

Dish's Bid For More Fees Called 'Nightmare' By Fed. Circ. Judge

By [Andrew Karpan](#) · [Listen to article](#)

Law360 (February 8, 2024, 10:48 PM EST) -- A Federal Circuit judge told counsel for [Dish Network LLC](#) on Wednesday that to secure more fees after the cable giant defeated a patent case in district court that was found to be "exceptional" to cover the costs of challenging the patent at the patent board would create "an effing nightmare."

Dish had argued to the three-judge panel that it should be able to bill a shell patent company for expenses incurred challenging the patent through an inter partes review at the Patent Trial and Appeal Board after Dish defeated the related patent suit against it.

The patent company, Dragon Intellectual Property LLC, was also appealing the [\\$1.45 million in fees](#) that Dish already won, along with the \$1.86 million won by attorneys for [Sirius XM Radio Inc.](#) in a different case over the same patent.

But the hearing was dominated by arguments over efforts by Dish's lawyers to score more money out of Dragon IP and potentially its lawyers — taking up over an hour of debate among the panel of judges.

In that endeavor, Dish had cited the 1989 [Sullivan v. Hudson](#) ruling from the [U.S. Supreme Court](#), which gives the courts discretion to award fees to lawyers in a Social Security administrative proceeding. According to the filings, [Baker Botts LLP](#) billed Dish for \$673,905 in fees from patent board proceedings and wanted that money added to the \$1.45 million. Sirius XM was hoping to clock \$134,272 in additional fees.

U.S. Circuit Judge Kara Farnandez Stoll told Baker Botts lawyer Lauren Dreyer that she had a "practical" question about this argument.

"The district court is in the best position to determine whether or not something is exceptional or not because they're in the day-to-day running of the case. That's not so with

an IPR," she said. "The district court knows nothing about what happened at the IPR."

U.S. Circuit Judge Kimberly Moore was more wary of the possible effect of Dish's request in a legal climate where "every single patent litigation has a companion IPR now."

This would open up an entirely new avenue for victorious patent lawyers to litigate further, Judge Moore said.

"So, what you're now asking for is every time we're thinking about attorney's fees, anytime an IPR is successful, you're going to have the district court being put in what Judge Stoll was just articulating [is] the very awkward position of trying to evaluate the exceptionality of what was argued and decided, not in his or her forum but in an administrative forum," Judge Moore said. "That sounds like I'm creating an effing nightmare."

In response, Dreyer tried to argue that these motions would not come all the time if Dish succeeded just this once.

"I think [this case] is the exception; it's not the rule, and it only occurs in the rare cases in which there is frivolousness and an unreasonable manner of litigating," she said.

That didn't go down well with Judge Moore.

"With all due respect, every time you guys win, that's what you claim," Judge Moore told her, audibly annoyed at Dreyer's repetition of legalese.

U.S. District Judge Cathy Ann Bencivengo, on the panel by designation, acted to move the lawyers along in talking about "the circumstances in this case" and said there could be some general grounds for "sweeping the IPR" into a fee bid, as it "wasn't a waste of time [since] you didn't lose there."

Judge Moore then told Dreyer that it appeared Judge Bencivengo was "arguing your case better than you are."

The 12-member appeals court is down one of its regular members following the [suspension of Judge Pauline Newman](#) for refusing to undergo medical tests as part of a probe into her mental fitness. On Wednesday, a national panel that reviews judicial misconduct

cases [affirmed the suspension](#) of the 96-year-old judge, saying that she hadn't shown good cause for not complying.

Judge Bencivengo appeared occasionally mystified at the larger legal effort by Dish to go after Dragon in the first place.

"Basically, you have a hollow victory here if you win because plaintiff Dragon is a shell. An empty shell. ... You can get zero. They're judgment proof," she told Dreyer.

In addition to asking for more money, Dreyer said Dish was also hoping to get the appeals court to hold Dragon IP's lawyers liable for paying those fees. But Dreyer made little headway again.

"All of what you discussed [with Judge Bencivengo] is not in this record. You attempted to supplement this record with a deposition that would have brought to light all of those points. They are not before this court, are they?" Judge Moore asked.

Dreyer acknowledged they were not.

"So we can't rely on any of that," the judge told her.

Judge Moore also took issue with how defense-side patent lawyers use "exceptionality" findings in federal courts.

"It feels like in a lot of these exceptional case findings, what really bothers me is that you all come in, and you complain that the district court should have done some sort of redo of all the things it didn't do in order to conclude that the originally asserted positions should have been deemed exceptional," she said. "You're asking us to adopt a rule in which district court judges are now going to have to evaluate conduct, behavior and an outcome in a proceeding they had no involvement with and determine whether fees should be awarded for that in their forum, which would have evaluated the exact same issues under an entirely different burden of proof."

The exclamation seemed to surprise Dreyer, who responded that "there shouldn't be a bright-line rule" about it.

"Oh, that's good," responded Judge Moore, who later warned that "floodgates will open" from victorious defense-side lawyers if Dish wins what it wants from the appeals court.

"I'll be honest. I don't know how many exceptional case findings that have been appealed to me that have ever been overturned," she said. "I'm sure there's some law professor out there that will let us all know on Patently-O."

Judge Bencivengo suggested that the court could create "factors" that judges could use to consider if the IPR fees could be included.

After Dreyer said that sounded like a good idea, Judge Moore responded: "Out of curiosity, did you make any of those arguments?"

"Yes, your honor, we did," Dreyer said.

"Really? I would love to see them. On what page in your brief?" Judge Moore asked.

Dreyer then acknowledged that actually she hadn't quite made that argument.

"I think the answer is 'No, I didn't make those arguments,'" the judge told her.

Dragon IP's lawyer also didn't appear to start off on the best footing with Judge Moore.

In arguing against the fee awards, Dragon IP lawyer James McDonough III of Rozier Hardt [McDonough PLLC](#) said, "I believe reasonable minds could interpret the statements and the prosecution history differently."

But Judge Moore told him she was likely not to be swayed.

"Let's just start from the premise that is most likely, which is 'I completely disagree with everything you just said,' could you just move on?" she asked.

The patent-in-suit is U.S. Patent No. 5,930,444.

U.S. Circuit Judges Kimberly A. Moore and Kara Stoll and U.S. District Judge Cathy Ann Bencivengo sat on the panel for the Federal Circuit.

Dragon IP is represented by James McDonough III of [Rozier Hardt](#) McDonough PLLC.

Dish is represented by Lauren Dreyer, Jamie Lynn, G. Hopkins Guy III and Spencer Packard of Baker Botts LLP.

The case is Dragon Intellectual Property LLC v. Dish Network LLC, case number [22-1621](#), in the [U.S. Court of Appeals for the Federal Circuit](#).

--Additional reporting by Ryan Davis. Editing by Brian Baresch.