No. 12-1163

IN THE

Supreme Court of the United States

HIGHMARK INC.,

Petitioner,

v.

ALLCARE HEALTH MANAGEMENT SYSTEMS, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF BOSTON PATENT LAW ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENT ALLCARE HEALTH MANAGEMENT SYSTEMS, INC.

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INTEREST OF *AMICUS CURIAE*

The Boston Patent Law Association ("BPLA") respectfully submits this *amicus curiae* brief in support of the Respondent, Allcare Health Management Systems, Inc.[1]

The BPLA is a non-profit association of over 900 intellectual property professionals that offers programs and forums for the exchange of ideas and information about patents and other intellectual property rights. The BPLA seeks to promote a healthy and balanced patent system, which, in turn, fosters innovation and bolsters the American economy. Departure from the current *de novo* standard of review of objective baselessness findings in exceptional case determinations under 35 U.S.C. § 285 may chill zealous advocacy in patent litigation—for both plaintiffs *and* defendants—and deprive litigants and district courts of valuable legal precedent. As such, this case evokes the BPLA's interest.

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1. Pursuant to Supreme Court Rule 37.6, no party or its counsel authored any part of this brief. No person or entity, other than the BPLA and its counsel, McCarter & English, LLP, contributed money for the preparation or submission of this brief. This brief is solely the work of the BPLA and reflects its consensus view. The stated arguments and positions do not necessarily reflect the views of any individual BPLA member, associated firm, or client of a member. All legal work to prepare and submit this brief was contributed *pro bono* by McCarter & English, LLP. Blanket consent to the filing of *amicus curiae* briefs in support of either party or neither party was filed by counsel for Petitioner Highmark Inc. on November 8, 2013, and by counsel for Respondent Allcare Health Management Systems, Inc. on December 12, 2013.

INTRODUCTION

The BPLA believes that *de novo* review of the objective baselessness test for exceptionality under 35 U.S.C. § 285 is the appropriate standard of review. All attorneys have the duty to zealously represent their clients. At times, this zealous advocacy requires litigants to take positions that are aggressive or novel, testing the current boundaries of patent law. As long as these positions are advanced within the recognized constructs of law, such aggressive advocacy is not merely permitted but is, and should be, encouraged. Indeed, the pursuit of groundbreaking legal theories is precisely the manner in which the common law develops over time. The Court of Appeals for the Federal Circuit, which reviews hundreds of patent cases each year and thus sees far more patent issues than any individual district court ever could, is uniquely qualified to determine whether a particular position asserted in patent litigation crosses the line from zealous advocacy to objective baselessness. On the other hand, allowing district courts deference in assessing the objective merits of patent claims or defenses will discourage litigants from developing and pressing ground-breaking or aggressive arguments in patent litigation. As a result, both patent owners and accused infringers will suffer because they will be deprived of the very best and most zealous advocacy.

SUMMARY OF ARGUMENT

De novo review of an objective baselessness determination is proper for at least the following reasons:

I. The statute at issue, 35 U.S.C. § 285, allows fee shifting in "exceptional" cases. Exceptionality, in turn, requires perspective. Not just any case can or should be

considered exceptional. The Federal Circuit's breadth of experience with patent cases since 1982 gives it unique perspective and, with it, the ability to distinguish between claims and defenses that have no merit from those that are legitimate, if novel or aggressive. Further, *de novo* review of objective assessments of the merits of patent claims or defenses will, over time, create a body of precedent that will prove invaluable to future litigants, discouraging frivolous litigation without chilling legitimate, if difficult, arguments. Finally, this collective body of law, reviewed *de novo* by the Federal Circuit, will allow district courts to make more reliable, predictable assessments of the objective merits of claims.

II. By its very nature, an objective assessment of the merits of a position does not require an assessment of the behavior or motivations of the litigants. Thus, a district court's observations of the witnesses, parties, and attorneys during the course of a single litigation does not enter into the objective baselessness analysis. Accordingly, when reviewing the objective baselessness of a suit, there is no need to defer to a district court's factual findings or observations of the litigants. On the other hand, the Federal Circuit, with experience and expertise in patent law unrivaled by any district court, is uniquely qualified to assess the objective merits of a patent claim or defense. Further, in keeping with its original purpose, the Federal Circuit can ensure that objective baselessness determinations are made consistently and reliably throughout the United States, strengthening the patent system.

III. Finally, the Petitioner and several *amici* have attempted to style Section 285 as a tool for controlling patent assertion entities, commonly known as "patent

trolls." Section 285, however, was never intended to be a weapon to punish or control any particular type of litigant. Rather, Section 285 is intended to compensate a prevailing party—whether plaintiff *or* defendant—for costs incurred during exceptional cases, when it would be "grossly unjust" to require the prevailing party to bear its own attorneys' fees. Exceptionality under Section 285 depends upon the conduct or positions—not the identity—of the losing party. The patent troll issue is currently the subject of debate and bills pending in Congress. This case, however, is not the proper forum for entering that debate, which should be left for another day.

ARGUMENT

I. THE EXCEPTIONAL CASE STANDARD UNDER 35 U.S.C. § 285 REQUIRES THE PERSPECTIVE THAT COMES WITH *DE NOVO* REVIEW

The Patent Act provides that "[t]he court in *exceptional* cases may award reasonable attorney fees to the prevailing party." 35 U.S.C. § 285 (emphasis added). A case may be "exceptional," and thus merit an award of attorneys' fees, when, for example, an accused infringer has willfully infringed the asserted patent or a patent owner has pursued a "frivolous suit." *See Beckman Instruments, Inc. v. LKB Produkter AB*, 892 F.2d 1547, 1551 (Fed. Cir. 1989). Other examples of exceptional circumstances that have merited fee shifting under Section 285 include misconduct during litigation, fraud or inequitable conduct in procuring a patent, and conduct that violates Federal Rule of Civil Procedure 11. *See Brooks Furniture Mfg., Inc. v. Dutailier Int'l, Inc.*, 393 F.3d 1378, 1381 (Fed. Cir. 2005).

Given the statutory wording, the focus should remain on what is an "exceptional" case and how a ruling of exceptionality should be reviewed on appeal. The Federal Circuit has clarified that, when exceptionality is based on the positions advanced by the losing party—whether patentee or accused infringer—the district court must conduct a two-step analysis in determining whether the case is exceptional: the court must assess both (1) the objective basis for the position and (2) the losing party's subjective intent in asserting that position. *See Highmark, Inc. v. Allcare Health Mgmt. Sys., Inc.*, 687 F.3d 1300, 1308-09 (Fed. Cir. 2012) (noting "[t]his same objective/subjective standard applies for both patentees asserting claims of infringement and alleged infringers defending against claims of infringement.")[2] The Federal Circuit reviews the objective prong of this test *de novo*. *Id.*

2. Currently, when the prevailing party is the accused infringer, the Federal Circuit applies the following test to determining exceptionality: absent misconduct during litigation or in procuring the patent, the patentee can only be sanctioned under Section 285 when (1) the litigation is objectively baseless, *i.e.*, "such that no reasonable litigant could reasonably expect success on the merits" and (2) the patentee brought the suit in subjective bad faith, *i.e.* the "lack of objective foundation for the claim was either known or so obvious that it should have been known by the party asserting the claim." *Highmark,* 687 F.3d at 1309 (internal quotation marks omitted). The BPLA recognizes that this Court is currently reviewing this test in the pending appeal of *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, No. 12-1184 (oral argument scheduled for Feb. 26, 2014). Nevertheless, to the extent an attorneys' fee award under Section 285 requires an assessment of the objective basis for asserting or defending against a suit—and the BPLA believes that this is an important component of any exceptionality determination under Section 285 when a party's position taken during litigation is at issue—this assessment should be reviewed *de novo* by the Federal Circuit.

The BPLA supports this *de novo* review for this reason: exceptionality requires perspective. After all, not every case in which a party takes a questionable position is or should be exceptional. The statute requires that a case be exceptional, not common. The legislative history of Section 285 reveals that Congress did "not contemplate[] that the recovery of attorney's fees [would] become an ordinary thing in patent suits." *Park-In-Theatres, Inc. v. Perkins,* 190 F.2d 137, 142 (9th Cir. 1951) (quoting 1946 U.S. Code Cong. Serv. 1386, 1387) (discussing the predecessor statute to Section 285). Perspective, in turn, requires that a given case be compared with a standard based on the accumulation of multiple data points over time—the kind of accumulated wisdom that comes from appellate precedent.

Sitting on appeal, and with the benefit of having reviewed thousands of patent cases over the years, the Federal Circuit can provide the perspective that a district court may not always have. For example, a novel or aggressive argument for a particular claim construction or patent infringement theory may appear unreasonable to a district court that sees one or two patent cases every few years. That same argument, however, when viewed in the context of the collected body of Federal Circuit patent law decisions since that court's inception in 1982, may actually have merit. It would be contrary to the purpose of Section 285—and manifestly unjust—to sanction a party for asserting a claim or defense that has merit, but where that merit is simply not appreciated by the district court. That is not to say that a decision on whether a case is exceptional should be taken from the district court. Rather, the Federal Circuit should be allowed to review a district court's objective assessment of the losing party's

position *de novo* because it is better situated than any given district court to weigh whether the case is unusual, and hence exceptional, in the context of other patent cases.

More specifically, issues that arise in patent litigation are both factually and legally complex and often counterintuitive. Sometimes, the technology at issue can be daunting and thus cloud the legal issues. Patent litigation is not for the faint of heart. The Federal Circuit, however, was created for the express purpose of overseeing patent cases and hence acquiring the expertise needed to oversee patent law. *See Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 390 (1996) ("Congress created the Court of Appeals for the Federal Circuit as an exclusive appellate court for patent cases.") (citing H.R. Rep. No. 97-312, pp. 20-23 (1981)); *see also* 28 U.S.C. § 1295(a).

Federal Circuit decisions on *de novo* review of objective baselessness findings will, in the aggregate, have significant precedential value. Although the facts in each case will be different, over time, the collected body of decisions regarding whether *any* reasonable litigant could reasonably expect success on the merits in a wide variety of circumstances will prove highly instructive. In effect, these decisions will define the minimum acceptable standards for asserting patent infringement suits in the United States, and minimum standards for defending against such suits, creating an institutional benchmark on which future litigants and district courts alike can rely.

Litigants will benefit enormously from this collective body of law. All attorneys have the duty to zealously represent their clients. While it is clear that there is a line between zealous advocacy and frivolous litigation,

that line is not well-defined. Federal Circuit decisions on objective baselessness under the former abuse-of-discretion standard necessarily lacked consistency and made exceptionality findings less predictable.

Further, the deterrent effects of Section 285 are enhanced by *de novo* review of the objective baselessness test. After all, how can Section 285 act as an effective deterrent to meritless litigation when it is applied inconsistently, based on the particular district court judge's limited experiences with patent trials or his or her subjective impressions of the parties and attorneys? What is the deterrent value of Section 285 if parties *do not know* what constitutes a frivolous suit? Without an objective assessment of the merits, it would be difficult for any court to decide whether a given claim or defense strayed outside the acceptable boundaries of patent law, rendering the case exceptional. For example, absent misconduct, a patentee should not be sanctioned merely because it brought and maintained a patent infringement suit that was ultimately unsuccessful. *See Brooks Furniture*, 393 F.3d at 1384 ("Bringing an infringement action does not become unreasonable in terms of '285 if the infringement can reasonably be disputed. Infringement is often difficult to determine, and a patentee's ultimately incorrect view of how a court will find does not of itself establish bad faith.").[3] In other words, an objective test, and *de novo*

3. Although currently a prevailing accused infringer seeking fees must, absent a showing of misconduct by the patentee, prove both objective baselessness and subjective bad faith, the Federal Circuit recently held that "[o]bjective baselessness alone can create a sufficient inference of bad faith to establish exceptionality under § 285, unless the circumstances as a whole show a lack of recklessness on the patentee's part." *Kilopass Tech., Inc. v. Sidense Corp.*, 738 F.3d 1302, 1314 (Fed. Cir. 2013).

review of it, will prevent district courts from confusing an attorney's or litigant's demeanor with exceptionality.

Similarly, district courts would also benefit greatly from access to a consistent body of law on what constitutes an objectively baseless suit. For example, any given district court judge may try or even see only a handful of patent cases. As such, individual district court judges may be hard pressed to determine, on their own and based solely on their own limited experience with patent litigation, whether the suit is such that *no* reasonable litigant could have had a reasonable expectation of success. Access to the Federal Circuit's *de novo* review of objective baselessness determinations will improve the reliability and consistency of district court exceptionality determinations.

The BPLA notes that the key to the precedential value of these decisions is that district courts decide questions of objective baselessness consistently. The enormous precedential value of this body of law is diminished or non-existent where the objective test is allocated to a judge's discretion and reviewed with deference, rather than on an objective assessment of the merits reviewed *de novo*.

II. EXPERIENCE WITH PATENT LAW, NOT PERSONAL OBSERVATION OF THE LITIGANTS, IS RELEVANT TO AN OBJECTIVE ASSESSMENT OF THE MERITS

A. District Court's Opportunity to Observe the Witnesses and Parties During Litigation Plays No Role in the Objective Baselessness Inquiry

The Petitioner and several *amici* incorrectly assume that because a district court judge has the opportunity to make personal observations and impressions during the course of a litigation, he or she is uniquely positioned to answer the objective baselessness question. *See e.g.*, AIPLA Br. 17 ("Because the trial judge has presided over the case . . . she will have vast, hands-on knowledge that will never appear in the appellate record, including evaluations of the credibility of the attorneys and witnesses and knowledge of how the proceedings unfolded"); *see also* Pet. Br. 18; U.S. Br. 25-26.[4]

4. Frivolous litigation should not be confused with litigation misconduct. The test for exceptionality on the basis of a frivolous suit—the test at issue before the Court—is applied when litigation misconduct is not at issue. *See Brooks Furniture*, 393 F.3d at 1381. Litigation misconduct may, alone, make a case exceptional, even without findings of subjective bad faith and objective baselessness. *See, e.g.*, *Monolithic Power Sys., Inc. v. O2 Micro Int'l Ltd.*, 726 F.3d 1359, 1366 (Fed. Cir. 2013). The BPLA does not contend that a district court's finding of exceptionality on the basis of litigation misconduct should be reviewed *de novo*; as the Federal Circuit has noted, it "ill behooves an appellate court to overrule a trial judge concerning litigation misconduct when the litigation occurred in front of the trial judge, not the appellate court." *Id.* at 1367-68 (quoting *Nilssen v. Osram Sylvania, Inc.,* 528 F.3d 1352, 1359 (Fed. Cir. 2008)). But that is not the issue here. The only issue here is whether the objective baselessness prong should be reviewed *de novo.*

These arguments ignore the basic premise of the objective test, which is that *absent misconduct*, an alleged infringer must show that the suit is objectively baseless in order for the case to be exceptional. The relevant question in the objective test is whether any reasonable litigant could have reasonably expected success on the merits; evidence of the actual litigant's subjective state of mind—including the behavior of the witnesses, parties, or attorneys during the litigation—is irrelevant to the objective test. *See Highmark, 6*87 F.3d at 1308-09 ("The requirement that the litigation be objectively baseless 'does not depend on the state of mind of the [party] at the time the action was commenced, but rather requires an objective assessment of the merits.'") (quoting *Brooks Furniture*, 393 F.3d at 1382). Thus the district court's personal observations of the witnesses, parties, and attorneys cannot contribute to the determination of whether the claim is objectively baseless.

Given that the district court judge's own impressions formed during the litigation are not relevant to the objective test, there is no rationale for presuming that a district court's determination merits deference. On the contrary, in light of the critical need for uniformity and predictability in decisions on the objective basis for asserting a patent claim, *de novo* review is required because there is no other way to ensure that decisions by individual district courts, many with relatively little or inconsistent experience in patent law, will be consistent and reliable. There is no neat, bright line rule upon which district courts can rely defining what is and what is not objectively baseless. Rather, the objective test requires district courts to assess each case on its objective merits. Without guidance from the Federal Circuit, what is

objectively baseless in the eyes of one district court judge, who may see only one patent case every few years, could have merit in the eyes of another district court judge, who has extensive experience trying patent cases. Giving district courts discretion in determining objective baselessness necessarily produces a wide variation in results. Such inconsistency can lead to forum shopping and, ultimately, the inequitable administration of the patent laws.

Further, *de novo* review of objective baselessness determinations is consistent with the statute. The plain meaning of Section 285 gives the district court discretion to award fees only if the case is exceptional, not the discretion to determine whether the case is exceptional in the first place. 35 U.S.C. § 285 ("The court *in exceptional cases* may award reasonable attorney fees to the prevailing party.") (emphasis added). That is, the discretion implicit in "may" applies to the verb "award," and not to a determination of exceptionality *per se*. Only after a case is found to be exceptional does the court have discretion to award attorneys' fees. *Sun-Tek Indus., Inc. v. Kennedy Sky Lites, Inc.*, 929 F.2d 676, 678 (Fed. Cir. 1991) ("Once an exceptional case is found, the court *then* has discretion to determine whether or not reasonable attorney fees should be granted.") (emphasis in original); *Bayer Aktiengesellschaft v. Duphar Int'l Research B.V.*, 738 F.2d 1237, 1242 (Fed. Cir. 1984) ("Although the award of [attorneys'] fees is discretionary with the court, such discretion, nonetheless, may only be exercised upon a specific finding of exceptional circumstances.") Thus, *de novo* review of the objective test does not rob the district courts of any discretion granted by the statute.

Of course, *de novo* review of objective baselessness determinations does not deprive the district court of input on a decision to award fees under Section 285. Indeed, even under the current *de novo* standard of review of the objective test, district courts retain significant discretion in Section 285 attorneys' fees cases. The objective test is simply a safeguard to make sure fee awards for frivolous suits under Section 285 are granted only in exceptional cases. Once a case is found to be exceptional, it is undisputed that the district court has discretion in determining the ultimate issues under Section 285: whether to award attorneys fees and, if so, in what amount. *See Highmark, Inc. v. Allcare Health Mgmt. Sys., Inc.*, 701 F.3d 1351, 1353 (Fed. Cir. 2012) (Dyk, J., concurring) ("We all agree that the ultimate decision to award enhanced damages and attorneys' fees (once the predicate tests have been satisfied) is committed to the district court's discretion.")

B. The Federal Circuit Is Uniquely Positioned to Make Objective Baselessness Determinations

No matter whether objective baselessness is ultimately called a question of law or fact, or a combination of the two, the Federal Circuit is best positioned, via *de novo* review, to create a data set distinguishing between legal arguments that are aggressive, but have merit, and those that are meritless. As this Court has recognized,

> [a]t least in those instances in which Congress has not spoken and in which the issue falls somewhere between a pristine legal standard and a simple historical fact, the fact/law distinction at times has turned on a

> determination that, as a matter of the sound administration of justice, one judicial actor is better positioned than another to decide the issue in question.

Miller v. Fenton, 474 U.S. 104, 114 (1985) (finding voluntariness of a confession is an issue of law, meriting independent consideration in a federal *habeas corpus* proceeding, not a finding of fact of the state court that "shall be presumed to be correct" under statute); *see also Markman,* 517 U.S. at 388 (in light of "functional considerations," "judges, not juries, are the better suited to find the acquired meaning of patent terms"); *Salve Regina Coll. v. Russell*, 499 U.S. 225, 234 (1991) (in diversity actions, deference to district court's determinations of state law is inconsistent with the goals of the *Erie* doctrine, "discouragement of forum-shopping and avoidance of inequitable administration of the laws.")

As this Court has recognized, the Federal Circuit has "special expertise" in patent law. *See Warner-Jenkinson Co., Inc. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 20 (1997). It is undisputed that the breadth of the Federal Circuit's experience in patent law is unrivaled by any other court. Whereas a particular district court judge may try patent cases only on occasion, the Federal Circuit reviews hundreds of patent infringement cases every year. *See* United States Court of Appeals for the Federal Circuit Statistics, Filings of Patent Infringement Appeals from the U.S. District Courts, *at* http://www.cafc.uscourts.gov/the-court/statistics.html (over four thousand patent infringement appeals from district courts were filed in FY 2004 through FY 2013). On top of that, the Federal Circuit also reviews numerous appeals from the United States

Patent & Trademark Office, such as denials of patent applications and decisions in reexamination proceedings. *See* United States Court of Appeals for the Federal Circuit Statistics, Appeals Filed, Terminated, and Pending, *at* http://www.cafc.uscourts.gov/the-court/statistics.html (over nine hundred appeals to the Federal Circuit from the United States Patent & Trademark Office were filed from October 2003 to September 2013). Together, patent appeals have constituted between 28% and 45% of the Federal Circuit's caseload each year from 2006 to 2013. *See* United States Court of Appeals for the Federal Circuit Statistics, Appeals Filed, by Category, *at* http://www.cafc.uscourts.gov/the-court/statistics.html.

Further, the Federal Circuit is uniquely positioned to ensure that the objective test is decided consistently and on an objective assessment of the merits. This Court has recognized that appellate courts "are structurally suited to the collaborative juridical process that promotes decision accuracy." *Salve Regina*, 499 U.S. at 232. A claim that is objectively baseless is objectively baseless irrespective of the district in which the claim is brought and irrespective of the identity and nature of the party asserting the claim. Patent law, unlike most areas of law, is not subject to split decisions among the Circuit Courts. Except on the few occasions in which this Court reviews patent cases, the Federal Circuit is the exclusive last word on the interpretation of the patent laws. *See* 28 U.S.C. § 1295(a). As such, the Federal Circuit has the ability to ensure that the objective test is applied consistently. Indeed:

> [i]t was just for the sake of such desirable uniformity that Congress created the Court of

> Appeals for the Federal Circuit as an exclusive appellate court for patent cases . . . observing that increased uniformity would "strengthen the United States patent system in such a way as to foster technological growth and industrial innovation."

Markman, 517 U.S. at 390 (quoting H.R. Rep. No. 97-312, pp. 20-23 (1981)). Uniformity in this fundamental issue of patent law—defining the minimum acceptable basis for bringing a patent infringement claim—would strengthen the United States patent system, deterring frivolous litigation but not discouraging legitimate, if groundbreaking or novel, arguments.

III. *DE NOVO* REVIEW HAS NOTHING TO DO WITH PATENT TROLLS

The Petitioner and several *amici* have attempted to frame Section 285 as a tool for controlling and punishing patent assertion entities. *See, e.g.*, Pet. Br. 44-50; Apple Br. 9-21. This case, however, is not a referendum on patent trolls. Section 285 was never intended to be—and should not be used as—a means to punish patent assertion entities merely for being patent trolls. Rather, Section 285 can be, and has been, applied to both plaintiffs and defendants regardless of their identity.

Over time, cases have been found exceptional based on conduct of, and positions taken by, both plaintiffs/patent owners *and* by defendants/accused infringers. *See e.g.*, *Monolithic Power*, 726 F.3d at 1366-69 (affirming finding of exceptionality and award of attorneys' fees to accused infringer on the basis of patentee's litigation

misconduct); *Taurus IP, LLC v. DaimlerChrysler Corp.*, 726 F.3d 1306, 1327-30 (Fed. Cir. 2013) (affirming finding of exceptionality and award of attorneys' fees to accused infringer where patentee's proposed claim construction was objectively baseless); *Powell v. Home Depot U.S.A., Inc.*, 663 F.3d 1221, 1241 (Fed. Cir. 2011) (affirming district court's finding of exceptionality and award of attorneys' fees to patentee in light of accused infringer's "litigation misconduct and vexatious and bad faith litigation."); *Amsted Indus. Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 184 (Fed. Cir. 1994) ("An express finding of willful infringement is a sufficient basis for classifying a case as 'exceptional'."). That is, the exceptional case standard is agnostic as to the identity of the prevailing or losing party and was intended to discourage bad conduct by either party in a patent case. *See* S. Rep. No. 79-1503 (1946), *reprinted in* 1946 U.S. Code Cong. Serv. 1386, 1387 (it was intended that the predecessor statute to Section 285, "will discourage infringement of a patent by anyone thinking that all he would be required to pay if he loses the suit would be a royalty" *and* "[t]he provision is also made general so as to enable the court to prevent a gross injustice to an alleged infringer."); *see also Automated Bus. Cos., Inc. v. NEC America, Inc.*, 202 F.3d 1353, 1355 (Fed. Cir. 2000) ("The purpose of this statute has been described by [the Federal Circuit] as 'to compensate the prevailing party for its monetary outlays in the prosecution or defense of the suit.'") Indeed, the statutory wording does not single out one side or the other. The statute says that fees may be awarded to the "prevailing party," not solely to, for example, an aggrieved defendant who faced off against a patent troll. As such, because Section 285 discourages bad conduct on either side of the "v," an argument that *de novo* review somehow lessens the ability of the courts to control patent trolls is beside the point.

Section 285 was intended, in part, "to enable the court to prevent a gross injustice to the alleged infringer." *See* S. Rep. No. 79-1503 (1946), *reprinted in* 1946 U.S. Code Cong. Serv. 1386, 1387. As the Federal Circuit recently noted, in light of the legislative history and Federal Circuit case law, "it is clear that the aim of § 285 is to compensate a defendant for attorneys' fees it should not have been forced to incur. The aim is not to punish a plaintiff for bringing those claims." *Kilopass*, 738 F.3d at 1313. Thus, it is the harm to the prevailing party that makes the case exceptional, not the identity of the losing party. While of course patent assertion entities may bring suits that are "exceptional" under Section 285, *see e.g.*, *Taurus IP*, 726 F.3d at 1327-30 (affirming district court's finding of exceptionality and Section 285 award against patent assertion entity on the grounds that patentee's claim construction was objectively baseless), a case is not made exceptional simply because the suit is brought by a patent assertion entity.

Finally, the BPLA notes that Congress has the power to enact legislation to control patent trolls and, in fact, is currently debating just such measures, such as the Innovation Act, H.R. 3309, and the Patent Transparency and Improvements Act of 2013, S. 1720. Section 285, on the other hand, was never intended to be—and should not be employed as—a weapon to punish patent trolls merely for being patent trolls.

CONCLUSION

The BPLA supports the creation of a consistent body of law defining what is objectively baseless patent litigation in the United States. Such precedent, decided consistently by the district courts and reviewed *do novo* by the Federal Circuit, would not discourage parties from bringing legitimate, if difficult, arguments and would deter frivolous litigation. For the reasons set forth above, the BPLA respectfully submits that this Court should hold that a district court's exceptional case finding under 35 U.S.C. § 285 based on its judgment that a suit is objectively baseless is not entitled to deference and should be reviewed *de novo* by the Federal Circuit.

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