Even If the Federal Circuit Could Award Attorney Fees for IPR Appeals, § 285 Does Not Permit It Award Fees Incurred During the IPR

Article By
Greg Chopskie
Squire Patton Boggs (US) LLP
Global IP and Technology Law Blog

- Biotech, Food, Drug
- Intellectual Property
- Litigation / Trial Practice
- Law Office Management
- All Federal

Thursday, June 11, 2020

Normally, a branded bio/pharm company is pleased to escape an inter partes review (IPR) unscathed. Doubly so when the challenger moves voluntarily to dismiss its appeal. So what happened in Amneal Pharms. LLC v. Almirall, LLC, No. 20-1106, to cause Almirall to insist on receiving its attorney fees for a mere month of work before the Patent Trial and Appeal Board (PTAB) and one court brief filed on appeal?

Almirall owns U.S. Patent No. 9,161,926 (the ‘926 patent), a formulation patent including dapsone, the active ingredient in ACZONE®. In August 2018, the PTAB instituted an IPR filed proactively by Amneal challenging that patent.


Soon thereafter, the parties engaged in settlement discussions. Regardless of what precisely occurred during those discussions, the parties appear to agree that...
Almirall offered Amneal a covenant-not-sue in exchange for a dismissal of the IPR. While Amneal may have verbally agreed to that offer, no party contends that the agreement was completed.

After the IPR trial, Almirall prevailed: the PTAB held all claims of the ’926 patent patentable. Amneal appealed, but quickly moved to dismiss its own appeal. Almirall opposed, arguing that the case was exceptional and it was entitled to attorney fees under 35 U.S.C. § 285.

What did Amneal do? According to Almirall’s brief, “Amneal’s ultimate litigation position was untenable to the point of harassment,” and its refusal to settle was driven—at least in part—by a desire to force Almirall to take “a position on the record that could be used” in Amneal’s IPR to a related patent. Thus, because “Amneal litigated this matter in an unreasonable manner by continuing to litigate the IPR after the covenant-not-to-sue was offered,” Almirall sought attorney fees for:

1. work before the PTAB from April 29, 2019, the date settlement negotiations terminated, to June 5, 2019, the date of the IPR trial—some 38 days—and;

2. work done before the Federal Circuit on appeal, namely the drafting of its opposition to Amneal’s motion to dismiss.

The Federal Circuit never reached Almirall’s exceptional case claims.

With respect to the work before the PTAB, the Court concluded that § 285 does not authorize it to award fees. Observing the traditional “American Rule” that each party bear its own fees, the Court recognized that § 285 allowed courts “in exceptional cases to [ ] award reasonable attorney fees to the prevailing party.” The Court conceded, however, that it “yet had occasion to consider to what extent section 285 applies to IPR appeals.”

It concluded that it did not, at least with respect to fees incurred before the PTAB. The Court stated that it was bound by CCPA precedent (under S. Corp. v. United States[1]) and relied on the “several occasions [the CCPA] refused to read section 285 as pertaining to [ ] administrative proceedings” over which it had jurisdiction.

Moreover, the Court concluded that even if § 285 were “not limited to district court proceedings,” the plain meaning of that section’s reference to “the court” refers “only to awarding fees that were incurred during, in close relation to, or as a direct result of, judicial proceedings.”

Almirall’s cited cases did not require a different conclusion. Sullivan v. Hudson[2] applied to only a “narrow class of qualifying administrative proceedings” where “‘a suit has been brought in a court,’ and where ‘a formal complaint within the jurisdiction of a court of law’ remains pending and depends for its resolution upon the outcome of the administrative proceedings.” (emphasis in opinion). As for Therasense, Inc. v Becton, Dickenson & Co.[3], the Court noted simply that “we were clearly only referring to district court and appellate court proceedings.”

With respect to the work done on appeal, and its ability to award fees incurred during the appeal from the IPR, the Court said little. Instead, it left that question for
another day, simply noting that Almirall’s “contentions as to unreasonable behavior to support such an award have nothing to do with conduct before this court and entirely relate to work before the Patent Office.”

But litigants are not without recourse: 37 C.F.R. § 42.12 provides a mechanism for the PTAB to regulate litigation misconduct. Specifically, that section allows the PTAB to impose attorney fees for misconduct including “[a]dvancing a misleading or frivolous argument or request for relief,” “[a]buse of process,” and “actions that harass or cause unnecessary delay or an unnecessary increase in the cost of the proceeding.” § 42.12(a)(2), (6), (7); (b)(6).


© Copyright 2020 Squire Patton Boggs (US) LLP