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Fed. Circ. Denies Becton $1.9M Extra Fees In TheraSense Row

By **Bill Donahue**

Law360, New York (March 12, 2014, 4:31 PM ET) -- A split Federal Circuit on Wednesday refused to order Abbott Laboratories to fork over $1.9 million in additional attorneys' fees to Becton Dickinson & Co. and Nova Biomedical Corp. in the companies' long-running case over Abbott's blood glucose-testing patents.

Back in 2009, Becton and Nova won just under $6 million in fees back after a district court ruling that they hadn't infringed Abbott's testing technology, but that was followed by more than two years of appeals from Abbott. When Becton and Nova finally prevailed once more, they asked for $1.9 million in extra fees — a request a trial judge denied in 2012.

Becton and Nova took that ruling to the Federal Circuit, characterizing Abbott's appeals as “a deliberate and malicious attempt to prolong the litigation and to deceive the district court” that warranted additional fees.

But on Wednesday, a two-judge majority of the Federal Circuit said it didn't buy that argument.

“Becton and Nova present zero evidence of bad faith,” the appeals court said. “Expressions of outrage and suspicion in the form of attorney argument are not evidence of bad faith. Nor does the mere act of pursuing appellate review — available as a matter of right and frequently necessary to preserve future rights of appeal — by itself suggest an abuse of the legal system.”

The appeals court also said that fee awards treat litigation as an "inclusive whole" and that the original 2009 award of $5.94 million was actually issued with future appeals in mind, meaning they were entitled to nothing additional for that phase of the litigation.

Notably, the court also turned down an additional request for fees for the latest back-and-forth over fees — a scenario the court referred to as “fees for fee litigation.” Such maneuvering “theoretically can spawn a ‘Kafkaesque judicial nightmare of infinite litigation to recover fees for the last round of litigation over fees,” the court wrote.

But U.S. Circuit Judge Timothy B. Dyk dissented from the opinion, taking exception with the majority's finding that it would have found the appeal itself exceptional.

"The district court concluded in the remand order that it could not award appellate fees unless the appeal was independently exceptional. The majority agrees. This holding, it seems to me, is contrary to

Supreme Court precedent, and will potentially cause problems in future cases," Judge Dyk wrote.

Jim Badke of Ropes & Gray LLP, counsel for Becton, echoed Judge Dyk's dissent.

"Obviously, we believe that the majority did not apply the correct legal standard and that the dissent did," Badke said. "In our view, once a court finds a case to be exceptional, it should not be permitted to draw an arbitrary line between the district court proceedings and appellate court proceedings as far as fees are concerned."

Wednesday's ruling is the latest development in patent litigation that turned decade old this March.

Abbott originally filed four different lawsuits in a California federal court in March 2004, alleging that Becton and Nova had infringed four patents, and Roche Diagnostics Corp. and Bayer Healthcare LLC had infringed two. The cases were related for pretrial purposes.

After Abbott lost on each patent, and the Federal Circuit affirmed those findings in 2010, an en banc panel of the appeals court overturned a finding that one of Abbot's patents — U.S. Patent No. 5,820,551 — was unenforceable due to inequitable conduct.

But back on remand, the district court found inequitable conduct once more, even under a tougher standard imposed by the Federal Circuit in its en banc ruling. It then reinstated its fee award, setting the stage for Wednesday's ruling.

Becton is represented by Jim Badke and Sona De of Ropes & Gray LLP.

TheraSense is represented by Clara J. Shin and Philip A. Scarborough of Covington & Burling LLP.

The case is TheraSense Inc. and Abbott Laboratories v. Becton Dickinson & Co. et al., case number 12-1504, in the U.S. Court of Appeals for the Federal Circuit.

--Editing by Christine Chun.
