

Factors in Fee-Shifting for Prevailing Defendants

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Statutes permitting discretionary attorney fee-shifting for prevailing defendants vary in the circumstances under which fee-shifting is permitted. Two recent cases tackling the question of why and when a lawsuit warrants shifting attorneys' fees from a prevailing defendant to the plaintiff who brought the claim reflect some of these differences. One case focused on "frivolousness" of the lawsuit, and the other imposed a "bad faith" requirement—despite the absence of such language from the relevant statute. The perceived motivation of the respective plaintiffs and purpose behind the statutes under which the claims were brought were influential.

In a recent patent infringement case against Google, [EscapeX IP LLC v. Google](#), the Court agreed with [Google's argument](#) that under 35 U.S.C. § 285, attorneys' fees could be awarded in "exceptional cases," which the Supreme Court has further defined to weigh a "totality of circumstances" as to a plaintiff's "frivolousness, motivation, objective unreasonableness...and the need in particular circumstances to advance considerations of compensation and deterrence." [Octane Fitness, LLC v. Icon Health & Fitness, Inc.](#) The Court found the case was indeed "exceptional." Among the factors that tipped the Court's decision was that EscapeX conducted "no serious pre-suit investigation," as evidenced by the fact that it routinely conflated two different YouTube products, YouTube Music and YouTube Video, in its initial complaint. Once amended, EscapeX still alleged patent infringement in connection with Google's "auto add" feature, even though the addition of the feature predated EscapeX's patent. The Court also observed that Google put EscapeX on notice "early and often" of the facial deficiencies of their claim, yet EscapeX still waited until a month and a half after the patent was declared invalid to dismiss the case. The Court found these factors all demonstrated EscapeX's "effort to force a modest settlement by pestering a tech giant with a frivolous suit on the assumption that the tech giant will prefer to capitulate than fight back."

Google additionally raised EscapeX's history of filing serial patent infringement claims against tech companies, often with little merit, along with the fact that EscapeX's "stipulated dismissal" included an agreement that each party bear its own fees and costs (which Google did not agree to). The Court took note of these additional facts, but centered its decision to award fees on EscapeX's clear failure to conduct a serious pre-suit investigation based on its facially insufficient complaint, as well as its failure to react to the ample notice provided by Google of this fact.

In a second recent case, [Warmack-Stillwell v. Christian Dior, Inc.](#), a consumer class action suit was dismissed under the Illinois Biometric Information Privacy Act (BIPA) against Christian Dior, Inc. But the Court viewed the plaintiff's actions more favorably, and read a "bad faith" threshold into BIPA's discretionary language that a court "may" award "reasonable attorneys' fees and costs, including expert witness fees and other litigation expenses" to a prevailing party. 740 ILCS § 14/20.

Plaintiff's case alleged a BIPA violation over the company's use of Eyewear Virtual Try-On (VTO) technology, which was dismissed on the basis that Dior's VTO for sunglasses falls under BIPA's general health care exemption. Upon dismissal, Dior filed a motion for attorneys' fees as permitted under BIPA, see 740 ILCS § 14/20, pointing out that the theory of liability had already been debunked by other recent cases which found that eyewear VTOs fell under the same BIPA exemption. [Dior argued](#) that it was owed attorneys' fees because the plaintiff advanced an "obviously meritless argument." Dior also pointed out that plaintiff chose to advance the case despite a pending appeal on a similar case, and pressed forward with initial disclosures while the motion to dismiss was pending. *Id.*

Because BIPA is silent on the circumstances under which a court should exercise its discretion in fee-shifting, the Court looked to a similar analysis conducted in [Krautsack v. Anderson](#), for a prevailing defendant under the Illinois Consumer Fraud and Deceptive Business Practices Act ("ICFA"). *Krautsack* read a "bad faith" requirement into the ICFA fee-shifting statute, and the Court held that the same requirement should apply to a defendant's motion for attorneys' fees in a BIPA case.

The Court was unconvinced that any of these actions were made with the requisite “bad faith” by the plaintiff, emphasizing that the prior cases were not precedential and had not been evaluated by the Seventh Circuit nor the Illinois Supreme Court. The Court also emphasized that the plaintiff was not under any obligation to stay a case pending the appeal of another similar case, and that it may serve a client’s litigation strategy not to do so.

Aside from finding the plaintiff’s litigation to be pursued in good faith, the Court also contemplated the consumer protection purpose of BIPA in its decision. “Exposing plaintiffs bringing BIPA suits in good faith, even if ultimately unsuccessful, to attorneys’ fees would unduly chill the sole enforcement mechanism for a law the legislature clearly intended to protect critical privacy interests and would defy BIPA’s remedial purpose,” the Court explained in its decision. The Court declined to decide whether prevailing defendants were even eligible for attorney fee awards under BIPA, finding that regardless, Dior would not be eligible in this case.

These recent cases illustrate the variety of factors a court may consider when a prevailing defendant pursues a motion for attorneys’ fees, and how they may be weighed. Such factors can include a plaintiff’s conduct in the litigation, as well as defendant’s own efforts to give a plaintiff notice that a claim is clearly nonviable and potentially subject to attorney fee awards. Defendants may also want to take a broader look at the nature of a plaintiff’s claim and the purpose of the statute under which they are pursuing recovery, to see how the Court may view a motion for attorneys’ fees.

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