UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

INNOVENTION TOYS, LLC **Plaintiff**	**CIVIL ACTION**
VERSUS	**NO. 07-6510**
MGA ENTERTAINMENT, ET AL., **Defendants**	**SECTION: "E"**

ORDER AND REASONS

Before the Court is a supplemental motion for attorneys' fees and costs filed by Plaintiff, Innovention Toys, LLC ("Innovention").[1] The motion is opposed.[2]

On June 17, 2013, this Court found this case was exceptional within the meaning of 25 U.S.C. § 285, warranting an award of Innovention's attorneys' fees and costs against Defendant MGA Entertainment, Inc. ("MGA").[3] The Court entered judgment on May 7, 2014.[4] The Court denied MGA's renewed motion for judgment as a matter of law or motion for a new trial,[5] and MGA appealed.[6]

The Federal Circuit reversed the jury and this Court's finding of willful infringement and vacated the Court's award of attorneys' fees.[7] Innovention petitioned for a rehearing *en banc* and MGA petitioned for a panel rehearing, both of which were denied by the Federal Circuit. Innovention petitioned the Supreme Court for a writ of *certiorari*, arguing the Federal Circuit's reversal of this Court's determination of willful

[1] R. Doc. 740.
[2] R. Doc. 755.
[3] R. Doc. 634.
[4] R. Doc. 690.
[5] R. Doc. 711.
[6] R. Doc. 712.
[7] R. Doc. 718.

infringement and enhancement of damages was erroneous. The Supreme Court granted the writ of *certiorari*, vacated the Federal Circuit's judgment, and remanded the case to the Federal Circuit for further consideration in light of *Halo Electronics, Inc. v. Pulse Electronics, Inc.*[8] On August 5, 2016, the Federal Circuit issued an order reinstating its rulings as to obviousness and pre-issuance damages, but remanded to this Court the issue of enhanced damages and attorneys' fees.[9]

On March 8, 2017, on remand from the Federal Circuit, this Court found this case to be exceptional in light of the Supreme Court's ruling in *Halo*, and awarded enhanced damages and attorneys' fees pursuant to Title 35, United States Code, Sections 284 and 285.[10] Innovention now seeks to be awarded attorneys' fees and costs incurred since March 1, 2014, when the parties undertook appeals proceedings, including fees incurred in the preparation of its claim for attorneys' fees.

I. **Attorneys' Fees on Appeal**

Although Innovention argues the Court's finding of exceptionality is sufficient to justify awarding attorneys' fees and costs for appellate proceedings,[11] MGA contends a separate finding that the appeal itself was exceptional is necessary to award attorneys' fees.[12]

"[T]he power to award attorney fees for appellate work is not the exclusive domain of the appellate court."[13] "Neither § 285 nor its legislative history distinguishes between awarding attorney fees in the district court and in the appellate court."[14]

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[8] 136 S. Ct. 1923 (2016).
[9] R. Doc. 727.
[10] R. Doc. 761.
[11] *See* R. Docs. 740-3, 760.
[12] *See* R. Doc. 755.
[13] *PPG Indus. Inc. v. Celanese Polymer Specialties Co.*, 840 F.2d 1565, 1569 (Fed. Cir. 1988).
[14] *Rohm & Haas Co. v. Crystal Chem. Co.*, 736 F.2d 688, 692 (Fed. Cir. 1984).

The Federal Circuit, in *Rohm & Haas*, "construe[d] the language of § 285 as applicable to cases in which the appeal itself is exceptional, in furtherance of the [policy of preventing injustice to a party involved in a patent suit]."[15] MGA, and some district courts, have interpreted this early Federal Circuit precedent as suggesting that the appeal itself *must* be exceptional to warrant an award of attorneys' fees under Section 285.[16]

The *Rohm & Haas* court's statement, however, "does not itself say that § 285 fees are *only* awardable for an appeal when the appeal itself is exceptional."[17] Instead, as the Federal Circuit later held in *Therasense v. Becton, Dickinson and Co.*, "a case should be viewed more as an 'inclusive whole' rather than as a piecemeal process when analyzing fee shifting under § 285"[18] and "[§] 285 does not bar the trial court from awarding fees for the entire case, including any subsequent appeals."[19] The *Therasense* court based its finding on the Supreme Court's statement in *Jean* that "[a]ny given civil action can have numerous phases. While the parties' postures on individual matters may be more or less justified, . . . fee-shifting statutes [] favor[] treating a case as an inclusive whole, rather than as atomized line-items."[20] In *Jean*, the Supreme Court analyzed the fee-shifting

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[15] *Id.* at 692.
[16] R. Doc. 755; *see also, e.g.*, *Stryker Corp. v. Intermedics Orthopedics, Inc.*, 962 F. Supp. 357 (E.D.N.Y. 1997); *Water Techs. Corp. v. Calco Ltd.*, 714 F. Supp. 899 (N.D. Ill. 1989).
[17] *Action Star Enter. Co. v. KaiJet Tech. Int'l, Ltd.*, No. 12-08074, 2015 WL 12752877, at *2 (C.D. Cal. June 24, 2015) (emphasis added); *see also Dippin' Dots, Inc. v. Mosey*, 602 F. Supp. 2d 777, 784 (N.D. Tex. 2009) ("*Rohm & Hass*, however, does not establish that [the prevailing party] must make a separate showing that the appeal itself is exceptional.").
[18] *Therasense, Inc. v. Becton, Dickinson and Co.*, 745 F.3d 513, 517 (Fed. Cir. 2014) (citing *Comm'r, I.N.S. v. Jean*, 496 U.S. 154, 161–62 (1990)).
[19] *Therasense*, 745 F.3d at 517; *see also Jean*, 496 U.S. at 160 ("[I]t is appropriate to allow the district court discretion to determine the amount of a fee award, given its 'superior understanding of the litigation and the desirability of avoiding frequent appellate review of what essentially are factual matters.'" (quoting *Hensley v. Eckerhart*, 461 U.S. 424, 437 (1983))). MGA relies on the *Therasense* court's discussion of the prevailing parties' *alternative* theory of recovery—that the appeal itself was exceptional within the meaning of Section 285, thus warranting attorneys' fees. R. Doc. 755 at 4–5. Reliance upon only this part of the *Therasense* opinion is misguided. Innovention is not claiming the MGA's appeal was exceptional, but is instead seeking attorneys' fees based on the Court's finding that the case as a whole is exceptional within the meaning of Section 285.
[20] *Jean*, 496 U.S. at 161–62.

provision of the Equal Access to Justice Act (the "EAJA"), and explained the EAJA "refers to an award of fees 'in any civil action' without reference to separate parts of the litigation, such as discovery requests, fees or appeals."[21] The Supreme Court recognized that requiring courts to make a separate finding that each phase of the case justified attorneys' fees could "spawn a 'Kafkaesque judicial nightmare' of infinite litigation to recover fees for the last round of litigation over fees."[22] The *Jean* Court, therefore, held "that only one threshold determination for the entire civil action is to be made."[23]

"[W]hile it is true that an award of appellate fees is not automatic upon an unsuccessful appeal from a § 285 award, neither must the appeal be independently exceptional to justify such an award."[24] *Therasense* provides that "a district court may exercise broad discretion in awarding fees and setting the amount of fees."[25] This Court has found this case to be exceptional within the meaning of 35 U.S.C. § 285, warranting an award of Innovention's attorneys' fees and costs. Taking into consideration the totality of the circumstances[26] and "the need in particular circumstances to advance considerations of compensation and deterrence,"[27] the Court exercises its equitable discretion to award fees to Innovention for MGA's appeal.

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[21] *Id.* at 158.
[22] *Id.* at 163.
[23] *Id.* at 159. Although *Jean* analyzed the fee-shifting provision of the EAJA, the Supreme Court has instructed that "fee-shifting statutes' similar language is 'a strong indication' that they are to be interpreted alike." *Indep. Fed'n of Flight Attendants v. Zipes*, 491 U.S. 754, 759 n. 2 (1989). "[T]here is no material difference between the Patent Act and the EAJA." *Dippin' Dots*, 602 F. Supp. 2d at 784.
[24] *Action Star*, 2015 WL 12752877, at *3.
[25] *Therasense*, 745 F.3d at 518.
[26] *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014) ("District courts may determine whether a case is 'exceptional' in the case-by-case exercise of their discretion, considering the totality of the circumstances.").
[27] *Id.* at 1756, n.6 (citing *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 (1994)).

II. **"Fees for Fees"**

Innovention seeks fees it incurred to prepare its claim for attorneys' fees.[28] MGA contends *Therasense* instructs "where there is no finding that 'the appeal [is] exceptional within the meaning of § 285,' courts should decline to award 'fees for fees.'"[29] This, however, is not the *Therasense* court's mandate.

In *Therasense*, the Federal Circuit affirmed the district court's refusal to award "fees for fees," because "fees on fees are deemed 'excludable' and . . . no award of fees is 'automatic.'"[30] The Federal Circuit recognized "the district court retains substantial discretion in fixing the amount of any award,"[31] and because the district court specifically declined to find the appeal exceptional within the meaning of Section 285, the district court did not err in declining to award fees for fees.[32] Unlike the district court in *Therasense*, this Court has found this case—as a whole—to be exceptional.

Although the award of "fees for fees" is not automatic upon a finding of exceptionality, the Federal Circuit "interpret[s] attorney fees to include those sums that the prevailing party incurs in the preparation for and performance of legal services related to the suit."[33] "The compensatory purpose of § 285 is best served if the prevailing party is allowed to recover [its] reasonable expenses in prosecuting the entire action. These expenses include lawyers' fees for time spent on the issue of attorneys' fees itself . . . ."[34]

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[28] R. Doc. 740-3 at 5.
[29] R. Doc. 755 at 9 (quoting *Therasense*, 745 F.3d at 518).
[30] *Therasense*, 745 F.3d at 518 (quoting *Thompson v. Gomez*, 45 F.3d 1365, 1368 (9th Cir. 1995)).
[31] *Id.* (citing *Jean*, 496 U.S. at 164, n.10).
[32] *Id.*
[33] *Cent. Soya Co. v. Geo. A. Hormel & Co.*, 723 F.2d 1573, 1578 (Fed. Cir. 1983).
[34] *Codex Corp. v. Milgo Elec. Corp.*, 541 F. Supp. 1198, 1201 (D. Mass. 1982).

"[A] district court may exercise broad discretion in awarding fees and setting the amounts of fees."[35] Because this Court specifically found this case to be exceptional within the meaning of Section 285, Innovention is entitled to attorneys' fees and reasonable expenses incurred in prosecuting the entire action, including its time spent on the issue of attorneys' fees.[36]

Accordingly;

CONCLUSION

IT IS ORDERED that Innovention's supplemental motion for an award of attorneys' fees and costs under 35 U.S.C. § 285 is **GRANTED**. Innovention is entitled to supplemental fees and costs incurred on appeal, including fees and costs incurred in the preparation of its motion for supplemental attorneys' fees. The Court **DEFERS** ruling on the amount of attorneys' fees to be awarded.

New Orleans, Louisiana, this 5th day of April, 2017.

SUSIE MORGAN
UNITED STATES DISTRICT JUDGE

[35] *Therasense*, 745 F.3d at 518.
[36] *See, e.g.*, *Cent. Soya*, 723 F.2d at 1578; *Gilbreth Int'l Corp. v. Lionel Leisure, Inc.*, 622 F. Supp. 478, 483 (E.D. Pa. 1985), *aff'd*, 802 F.2d 469 (Fed. Cir. 1986), *aff'd*, No. 86-575, 1986 WL 1179761 (Fed. Cir. Aug. 1, 1986) (declining to eliminate those portions of the prevailing party's fee request attributable to the preparation of the fee petitions); *Trend Prod. Co. v. Metro Indus. Inc.*, No. 84-7740, 1989 WL 418777, at *3 (C.D. Cal. Apr. 11, 1989) (finding it "proper to include in the award of attorney's fees the attorney time expended in connection with the plaintiff's claim for attorney's fees").