

DRAGON INTELLECTUAL PROPERTY LLC v. DISH NETWORK LLC, Appeals Nos. 2022-1621, 2022-1777 (Fed. Cir. May 20, 2024). Before Moore, Stoll, and Bencivengo. Appealed from D. Del. (Judge Andrews).

### Background:

Dragon sued DISH Network LLC ("DISH"), Sirius XM Radio Inc. ("SXM"), and eight other defendants, alleging infringement of claims of U.S. Patent No. 5,930,444 ("444 Patent"). DISH and SXM filed a petition seeking *inter partes* review ("IPR") of the 444 Patent, and the PTAB instituted review. The district court stayed proceedings for DISH and SXM, but it proceeded with claim construction as to the other eight defendants. After the claim construction hearing, all parties stipulated to non-infringement, and the PTAB subsequently issued a final written decision holding unpatentable all asserted claims of the 444 Patent.

DISH and SXM moved for attorneys' fees under 35 U.S.C. § 285. The district court denied this motion, holding that neither DISH nor SXM was a prevailing party because invalidating the 444 Patent through IPR proceedings was not a basis for attorneys' fees. This holding was reversed and remanded by the Federal Circuit, which held that DISH and SXM were in fact prevailing parties under § 285. On remand, the district court held that the cases were exceptional and granted-in-part the motion for attorneys' fees for fees sought from Dragon for time spent litigating. But it denied-in-part the motion for attorneys' fees incurred solely during the IPR proceedings and for recovery from Dragon's former counsel. DISH and SXM appealed.

### Issues/Holdings:

Did the district court err in finding the cases exceptional? Did the district court error in denying-in-part the motion for attorneys' fees? No, affirmed.

### Discussion:

The Federal Circuit quickly dealt with the first issue. The district court determined that the cases were exceptional largely based on the lack of strength of Dragon's infringement position, including (i) clear prosecution history disclaimer, (ii) public availability of information demonstrating non-infringement, (iii) notice of non-infringement sent by DISH and SXM after the complaints were filed, and (iv) Dragon's continued litigation after being on notice of the objective baselessness of its allegations. The Federal Circuit found no abuse of discretion here.

The Federal Circuit also held that § 285 does not allow recovery of attorneys' fees incurred in parallel IPR proceedings. The court emphasized that IPR proceedings are voluntary, indeed eight other defendants did not petition for IPR. It also noted that district court judges are not well-positioned to evaluate the exceptionality of arguments, conduct, and behavior in proceedings in which they had no involvement. Finally, the Federal Circuit held that liability for attorneys' fees under § 285 does not extend to counsel. § 285 is silent on who can be liable for a fee award, while other statutes explicitly allow parties to recover costs and fees from counsel.

Judge Bencivengo dissented in part, disagreeing with the majority that § 285 does not allow for recovery for fees incurred during IPR proceedings. She particularly objected to the majority's characterization of IPR proceedings as "voluntary" and "parallel," arguing that DISH and SXM incurred with the IPR fees that they would not have incurred but for being sued by Dragon.