

ESSAYS

AWARDING ATTORNEY FEES AND DETERRING “PATENT TROLLS”

by
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A court may award attorney fees to a prevailing party in a patent trial under exceptional circumstances. Since 2005, courts had applied a rigid formula to determine whether a case was exceptional. In the summer of 2014, the Supreme Court rejected this rigid test. Instead, the Court held that an exceptional case is “simply one that stands out from others.” Finding a case exceptional, the Court said, was at the discretion of the district court and only reviewable on appeal for an abuse of discretion.

A year and a half later, one interesting question is: How do district courts now determine what cases are exceptional in the absence of a more formulaic approach? The analysis of several cases decided soon after the Supreme Court’s decision reveals that district courts primarily analyze a party’s litigation position and litigation conduct to determine whether—in its discretion—to award attorney fees. To a lesser degree, district courts have also awarded attorney fees to deter infringement and unsavory litigation practices.

However, the deterrence rationale has the potential to be problematic: its purpose is to deter litigation practices, but given the current legal climate it could be used to unfairly penalize litigants that might be classified as

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“patent trolls.” The existing literature on the award of attorney fees in patent cases sheds very little light on the problems district courts’ reliance on the deterrence rationale could present. This Essay addresses these problems and offers practical insights as to when courts should rely on the deterrence rationale to award attorney fees. The Essay points out that what makes a case exceptional should have little to do with the identity of the parties. In addition, this Essay prescribes that district courts should not take into account the business model of the parties to justify deterrence as a rationale for awarding attorney fees.

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I. INTRODUCTION

The Patent Act, 35 U.S.C. § 285, states that “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.”¹ Although the language of the statute is simple, applying it has not always been straightforward.²

In 2014, the Supreme Court heard two cases concerning the award of attorney fees in patent cases. In *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, the Supreme Court held that an exceptional case “stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.”³ In doing so, the Court rejected the Federal Circuit’s more rigid test for awarding attorney fees. Eliminating this rigidity presumably gave district courts wide discretion and greater flexibility in making their determinations. In *Highmark, Inc. v. Allcare Health Management System, Inc.*, the Supreme Court clarified that these determinations should be reviewed for abuse of discretion.⁴

In the aftermath of *Octane Fitness* and *Highmark*, this Essay analyzes some recent cases concerning the award of attorney fees. The analysis reveals that district courts have found cases exceptional where the litigation strategies or conduct of the losing party distinguished the case from others. Further, one rationale courts have used to justify their award of attorney fees is that it will deter infringement and unsavory litigation practices.

However, the deterrence rationale has the potential to be problematic: its purpose is to deter litigation practices, but given the current legal climate it could be used to unfairly penalize litigants that could be classified as “patent trolls.” The existing literature on the award of attorney fees in patent cases sheds very little light on the problems presented by district courts’ reliance on the deterrence rationale. This Essay addresses these problems and offers practical insights as to when courts should rely on the deterrence rationale to award attorney fees. The Essay points out that what makes a case exceptional should have little to do with the iden-

¹ 35 U.S.C. § 285 (2012); *see also* 7 DONALD S. CHISUM, CHISUM ON PATENTS § 20.03[4][c][iv] (Matthew Bender 2014) (explaining that in addition to trials, § 285 applies to exceptional appeals).

² *See, e.g.*, Gaia Bernstein, *The Rise of the End User in Patent Litigation*, 55 B.C. L. REV. 1443, 1449–50 (2014); Paul R. Gugliuzza, *Patent Litigation Reform: The Courts, Congress, and the Federal Rules of Civil Procedure*, 95 B.U. L. Rev. 279, 293 (2015).

³ *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014).

⁴ *Highmark, Inc. v. Allcare Health Mgmt. Sys., Inc.*, 134 S. Ct. 1744, 1748 (2014) (explaining that decisions on matters of discretion are reviewable for abuse of discretion).

tivity of the parties. In addition, this Essay prescribes that district courts should not take into account the business model of the parties to justify deterrence as a rationale for awarding attorney fees.

Only a small amount of doctrinal analysis exists on the impact of the Supreme Court's recent decisions regarding attorney fees.⁵ Accordingly, this Essay sets forth a working framework for how district courts are awarding attorney fees. Second, it identifies deterrence as a vulnerable pillar of this framework. That is, if the deterrence rationale is left open to broad interpretation it could lead to improper results.

In this new legal landscape, district courts no longer have to adhere to the rigid *Brooks* test. Thus, at least initially, it may be more difficult to predict whether a court will award attorney fees given a particular set of facts. It is useful to examine recent decisions after *Octane Fitness* in the hopes that the outcomes in those cases will provide future guidance to academics and practitioners.

Part II of this Essay summarizes the history of § 285 and discusses the Supreme Court's recent decisions in *Octane Fitness* and *Highmark* in the context of the anti-patent troll legal climate. Part III includes three Sections. The first Section outlines the characteristics of exceptional cases. The second Section sets forth a preliminary framework for how courts have decided cases after *Octane Fitness*. Given that framework, the third Section explains the danger of relying on a deterrence rationale to award attorney fees, and argues that the business model of the losing party should not factor into that determination.

It is too early to say whether a definite pattern has emerged for the award of attorney fees. However, a close observation of recent cases does yield some useful information and warnings for practitioners and judges that can be helpful in future cases.

II. FEE SHIFTING AND PATENT TROLLS

District courts have had the ability to award attorney fees to prevailing parties in patent cases for more than fifty years. This Part briefly summarizes the evolution of the fee-shifting provision and explains the current law in the wake of the recent decisions in *Octane Fitness* and *Highmark*. It begins with the relevant history of the statute and discusses what led to the Supreme Court's decision in *Octane Fitness*. This Part concludes by characterizing the significance of the Supreme Court's rulings within the larger policy debate about patent trolls.

⁵ See, e.g., Darin Jones, Note, *A Shifting Landscape for Shifting Fees: Attorney-Fee Awards in Patent Suits After Octane and Highmark*, 90 WASH. L. REV. 505, 507 (2015); Aria Soroudi, Comment, *Defeating Trolls: The Impact of Octane and Highmark on Patent Trolls*, 35 LOY. L.A. ENT. L. REV. 319, 321 (2015).

A. *Recalibrating the Award of Attorney Fees*

The language of § 285 is simple. However, its application, especially within the last decade, has been more complex. This Section discusses changes in how the courts have applied § 285, beginning with its statutory origin.

1. *Statutory Background*

In the United States, a court cannot award attorney fees unless authorized by statute or contract.⁶ In 1946, Congress passed a law that gave courts authority to award attorney fees to a prevailing party in patent cases.⁷ The awarding of attorney fees was at the courts’ discretion but was not intended to be a regular occurrence.⁸

The 1952 Patent Act clarified but did not substantively alter Congress’s earlier language.⁹ The Patent Act, 35 U.S.C. § 285, succinctly states that in patent cases “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.”¹⁰ As they had done before the 1952 Act, district courts used their discretion in awarding attorney fees by analyzing various factors to determine if the case was exceptional.¹¹ Moreover, until 2005, the Federal Circuit endorsed this totality of the circumstances approach in awarding attorney fees.¹²

2. *The Brooks Test and Its Rejection by the Supreme Court*

The totality of the circumstances approach that had been applied since the 1950s was abandoned by the U.S. Court of Appeals for the Federal Circuit in *Brooks Furniture Manufacturing v. Dutailier International*.¹³ In its place, the Federal Circuit set forth a multi-part test for awarding attorney fees. Unfortunately, the test was too complex.

Under the *Brooks* test, first, a case was exceptional if material inappropriate conduct had occurred.¹⁴ Second, a court could award fees

⁶ See CHISUM, *supra* note 1, § 20.03[4][c][iv] (“[T]he American rule against the award of attorney fees, in the absence of a statute or compelling circumstances, developed in order to avoid penalizing parties for asserting their legal rights.”).

⁷ *Id.* § 20.03 [4][c][i].

⁸ *Id.* (“Early lower court decisions interpreted the 1946 Act as authorizing an attorney fee award only upon a specific finding of extraordinary or exceptional circumstances.”).

⁹ *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1753 (2014).

¹⁰ 35 U.S.C. § 285 (2012).

¹¹ See *Octane*, 134 S. Ct. at 1753.

¹² See *id.* at 1754.

¹³ See *Brooks Furniture Mfg., Inc. v. Dutailier Int’l, Inc.* 393 F.3d 1378, 1381 (Fed. Cir. 2005), *overruled by Octane*, 134 S. Ct. 1749.

¹⁴ See *id.* (explaining that “willful infringement, fraud or inequitable conduct in procuring the patent, misconduct during litigation, vexatious or unjustified litigation, conduct that violates Fed.R.Civ.P.11, or like infractions” were examples of material

against a patentee if the litigation was “brought in subjective bad faith” and the litigation was “objectively baseless.”¹⁵ The Federal Circuit said that litigation brought in subjective bad faith was litigation that the plaintiff knew was objectively baseless.¹⁶ Objectively baseless litigation was litigation that no reasonable litigant would believe would succeed.¹⁷ Finally, the Federal Circuit said that the offending conduct and a finding that the case was exceptional had to be proven by clear and convincing evidence.¹⁸

In the summer of 2014, the Supreme Court characterized the *Brooks* test as unduly rigid and rejected the test for several reasons.¹⁹ In *Octane Fitness*, the Court found the *Brooks* test contrary to the language of both the 1946 and 1952 statutes as interpreted by other regional circuits.²⁰ First, the Court declared that the conduct named under the *Brooks* test consisted of “independently sanctionable conduct.”²¹ Second, the Supreme Court asserted that a case might be exceptional if it were just brought in bad faith or was just objectively baseless.²² In other words, an exceptional case did not have to be both.²³ In sum, the Supreme Court held that the *Brooks* test was inconsistent with 35 U.S.C. § 285.²⁴

Further, the Supreme Court rejected the clear and convincing evidence standard set forth in *Brooks*.²⁵ Instead, the Court explained that the correct standard was a preponderance of the evidence standard.²⁶ In doing so, the Court noted that this was the standard that was traditionally used in patent litigation.²⁷

inappropriate conduct).

¹⁵ *Id.*

¹⁶ *See* *iLOR, LLC v. Google, Inc.*, 631 F.3d 1372, 1377 (Fed. Cir. 2011).

¹⁷ *Id.* at 1378.

¹⁸ *See Brooks*, 393 F.3d at 1382.

¹⁹ *See Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1758 (2014); CHISUM, *supra* note 1, § 20.03[4][c][i] (explaining that the Court also rejected the *Brooks* test because it was too high a bar for awarding attorney fees and would make 35 U.S.C. § 285 superfluous).

²⁰ *Octane*, 134 S. Ct. at 1753–54; CHISUM, *supra* note 1, § 20.03 [4][c][i].

²¹ *See Octane*, 134 S. Ct. at 1756 (2014); CHISUM, *supra* note 1, § 20.03[4][c][ii] (making the distinction that exceptional conduct may not necessarily be independently sanctionable).

²² *See Octane*, 134 S. Ct. at 1757; CHISUM, *supra* note 1, § 20.03[4][c][ii].

²³ *Octane*, 134 S. Ct. at 1757 (“But a case presenting either subjective bad faith or exceptionally meritless claims may sufficiently set itself apart from mine-run cases to warrant a fee award.”).

²⁴ *Id.* at 1752–53.

²⁵ *Id.* at 1758.

²⁶ *Id.*

²⁷ *Id.*

3. Octane Fitness and Identifying an Exceptional Case

In rejecting the Federal Circuit’s *Brooks* test, the Supreme Court’s decision in *Octane Fitness* reestablished that a determination of whether a case was exceptional should be based on the totality of the circumstances.²⁸ The district court previously denied Octane’s motion for attorney fees, because it reasoned that Octane failed to show that ICON’s case was brought in subjective bad faith or was objectively baseless.²⁹ On appeal, the Federal Circuit rejected Octane’s argument that the test applied by the district court was too restrictive and upheld the denial of attorney fees.³⁰

On appeal before the Supreme Court, Octane’s arguments were more persuasive. An exceptional case, said the Court, was “simply one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.”³¹ The Court suggested various factors could be considered at the discretion of the district court including, but not limited to, “frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.”³² The Court noted that even if a case is exceptional, the awarding of attorney fees is still within the discretion of the trial court.³³ Finally, the Supreme Court clarified that a preponderance of the evidence standard is the proper standard in patent litigation, not clear and convincing evidence.³⁴

B. Confirming the Standard of Review

The same day it decided *Octane Fitness*, the Supreme Court also held in *Highmark* that instead of reviewing a district court’s decision under § 285 de novo, an appellate court should review these decisions for abuse of discretion.³⁵ This rejected the Federal Circuit’s previous view, based in part on the *Brooks* framework, that the award of attorney fees should be

²⁸ *Id.* at 1756; *see also* CHISUM, *supra* note 1, § 20.03[4][c][i].

²⁹ *ICON Health & Fitness, Inc. v. Octane Fitness, LLC*, No. 09-319 ADM/SER, 2011 WL 3900975, at *4 (D. Minn. Sept. 6, 2011).

³⁰ *ICON Health & Fitness, Inc. v. Octane Fitness, LLC*, 496 F. App’x 57, 65 (Fed. Cir. 2012).

³¹ *Id.* at 1756; *see also* CHISUM, *supra* note 1, § 20.03[4][c][i].

³² *Octane*, 134 S. Ct. at 1756 n.6; *see also* CHISUM, *supra* note 1, § 20.03[4][c][i].

³³ *Octane*, 134 S. Ct. at 1755–56; *see also* *Reactive Metals & Alloys Corp. v. ESM, Inc.*, 769 F.2d 1578, 1582 (Fed. Cir. 1985).

³⁴ *Octane*, 134 S. Ct. at 1758 (citing *Béné v. Jeantet*, 129 U.S. 683, 688 (1889)).

³⁵ *Highmark, Inc. v. Allcare Health Mgmt. Sys., Inc.*, 134 S. Ct. 1744, 1747–49 (2014); *see also* CHISUM, *supra* note 1, § 20.03[4][c][i].

reviewed de novo.³⁶ The Supreme Court concluded that since its holding in *Octane Fitness* established that the award of attorney fees was at the discretion of the district court, the findings of the district court must be reviewed for abuse of discretion.³⁷ Further, the Court explained that some deference should be given to the district court's determination on appeal.³⁸

With the newfound flexibility of *Octane Fitness* and the more favorable standard of review courtesy of *Highmark*, some commentators believed that district courts were equipped with powerful legal tools that could deter patent troll litigation. The next Section discusses the impact of the *Octane Fitness* and *Highmark* decisions on the broader policy debate surrounding patent trolls.

C. Awarding Attorney Fees and Patent Trolls

An in-depth discussion on the patent-troll phenomenon is beyond the scope of this Essay. Instead, this Section accomplishes two goals. First, it briefly explains the current anti-patent-troll climate and tries to put it into context. Second, it explains why the Supreme Courts' decisions in *Octane Fitness* and *Highmark*, rightly or wrongly, were considered to be detrimental to patent trolls.

1. The Patent Troll

Thus far, I have avoided defining "patent troll." This is because the term is hard to define and has different meanings depending on whom you ask.³⁹ "Patent troll" was first used in 2001 to describe an entity that instead of commercializing its patented technology chose to license the technology to others.⁴⁰ Whatever the definition, there is no doubt that the term has negative connotations and when it is used, most people are attempting to define a bad actor.

The danger with most definitions of patent troll is that they are overly broad.⁴¹ For example, Bessen and Meurer eschew the term patent troll

³⁶ *Highmark*, 134 S. Ct. at 1747 (explaining that the Federal Circuit viewed whether litigation was objectively baseless under the *Brooks* test as a matter of law and therefore reviewable de novo); *Highmark, Inc. v. Allcare Health Mfg. Sys., Inc.*, 687 F.3d 1300, 1310 (Fed. Cir. 2012).

³⁷ *Highmark*, 134 S. Ct. at 1748.

³⁸ *Id.*; see also CHISUM, *supra* note 1, § 20.03[4][c][i] (explaining that if a district court's determination is due to a clearly erroneous interpretation of the law or a clearly erroneous assessment of the evidence it is an abuse of discretion).

³⁹ See Eric Rogers & Young Jeon, *Inhibiting Patent Trolling: A New Approach for Applying Rule 11*, 12 Nw.J. TECH & INTELL. PROP. 291, 301 (2014) (acknowledging that a definition of a patent troll is hard to obtain).

⁴⁰ Brenda Sandburg, *Trolling for Dollars*, RECORDER (July 30, 2001), <http://www.therecorder.com/id=900005370205/Trolling-for-Dollars?slreturn=20150911181220>.

⁴¹ See Rogers & Jeon, *supra* note 39, at 301–02.

for “non-practicing entity.”⁴² However, their definition includes universities.⁴³ Are non-profit research institutions such as universities bad actors?

Another common definition is based on identifying the revenue stream of an entity.⁴⁴ The Federal Trade Commission uses the term “patent assertion entities,” and defines the entities as “firms whose business model primarily focuses on purchasing and asserting patents.”⁴⁵ Some of these “patent assertion entities,” such as Conversant, draw a distinction between their business model and that of a bad actor.⁴⁶ Specifically, Conversant asserts that there is a difference between a patent-licensing business model and a patent-litigation model.⁴⁷

A more sinister variation of this definition explains that a patent troll uses the threat and cost of patent litigation to generate revenue.⁴⁸ This Essay is most concerned with this definition, because it provides context for the Supreme Court’s decisions in *Octane Fitness* and *Highmark*. The next Subsection explains how.

2. *The Anti-Patent-Troll Climate*

The previous Subsection briefly explained how commentators define “patent troll.” Further, it suggested that patent trolls are feared for using patent litigation or the threat of patent litigation to generate revenue. There is evidence to suggest that these fears are well founded. Patent litigation is notoriously expensive.⁴⁹ Further, the patent licensing business model is a main driver of patent litigation in the U.S.⁵⁰ Accordingly, policy makers have made several proposals in an attempt to put an end to patent trolls.

Of these proposals, the ones that are of interest for the purposes of this Essay follow from the theory that the U.S. civil procedure system is responsible for facilitating patent troll litigation.⁵¹ To counteract this phenomenon, one commentator has suggested that the application of

⁴² James Bessen & Michael J. Meurer, *The Direct Costs From NPE Disputes*, 99 CORNELL L. REV. 387, 388 (2014); see also Kristen Osenga, *Formerly Manufacturing Entities: Piercing the “Patent Troll” Rhetoric*, 47 CONN. L. REV. 435, 443 (2014).

⁴³ See Osenga, *supra* note 42, at 443.

⁴⁴ See *id.* at 444 (explaining that “one thing on which they all seem to agree is that the company’s income—or at least a substantial portion of income—comes from licensing patents rather than inventing, building, or selling something to consumers”).

⁴⁵ FED. TRADE COMM’N, *THE EVOLVING IP MARKETPLACE: ALIGNING PATENT NOTICE AND REMEDIES WITH COMPETITION* 8 n.5 (2011).

⁴⁶ Osenga, *supra* note 42, at 457.

⁴⁷ *Id.*

⁴⁸ See Rogers & Jeon, *supra* note 39, at 297; see also Osenga, *supra* note 42, at 443.

⁴⁹ See Bernstein, *supra* note 2, at 1483 (discussing statistics regarding the cost of patent litigation).

⁵⁰ See *id.* at 1469–70 (explaining that “patent assertion entities” filed the most patent lawsuits in 2012).

⁵¹ See Rogers & Jeon, *supra* note 39, at 297.

Rule 11 be modified to impose sanctions on patent trolls.⁵² Several other suggestions are in the form of legislative proposals. Generally, these proposals attempt to make litigation undesirable for patent trolls and less risky for defendants by making it more likely that if a patent troll loses at trial, they will bear the burden of paying for the plaintiff's litigation costs.⁵³

As many of these proposals were being considered or discussed, the Supreme Court issued its opinions in *Octane Fitness* and *Highmark*. There is evidence to suggest that some interpreted this as the Court's way of weighing in on the patent troll debate.⁵⁴ For example, Soroudi argues that *Octane Fitness* and *Highmark* will hinder patent troll litigation.⁵⁵ Indeed, there is also some empirical evidence suggesting a decline in lawsuits by patent trolls occurred after *Octane Fitness* and *Highmark*.⁵⁶

However, the belief that the purpose of *Octane Fitness* and *Highmark* is to stop patent trolls is misguided and dangerous. The belief is misguided because, as Part III illustrates, thus far the district courts' framework for awarding attorney fees goes beyond the identity or business models of the litigants. Further, the belief is dangerous because it may improperly lead to the award of attorney fees under a deterrence rationale.

III. APPLYING *OCTANE FITNESS* IN THE ANTI-PATENT-TROLL ENVIRONMENT

It has been over a year since the Supreme Court's decision in *Octane Fitness* and *Highmark*. This Part examines how district courts have applied their broad discretion and what circumstances are influencing the court to determine: (1) that a case is exceptional; and (2) that the court should award attorney fees to the prevailing party. Given that framework, this Part also suggests that courts should be careful when relying on a deterrence rationale to award attorney fees, and argues that the business model of the losing party should not factor into that determination.

⁵² *Id.* at 315.

⁵³ See Soroudi, *supra* note 5, at 328 (discussing the SHIELD Act of 2013); see also Rogers & Jeon, *supra* note 39, at 295, 309–10; Bernstein, *supra* note 2, at 1450 (arguing that fee shifting is warranted when the prevailing party is an end user).

⁵⁴ See John F. O'Rourke et al., *Silver, Garlic, and Attorney's Fees*, ORANGE COUNTY LAW, Oct. 2014, at 28.

⁵⁵ See Soroudi, *supra* note 5, at 319.

⁵⁶ See *id.* at 343–44 (noting a 23% decrease in new patent litigation filings in May 2014 compared to May 2013).

A. *Finding an Exceptional Case*

Under 35 U.S.C. § 285, a court may award attorney fees in an exceptional patent case to a prevailing party.⁵⁷ In *Octane Fitness*, the Supreme Court held that the determination of whether a case was exceptional was to be made on a case-by-case basis at the district court’s discretion.⁵⁸ The Court stated that no precise rule existed and only identified “considerations” that the trial court could take into account in making its determination.⁵⁹ There is a healthy body of case law before *Brooks* that describes how to identify a prevailing party and characterize exceptional cases. This Section relies in part on that case law to explain who is a prevailing party and to provide examples of what may make a case exceptional.

1. *Identifying the Prevailing Party*

There are several ways in which a trial court may identify one party as having prevailed for the purposes of 35 U.S.C. § 285. For example, if a party succeeds in having a claim dismissed with prejudice after discovery, that party has prevailed.⁶⁰ Another example of a prevailing party is one that succeeds in having the asserted patent declared invalid.⁶¹

Sometimes in complex cases, both parties may prevail on separate issues. In these cases, the trial court has broad discretion as to how to apportion attorney fees.⁶² Cases in which the prevailing patentee is awarded attorney fees may include instances of “willful or deliberate infringement”⁶³ or bad faith litigation.⁶⁴ Cases in which the accused infringer prevails and is awarded attorney fees generally require bad faith litigation on the part of the patentee or the commission of fraud or inequitable conduct in obtaining the asserted patent.⁶⁵

2. *Standing Out from the Rest*

In *Octane Fitness*, the Supreme Court held that an exceptional case is one that stands out from all the rest.⁶⁶ In two ways a case may “stand out”:

⁵⁷ 35 U.S.C. § 285 (2012).

⁵⁸ *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014).

⁵⁹ *Id.*

⁶⁰ *See Tenax Corp. v. Tensar Corp.*, No. H-89-424, 1991 WL 336921, at *3 (D. Md. Apr. 30, 1991).

⁶¹ *See Manildra Milling Corp. v. Ogilvie Mills, Inc.*, 76 F.3d 1178, 1183 (Fed. Cir. 1996).

⁶² *See Dixie Cup Co. v. Paper Container Mfg. Co.*, 174 F.2d 834, 836–37 (7th Cir. 1949).

⁶³ *See Milgo Elec. Corp. v. United Bus. Corp.*, 623 F.2d 645, 667 (10th Cir. 1980).

⁶⁴ *See Cambridge Products, Ltd. v. Penn Nutrients, Inc.*, 962 F.2d 1048, 1050–51 (Fed. Cir. 1992).

⁶⁵ *See Insituform of North America, Inc. v. Midwest Pipeliners, Inc.*, 780 F.Supp. 479, 491 (S.D. Ohio 1991); *Cambridge Products*, 962 F.2d at 1050–51.

⁶⁶ *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756

(1) the litigation position of the parties; or (2) how the case was litigated.⁶⁷ The Court also made clear that conduct during litigation could qualify as exceptional even if it was not the type of conduct that would also be traditionally sanctionable.⁶⁸

District courts have considered cases exceptional where vexatious litigation has occurred. One example of vexatious litigation is when the patentee fails to conduct an adequate investigation before filing suit.⁶⁹ A second example of vexatious litigation involves activities that frustrate discovery such as a party not completely answering interrogatories.⁷⁰ Accordingly, there are numerous examples of conduct that have been characterized as exceptional.

There are also several useful examples of what makes a case not exceptional. A losing or unsuccessful case is not in itself an exceptional case.⁷¹ For example, simply because a defendant loses its arguments as to whether the asserted patent is not infringed and invalid does not make the case exceptional.⁷²

In addition, if a party's litigation position is found to be reasonable, it is unlikely that the case will be characterized as exceptional. Evidence of a reasonable litigation position may include the fact that the party made successful arguments related to claim construction.⁷³ Further, failing to win a jury verdict is not enough to characterize a litigation position as unreasonable.⁷⁴

B. Understanding the New Framework for Awarding Attorney Fees

For over a year, district courts have applied the totality of the circumstances approach, reinstated in *Octane Fitness*, to determine whether to award attorney fees to a prevailing party. First, the trial court makes the initial determination of whether a case is exceptional. Then, the court must provide its rationale for why it found the case exceptional.⁷⁵

(2014).

⁶⁷ *Id.* at 1756.

⁶⁸ *Id.* at 1756–57.

⁶⁹ *See* *Eltech Sys. Corp. v. PPG Indus., Inc.*, 903 F.2d 805, 810 (Fed. Cir. 1990); *see also* *Loctite Corp. v. Fel-Pro, Inc.*, 667 F.2d 577, 584–85 (7th Cir. 1981) (explaining that plaintiff used unconfirmed data to initiate a patent infringement suit).

⁷⁰ *See* *Loctite*, 667 F.2d at 584–85.

⁷¹ *Bianco v. Globus Med., Inc.*, No. 2:12-CV-00147-WCB, 2014 WL 1904228, at *2–3 (E.D. Tex. May 12, 2014) (describing a routine unsuccessful claim).

⁷² *See* *State Indus., Inc. v. A.O. Smith Corp.*, 751 F.2d 1226, 1238 (Fed. Cir. 1985); *see also* CHISUM, *supra* note 1, § 20.03 [4][c][i].

⁷³ *See* *CreAgri, Inc. v. Pinnaclife, Inc.*, No. 11-CV-6635-LHK, 2014 WL 2508386, at *10–12 (N.D. Cal. June 3, 2014); *Stragent, LLC v. Intel Corp.*, No. 6:11-cv-421, 2014 WL 6756304, at *5 (E.D. Tex. Aug. 6, 2014).

⁷⁴ *Stragent*, 2014 WL 6756304 at *5.

⁷⁵ *See* *Reactive Metals & Alloys Corp. v. ESM, Inc.*, 769 F.2d 1578, 1582 (Fed. Cir.

This Section establishes a baseline framework for how district courts make these determinations. Courts primarily analyze a party’s: (1) litigation position; and (2) litigation conduct to determine whether—in its discretion—to award attorney fees. The subsections below discuss recent cases and explain the rationale the court used in coming to its determination.

1. *The Litigation Position of the Losing Party*

One factor trial courts examine in determining whether a case is exceptional is the litigation position of the losing party. This Subsection provides some recent examples of litigation positions that contributed to the exceptionality of several cases.

a. *Weak Cases*

Exceptional cases have been characterized as ones that are so weak that they are meritless.⁷⁶ For example, in *Bayer CropScience AG v. Dow AgroSciences LLC*, the court characterized the plaintiff’s theories as contorted and conclusory.⁷⁷ Despite knowing this before filing the lawsuit, the plaintiff pursued the case.⁷⁸ Further, the court concluded that the plaintiff failed to conduct a sufficient pre-suit investigation since some of the defendant’s best arguments relied on statements made in depositions by the plaintiff’s witnesses.⁷⁹

District courts have also characterized cases where the plaintiff has no reasonable expectation that they can succeed as exceptional. For example, in *IPVX Patent Holdings, Inc. v. Voxernet LLC*, the plaintiff pursued a literal infringement claim even though the plaintiff had no expectation that its literal infringement claim would be successful.⁸⁰ In making its determination, the court primarily relied on evidence that the plaintiff’s pre-trial assertions and presentations to the defendant focused solely on a doctrine of equivalents theory of infringement.⁸¹

1985).

⁷⁶ See *Bayer CropScience AG v. Dow AgroSciences LLC*, No. 12-256 (RMB/JS), 2015 WL 108415, at *4 (D. Del. Jan. 5, 2015).

⁷⁷ *Id.* at *4.

⁷⁸ *Id.* The plaintiff pushed ahead toward trial while unsuccessfully searching for an argument to trump the defendant’s license or contract defense. *Id.* The court recognized that losing at summary judgment does not equate to an exceptional case, but that this case was exceptionally weak because it was built upon “contorted theor[ies]” and “conjectural conclusions,” and only “amount[ed] to distraction.” *Id.* (quoting *Bayer CropScience AG v. Dow AgroSciences, LLC*, No. 12-256 (RMB/JS), 2013 WL 5539410, at *7–10 & nn.12–13 (D. Del. Oct. 7, 2013)).

⁷⁹ *Id.* at *5.

⁸⁰ *IPVX Patent Holdings, Inc. v. Voxernet LLC*, 5:13-cv-01708 HRL, 2014 WL 5795545, at *5 (N.D. Cal. Nov. 6, 2014).

⁸¹ *Id.*

b. Unreasonable Positions

Several cases highlight unreasonable arguments that influenced a court to conclude that the case was exceptional. For example, in *IPVX Patent Holdings* the plaintiff proposed an unreasonably broad claim construction.⁸² Namely, the plaintiff's construction would purportedly cover a phone made with tin cans.⁸³ The court characterized this construction as absurd.⁸⁴ In *Bayer CropScience AG*, the court found that one factor that contributed to it characterizing the case as exceptional was that the plaintiff's arguments required the court to suspend reality.⁸⁵ Similarly, in *Chalumeau Power Systems LLC v. Alcatel-Lucent*, the court found that the plaintiff's argument that an adapter should be equated with the claimed "connector" was unreasonable.⁸⁶

A court might also find that a party's failure to adjust its litigation strategy during a lawsuit makes a case exceptional. In *Cambrian Science Corp. v. Cox Communications, Inc.*, after receiving a narrow claim construction, the plaintiff continued to pursue its case based on its preferred claim construction.⁸⁷ In fact, the plaintiff provided no evidence to support infringement of the patent as construed.⁸⁸

Similarly, a plaintiff taking a position that it knows prior to the lawsuit will fail will likely contribute to a case being characterized as exceptional. In *Kilopass Technology*, despite being cautioned by counsel that the defendant did not literally infringe its patent, and even after independently confirming this was the case, the plaintiff pursued the case on a literal infringement theory until summary judgment.⁸⁹ Another clear example of an exceptional case may be one where a plaintiff pursues a claim of patent infringement even when it knows that the defendant does not infringe the patent.⁹⁰

⁸² *Id.*

⁸³ *Id.*

⁸⁴ *Id.*

⁸⁵ *Bayer CropScience AG v. Dow AgroSciences LLC*, No. 12-256 (RMB/JS), 2015 WL 108415, at *5 (D. Del. Jan. 5, 2015).

⁸⁶ *Chalumeau Power Sys. LLC v. Alcatel-Lucent*, No. 11-1175-RGA, 2014 WL 4675002, at *2 (D. Del. Sept. 12, 2014).

⁸⁷ *Cambrian Sci. Corp. v. Cox Commc'ns, Inc.*, 79 F. Supp. 3d 1111, 1115 (C.D. Cal. 2015) After this unfavorable ruling, the plaintiff did not move for leave to amend its infringement contentions, propose an alternative infringement theory, or remove those infringement contentions; instead, the plaintiff forged ahead with its original theories even though they could not be supported based on the court's construction. *Id.*

⁸⁸ *Id.* at 1115–16.

⁸⁹ *Kilopass Tech., Inc. v. Sidense Corp.*, No. C 10-02066 SI, 2014 WL 3956703, at *10 (N.D. Cal. Aug. 12, 2014).

⁹⁰ *See Summit Data Sys., LLC v. EMC Corp.*, No. 10-749-GMS, 2014 WL 4955689, at *4 (D. Del. Sept. 25, 2014).

c. Lack of Evidence

A party’s failure to provide any evidence in support of its arguments can also make a case exceptional.⁹¹ For example, in *Kilopass Technology, Inc. v. Sidense Corp.*, the plaintiff pursued a claim of infringement based on the doctrine of equivalents, but its original counsel never engaged in any analysis to determine if this was a valid theory.⁹² The plaintiff’s second counsel was not given relevant information, and the plaintiff instructed its second counsel to quit working before it had finished its analysis.⁹³ The doctrine of equivalents theory was ultimately so weak that the plaintiff changed theories on the eve of trial and failed to follow the proper procedures to amend its infringement contentions.⁹⁴ None of the plaintiff’s theories had sufficient support, and they failed to account for significant differences in the defendant’s technology.⁹⁵

Defendants have also been held responsible for failing to support their arguments with sufficient evidence. In *Homeland Housewares, LLC v. Sorensen Research*, the defendant “appeared unprepared or unwilling to satisfy its burden” at summary judgment.⁹⁶ Sorensen repeatedly attacked Homeland’s evidence, but failed to produce any evidence of infringement.⁹⁷ The trial court stated: “[A]fter more than a year of opportunities to take discovery and run tests, Sorensen [had] presented no evidence whatsoever . . . and [had] not even suggested what type of evidence it might present . . . in that regard.”⁹⁸

A party’s inability to provide sufficient evidence may be related to how it conducted its pre-suit investigation. The plaintiff’s failure to perform an adequate pre-suit investigation is a factor that contributes to a case being found exceptional. For example, in *Yufa v. TSI, Inc.*, the court noted that the plaintiff relied solely on advertising to support its in-

⁹¹ See *IPVX*, 2014 WL 5795545 at *5 (The plaintiff failed to provide a “person of ordinary skill in the art” linking the allegedly infringing product to the claims, which made its claims baseless. The court then concluded that “[f]ailing to develop any evidence to support an infringement position” makes the case exceptional.).

⁹² *Kilopass*, 2014 WL 3956703, at *11.

⁹³ *Id.* at *11–12.

⁹⁴ *Id.* at *13.

⁹⁵ *Id.* at *14.

⁹⁶ See *Homeland Housewares, LLC v. Sorensen Research & Dev. Tr.*, 581 F. App’x 877, 881 (Fed. Cir. 2014).

⁹⁷ *Id.*

⁹⁸ *Id.* (alterations and omission in original)(quoting *Homeland Housewares, LLC v. Sorensen Research & Dev. Tr.*, No. CV-11-3720-GW(JEMx), slip op. at 16 (C.D. Cal. August 23, 2012), ECF No. 140).

fringement theories.⁹⁹ Further, the plaintiff failed to test the defendant's products.¹⁰⁰

d. Inconsistency

Finally, inconsistency in a party's argument is another factor that may cause a court to find a case exceptional. In *Kilopass Technology*, the plaintiff took a position at the district court that was inconsistent with the position it took at the Board of Patent Appeals and Interferences.¹⁰¹ The plaintiff argued that the inconsistency was due in part to a protective order.¹⁰² The court disagreed and characterized these inconsistent arguments as gamesmanship.¹⁰³

2. The Litigation Conduct of the Losing Party

The previous Subsection discussed cases where a legal position taken by one of the parties contributed to the case being characterized as exceptional. Courts may also find a case exceptional due to the conduct of the litigants. This conduct includes a broad range of behavior. The following discussion provides some examples of recent conduct that courts found exceptional.

a. Unwillingness to Spend Resources

Cases that have recently been described as exceptional include instances where the court has noted that the litigants demonstrated a lack of effort or extraordinary unwillingness to spend resources during the course of litigation. In *IPVX Patent Holdings*, the court noted that the plaintiff failed to "expend the resources necessary to support its positions on infringement."¹⁰⁴ For example, the plaintiff did not conduct a pre-suit investigation and reused claim construction briefs from other cases that involved products that were different from the allegedly infringing products.¹⁰⁵ The court in *Chalumeau Power* also found the plaintiff's pre-suit investigation inadequate for several reasons.¹⁰⁶ Specifically, the plaintiff's arguments relied solely on public documents, it did not thoroughly vet the accused product families, and its expert failed to review the defendant's central technical documents until after claim construction.¹⁰⁷

⁹⁹ See *Yufa v. TSI, Inc.*, No. 09-cv-01315-KAW, 2014 WL 4071902, at *3 (N.D. Cal. Aug. 14, 2014).

¹⁰⁰ *Id.*

¹⁰¹ *Kilopass Tech., Inc. v. Sidense Corp.*, No. C 10-02066 SI, 2014 WL 3956703, at *10 (N.D. Cal. Aug. 12, 2014).

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ *IPVX Patent Holdings, Inc. v. Voxernet LLC*, 5:13-cv-01708 HRL, 2014 WL 5795545, at *6 (N.D. Cal. Nov. 6, 2014).

¹⁰⁵ See *id.*

¹⁰⁶ *Chalumeau Power Sys. LLC v. Alcatel-Lucent*, No. 11-1175-RGA, 2014 WL 4675002, at *2 (D. Del. Sept. 12, 2014).

¹⁰⁷ See *id.* at *1-2.

b. Conduct During Discovery

Conduct during discovery can also trigger a determination by a court that the case is exceptional. In particular, burdensome discovery has been found to be exceptional. For example, in *Cambrian Science Corp.*, the court discussed that not only was the discovery the plaintiff requested burdensome because of the large amount of data involved, but it was also unjustified because the plaintiff did not intend to use the information it acquired with respect to these burdensome requests.¹⁰⁸

c. Gamesmanship

In several cases, courts have asserted that gamesmanship or misrepresentation on the behalf of the losing party contributed to the exceptionality of a case and warranted the award of attorney fees. In *Kilopass Technology*, the plaintiff made arguments at the district court that were irreconcilable with arguments it had previously made during a BPAI hearing.¹⁰⁹ The court characterized this action as gamesmanship.¹¹⁰ Another court described a plaintiff’s conduct as a misrepresentation when the plaintiff implied that a terminal disclaimer had been filed when in fact it did not exist.¹¹¹

d. Improper Motives

Finally, courts have characterized a case as exceptional based on the motives of the losing party. For example, in *Chalumeau Power*, the court held that the plaintiff’s conduct was exceptional because there was evidence that it minimized its costs in an attempt to extort a settlement.¹¹² Similarly, in *Cambrian Science Corp.*, the court concluded that the purpose of the plaintiff’s lawsuit was to extract an early settlement from the defendant because it sued presumably weak parties.¹¹³ The defendants were customers of a larger company who had negotiated with the plaintiff’s predecessor-in-interest about the asserted patent.¹¹⁴

C. Awarding Attorney Fees to Deter Future Lawsuits

The previous Section discussed cases where the legal arguments and litigation conduct of the parties contributed to the court’s finding of an exceptional case. Courts may also award attorney fees in exceptional cas-

¹⁰⁸ See *Cambrian Sci. Corp. v. Cox Commc’ns, Inc.*, 79 F. Supp. 3d 1111, 1117–18 (C.D. Cal. 2015).

¹⁰⁹ *Kilopass Tech. Inc. v. Sidense Corp.*, No. C 10-02066 SI, 2014 WL 3956703, at *10 (N.D. Cal. Aug. 12, 2014).

¹¹⁰ *Id.*

¹¹¹ *Logic Devices, Inc. v. Apple, Inc.*, No. C 13-02943 WHA, 2014 WL 6844821, at *4 (N.D. Cal. Dec. 4, 2014).

¹¹² *Chalumeau*, 2014 WL 4675002 at *3.

¹¹³ *Cambrian*, 79 F. Supp. 3d at 1117.

¹¹⁴ *Id.*

es in part to deter similar conduct from reoccurring in future litigation, to deter patent infringement, or groundless litigation.¹¹⁵

However, the deterrence rationale has the potential to be problematic: its purpose is to deter litigation practices, but given the current legal climate it could also be used to unfairly penalize litigants that might be improperly classified as patent trolls. Accordingly, this Section explains how courts have used deterrence as a rationale for awarding attorney fees in recent cases, and argues that courts should be cautious when relying on deterrence alone as a rationale for awarding attorney fees. Specifically, what makes a case exceptional should have little to do with the business model of the losing party.

1. *Deterring Behavior*

A court may award attorney fees to a prevailing party in order to discourage the losing party from engaging in similar behavior in the future. For example, in *Summit Data Systems, LLC v. EMC Corp.*, the court characterized the plaintiff's pattern of behavior as exceptional.¹¹⁶ Specifically, the plaintiff's practice was to obtain settlements for less than what it would cost for a defendant to litigate.¹¹⁷ The court awarded attorney fees to the prevailing defendant in order to discourage the plaintiff from pursuing similarly frivolous lawsuits.¹¹⁸

In some instances, a quick settlement strategy incentivizes the plaintiff to be as economical as possible during the early stages of litigation. However, courts have awarded attorney fees to deter plaintiffs from litigating cases in a way that is designed to spend as little money as possible in an attempt to extract a settlement from the accused infringer.¹¹⁹ For example, in *IPVX Patent Holdings*, the court awarded attorney fees in part to discourage the plaintiffs from filing future lawsuits.¹²⁰ The court opined that evidence showed that IPVX was not willing to spend the necessary resources on a patent infringement case.¹²¹ Thus, in the courts view, awarding attorney fees to the defendants would deter similar litigation.

¹¹⁵ See CHISUM, *supra* note 1, § 20.03 [4][c].

¹¹⁶ *Summit Data Sys., LLC v. EMC Corp.*, No. 10-749-GMS, 2014 WL 4955689, at *4 (D. Del. Sept. 25, 2014).

¹¹⁷ *Id.*

¹¹⁸ *Id.* at *5.

¹¹⁹ See *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014); see also *IPVX Patent Holdings, Inc. v. Voxernet LLC*, 5:13-cv-01708 HRL, 2014 WL 5795545, at *7 (N.D. Cal. Nov. 6, 2014); *Chalumeau Power Sys. LLC v. Alcatel-Lucent*, No. 11-1175-RGA, 2014 WL 4675002, at *3 (D. Del. Sept. 12, 2014).

¹²⁰ *IPVX*, 2014 WL 5795545, at *7 (explaining that a final, stand-alone reason the court cited for its decision to award attorney fees was to dissuade similar behavior in the future).

¹²¹ *Id.*

2. *Ignoring Identity*

As demonstrated by the previous examples, what makes a case exceptional generally has little to do with the identity of the parties. However, one example of a case that, if misinterpreted, could lead to improper results in future cases is *Romag Fasteners, Inc. v. Fossil, Inc.*¹²² There, the court awarded attorney fees to a prevailing patentee.¹²³ The plaintiff, Romag Fasteners, was a small company that sued a much larger company for patent infringement.¹²⁴ The plaintiff prevailed and the court awarded attorney fees due in part to the defendant’s attempt to prolong the litigation so that the cost of pursuing the lawsuit for the plaintiff increased significantly.¹²⁵ Further, the court explained that the plaintiff’s patent was vital to its business, and therefore, they should not be discouraged from pursuing a lawsuit.¹²⁶

The court’s first reason in support of awarding attorney fees is closely related to the defendant’s litigation behavior during the trial. As set forth in Section III.B.2, this rationale squarely fits within the exceptional case framework.

However, the court’s second rationale—that “plaintiffs similar to Romag” should not be discouraged from filing infringement lawsuits—seems to be based on the identity of the plaintiff.¹²⁷ This rationale is outside the framework detailed in Section III.B.2. Plaintiffs “similar to Romag” are likely small companies. However, the relative size or identity of a party was not among the various factors the Supreme Court suggested be considered in *Octane Fitness*.

In the current anti-patent-troll environment, coupling the deterrence rationale with the identity of plaintiffs or defendants could be extremely problematic. One commentator has interpreted the Supreme Court’s decisions in *Octane Fitness* and *Highmark* as a response to the perceived patent troll problem.¹²⁸ But, Professor Osenga warns that judicial solutions to the patent troll problem must not harm businesses that use patent licensing as a business model.¹²⁹

Accordingly, district courts should not take into account the business model of the parties to justify deterrence as a rationale for awarding at-

¹²² See generally *Romag Fasteners, Inc. v. Fossil, Inc.*, No. 3:10-CV-1827 (JBA), 2014 WL 4073204 (D. Conn. Aug. 14, 2014).

¹²³ *Id.* at *11.

¹²⁴ See *id.* at *1.

¹²⁵ See *id.* at *4.

¹²⁶ *Id.*

¹²⁷ *Id.* at *4.

¹²⁸ See Osenga, *supra* note 42, at 438 (explaining that a commonly understood definition of a patent troll is a company or individual that uses patent lawsuits to extort money from manufacturers and other companies that make commercial products).

¹²⁹ See *id.* at 441.

torney fees. As mentioned earlier in this Essay, patent trolls are hard to define. The reality is that patentees generally have two options for generating revenue: (1) commercialize their invention; or (2) license their invention. Commercializing a product is notoriously difficult.¹³⁰ Thus, many companies resort to licensing their patents as a way to generate revenue.¹³¹

Using the threat of fee shifting to combat patent trolls could mistakenly harm litigants that use patent licensing to generate revenue. This could include staple American firms such as GE or IBM.¹³² Thus, it is the exceptional behavior of non-practicing entities that should be determinative in awarding attorney fees to a prevailing party, not their identity or business model.¹³³ In support of this notion, several commentators have argued that any fee shifting by the court should be based on its analysis of the parties' conduct.¹³⁴ Moreover, the threat of the award of attorney fees will not stop patent trolls because their business model relies on settling lawsuits, not litigating them to final disposition.¹³⁵

Thus far, there seems to be no reason to sound an alarm. District court decisions based on *Octane Fitness* are still relatively new. Further, district courts seem to be making determinations based on behavior and not identity. For example, in *Rates Technology Inc. v. Broadvox Holding Co.*, the district court indicated that it would not award attorney fees to the defendant just because the plaintiff was a "hyper-litigious non-practicing entity."¹³⁶

But, those that care about the patent system and U.S. innovation must remain vigilant. First, we must sort through all the anti-patent-troll rhetoric to understand the many ways in which companies can use patents. With that understanding, we must make sure that the legal tools at the system's disposal are used in a correct and responsible manner.

V. CONCLUSION

In the wake of *Octane Fitness* and *Highmark*, district courts have exercised broad discretion in awarding attorney fees in exceptional cases.

¹³⁰ See *id.* at 445–46.

¹³¹ See *id.* at 465 (explaining that NTP licensed its patents only after failing to commercialize its technology).

¹³² See *id.* at 440 (identifying IBM and GE as "former manufacturing entities" that in addition to commercializing products in the past, rely on patent licensing for revenue).

¹³³ See *id.* at 478–79 (arguing that fee-shifting proposals should not be based on overbroad characterizations of companies as patent trolls).

¹³⁴ See Rogers & Jeon, *supra* note 39, at 304–05, 307.

¹³⁵ See Soroudi, *supra* note 5, at 327.

¹³⁶ *Rates Tech. Inc. v. Broadvox Holding Co.*, 56 F. Supp. 3d 515, 533 (S.D.N.Y. 2014).

Circumstances that courts have found exceptional include parties asserting unreasonable litigation positions and litigation conduct that stands out from other cases. In addition, courts have stated that awarding attorney fees will deter similar conduct in future cases or prevent a plaintiff from pursuing certain cases at all.

This Essay has attempted to explain that in the current anti-patent-troll climate, a misunderstanding of the deterrence rationale could be used to misguidedly combat patent trolls. However, the patent-troll label can be easily assigned to companies of all types that may choose to license their patents instead of commercialize them. Thus, properly applied, the award of attorney fees should primarily be used to deter undesirable litigation conduct, and not to impede the use of patent licensing as a business model.