (and remand) was denied by the district court because it concluded the appeal was not exceptional. Defendant appealed.

Issue/Holding:

Did the district court abuse its discretion by declining to award additional fees on the basis that Defendant failed to establish the appeal itself was exceptional? No, affirmed.

Discussion:

The Federal Circuit determined that district court did not abuse its discretion in declining to find the appeal exceptional within the meaning of §285 because the appeal itself was not frivolous and Defendant presented no evidence of bad faith. The Federal Circuit determined that Defendant's motion for additional fees was predicated on the vacated determination of inequitable conduct. While the district court still found inequitable conduct on remand, its pre-existing inequitable conduct ruling was not upheld on appeal (i.e., Plaintiff did, in fact, ultimately succeed on appeal in vacating the underlying judgment of inequitable conduct). Thus, because §285 only awards fees to the "prevailing" party and Plaintiff prevailed on appeal with respect to inequitable conduct, even if the appeal itself were deemed exceptional, the Federal Circuit found that Defendant could not be deemed a "prevailing" party.