

WALKER v HSN, Appeal No. 2015-1676 (Fed. Cir. January 6, 2017). Before Reyna, Hughes and Stoll. Appealed from D. Colo. (Judge Martinez).

Background:

Walker sued HSN for infringement of U.S. Patent No. 7,090,627. In May 2014, Walker and HSN entered into mediation and agreed to a settlement in which Walker would dismiss all claims in exchange for \$200,000. HSN filed a Motion to Stay Deadlines, arguing that all claims were resolved, but Walker opposed the motion, stating that significant issues remained between parties. The District Court then denied HSN's motion. HSN filed the agreement with the court along with a reconsideration of denial of the motion, and then filed a Motion to Extend Deadlines, again arguing that all claims were resolved. However, Walker opposed the agreement and filed a Motion of Order to Set Markman Hearing. HSN countered with a Motion to Enforce Mediated Settlement Agreement, and cited an email from Walker's counsel acknowledging that the case was settled.

Walker then executed the general release of all claims, and HSN paid the \$200,000. However, Walker then continued to file various motions and oppositions. HSN filed a Motion for Sanctions, arguing that Walker's meritless findings forced HSN to continue litigating and waste resources for a settled case. The District Court then dismissed all claims and awarded HSN attorneys' fees, noting Walker's vexatious actions. Walker appealed.

During appeal, the parties exchanged briefs. In response to Walker's mischaracterization of HSN attorneys and other frivolous motions, HSN filed a Motion for Sanctions, requesting attorneys' fees and double costs under FRAP Rule 38.

Issue/Holding:

Did the district court err in granting attorney's fees? No, affirmed.

Discussion:

In the discussion of the award of attorneys' fees, the Federal Circuit agreed with the District Court, stating that Walker filed unnecessary and numerous frivolous motions and reargued points that had already been considered and rejected. Walker attempted to argue against the District Court's findings stating that no findings of subjective bad faith were present. However, the Federal Circuit stated that damages may be awarded when litigants acted in bad faith, vexatiously, wantonly or for oppressive reasons. As the vexatiousness of Walker's actions were clearly documented, the District Court was correct in assessing attorneys' fees.

During the appeal, the Federal Circuit found that Walker's use of frivolous arguments, raising of new arguments in the Reply amounting to baseless accusations against the opposing counsel, and implausible reading of case law that was contrary to the rules' explicit language leading to illogical conclusions, warranted sanctions. The Federal Circuit imposed the full amount of HSN's request, and further held Walker's attorney to be jointly and severally liable for the damages.