



# Archetype IP

## Federal Circuit Friday

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Two decisions in March illustrate the critical importance of pre-suit investigation, the emphasis on a district court's broad discretion in awarding attorneys' fees, and the degree to which the standard for awarding attorneys' fees in "exceptional cases" under § 285 was changed by the Supreme Court's 2014 *Octane Fitness* decision.

In *Bayer Crop Science AG v. Dow Agrosciences LLC* (March 17), the essential issue was whether certain language in a license agreement *withheld all* commercialization rights from the licensee or merely indicated that the license was non-exclusive such that *both* the current licensee and a prior licensee held commercialization rights. The district court found the case "exceptional" and awarded attorneys' fees, based in part on its finding that "Bayer's own witnesses as well as key documents contradicted Bayer's contorted reading of the contract" and that Bayer should have "made every effort to discover [that evidence] before filing suit."

Bayer argued to the Federal Circuit that it had "an objectively reasonable case on the merits" despite the contradictions in the evidence. But the Federal Circuit explained that after *Octane Fitness* "whether a party's merits position was objectively reasonable is not dispositive." The Federal Circuit did not directly address the reasonableness of Bayer's contract interpretation argument or the district court's conclusion that Bayer's reading of the contract was "contorted" – suggesting that objective reasonableness might have been an important issue in this case under pre-*Octane Fitness* law.

The Federal Circuit also held that a plaintiff's pre-suit diligence was a relevant factor in the *Octane Fitness* totality of the circumstances approach, and was critical of Bayer for not conducting a "more searching pre-suit investigation – at least of its own easily-obtainable evidence."

*University of Utah v. Max-Planck-Gesellschaft* (March 23) involved a claim for correction of inventorship, to name a University of Utah researcher as an inventor on a Max-Planck patent. Similar to the situation in *Bayer*, at deposition the researcher directly contradicted and undermined several of the University's allegations -- leading Max-Planck to assert that the University either did not perform an adequate pre-suit investigation or filed its complaint knowing that the evidence would undermine it.

The district court granted summary judgment that the researcher should not be added as an inventor, but declined to award attorneys' fees. The Federal Circuit affirmed, finding no abuse of discretion and focusing on the scope of the district court's discretion – "We should be wary to wade in such circumstantial waters" because the "trial judge was in the best position to understand and weigh these issues." What's important is that in light of the broad discretion afforded, the trial court likely could have come out the other way (*i.e.*, awarding attorneys' fees on the basis of inadequate pre-suit investigation, etc.) and been similarly affirmed.