



News & Types: Client Advisories

Recovering Attorneys' Fees in Trademark Cases Made Easier in Tenth Circuit

6/24/2021

Practices: Intellectual Property & Technology

EXECUTIVE SUMMARY

The U.S. Court of Appeals for the Tenth Circuit became the last circuit to join other circuits in extending the U.S. Supreme Court standard for attorneys' fees in patent cases to trademark cases. This essentially makes it easier for litigants to recover attorneys' fees in trademark cases, and this standard has now become the unified standard in all circuits.

Under §285 of the Patent Act, a district court may award attorneys' fees to the prevailing party "in exceptional cases." In *Octane Fitness v. ICON Health & Fitness* (2014), the U.S. Supreme Court held that for a case to be deemed "exceptional," the case need only be "one that stands out from others," and that the burden of proof is "preponderance of the evidence," rejecting the prior, more strict, "clear and convincing evidence" standard. This essentially made it easier for prevailing litigants in patent litigation to recover attorneys' fees. §1117(a) of the Lanham Act contains a provision that is on its face identical to §285 of the Patent Act; and, in examining whether a trademark case is "exceptional" under the Lanham Act provision, all circuits except the Tenth Circuit had either explicitly adopted the "preponderance of evidence" standard or otherwise applied *Octane* to trademark cases, making it easier to recover attorneys' fees in trademark cases as well.

On June 8, 2021, in *Derma Pen, LLC v. 4EverYoung Limited*, the Tenth Circuit found that the "exceptional case" standard in trademark cases paralleled the standard in patent cases, and affirmed the trial court's decision to award the defendant-appellee attorneys' fees relying on §285 of the Patent Act as interpreted by the U.S. Supreme Court in *Octane*. Now that the Tenth Circuit has joined, all circuits are now unified in applying the "preponderance of evidence" standard in examining whether a case is "exceptional" in trademark cases for the purpose of awarding attorneys' fees.

Parties involved in trademark disputes in the Tenth Circuit should expect that the success rate of motions for attorneys' fees will rise, and should factor this into their litigation cost-benefit analysis. The unification of the standard may simplify the cost-benefit analysis to some extent, now that parties generally can calculate the probability of an attorneys' fee award in the same way across all circuits. It should be noted that, although it is

more typical for a defendant to be awarded attorneys' fees, plaintiffs too have been awarded attorneys' fees under *Octane*.