

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

ROCHE DIAGNOSTICS OPERATIONS, :
INC. and CORANGE INTERNATIONAL :
LIMITED, :

Plaintiffs, :

v. :

C. A. No. 07-753-RGA-MPT

ABBOTT DIABETES CARE, INC, :
ABBOTT DIABETES CARE SALES :
CORPORATION, BAYER HEALTHCARE, :
LLC, DIAGNOSTICS DEVICES, INC., :
LIFESCAN, INCORPORATED and NOVA :
BIOMEDICAL CORPORATION, :

Defendants. :

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REPORT AND RECOMMENDATION

I. INTRODUCTION

On November 21, 2007, Roche Diagnostics Operations, Inc. and Corange International Limited (collectively, “Roche”) filed this action alleging that Nova Biomedical Corporation (“Nova”), LifeScan, Inc. (“LifeScan”), and four other defendants infringed U.S. Patent Nos. 7,276,146 (“the ‘146 patent”) and 7,276,147 (“the ‘147 patent”) (collectively, the “patents-in-suit”) relating to methods for measuring blood-glucose levels.¹ On January 11, 2008, Nova filed its answer, affirmative defenses, and counterclaims.² On April 15, 2008, Roche filed an amended complaint.³ On May 5, 2008, Nova answered the amended complaint and again set forth affirmative defenses

¹ D.I. 1. At different times and for different reasons, all defendants other than Nova and LifeScan were dismissed from the case. D.I. 1072 at 2 n.5.

² D.I. 47.

³ D.I. 142.

and asserted counterclaims.⁴ On May 28, 2008, Roche answered Nova's affirmative defenses and counterclaims.⁵ The parties were ultimately unsuccessful on their respective claims and counterclaims. Currently before the court are Nova's Renewed Motion to Declare this Case Exceptional and for an Award of Fees and Related Expenses⁶ and Roche's Renewed Motion for Attorneys' Fees Associated with Nova's Counterclaims.⁷

II. NOVA'S RENEWED MOTION TO DECLARE THIS CASE EXCEPTIONAL AND FOR AN AWARD OF FEES AND RELATED EXPENSES⁸

Nova argues that because Roche's purportedly unreasonable litigation tactics prolonged this case far beyond what any reasonable litigant would have done, the court should declare this case exceptional and award Nova its reasonable attorneys' fees and expenses.⁹

A. Background

The background facts presented by Nova in support of its motion are as follows: on November 21, 2007, Roche sued Nova and other defendants for infringement of the '146 and '147 patents relating to methods for measuring blood-glucose levels.¹⁰ Both patents claim priority to the same provisional application and have similar specifications.¹¹

⁴ D.I. 181.

⁵ D.I. 199.

⁶ D.I. 1049.

⁷ D.I. 1050.

⁸ D.I. 1049.

⁹ D.I. 1051 at 1.

¹⁰ D.I. 1. Of the original six defendants, only Nova and LifeScan, Inc. remained in the case through final judgment and appeals. D.I. 1051 at 2.

¹¹ D.I. 1051 at 2.

On December 15, 2008, the court held a *Markman* hearing and issued its decision on September 15, 2009.¹² On September 29, 2009, Roche filed a motion for reconsideration of the *Markman* decision,¹³ which the court denied at a January 21, 2010 Pretrial Conference.¹⁴ Based on its construction of “electrode,” the court granted summary judgment of non-infringement on July 27, 2010.¹⁵ Roche appealed.¹⁶ On January 25, 2012, the Federal Circuit issued its opinion remanding for further proceedings regarding claim construction, including the propriety of Roche’s motion for reconsideration. The court’s Mandate issued on March 2, 2012.¹⁷

This case was then assigned to the Honorable Richard G. Andrews, and the court held another *Markman* hearing on September 5, 2012.¹⁸ On December 5, 2014, the court issued a Memorandum Opinion that: (1) held Roche’s motion for reconsideration was procedurally improper and properly denied by Judge Farnan; and (2) affirmed the court’s earlier construction of “electrode.”¹⁹ The court entered final judgment on January 16, 2015.²⁰ On February 13, 2015, Roche appealed the final judgment and the construction of the disputed term “electrode.”²¹ On October 31, 2016, the Federal Circuit affirmed the construction of “electrode” and judgment of non-

¹² D.I. 563; D.I. 564.

¹³ D.I. 636.

¹⁴ D.I. 859 at 5:24-6:6.

¹⁵ D.I. 850; D.I. 536; D.I. 1051 at 2.

¹⁶ D.I. 852.

¹⁷ D.I. 948-1 at 15-16; D.I. 948.

¹⁸ When filed, this case was assigned to the Honorable Joseph J. Farnan. Upon Judge Farnan’s retirement, the case was reassigned to the Honorable Richard G. Andrews. See Docket Entry dated March 16, 2012.

¹⁹ D.I. 1025; D.I. 1026.

²⁰ D.I. 1032.

²¹ D.I. 1035.

infringement.²²

B. Legal Standards Applicable to Nova's Motion

Under the principle known as the American Rule, each litigant is responsible for its attorneys' fees and costs. This principle applies equally to prevailing and losing parties unless a specific statute authorizes the shifting of attorneys' fees.²³

In patent litigation, 35 U.S.C. § 285 authorizes an award of reasonable attorneys' fees to prevailing parties "in exceptional cases."²⁴ "When deciding whether to award attorney[s]' fees under § 285, [the] court engages in a two-step inquiry."²⁵ In step one, the court "determines whether the case is exceptional."²⁶ If the case is exceptional, step two requires an evaluation of "whether an award of attorneys' fees to the prevailing party is justified."²⁷

The United States Supreme Court recently clarified "[a]n 'exceptional' case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated."²⁸ "District courts may determine whether a case is 'exceptional' in the case-by-case exercise of their

²² D.I. 1041.

²³ *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1753 (2014) (quoting *Marx v. Gen. Revenue Corp.*, 133 S. Ct. 1166, 1175 (2013)) (under the American Rule, each litigant pays "his own attorney[s]' fees, win or lose").

²⁴ 35 U.S.C. § 285.

²⁵ *Gevo, Inc. v. Butamax Advanced Biofuels LLC*, C.A. No. 13-576-SLR, 2014 WL 4247735, at *1 (D. Del. Aug. 26, 2014) (quoting *MarcTec, LLC v. Johnson & Johnson*, 664 F.3d 907, 915 (Fed. Cir. 2012)) (internal quotation marks omitted).

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Octane*, 134 S. Ct. at 1756.

discretion, considering the totality of the circumstances.”²⁹ Courts may use such non-exclusive factors as frivolousness, motivation, and objective unreasonableness in analyzing the factual or legal components, and the need in particular circumstances to advance considerations of compensation and deterrence.³⁰

In step two, courts in the Third Circuit use the “lodestar” approach to calculate attorneys’ fees, i.e., they “multiply[] the amount of time reasonably expended by reasonable hourly rates.”³¹ A court may reduce hourly rates and/or exclude “unnecessary hours” from the lodestar calculation.³²

A party must obtain at least some relief on the merits to qualify as “prevailing.”³³ This qualification, however, does not entitle prevailing parties to automatically recover attorneys’ fees.³⁴ A court’s inquiry into shifting attorneys’ fees is not warranted unless relief on the merits has altered the legal relationship of the parties.³⁵

The party seeking attorneys’ fees must prove its contentions by a preponderance of evidence,³⁶ but it is not required to show subjective bad faith.³⁷ It also bears the

²⁹ *Id.*

³⁰ *Id.* n.6.

³¹ *Tech. Innovations, LLC v. Amazon.com, Inc.*, C.A. No. 11-690-SLR, 2014 WL 3703582, at *2 (D. Del. July 23, 2014).

³² *Hensley v. Eckerhart*, 461 U.S. 424, 433 (1983); see also *Homeland Housewares, LLC v. Hastie2Market, LLC*, C.A. No. 2013-1537, 2014 WL 4400184, at *2 (Fed. Cir. Sept. 8, 2014) (affirming both the award of attorneys’ fees in connection with the non-infringement defense and the denial to award fees for the defendant’s subsequent pursuit of invalidity claims); *Tech. Innovations*, 2014 WL 3703582, at *2 (declining to award fees for hours “expended as part of a reasonable defense effort”).

³³ *Inland Steel Co. v. LTV Steel Co.*, 364 F.3d 1318, 1320 (Fed. Cir. 2004).

³⁴ *Id.*

³⁵ *Id.*; *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep’t of Health & Hum. Res.*, 532 U.S. 598, 605 (2001).

³⁶ *Octane*, 134 S. Ct. at 1758.

³⁷ *Id.* at 1757.

burden of establishing the reasonableness of its fees.³⁸

C. Discussion

Nova contends it is the prevailing party because it successfully defended against Roche's claims of infringement, with this court entering judgment of non-infringement and the Federal Circuit affirming that judgment on appeal.³⁹ According to Nova, the fact that it did not also prevail on its non-patent counterclaims is irrelevant to the determination of the prevailing party.⁴⁰ Nova states its counterclaims were a response to the infringement claims filed by Roche.⁴¹ Nova contends that this court's judgment of non-infringement, affirmed by the Federal Circuit, conferred on Nova the valuable commercial benefit of being free from fear of suit for practicing Roche's claimed inventions.⁴² Nova asserts that because it prevailed on the purportedly central issue in this case—i.e., the infringement claims brought by Roche—it is the one and only prevailing party in this litigation.⁴³

Roche disputes the assertion that Nova is the sole prevailing party.⁴⁴ Roche

³⁸ See *Hensley*, 461 U.S. at 433. Nova states that if the court grants its motion, it will submit a detailed accounting of its fees as directed by the court. D.I. 1051 at 2.

³⁹ D.I. 1051 at 10.

⁴⁰ *Id.* at 10-11 (citing *Devex Corp. v. General Motors Corp.*, 494 F. Supp. 1369, 1390 (D. Del. 1980) (“[The] prevailing party is the party which, although it might not sustain all of its claims, receives a favorable judgment.”)). Pursuant to FED. R. CIV. P. 54(d)(2)(C), “[t]he court may decide issues of liability for fees before receiving submissions on the value of services.”

⁴¹ *Id.* at 11.

⁴² *Id.*

⁴³ *Id.* (citing *Brooks Furniture Mfg., Inc. v. Dutalier Int'l, Inc.*, 393 F.3d 1378, 1381 (Fed. Cir. 2005) (“Determination of the prevailing party is based on the relation of the litigation result to the overall objective of the litigation, and not on a count of the number of claims and defenses.”), *abrogated on other grounds by Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014)).

⁴⁴ D.I. 1072 at 7.

contends Nova ignores that Roche prevailed on Nova's '229 patent claim, which Nova dismissed with prejudice.⁴⁵ Moreover, Roche contends Nova ignores that Roche prevailed before a jury, in post-trial briefing, and on appeal with respect to Nova's Swiss law counterclaims.⁴⁶ Roche asserts there is no question that it "succeed[ed] on . . . significant issue[s] in litigation which achieve[d] some benefit the parties sought in bringing the suit."⁴⁷

Roche also disputes that Nova is the sole party entitled to fees.⁴⁸ The Supreme Court has stated:

In *Hensley*, we noted the possibility that a plaintiff might prevail on one contention in a suit while also asserting an unrelated frivolous claim. In this situation, we explained, a court could properly award fees to both parties—to the plaintiff, to reflect the fees he incurred in bringing the meritorious claim; and to the defendant, to compensate for the fees he paid in defending the frivolous one.⁴⁹

Roche concludes, therefore, that Nova is not the sole party entitled to fees. As the prevailing party on Nova's Swiss law counterclaims, Roche maintains it is entitled to an award on attorneys' fees in connection with those counterclaims.⁵⁰

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ *Id.* (quoting *Hensley v. Eckerhart*, 461 U.S. 424, 433 (1983)).

⁴⁸ *Id.*

⁴⁹ *Fox v. Vice*, 563 U.S. 826, 835 (2011) (citing *Hensley*, 461 U.S. at 435, n.10); see also *FLIR Sys., Inc. v. Sierra Media, Inc.*, 965 F. Supp. 2d 1184, 1199-1200 (D. Or. 2013) ("As the Supreme Court observed in *Hensley v. Eckerhart*, 461 U.S. 424 (1983), a single civil rights lawsuit can contain distinctly different claims for relief that are based on different facts and legal theories, and as a result, 'these unrelated claims [must] be treated as if they had been raised in separate lawsuits.'" (alteration in original) (quoting *Hensley*, 461 U.S. at 435)).

⁵⁰ D.I. 1072 at 8 (citing Roche's co-pending Renewed Motion for Attorneys' Fees (D.I. 1050, 1052)).

Federal Circuit law governs the determination of which party has prevailed.⁵¹ To be a “prevailing party,” that party must have received at least some relief on the merits and that relief must materially alter the legal relationship between the parties by modifying one party’s behavior in a way that “directly benefits” the opposing party.⁵² Nova is the prevailing party *vis-a-vis* Roche’s patent infringement claims, the claims on which this suit was brought. This court entered judgment of non-infringement of the patents-in-suit on January 16, 2015⁵³ and, on September 22, 2016, the Federal Circuit filed its opinion and entered judgment affirming the construction of “electrode” and judgment of non-infringement.⁵⁴ Therefore, Nova received some relief on the merits that materially altered the legal relationship between the parties that directly benefitted Nova.⁵⁵

Because the determination of a “prevailing” party does not automatically entitle the prevailing party to recovery attorneys’ fees, the court must further determine whether the case is “exceptional.” “An ‘exceptional’ case is simply one that stands out from others with respect to the substantive strength of a party’s litigating position

⁵¹ *SSL Servs., LLC v. Citrix Sys, Inc.*, 769 F.3d 1073, 1086 (Fed. Cir. 2014).

⁵² *Id.*; see also D. Del. LR 54.1(c) (“The defendant is the prevailing party upon a dismissal or summary judgment or other termination of the case without judgment for the plaintiff on the merits.”).

⁵³ D.I. 1032.

⁵⁴ D.I. 1041-1. The Federal Circuit’s Mandate issued October 31, 2016. D.I. 1041.

⁵⁵ The court notes Roche did not vigorously argue that Nova was not the prevailing party with respect to its infringement claims against Nova. Instead, in its opposition brief, Roche focused its argument on Nova not being the *sole* prevailing party and that Nova was not the *sole* party entitled to any fee award. Roche’s positions with respect to those arguments are more fully set forth in its motion for fees associated with Nova’s Swiss law counterclaims. The court addresses those arguments, below, in its consideration of Roche’s motion.

(considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.”⁵⁶ “District courts may determine whether a case is ‘exceptional’ in the case-by-case exercise of their discretion, considering the totality of the circumstances.”⁵⁷

Nova makes several arguments in support of its request that the court declare this exceptional and award its reasonable attorneys’ fees and expenses. First, Nova alleges Roche knew before filing this case that the accused Nova products use macro-electrodes, and that Roche knew, or should have known, the asserted claims were limited to micro-electrodes less than 100 μm based on the specification, the intrinsic record, and the disclaimer of macro-electrodes during prosecution. Nova states the sole named inventor testified that the specification of the patents related only to micro-electrodes.⁵⁸ Instead of acknowledging that limitation, and therefore the non-infringement of the accused products, Nova maintains Roche asserted a baseless claim construction in an attempt to cover the macro-electrodes in Nova’s accused products.⁵⁹

Nova contends Roche continued to press this case in bad faith after the court adopted Nova’s proposed construction of “electrode,” which limited the claims to micro-electronics of less than approximately 100 μm .⁶⁰ Nova maintains the case could have ended years ago if Roche had simply stipulated to non-infringement and let the case go up on appeal.⁶¹ Instead, Roche filed a purportedly improper motion for reconsideration,

⁵⁶ *Octane*, 134 S. Ct. at 1756.

⁵⁷ *Id.*

⁵⁸ D.I. 1051 at 3.

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ *Id.*

arguing a new claim construction position that Nova states was directly contrary to the positions it had taken at the *Markman* hearing.⁶² According to Nova, Roche's litigation tactics needlessly prolonged the case and forced Nova (and the court) to expend significant resources for far longer than necessary, including preparing for a 2010 trial on infringement, only to have Roche concede non-infringement at the pretrial conference.⁶³

Nova argues that in addition to contradicting the position Roche took before and during the *Markman* hearing, its new claim construction position was wholly without merit as it was unsupported by the intrinsic record that limited the claims to micro-electrodes of less than 100 μm , its own prosecution disclaimer of macro-electrodes, and the inventor's testimony.⁶⁴ Nova also noted the Federal Circuit remarked that, "[e]ven the extrinsic evidence Roche cited is inconsistent with its assertion that 1,000 μm is the established width for micro-electrodes."⁶⁵ Nova states Roche argued its new, inconsistent, construction twice to Judge Farnan, at the 2012 *Markman* hearing, and twice at the Federal Circuit—and it was never accepted.⁶⁶ Nova maintains that Roche

⁶² *Id.*

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ *Id.* at 3-4. Nova also mentions that it is a smaller company than Roche. *Id.* ("Roche pressed on, costing Nova, a much smaller competitor with a better product, millions of dollars in fees and costs."); *id.* at 11 ("Roche brought and prosecuted this case in bad faith, with the apparent aim of bleeding dry a much smaller competitor knowing that its infringement claims were without merit and its interpretation of the claims was baseless in light of the intrinsic evidence." (footnote omitted)); *id.* at 17 (Roche's first appeal "was an attempt to prolong and multiply this litigation to harm Nova, a much smaller competitor having a far superior product."). Other than its statements that Nova is a smaller company than Roche, and its assertion that Roche prosecuted this case "with the *apparent aim* of bleeding [Nova] dry," Nova presents no

pursued its new construction despite the intrinsic record providing no support for that construction.⁶⁷

Nova concludes that, in view of the totality of the circumstances, Roche's contradictory claim construction and infringement positions, its unreasonable and improper litigation tactics, and its vexatious efforts to prolong this case warrants a finding of an exceptional case and it should be awarded its attorneys' fees and expenses for the entire case, including both appeals.⁶⁸

Roche insists this is not an exceptional case as the decision to bring suit and the positions it took with respect to the construction of the terms of the patents-in-suit were not "uncommon, rare, or not ordinary," as required by the Supreme Court to find a case exceptional.⁶⁹ Roche argues Nova fails to establish that Roche's claims were exceptionally meritless, that Roche brought or maintained this lawsuit in bad faith, or that Roche engaged in any other unreasonable conduct that could support finding this case exceptional.⁷⁰

Roche argues Nova's assertion that it is the sole prevailing party ignores that it had to dismiss with prejudice its '229 patent claim and that Roche prevailed on Nova's

evidence that the respective sizes of the parties demonstrates this case is exceptional. The court determines that the parties' size disparity does not support an inference of bad faith. *See, e.g., Sport Dimension, Inc. v. Coleman Co., Inc.*, C.A. No. 14-00438 BRO (MRWx), 2015 WL 10013784, at *8 (C.D. Cal. June 4, 2015) ("Citing the discrepancy in the parties' sizes . . . does not help [plaintiff] to satisfy its burden of demonstrating that [defendant's] actions were exceptional.").

⁶⁷ D.I. 1051 at 4.

⁶⁸ *Id.*

⁶⁹ D.I. 1072 at 1 (citing *Octane Fitness*, 134 S. Ct. at 1756).

⁷⁰ *Id.*

Swiss law counterclaims.⁷¹ Roche also maintains that from the outset of the case, its claim construction position was fully supported by intrinsic and extrinsic evidence, and provided a reasonable basis for its infringement position.⁷² It notes that simply because the court agreed with Nova on a claim construction issue does not mean Roche's position was exceptionally meritless or was made in bad faith.⁷³ Roche states that after Judge Farnan's *Markman* ruling, it promptly pursued the path available in this court to correct the perceived error with the construction—a motion for reconsideration.⁷⁴ After that motion was denied, Roche accepted a judgment of non-infringement.⁷⁵ According to Roche, any delays associated with reconsideration, and Nova's need to prepare for trial on Roche's patent claims in the meantime, were neither within Roche's control nor intended or desired by Roche.⁷⁶ Rather, Roche alleges it was Nova that refused any deferral of further briefing on summary judgment to address reconsideration.⁷⁷ Roche contends Judge Farnan's request for additional briefing on reconsideration confirms that Roche's argument was not frivolous or unfounded, as does his acknowledgment that Roche had a "great point" on the claim construction issue.⁷⁸

Roche contends the Federal Circuit's decisions further support the claim

⁷¹ *Id.* at 4.

⁷² *Id.*

⁷³ *Id.*

⁷⁴ *Id.*

⁷⁵ *Id.* at 5.

⁷⁶ *Id.*

⁷⁷ *Id.*

⁷⁸ *Id.* (quoting D.I. 859 at 5:24-6:6 ("I've looked at the paper on reconsideration. It's a great point for the Federal Circuit, and I actually think you might have a point. But it will be interesting to see what they say. So we will be moving ahead with that Rule 54 judgment."))).

construction position.⁷⁹ Roche states that in *Roche I*, the Federal Circuit considered the merits of the parties' claim construction positions, including the "persuasive[ness]" of Roche's argument, but ultimately decided to vacate this court's judgment of non-infringement and remand the case for further consideration of claim construction.⁸⁰ In *Roche II*, the Federal Circuit treated the claim construction issue entirely on its merits and did not dismiss any of Roche's arguments as baseless.⁸¹ Roche also insists that in *Roche II*, the Federal Circuit did not consider Nova's procedural arguments, which Nova now relies heavily upon in its motion of alleged misconduct by Roche.⁸²

Nova contends Roche knew, or should have known, that the asserted claims do not cover its accused products because the patents-in-suit claim methods for determining glucose in blood using micro-electrodes up to 100 μm wide, while the accused Nova products used macro-electrodes with a width of 762 μm .⁸³ Nova contends Roche brought its infringement claims in bad faith because it knew those claims were without merit and its interpretations of the claims were baseless in light of the intrinsic evidence.⁸⁴

The patents-in-suit claim methods for determining glucose in blood using micro-electrodes up to 100 μm wide.⁸⁵ Both patents claim priority to a November 2001 provisional application titled "Electrodes, Methods, Apparatuses Comprising Micro-

⁷⁹ *Id.*

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² *Id.*

⁸³ D.I. 1051 at 3, 4, 6.

⁸⁴ *Id.* at 11.

⁸⁵ *Id.* at 4.

Electrode Arrays,” which explains that: “[t]he present invention relates to arrays of micro-electrodes, methods of preparing the arrays, and to uses of the arrays.”⁸⁶ In October 2002, Roche filed two separate applications based on the 2001 provisional application.⁸⁷ The first application, from which the ‘147 patent issued as a continuation, contained the same specification as the provisional application.⁸⁸ The second application, which issued as the ‘146 patent, added new examples and corresponding figures to the specification.⁸⁹ Consequently, Nova avers, both patents-in-suit share a common specification up to and including Example 1, referred to by Nova as the “Common Specification.”⁹⁰ Nova contends the common specification limited the claims to micro-electrodes of less than about 100 μm .⁹¹ While the common specification acknowledged prior art use of micro-electrodes of “very small dimension” (e.g., 1-3 μm), it contrasted the claimed micro-electrodes as “relatively larger” (e.g., “in the range from 15 or 20 or 25 μm , up to about 100 μm ”) than those in the prior art.⁹² Nova emphasizes the Common Specification repeatedly described the claimed invention as limited to micro-electrodes.⁹³ Nova also states the Common Specification explicitly defined the claimed micro-electrodes, as contrasted with “non-microelectrodes, i.e., ‘macro-electrodes,’” based on their smaller width of “less than 100 μm ” and their predominantly

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ *Id.*

⁸⁹ *Id.*

⁹⁰ *Id.*

⁹¹ *Id.*

⁹² *Id.* at 4-5 (quoting ‘147 patent, 2:43-50).

⁹³ *Id.* at 5 (citing ‘147 patent, 2:42-43; 3:3-4; 3:16-18; 3:21-23; and 3:38-39).

non-planar diffusion pattern.⁹⁴ According to Nova, the Common Specification did not disclose any method or example using electrodes wider than 100 μm , and the only example common to both patents, Example 1, used micro-electrodes of 25 μm .⁹⁵ Nova contends the named inventor, Chris Wilsey, confirmed at his deposition that his invention was limited to micro-electrodes and that the '147 patent contained no examples of a macro-electrode.⁹⁶

Nova also states that Roche disclaimed coverage of macro-electrodes during prosecution, consistent with the Common Specification.⁹⁷ In response to a rejection of claims based on prior art, Judge Farnan found "the patentee distinguished the prior art, in part, on the basis of its use of macroelectrodes as opposed to microelectrodes," and construed the "electrode" terms as limited to "micro-electrodes having a width of 15 μm up to approximately 100 μm ."⁹⁸

Nova alleges Roche knew Nova's accused products did not use micro-electrodes.⁹⁹ Nova's accused products, which were on sale and readily available prior to the suit, used macro-electrodes with a width of 764 μm .¹⁰⁰ Additionally, Nova maintains Roche had specific knowledge of Nova's product before it filed its provisional

⁹⁴ *Id.* (quoting '147 patent, 4:10-29).

⁹⁵ *Id.* (citing '147 patent, 19:28-32).

⁹⁶ *Id.* (citing D.I. 361, Ex. O at 39:6-13 (Wilsey testifying that at the time the provisional application was filed, the invention related to, and claimed arrays of micro-electrodes and that there were no examples of macro-electrodes)). As Roche points out however, neither the Federal Circuit nor this court apparently considered Wilsey's testimony to be particularly important as none of those court's opinions mention that testimony, despite Nova repeatedly raising the issue. D.I. 1072 at 12.

⁹⁷ *Id.* at 6.

⁹⁸ *Id.* at 6, 14 (quoting D.I. 563 at 8-9 (2009 *Markman* Decision)).

⁹⁹ *Id.* at 6.

¹⁰⁰ *Id.*

application in 2001.¹⁰¹ In 1999, soon after Nova developed its new glucose sensor in 1998, Nova approached Roche about working as Nova's marketing partner on its new glucose sensor.¹⁰² In September 2009, representatives of Roche attended a meeting at Nova to discuss the new product, during which Roche was given a slide presentation regarding Nova's technology, a tour of Nova's research and development and manufacturing facilities, a demonstration of prototypes of Nova's technology, and an opportunity to test the new strips.¹⁰³ Nova maintains, therefore, that its prototype, commercialized as the Nova Max product, was known to Roche two years before Roche filed the provisional application to which the patents-in-suit claim priority.¹⁰⁴

Based on the intrinsic evidence, Nova concludes Roche knew or should have known its construction of "electrode" was baseless.¹⁰⁵ Nova reiterates that the Common Specification described the use of "flexible substrate" with "micro-electrodes," contrasted "micro-electrodes" with prior art micro-electrodes—explaining the micro-electrodes of the patents were "relatively larger," "in the range of 15 or 20 or 25 μm , up to about 100 μm , more preferably from greater than or about 25 or 30 μm to about 50 μm ," and defined the micro-electrodes of the claimed invention by their small width of "less than 100 μm " compared to larger "macro-electrodes."¹⁰⁶ Nova again points out the Common Specification disclosed no method or example of using electrodes wider than

¹⁰¹ *Id.*

¹⁰² *Id.* (citing D.I. 1000, Ex. 4 at 18:3-8).

¹⁰³ *Id.* (citing D.I. 814 (1/26/2010 Trial Tr.) at 268:17-269:21; D.I. 1000, Ex. 4 at 93:8-25, 96:21-98:20).

¹⁰⁴ *Id.*

¹⁰⁵ *Id.* at 12.

¹⁰⁶ *Id.* (quoting '147 patent, 2:20-24, 3:3-4, 2:43-50, 3:9-12, 4:10-29).

100 μm ,¹ and the only example common to both specifications, Example 1, used micro-electrodes that were 25 μm .¹⁰⁷ Nova concludes, therefore, that the Common Specification makes clear that the claimed electrodes of the patents-in-suit were limited to micro-electrodes with a width of less than 100 μm .¹⁰⁸

In addition to the Common Specification's purportedly clear definition of the claimed micro-electrodes, Nova contends Roche's disavowal of larger macro-electrodes during prosecution also demonstrates that Roche's positions were baseless and pursued in bad faith.¹⁰⁹ Nova states that, to overcome prior art rejections, the patentee argued the cited prior art references used macro-electrodes, not micro-electrodes, and notes that Judge Farnan also found "the patentee distinguished the prior art, in part, on the basis of its use of macroelectrodes as opposed to microelectrodes."¹¹⁰ Nova contends this prosecution history disclaimer of macro-electrodes, standing alone, should have been enough to deter Roche (or any reasonable plaintiff) from filing this case against Nova, whose accused products were known to use macro-electrodes.¹¹¹

Despite the forgoing evidence, Nova contends Roche not only brought this meritless case, but pursued a construction of "electrode" that was not limited to micro-electrodes in an attempt to get its narrow claims to read on Nova's accused products

¹⁰⁷ *Id.* at 12-13.

¹⁰⁸ *Id.* at 13.

¹⁰⁹ *Id.*

¹¹⁰ *Id.* (quoting D.I. 563 at 8).

¹¹¹ *Id.* Nova also noted the testimony of Roche's inventor that the provisional application related arrays of micro-electrodes and that the '147 patent had no examples of a macro-electrode as further evidence of the unreasonableness Roche's claim construction. *Id.* (quoting D.I. 361 Ex. O at 39:6-13, 48:1-16).

that it knew used macro-electrodes.¹¹² Nova, therefore, maintains Roche's unreasonable claim construction position warrants a finding that this case is exceptional.¹¹³

Naturally, Roche disagrees. Under 35 U.S.C. § 285, "exceptional" has its ordinary meaning of "'uncommon,' 'rare,' or 'not ordinary.'"¹¹⁴ An "exceptional" case is one that "stands out from others" when considering the "totality of the circumstances."¹¹⁵ A case can be found "exceptional" for: (1) lack of substantive strength of litigating position, (2) subjective bad faith, or (3) unreasonable conduct.¹¹⁶ Roche notes that assertions of infringement of a duly granted patent are presumed to be made in good faith.¹¹⁷ However, when a "patentee is manifestly unreasonable in assessing infringement, while continuing to assert infringement in the court, an inference is proper of bad faith, whether grounded in or denominated wrongful intent, recklessness, or gross negligence."¹¹⁸

The court does not agree with Nova that Roche was manifestly unreasonable in bringing, and maintaining, this action. Roche does not dispute it knew of the size of the

¹¹² *Id.* at 13-14.

¹¹³ *Id.* at 15 (citing *Vehicle Interface Techs., LLC v. Jaguar Land Rover N.A., LLC*, C.A. No. 12-1285-RGA, 2015 WL 94620636, at *3 (D. Del. Dec. 28, 2015) ("A case may be declared exceptional if plaintiff relied on a claim construction that is so lacking in evidentiary support that it is objectively unreasonable or indicates bad faith."); *Taurus IP, LLC v. DaimlerChrysler Corp.*, 726 F.3d 1306, 1307 (Fed. Cir. 2013) ("When patentees have sought unreasonable claim constructions divorced from the written description, . . . court[s] ha[ve] found infringement claims objectively baseless.")).

¹¹⁴ *Octane*, 134 S. Ct at 1756.

¹¹⁵ *Id.*

¹¹⁶ *Id.* at 1756-57.

¹¹⁷ D.I. 1072 at 6 (citing *Springs Window Fashions, LP v. Novo Indus., L.P.*, 323 F.3d 989, 999 (Fed. Cir. 2003)).

¹¹⁸ *Eltech Sys. Corp. v. PPG Indus., Inc.*, 903 F.2d 805, 811 (Fed. Cir. 1990).

electrodes in the accused products. Instead, in its original briefing for the first *Markman* hearing, and at that hearing, Roche argued that the term “electrode” in the asserted claims covered both micro- and macro-electrodes and argued against disavowal of macro-electrodes during prosecution. The court disagreed with Roche, finding “the patentee distinguished the prior art, in part, on the basis of its use of macroelectrodes as opposed to microelectrodes” and determined the “‘microelectrode’ terms . . . refer to microelectrodes having a width of 15 μ m up to approximately 100 μ m.”¹¹⁹ However, “simply being wrong about claim construction should not subject a party to sanctions where the construction is not objectively baseless.”¹²⁰ Also, the court did not indicate it believed Roche’s arguments were baseless or without merit.

Roche disputes Nova’s contention that it “must have known that its reconsideration request was procedurally improper,”¹²¹ and the court disagrees with Nova that the filing of that motion evidences bad faith or was objectively unreasonable. After the court issued its September 15, 2009 *Markman* opinion, on September 29, 2009, Roche filed its motion for reconsideration pursuant to Local Rule 7.1.5 and cited both the Third Circuit standard for reconsideration and the Federal Circuit’s standards on rolling claim construction.¹²² Roche states that its motion explained how new evidence, including defendants’ expert testimony, contradicted aspects of the court’s

¹¹⁹ D.I. 563 at 8-9.

¹²⁰ *iLOR, LLC v. Google, Inc.*, 631 F.3d 1372, 1380 (Fed. Cir. 2001); *see also LendingTree, LLC v. Zillow, Inc.*, 54 F. Supp. 3d 444, 458 (W.D.N.C. 2014) (“Reasonable argument—even an unsuccessful one—does not make a case exceptional.”).

¹²¹ D.I. 1072 at 13.

¹²² D.I. 636-639; *see also* D.I. 655, 663, 694, 699.

construction, and explained how other evidence showed the court's construction of the electrode terms was based on a misapprehension of certain controlling factual and legal issues.¹²³ In its motion for reconsideration, Roche did not challenge the court's determination that the claims should be limited to micro-electrodes, but requested the court revise the definition of the "electrode" terms "to include the full scope of the normal meaning of 'microelectrode,' *i.e.*, microelectrodes having a width of up to approximately 1,000 μm ."¹²⁴

The court ultimately denied Roche's motion. At the January 14, 2010 pretrial conference, the court indicated it was inclined to deny the motion for reconsideration stating, "I've read the briefing. I'm not convinced that I made a mistake or that I didn't

¹²³ D.I. 1072 at 13 (citing D.I. 636; D.I. 637-639, 663, 699, 774).

¹²⁴ D.I. 636 at 1. Roche identifies intrinsic and extrinsic evidence that purportedly supports its position that describe micro-electrodes as extending up to 1,000 μm in width. See D.I. 1072 at 9 (citing '146 patent, 26:33-34, 27:45-46, 28:25-27 (references to electrodes of up to 1,000 μm in width); D.I. 986, Ex. 12, p.34 at lines 3-7 (claims 1-2) (the priority application, which only identified 100 μm as an upper limit in a dependent claim (leaving the broad, independent claim open-ended at the upper limit under the doctrine of claim differentiation)); D.I. 986, Ex. 13 at R1073-75, 7082-84, 1088, 1095, 1102, 1117-18 (file histories of the patents in suit, including inventor Wilsey's contemporaneous Excalibur Report, part of the file history of both patents, which explicitly calls electrodes having widths of 300 μm , 500 μm , and 1,000 μm as "microelectrodes"); and D.I. 986, Ex. 15 at 146, 204-05, 209, Ex. 16 at R007719443-46, and Ex. 17 at R007719451-53; D.I. 984 at ¶¶ 7-8, 10-14 (extrinsic evidence, including expert testimony on diffusion patterns and several extrinsic treatises and technical dictionaries, which described micro-electrodes as being up to 1 mm or 1,000 μm , including the Bard & Faulkner's textbook, *Electrochemical Methods, Fundamentals and Applications*, and the *Electrochemical Dictionary*)). Roche also argues that any purported disavowal of macro-electrodes during prosecution does not make its claim construction and infringement position unreasonable. It contends that it argued on reconsideration and appeal that, even accepting the disavowal of macro-electrodes, the intrinsic and extrinsic evidence support its position that the claims still encompassed electrodes of up to 1,000 μm in width. D.I. 1072 at 11.

consider all the arguments.”¹²⁵ Despite that statement, the court invited Roche to submit additional briefing “to give you an opportunity to put something in place to tell me that I shouldn’t” deny the motion for reconsideration.¹²⁶ At the January 21, 2010 pretrial conference, Roche was unable to convince the court to grant its motion. However, the court stated, “I’ve looked at the paper on reconsideration. It’s a great point for the Federal Circuit, and I actually think you might have a point. But it will be interesting to see what they say [about Roche’s arguments]. So we will be moving ahead with that Rule 54 judgment.”¹²⁷ Shortly thereafter, on February 16, 2010, Roche moved for a Rule 15(b) judgment of non-infringement on its patent claims.¹²⁸ On July 27, 2010, the court granted Roche’s motion and Roche filed its Notice of Appeal.¹²⁹

According to Roche, in the first appeal Nova did not raise any procedural objection or argue that any of Roche’s reconsideration arguments or evidence should be ignored and agreed that the merits of Roche’s claim construction arguments should be addressed.¹³⁰ In that appeal, the Federal Circuit stated:

¹²⁵ D.I. 858 at 46:9-11, 47:7-9.

¹²⁶ *Id.* at 47:12-13.

¹²⁷ D.I. 859 at 5:24-6:6. Nova’s argument that Roche’s motion for reconsideration forced it to continue to prepare for a 2010 trial on infringement that was “never going to happen” is misplaced. The court did not finally rule on that motion until the January 21, 2010 pretrial conference. Prior to that date, the parties could not be certain what the court’s ruling would be and necessarily would have to continue trial preparation in the event that the court granted Roche’s motion.

¹²⁸ D.I. 812.

¹²⁹ D.I. 850, 851, 852.

¹³⁰ D.I. 1072 at 14. On remand, this court stated, “[o]n the one hand, the Federal Circuit’s statement [that “Nova . . . do[es] not dispute on appeal . . . that Roche’s argument should be addressed on the merits”] sounds like a conclusion that any procedural objections were waived. On the other hand, Defendants have represented that they did not waive the [procedural] arguments in their briefing. When I pressed them on the point, the response was underwhelming. Defendants[’] . . . provided

The procedural posture of this case . . . deprives us of the district court's resolution (and illumination) of the issues that are raised with respect to the construction of the term "electrode." Roche raised its current claim construction argument to the district court in a motion for reconsideration, which the district court denied. The district court did not address whether reconsideration was procedurally appropriate, and, if so, whether Roche's argument has merit. *Nova . . . do[es] not dispute on appeal, however, that Roche's argument should be addressed on the merits.*¹³¹

The Federal Circuit did not indicate it believed Roche's positions to be baseless or without merit, and commented that "Roche counters (rather persuasively, in our view) that this statement [in the specifications regarding the dimensions of electrodes], and other similar statements in the specification, is merely a non-limiting description of a preferred embodiment of the claimed invention."¹³² The Federal Circuit then "vacate[d] the judgment of non-infringement . . . and remand[ed] to the district court to consider the parties' arguments that pertain to the scope of the term 'electrode.'"¹³³

On remand, the parties provided further briefing on Roche's proposed claim construction of "electrode," and whether Judge Farnan was justified in denying Roche's motion for reconsideration on procedural grounds.¹³⁴ On December 5, 2015, a Memorandum Opinion issued finding that Roche's motion for reconsideration was procedurally improper and adopted this court's original claim construction. This opinion

citations do not show any argument at all about reconsideration being procedurally improper. I do not see any evidence that Defendants put the Federal Circuit on notice that Defendants were arguing that the Federal Circuit should affirm the claim construction based on the waiver argument." D.I. 1025 at 8-9.

¹³¹ *Roche I*, 452 F. App'x at 994 (emphasis added).

¹³² *Id.* at 995.

¹³³ *Id.* at 998; see also *id.* at 997 ("Accordingly, we remand the case to the district court for the purpose of construing the term 'electrode' and any subsequent proceeding that might be necessary once the court construes that term.").

¹³⁴ D.I. 1051 at 8.

noted “such a decision is particularly warranted here where Roche is not only raising an argument it did not make [at the first *Markman* hearing], but an argument that is contrary to the argument it did make”¹³⁵ The court also considered the merits of Roche’s construction of “electrode” in light of the record before it, including the parties’ post-remand briefing, with over 1,500 pages of extrinsic evidence and the expert declarations submitted by Roche.¹³⁶ The court did not find Roche’s new extrinsic evidence persuasive and affirmed its prior construction of “electrode.”¹³⁷ Although the court determined that the original construction of “electrode” was supported due to Roche’s procedurally improper motion for reconsideration, and on the merits, there is again no statement by the court that Roche’s claim construction arguments were unfounded or frivolous.¹³⁸

On January 15, 2015, the parties filed a stipulation and Joint Motion for Entry of Final Judgment of Noninfringement.¹³⁹ On January 16, 2015, the court entered a Final

¹³⁵ D.I. 1025 at 8. The court also found that Roche’s “‘new extrinsic evidence’ was mostly new only in the sense that it had not been presented by Roche before and that, in the opinion of the court, that “‘new extrinsic evidence’ was not new and therefore was not a proper ground for reconsideration.” *Id.* at 7.

¹³⁶ D.I. 1051 at 8-9 (citing D.I. 964-987, 1004, 1005).

¹³⁷ D.I. 1025 at 15.

¹³⁸ *Cf., e.g., Vehicle Operation Techs. LLC v. Ford Motor Co.*, C.A. No. 13-539-RGA, 2015 WL 4036171, at *3 (D. Del. July 1, 2015) (finding case exceptional based on previous rulings “that any objectively reasonable pre-suit investigation would reveal that the entire action was meritless” and plaintiff’s claim construction “was frivolous and objectively unreasonable”); *Chalumeau Power Sys. LLC v. Alcatel-Lucent Holdings Inc.*, C.A. No. 11-1175-RGA, 2014 WL 4675002, at *2-3 (D. Del. Sept. 12, 2014) (awarding fees where plaintiff’s proposed constructions, “taken as a whole . . . were frivolous,” finding one proposed construction “was one of the wors[t] proposed constructions I’ve ever seen so far,” and determining plaintiff “filed a frivolous lawsuit with the sole purpose of extorting a settlement fee”).

¹³⁹ D.I. 1029.

Judgment of non-infringement.¹⁴⁰ On February 23, 2015, Roche filed a Notice of Appeal.¹⁴¹

In the second appeal, Roche argued that this court's construction was improperly based on a preferred embodiment, that the Common Specification's discussion of diffusion precludes a 100 μm limit for micro-electrode width, and that Examples 3, 4, and 5 of the '146 patent show that micro-electrodes can have a width greater than 100 μm .¹⁴² The Federal Circuit rejected each of Roche's arguments.¹⁴³ Having decided in *Roche I* that the procedural posture of the case at that time prevented the court from definitively ruling on Roche's construction of "electrodes" set forth in its motion for reconsideration, the *Roche II* appeal was the first time the Federal Circuit was able to rule on the merits of the parties' claim construction positions. Again, although rejecting Roche's arguments, the Federal Circuit did not indicate Roche's positions were meritless or unreasonable.

Consequently, considering the totality of the circumstances, the court does not find this to be an exceptional case and Nova's motion should be denied.

III. ROCHE'S RENEWED MOTION FOR ATTORNEYS' FEES ASSOCIATED WITH NOVA'S COUNTERCLAIMS¹⁴⁴

This court has determined, and the Federal Circuit affirmed, that Swiss law

¹⁴⁰ D.I. 1032.

¹⁴¹ D.I. 1035.

¹⁴² *Roche II*, 660 Fed. App'x at 936-37.

¹⁴³ *Id.* The Federal Circuit also found "the court did not clearly err in finding Roche's extrinsic evidence unpersuasive" and stated "[e]ven the extrinsic evidence Roche cited is inconsistent with its assertion that 1,000 μm is an established width limit for microelectrodes." *Id.* at 939. The court filed its opinion and entered its judgment on September 22, 2016, D.I. 1041-1, and its Mandate issued October 31, 2016. D.I. 1041.

¹⁴⁴ D.I. 1050.

governs certain of Nova's counterclaims.¹⁴⁵ According to Roche, Swiss law follows the "English Rule" of awarding attorneys' fees and expenses to the prevailing party of such claims as a matter of course.¹⁴⁶ As the prevailing party on Nova's counterclaims, Roche contends it is entitled to an award of fees for defense against those claims.¹⁴⁷

A. Background

The background facts presented by Nova in support of its motion are as follows: in answering Roche's amended complaint, Nova sought declarations of non-infringement (First Counterclaim) and invalidity (Second Counterclaim).¹⁴⁸ Nova also filed counterclaims for patent infringement (Third Counterclaim), breach of contract (Fourth Counterclaim), misappropriation of trade secrets (Fifth Counterclaim), unfair competition (Sixth Counterclaim), and conversion (Seventh Counterclaim).¹⁴⁹

On May 28, 2008, Roche answered Nova's affirmative defenses and counterclaims, including a defense that Nova's Fourth, Fifth, Sixth, and Seventh Counterclaims ("the Swiss law counterclaims") fail to state a claim upon which relief may be granted.¹⁵⁰ Roche's prayer for relief on Nova's counterclaims included a request for an award of attorneys' fees in connection with the counterclaims.¹⁵¹ On that same date, Roche filed a motion to dismiss Nova's Fourth, Fifth, Sixth, and Seventh

¹⁴⁵ See Oral Order of January 25, 2010 ("After considering the parties' arguments, the Court concludes that the laws of Switzerland apply to all of the counterclaims asserted by Nova in the action."); D.I. 948-1 at 16-17.

¹⁴⁶ D.I. 1052 at 1.

¹⁴⁷ *Id.*

¹⁴⁸ D.I. 181.

¹⁴⁹ *Id.*

¹⁵⁰ D.I. 199.

¹⁵¹ D.I. 199.

Counterclaims under FED. R. CIV. P. 12(b)(6) for failure to state a claim, and in so moving, asserted that those counterclaims were subject to Swiss law based on a prior contractual agreement (the "Agreement") between that parties.¹⁵² In its motion, Roche argued that because Nova presented its counterclaims under U.S. common law, which Roche argues does not apply, each of the Fourth through Seventh Counterclaims fails to state a claim upon which relief can be granted and should be dismissed.¹⁵³

¹⁵² D.I. 200 at 1. The referenced Agreement is a non-disclosure agreement between Hoffman-La Roche, Ltd. ("HLR") and Nova. See D.I. 1054 (Dasser Decl.), Ex. C. According to Nova, on September 8, 1999, Gerd Grenner, HLR's Chief Technology Officer, traveled to Waltham, Massachusetts to meet with Nova's President, Frank Manganaro, to discuss Nova's new glucose monitoring technology and the potential for HLR to become a marketing partner for Nova's technology. D.I. 1068 at 3 (citing D.I. 814 at 250-51). Because Nova's technology was proprietary and confidential, Nova requested that HLR execute Nova's non-disclosure agreement, which was sent to Grenner in advance of the meeting. *Id.* (citing D.I. 814 at 263-64). Instead of signing Nova's agreement, Grenner arrived on September 8 with Roche's two-page form non-disclosure agreement, *Id.* (citing D.I. 1054, Ex. C), which Manganaro signed without lawyer review or discussion of the terms. *Id.* (citing D.I. 816 at 869 (Grenner describing the Agreement as "our standard confidential agreement[] drafted by our counsel in Switzerland")). The purpose of the Agreement was to facilitate the disclosure of Nova's confidential information, subject to certain terms and conditions. *Id.* (citing D.I. 1054, Ex. E). The Agreement was executed on September 8, 1999 and its final line stated "[t]his Agreement shall be governed in all respects by the laws of Switzerland." D.I. 1054, Ex. C at 2. Nova maintains there is nothing in the Agreement regarding resolution of disputes arising from the agreement, the venue or forum for hearing such disputes, or attorneys' fees. D.I. 1068 at 3 (citing D.I. 1054, Ex. C).

¹⁵³ D.I. 200 at 1. This motion to dismiss was never formally decided; the court addressed issues raised in the motion at and before trial, by deciding that Swiss law applied to the counterclaims and that Nova could only proceed on its breach of contract and unfair competition counterclaims (Fourth and Sixth Counterclaims). See Oral Order of January 25, 2010; D.I. 816 at 997-98. Hereinafter, therefore, the court will refer to Nova's Fourth through Seventh Counterclaims as the "Swiss law counterclaims." The Federal Circuit affirmed this court's determination of the application of Swiss law to those counterclaims. D.I. 948-1 at 16-17. During fact discovery, all claims directed to Nova's patent infringement allegation were dismissed with prejudice by stipulation between the parties, with each party bearing its own costs and attorneys' fees in connection with activities pertaining to that patent infringement dispute. D.I. 342. The court ordered the stipulation on October 29, 2008. D.I. 344.

According to Roche, Nova's Swiss law counterclaims created a "case within a case," requiring the parties to expend significant effort, at considerable expense, on issues related to those counterclaims, including conducting specific discovery of Nova, responding to Nova's discovery, participating in third party discovery, and filing and/or responding to numerous motions.¹⁵⁴ Roche maintains that, although discovery proceeded on Roche's patent claims and Nova's Swiss law counterclaims, the issues were treated separately, as evidenced by this court's establishment of separate and distinct discovery rules for the non-patent issues.¹⁵⁵

Following fact discovery, Roche engaged the services of two experts with respect to Nova's Swiss law counterclaims, resulting in expert reports and depositions on issues solely related to such counterclaims.¹⁵⁶ At the close of fact and expert discovery, Roche filed a motion for summary judgment on Nova's Swiss law counterclaims.¹⁵⁷

Roche further avers that Nova's Swiss law counterclaims required numerous additional pre-trial motions and preparation of exhibits and other submissions relating to the counterclaims.¹⁵⁸ Those submissions included Roche's motion to bifurcate trial on Nova's Swiss law counterclaims from trial on Roche's patent infringement claims.¹⁵⁹

Roche contends that at the January 14, 2010 pretrial hearing, Judge Farnan

¹⁵⁴ D.I. 1052 at 3 (citing D.I. 1055 (Fritsch Decl.) at ¶¶ 24-25).

¹⁵⁵ *Id.* at 2 (citing D.I. 147 (Scheduling Order) at §§ 3(a)(i)(2), (i)(3), and (ii)(2)).

¹⁵⁶ *Id.* (citing D.I. 1055 at ¶ 26).

¹⁵⁷ D.I. 540-544; *see also* D.I. 1055 at ¶ 27. Roche filed another motion for summary judgment on Nova's Affirmative defenses it states pertained in part to the counterclaims. D.I. 1052 at 2 n.4 (citing D.I. 525-528).

¹⁵⁸ D.I. 1052 at 2 (citing D.I. 683, 687, 732, 755-57; D.I. 1055 at ¶¶ 28-29).

¹⁵⁹ *Id.* at 3 (citing D.I. 732-34; D.I. 1055 at ¶ 28).

found Nova's Swiss law counterclaims were separate and distinct from Roche's patent claims: "I think there is some factual overlap, but I don't think there is an issue overlap. And I think the counterclaims and patent issues can be tried separately, both in a legal sense and in a time sense."¹⁶⁰

Roche argues that at the January 21, 2010 pretrial hearing, the court effectively turned the "case within a case"—Nova's Swiss law counterclaims—into its own separate matter by (1) deciding that it would resolve Roche's patent claims with a judgment under FED. R. CIV. P. 54(b), and (2) rejecting Nova's arguments that a trial on its Swiss law counterclaims should be stayed pending the appeal of Roche's patent claims so Roche's patent claims and Nova's Swiss law counterclaims could be tried together.¹⁶¹

On January 25, 2010—the eve of the trial on Nova's Swiss law counterclaims—this

¹⁶⁰ D.I. 858 at 37:15-19.

¹⁶¹ D.I. 1052 at 3 (citing D.I. 859 at 5:24-6:6 ("I've looked at the paper on reconsideration. It's a great point for the Federal Circuit, and I actually think you may have a point. But it will be interesting to see what they say. So we will be moving ahead with that Rule 54 judgment."); D.I. 859 at 6:17-8:1 ("And then we come to the trial that's going to start on the 26th. Not a convincing case under the 7th Amendment, even with the Eagles cuff links. But I want to starkly state the issue, because it comes up so frequently. What I understand Nova to be asking for is a unitary trial which would have liability and damages. I previously had separated the issue of damages and did not allow discovery. So we come to our present status with these counterclaims that need to be tried. No damages discovery. And a request for a unitary trial and a continuance of the allegations against Roche. I think you said in the paper four or five months or something like that. I'm going to deny the request. I'm going to find that the 7th Amendment does not require after a separation of issues, particularly as distinct as liability and damages are in legal theory, does not require trial by the same jury. It's a great issue. And I've said it as clearly as I can. So that my ruling is that you can always separate liability and damages. And the Court—the District Courts can try those two separate juries. There's no 7th amendment right to the same jury even where, as the argument in this case is made by Nova, that there may be factual overlay. So I think that takes care of that.").

court determined that Swiss law applied to the counterclaims.¹⁶² A five-day jury trial addressing only the counterclaims was conducted from January 26 to February 1, 2010.¹⁶³ On January 28, 2010, after receiving testimony from Dr. Felix Dasser, Roche's expert on Swiss law, and with the court interposing its own questions, the court confirmed that Swiss law applied to Nova's claims and that Nova could proceed only with its breach of contract and unfair competition claims.¹⁶⁴

On February 1, 2010, the court instructed the jury to adjudicate Nova's Swiss law breach of contract and unfair competition counterclaims.¹⁶⁵ On February 2, 2010, the jury returned a verdict in favor of Roche on those counterclaims, e.g., that Nova had not proven Roche breached the contract or that Roche engaged in unfair competition.¹⁶⁶ Following the verdict, on February 12, 2010, Nova filed a motion for judgment as a matter of law on its breach of contract and unfair competition counterclaims.¹⁶⁷ On March 3, 2010, Nova filed a motion for a new trial.¹⁶⁸ On July 27, 2010, the court issued a Memorandum Opinion and Order denying Nova's post-trial motions.¹⁶⁹ The court entered judgment in Roche's favor that same day.¹⁷⁰

¹⁶² See Oral Order of January 25, 2010 ("After considering the parties' arguments, the Court concludes that the laws of Switzerland apply to all the counterclaims asserted by Nova in the action.").

¹⁶³ See D.I. 814-19.

¹⁶⁴ D.I. 816 at 998-98.

¹⁶⁵ D.I. 819 at 1372-1393.

¹⁶⁶ D.I. 807.

¹⁶⁷ D.I. 810. Roche filed its opposition to Nova's motion for judgment as a matter of law on March 1, 2010. D.I. 834.

¹⁶⁸ D.I. 836. Roche filed its opposition to Nova's motion for a new trial on March 22, 2010. D.I. 841.

¹⁶⁹ D.I. 847, 848; see also D.I. 1055 at ¶ 30.

¹⁷⁰ D.I. 851. The court's judgment also ordered Judgment be entered pursuant to FED. R. CIV. P. 54(b) in favor on Nova on non-infringement of Roche's '146 and '147

On July, 27, 2010, Roche filed a Notice of Appeal regarding the claim construction issue that led to the Rule 54(b) judgment on its patent claims.¹⁷¹ On August 26, 2010, Nova filed a Notice of Cross Appeal relating to the trial and the judgment for Roche on Nova's Swiss law counterclaims.¹⁷² According to Roche, its appeal concerning its patent claims and Nova's appeal relating to its Swiss law counterclaims were consolidated at the Federal Circuit.¹⁷³ On January 25, 2012, that court issued its decision affirming "the district court's resolution of all issues and the jury's verdict of no-liability regarding Nova's counterclaims."¹⁷⁴ The Federal Circuit issued its Mandate on March 2, 2012.¹⁷⁵ Roche avers that its defense at the Federal Circuit required substantial attorney effort, including appellate motion practice and briefing, and oral argument development.¹⁷⁶

On March 9, 2011, Roche submitted a Motion for Attorney Fees Associated with Nova's Counterclaims.¹⁷⁷ Also on March 9, 2011, Nova filed a Motion to Declare This Case Exceptional, for an Award of Fees and Related Expenses, and to Defer Briefing on This Motion Until All Appeals are Exhausted.¹⁷⁸ By stipulation of the parties, briefing on those motions was initially deferred.¹⁷⁹ The parties' March 23, 2011 Stipulated Order

patents.

¹⁷¹ D.I.1052 at 4 n.6 (citing D.I. 852).

¹⁷² *Id.* at 4 (citing D.I. 863; D.I.1055 at ¶ 31).

¹⁷³ *Id.* at 4 n.6 (citing D.I. 948).

¹⁷⁴ D.I. 948-1 at 18. That decision also addressed the claim construction issues and "vacate[d] the judgment of non-infringement . . . and remand[ed] to the district court to consider the parties' arguments that pertain to the scope of the term 'electrode.'" *Id.*

¹⁷⁵ D.I. 948.

¹⁷⁶ D.I. 1055 at ¶ 31.

¹⁷⁷ D.I. 937.

¹⁷⁸ D.I. 939.

¹⁷⁹ D.I. 1052 at 4.

for Deferral of Briefing for Motions for Fees, So Ordered by the court the following day, deferred full briefing on the parties' fees motions until the "latter of (i) thirty (30) days after the Federal Circuit issues its final mandate following exhaustion of all appeals, or (ii) thirty (30) days after the time to file any further appeals is exhausted."¹⁸⁰ Despite the language of the stipulation, Roche states that—out of an abundance of caution—on April 2, 2012, it filed an Opening Brief in Support of its Motion for Attorney Fees Associated with Nova's Counterclaims and supporting declarations.¹⁸¹ On April 18, 2012, the court issued an order regarding its interpretation of the Stipulated Order for Deferral of Briefing stating: "The Court interpreting its prior order (D.I. 941) to provide that briefing on this Motion and Nova's Fees Motion (D.I. 939) would not occur until after all appellate rights have been exhausted" and ordered "that no further briefs need be, or should be, filed in relation to these two motions until the conditions of D.I. 941 are met."¹⁸² On May 14, 2012, the court issued an additional order dismissing the parties' motions for attorney fees, D.I. 937 & D.I. 939, as not being ripe for decision and provided leave to refile after the conditions of the Stipulated Order for Deferral of Briefing for Motions for Fees, D.I. 941, were met.¹⁸³

Between 2012 and 2015, the parties addressed the claim construction issue related to Roche's patent claims that the Federal Circuit remanded to this court.¹⁸⁴ On January 16, 2015, the court issued a Final Judgment finding that under the court's

¹⁸⁰ D.I. 941.

¹⁸¹ D.I. 1052 at 5 (citing D.I. 941, 955-959; D.I. 962-64).

¹⁸² D.I. 977.

¹⁸³ D.I. 982.

¹⁸⁴ D.I. 1052 at 5.

construction of the term “electrode” after remand, Nova’s accused blood glucose monitoring systems do not infringe Roche’s ‘146 and ‘147 patents and that Judgment be entered in favor of Nova on non-infringement of those patents.¹⁸⁵ On February 13, 2015, Roche again appealed the Judgment relating to its patent claims.¹⁸⁶

On September, 22, 2016, the Federal Circuit issued its Opinion and entered Judgment in the second appeal.¹⁸⁷ The Federal Circuit affirmed this court’s construction of “the term ‘electrode’ in a way that excluded Defendants’ products. The district court’s claim construction was correct and we therefore *affirm* the court’s judgment of non-infringement.”¹⁸⁸ The Federal Circuit issued its Mandate on October 31, 2016.¹⁸⁹

Given the Federal Circuit’s September 22, 2016 Judgment, the time for Roche to appeal to the Supreme Court expired December 21, 2016.¹⁹⁰ Roche states that pursuant to the parties’ stipulation, D.I. 941, and the prior order of this court, D.I. 982, Roche filed its motion within 30 days of the expiration of its time to file an appeal to the Supreme Court.¹⁹¹

B. Discussion

The parties dispute whether Roche is a prevailing party. A party is a prevailing party “when actual relief on the merits of his claim materially alters the legal relationship

¹⁸⁵ D.I. 1032.

¹⁸⁶ D.I. 1035.

¹⁸⁷ D.I. 1041-1.

¹⁸⁸ *Id.* at 2.

¹⁸⁹ D.I. 1041.

¹⁹⁰ D.I. 1052 at 5 (citing Sup. Ct. R. 13(1)).

¹⁹¹ *Id.*

between the parties by modifying the . . . behavior [of one party] in a way that directly benefits [the other party].”¹⁹²

Roche contends it is a prevailing party because it successfully defended itself against all of Nova’s Swiss law counterclaims by securing (a) a ruling that Swiss law governed those counterclaims, which mooted two of the counterclaims, and (b) a jury verdict did not breach its contract with Nova or committed any acts of unfair competition, a verdict affirmed on appeal.¹⁹³

Nova argues Roche is not the prevailing party in this litigation because Roche did not succeed in its overall objective in the litigation, which sought relief based on Nova’s alleged infringement of Roche’s patents.¹⁹⁴ Nova contends that its lack of success with regard to its counterclaims does not mean Roche is the prevailing party because “[d]etermination of the prevailing party is based on the relation of the litigation result to the overall objective of the litigation, and not on a count of the number of claims and defenses.”¹⁹⁵ Nova claims it is the prevailing party because Roche failed in its “overall objective of the litigation,” since the central issue (on which Roche filed this action) was Nova’s alleged infringement of Roche’s patents, and Roche failed to prove Nova infringed those patents.¹⁹⁶ The court has determined, above, that Nova was the prevailing party with respect to Roche’s patent claims. The question that must be

¹⁹² *Farrar v. Hobby*, 506 U.S. 103, 111-12 (1992).

¹⁹³ D.I. 1052 at 6.

¹⁹⁴ D.I. 1068 at 3-4.

¹⁹⁵ D.I. 1068 at 5 (quoting *Brooks Furniture Mfg. v. Dutalier Int’l, Inc.*, 393 F.3d 1378, 1381 (Fed. Cir. 2005), *abrogated on other grounds by Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014)).

¹⁹⁶ *Id.*

answered here is whether Roche can also be a prevailing party with respect to Nova's Swiss law counterclaims.

Nova contends Roche is not the prevailing party due to its success in defending against Nova's Swiss law counterclaims because the law does not support piecemeal determination of a prevailing party.¹⁹⁷ For support, Nova cites the Federal Circuit's statement that "Rule 54 does not allow every party that won on some claims to be deemed a 'prevailing party.' For the purposes of costs and fees, there can only be one winner."¹⁹⁸

Supreme Court precedent indicates, in some instances, there may be more than one prevailing party. In *Hensley v. Eckerhart*, the Court held that a party can be deemed a prevailing party even though it prevailed on some claims and lost on others, where there are "distinctly different claims for relief that are based on different facts and legal theories," and the court has treated those unrelated claims "as if they had been raised in separate lawsuits."¹⁹⁹ The Court also noted that in applying fee-shifting statutes, both plaintiff and defendant can be prevailing parties and both can recover fees in a single suit involving multiple unrelated claims.²⁰⁰

In *Fox v. Vice*, the Supreme Court reiterated:

In *Hensley*, we noted the possibility that a plaintiff might prevail on one contention in a suit while also asserting an unrelated frivolous claim. In this situation, we explained, a court could properly award fees to both parties—to the plaintiff, to reflect the fees he incurred in bringing the meritorious claim; and to the defendant, to compensate for the fees he

¹⁹⁷ *Id.*

¹⁹⁸ *Id.* (quoting *Shum v. Intel Corp.*, 629 F.3d 1360, 1367 (Fed. Cir. 2010)).

¹⁹⁹ 461 U.S. 424, 434-35 (1983).

²⁰⁰ *Id.* at 434-35, 435 n.10.

paid in defending the frivolous one.²⁰¹

Although both *Hensley* and *Fox* considered claims brought under 42 U.S.C. § 1988, the *Hensley* court held “[t]he standards set forth in this opinion are generally applicable in all cases in which Congress has authorized an award of fees to a ‘prevailing party.’”²⁰²

Here, the court finds that Roche’s patent claims and Nova’s Swiss law counterclaims are “distinctly different claims for relief that are based on different facts and legal theories” and the court has treated those unrelated claims “as if they had been raised in separate lawsuits.” At the January 14, 2010 pretrial hearing, Judge Farnan indicated that Nova’s Swiss law counterclaims were separate and distinct from Roche’s patent claims: “I think there is some factual overlap, but I don’t think there is an issue overlap. And I think the counterclaims and patent issues can be tried separately, both in a legal sense and in a time sense.”²⁰³ The distinction between the parties’ claims is also evident from the court’s determination at the January 21, 2010 pretrial conference that it would resolve Roche’s patents claims with judgment under FED. R. CIV. P. 54(b) and rejected Nova’s request that the trial on its counterclaims be postponed until after the appeal on Roche’s patent claims were resolved.

The court also finds that Roche is a prevailing party because “actual relief on the

²⁰¹ *Fox v. Vice*, 563 U.S. 826, 835 (2011) (citing *Hensley*, 461 U.S. at 435, n.10); see also *FLIR Sys., Inc. v. Sierra Media, Inc.*, 965 F. Supp. 2d 1184, 1200 (D. Or. 2013) (The district court rejected defendant’s reliance on *Shum* to argue the Lanham Act envisions only one prevailing party, noting “[a]s the Supreme Court observed in *Hensley v. Eckerhart*, 461 U.S. 424 (1983), a single civil rights lawsuit can contain distinctly different claims for relief that are based on different facts and legal theories, and as a result, ‘these unrelated claims [must] be treated as if they had been raised in separate lawsuits.’” (second alteration in original) (quoting *Hensley*, 461 U.S. at 435)).

²⁰² *Hensley*, 461 U.S. at 433 n.7.

²⁰³ D.I. 858 at 37:15-19.

merits of [Nova's Swiss law counterclaims] materially alter[ed] the legal relationship between the parties by modifying the . . . behavior [of one party] in a way that directly benefits [the other party]"²⁰⁴ in that it secured a ruling that Swiss law governed the counterclaims, which mooted two of the counterclaims and obtained a jury verdict, affirmed on appeal, that Roche did not breach its contract with Nova and did not commit any acts of unfair competition, thus avoiding a potentially large damages award and an injunction prohibiting its sale of certain products.

Roche contends that as a prevailing party on claims contractually governed by Swiss law, it is entitled to an award of attorneys' fees.²⁰⁵ Roche alternatively argues that the "English Rule" applies by virtue of the Agreement, and that even under a choice of law analysis, Swiss law dictates its entitlement to fees.²⁰⁶ Finally, Roche contends that at the very minimum, its attorneys' fees should be calculated according to the lodestar method under Delaware law.²⁰⁷

Nova argues that even if, as the court has found, Roche were a prevailing party, Delaware law governs an award of attorneys' fees because: (1) the parties did not agree that the "English Rule" would apply, (2) under Delaware's conflict of law analysis, attorneys' fees are governed by the law of the forum, and (3) even if the court were to conduct its own conflict of law analysis under the Restatement, the result would be the same.²⁰⁸ Nova also maintains that Roche's request under the lodestar approach should

²⁰⁴ *Farrar v. Hobby*, 506 U.S. 103, 111-12 (1992).

²⁰⁵ D.I. 1052 at 8.

²⁰⁶ *Id.* at 8-13.

²⁰⁷ *Id.* at 17-20.

²⁰⁸ D.I. 1068 at 6-17.

be denied, Roche's request for fees under Swiss law was waived, and Roche's expert's analysis of Swiss law is flawed and does not support its claim for attorneys' fees.²⁰⁹

The court first addresses Nova's contention that Roche's request for fees under Swiss law was waived. "Claims for attorney fees are items of special damages which must be specifically pleaded under Federal Rule of Civil Procedure 9(g). . . . In the absence of allegations that the pleader is entitled to attorney's fees, therefore, such fees cannot be awarded."²¹⁰ Nova states the purposed of FED. R. CIV. P. 9(g) is to put the other party on notice of the special damages claim, particularly where a party is invoking foreign law.²¹¹ Nova maintains Roche did not specifically include a request for attorneys' fees on Nova's Swiss law counterclaims in its answer to those counterclaims, and has thus waived its right to request its attorneys' fees post-judgment.²¹²

The court agrees with Roche that it has not waived its right to seek attorneys' fees. Roche's reply to Nova's counterclaims requested "(g) [t]hat this Court find this case to be exceptional and award Roche its *attorney fees*, costs, and expenses, *in this action*,"²¹³ thereby putting Nova on notice that Roche would be seeking attorneys' fees

²⁰⁹ *Id.* at 17-20.

²¹⁰ *Maidmore Realty Co., Inc. v. Maidmore Realty Co, Inc.*, 474 F.2d 840, 843 (3d Cir. 1973) (internal citation omitted).

²¹¹ D.I. 1068 at 18 (citing *Kramer v. Am. Pac. Corp.*, No. 94C-08-167-WTO, 1998 WL 442766, at *3 ("If anything, there is more reason for notice of an attorneys' fee claim which is based on foreign law, different from the usual rule in the forum State and different from at least the traditional general American rule.")).

²¹² *Id.*

²¹³ D.I. 81 at 14 (emphasis added); see also D.I. 199 (Roche's Reply to Nova's Counterclaim) at 13 (requesting "That this Court find this case to be exceptional and award Roche its *attorney fees*, costs, and expenses *in this action*.") (emphasis added).

in connection with all of Nova's counterclaims.²¹⁴ Through Roche's motion to dismiss, Nova knew early in the case that Roche contended that Swiss law applied to Nova's counterclaims: "the agreement between Nova and HLR expressly dictates that all claims arising out of the agreement shall be governed by Swiss law. Therefore, all of Nova's Fourth through Seventh Counterclaims are governed by Swiss law."²¹⁵ Roche argued:

Nova has not provided any notice pursuant to Rule 44.1, FED. R. CIV. P., that these Counterclaims are brought under Swiss law. To the contrary, Nova's Counterclaims are presented under U.S. common law, which does not apply. Therefore, each of these Fourth through Seventh Counterclaims fails to state a claim upon which relief can be granted and should be dismissed.²¹⁶

The court agrees with Roche that the cases cited by Nova do not compel a determination that Roche waived its right to seek attorneys' fees. In *Maidmore Realty*, the Third Circuit affirmed the award of reasonable attorneys' fees for "services performed in connection with [the] action" where the party was awarded fees based on a pleading seeking "court costs of this action, including a reasonable attorney's fee."²¹⁷

²¹⁴ This includes, in Roche's estimation, an award of attorneys' fees under Swiss law.

²¹⁵ D.I. 200 at 1.

²¹⁶ *Id.*; see also, e.g., *Maale v. Kirchgessner*, No. 08-80131-CIV, 2011 WL 1549058, at *3, *5 (S.D. Fla. Apr. 22, 2011) (The court rejected plaintiff's argument that defendant waived its right to argue Turks and Caicos law and defendant's responsive pleading did not specifically state she would seek attorneys' fees pursuant to the English rule in violation of FED. R. CIV. P. 9(g) where defendants "repeatedly relied upon the forum selection clause and choice of law provision [of the parties' agreement] in their affirmative defenses and motions for summary judgment. As such, the Court finds that [plaintiff] had notice since very early in the litigation that Turks and Caicos law may apply to the claims such that [defendant] did not waive the application of the law of the Turks and Caicos Islands.").

²¹⁷ *Maidmore Realty*, 474 F.2d at 843 (emphasis omitted).

The court denied as special claims for attorneys' fees for pre-filing fees "services allegedly rendered over the five year period prior to filing the cross-complaint," which the court determined must be specifically pled as special damages under FED. R. CIV. P. 9(g).²¹⁸

Other cases cited by Nova where the court determined a party waived the right to seek attorneys' fees involved parties who did much less than Roche to provide sufficient notice of its intention to seek fees. In *Bensen v. Am. Ultramar Ltd.*, "defendants failed to include a request for attorney's fees in their amended answer" and the court "rejected defendants' contention that their original request for 'costs and disbursements' and 'such other and further relief the Court may deem just and proper' was adequate to plead a request for attorney's fees."²¹⁹ In *Kramer v. Am. Pac. Corp.*, "[defendant] for the first time in the litigation, while a final judgment was on appeal, filed a claim for attorneys' fees."²²⁰ In *United Indus., Inc. v. Simon-Hartley, Ltd.*, plaintiff's "complaint did not include a request for attorneys' fees."²²¹ Plaintiff's "failure to request attorneys' fees in its complaint or pretrial order precluded discovery."²²²

Unlike those cases, Roche put Nova on notice that it would seek attorneys fees in connection with Nova's counterclaims and made clear that it contended Swiss law

²¹⁸ *Id.*

²¹⁹ No. 92 CIV. 4420 KMW NRB, 1997 WL 317343, at *10-11, n.29 (S.D.N.Y. 1997). Defendants also apparently did not provide notice to plaintiff of their intention to seek attorneys' fees in any motions during the pendency of the litigation as the court noted defendants "did not invoke the English rule until after trial." *Id.* at *10.

²²⁰ No. 94C-08-167-WTQ, 1998 WL 442766, at *1 (Del. Super. Ct. July 28, 1998).

²²¹ 91 F.3d 762, 763 (5th Cir. 1996).

²²² *Id.* at 764.

applied to those counterclaims. Consequently, the court determines Roche did not waive its right to seek attorneys' fees under Swiss law. Whether Roche is entitled to an award of such fees is a different question as the parties dispute whether an award of attorneys' fees under Swiss law is warranted.

The parties disagree as to whether Swiss law applies to Roche's request for attorneys' fees by virtue of the non-disclosure Agreement. Roche contends it does. It notes that this court and the Federal Circuit determined Nova's Swiss law counterclaims were governed by Swiss law due to the Agreement's provision that it "shall be governed in all respects by the laws of Switzerland."²²³ Roche argues that this broad choice of Swiss law applies not just to the Swiss law counterclaims, but also to the issue of attorneys' fees.²²⁴ Swiss law follows the "English Rule" of awarding attorneys' fees to the prevailing party as a matter of course.²²⁵ Roche maintains by entering their Agreement and selecting Swiss law "in all respects," the parties opted into the English Rule for the issue of fees.²²⁶ Roche concludes, therefore, that as the prevailing party on Nova's Swiss law counterclaims, it is entitled to an award of attorneys' fees and expenses incurred in the defense of those counterclaims.²²⁷

The parties' disagreement on whether Swiss law applies to Roche's request for

²²³ D.I. 1052 at 8 (citing D.I. 1055, Ex. A; Oral Order of Jan. 25, 2010; D.I. 948-1 at 16-17).

²²⁴ *Id.*

²²⁵ *Id.* at 9 (citing D.I. 1054 at ¶¶ 9-10); see also *Applera Corp. v. MP Biomedicals, LLC*, Cal. App. 4th 769, 789 (2009) ("According to plaintiff (and defendant does not dispute this point), Swiss law provides for the award of attorney fees to the prevailing party as a matter of course (the 'English Rule').").

²²⁶ D.I. 1052 at 9.

²²⁷ *Id.*

attorneys' fees rests on whether the right to those fees is procedural or substantive.

"The law of the forum governs procedural matters."²²⁸

In *Relax Ltd. v. ANIP Acquisition Co.*, the court addressed whether attorneys' fees should be awarded based on a choice of law clause stating the agreement "shall be governed by English law."²²⁹ There, the court held that the attorneys' fees issue was substantive and that "the parties' choice of English law should control the resolution of that [issue]."²³⁰ In reaching that conclusion, the court considered the following factors identified in the RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 122, cmt. a.

("RESTATEMENT § 122"):

First, whether the parties shaped their actions with reference to the local law of a certain jurisdiction; second, whether the issue is one whose resolution would likely to affect the ultimate result of the case; third, whether the precedents have tended consistently to classify the issue as procedural or substantive for conflict of law purposes; and fourth, whether

²²⁸ *Gavin v. Club Holdings, LLC*, C.A. No. 15-175-RGA, 2016 WL 1298964, at *3 (D. Del. Mar. 31, 2016) (citation and footnote omitted). Nova suggests that Judge Farnan already decided that attorneys' fees are procedural under Delaware law. See D.I. 1068 at 1 ("[T]he Court has already determined that the choice-of-law clause in Roche's two page form non-disclosure agreement applied only to which Swiss substantive law would govern the counterclaims asserted by Nova, and did not apply to procedural matters (such as attorneys' fees) which are governed by the law of the forum."); *id.* at 7 ("Judge Farnan already held that the choice-of-law provision was limited to substantive issues (i.e., which counterclaims could be asserted under Swiss law). Judge Farnan held that issues that are procedural under Delaware law (such as attorneys' fees) would be governed by the law of the forum.") (citations omitted). The court disagrees that Judge Farnan made such determination. He found that the issue of the standard of proof was procedural in nature, but made no finding concerning the applicable law for any award of attorneys' fees to Roche. D.I. 816 at 998 ("I disagree with the analysis [Dr. Dasser has] made concerning whether or not . . . the standard of proof is substantive or procedural. I find that in this forum, it's procedural in nature; and therefore . . . I am applying" the law of the forum.).

²²⁹ No. N10C-06-032 JRS, 2011 WL 2162915, at *1 (Del. Super. Ct. May 26, 2011).

²³⁰ *Id.* at *6-7.

an effort to apply the rules of judicial administration of another jurisdiction would impose an undue burden on the forum.²³¹

When analyzing the first factor, whether the parties shaped their actions with reference to the local law of a certain jurisdiction, Roche states the *Relax* court applied the Delaware Court of Chancery's decision in *El Paso Nat. Gas Co. v. Amoco Prod. Co.*,²³² which, like here, involved a contractual provision invoking the law of a jurisdiction that allows counsel fees to the prevailing party.²³³ Having included a provision that the parties' agreement "shall be governed by English law," the *Relax* court determined "the first factor of the § 122 analysis tips in favor of [plaintiff's] position that the English rule should apply because the parties 'shaped their actions' according to English law."²³⁴ Roche argues that by stating that the parties' agreement "shall be governed in all respects by the laws of Switzerland,"²³⁵ the court should find that the first factor weighs in favor of applying Swiss law to the question of an attorneys' fees award.²³⁶

The court does not agree that in this case the inclusion of the Agreement's

²³¹ *Id.* at *6; see also *Gavin*, 2016 WL 1298964, at *3 ("Under Delaware's conflict of laws rules, the Restatement (Second) of Conflict of Laws analysis determines which jurisdiction's substantive laws apply.") (citation omitted); *Boyce Thompson Inst. v. Medimmune, Inc.*, C.A. No. 07C-11-217 JRS, 2009 WL 1482237, at *6 (Del. Super. Ct. May 9, 2009) ("Delaware courts look to the Restatement (Second) of Conflict of Laws for guidance when resolving choice of law disputes.").

²³² C.A. No. 12083, 1994 WL 728816, at *5 (Del. Ch. Dec. 16, 1994).

²³³ D.I. 1052 at 11. The *Relax* court itself noted, however, another district court declined to follow *El Paso*. See *Relax*, 2011 WL 2162915, at *6 n.29 (citing *Atchison Casting Corp. v. Dofasco, Inc.*, C.A. No. 93-244-JWL, 1995 WL 655183, at *6 (D. Kan. Apr. 13, 1999) (expressly rejecting *El Paso* and holding that the general choice of law provision in a contract has no bearing on whether counsel fees are procedural or substantive)).

²³⁴ *Relax*, 2011 WL 2162915, at *6-7.

²³⁵ D.I. 1054, Ex. C at 2.

²³⁶ D.I. 1052 at 11-13.

statement regarding Swiss law demonstrates the parties' "shaped their actions" according to Swiss law. As Nova points out, there is no evidence the parties considered recovery of attorneys' fees when executing the Agreement.²³⁷ Nova states trial testimony shows that Agreement was presented to Nova for the first time at the September 8, 1999 meeting at Nova's facility where Nova showed Roche its prototypes.²³⁸ Moreover, the court also agrees with Nova that it is highly unlikely that Manganaro, a non-lawyer running a company in Massachusetts, would have known about, or considered, the attorneys' ordinances in any of Switzerland's 26 cantons when he executed the non-disclosure Agreement Roche presented that morning.²³⁹

Cases cited by Roche demonstrate the importance of the parties' assumptions or expectations as to what law would apply to any potential request for attorneys' fees in relation to the Agreement. In *RLS Assoc. v. United Bank of Kuwait*, the court applied the English Rule to the question of attorneys' fees where the parties "entered into a contract governed by English law and *both assumed, well into the litigation, that the English rule on attorneys' fees would apply.*"²⁴⁰ Likewise, the court in *Boyd Rosene & Assoc., Inc. v. Kansas Mun. Gas Agency*, found application of the parties' general choice of law provision to the issue of fees to be "*consistent with the parties' expectations.*"²⁴¹ Here, whether Swiss law even governed Nova's counterclaims was a significant point of dispute that was not resolved until the day before trial began,²⁴² and

²³⁷ D.I. 1068 at 12.

²³⁸ *Id.* (citing D.I. 814 at 264).

²³⁹ *Id.*

²⁴⁰ 464 F. Supp. 2d 206, 218-20 (S.D.N.Y. 2006) (emphasis added).

²⁴¹ 174 F.3d 1115, 1126-28 (10th Cir. 1999) (emphasis added).

²⁴² See 1/25/2010 Oral Order.

other issues concerning the application of Swiss law were not resolved by the court until the third day of trial after hearing from Roche's Swiss law expert.²⁴³ The court concludes that the parties did not "shape their actions with reference to the local law of a certain jurisdiction" and, therefore, the first factor weighs in favor of applying forum law.

With regard to the second factor, whether the issue is one whose resolution would likely affect the ultimate result in the case, Nova and Roche agree that this factor favors the application of forum law.²⁴⁴

With respect to the third factor, whether the precedents have tended consistently to classify the issue as procedural or substantive for conflict of law purposes, the *Relax* court candidly stated, "it can safely be said that the 'precedents' addressing this issue in Delaware are anything but consistent."²⁴⁵ In *Chester v. Assiniboia Corp.*, the court held an award of attorneys' fees in Delaware "is a procedural matter governed by the law of the forum"²⁴⁶ In addition to *Relax*, other courts in this state have held that the

²⁴³ D.I. 1068 at 12 (citing D.I. 816 at 997-99).

²⁴⁴ *Id.* at 13; D.I. 1079 at 7; see also *Relax*, 2011 WL 2162915, at *7 ("[I]t is clear that resolution of the counsel fee issue will not affect the ultimate result of the case. Indeed, the opposite is true—it is the result of the case that triggers the need to consider the counsel fee issue. In this sense, the counsel fee issue can be considered a post-verdict issue that would favor the application of the forum law.") (citation omitted).

²⁴⁵ *Relax*, 2011 WL 2162915, at *7.

²⁴⁶ 355 A.2d 880, 882 (Del. 1976) (citation omitted) (addressing right to counsel fees under a Delaware statute, 18 Del. C. § 4102); see also *Chrysler Corp. v. Viglino*, 260 A.2d 160, 161-62 (Del. 1969) (holding that a specific fee-shifting statute governing fees in workmen's compensation cases is procedural); *Whiteside v. New Castle Mut. Ins. Co.*, 595 F. Supp. 1096, 1100 (D. Del. 1984) (addressing the same statute considered in *Chester*, 18 Del. C. § 4102, the court stated that "[u]nder Delaware conflicts rules, attorney's fees are considered 'procedural' (in the conflicts sense), and Delaware courts apply Delaware attorney's fees provisions") (citing *Chester*, 355 A.2d at 882).

award of attorneys' fees is substantive. In *El Paso*, the court determined the award of attorneys' fees was substantive.²⁴⁷ That court held plaintiff's reliance on *Whiteside*, *Chester*, and *Chrysler* "for the proposition that determination of attorneys' fees is 'procedural' and thus governed by Delaware law is unavailing."²⁴⁸

Whiteside involved an action in diversity for collection of counsel fees for prevailing in a dispute over a homeowner's policy pursuant to 18 Del. C. § 4102. Its conflicts analysis is based upon the significant relationship test of Restatement (Second) of Conflict of Laws § 188(2) which applies only in the absence of effective choice of law by the parties. Similarly, *Chester* dealt with recovery of attorneys' fees in connection with damages of an insured ship where the policy did not contain a choice of law provision. Lastly, *Chrysler Corp.* merely classifies a workers compensation fees statute as "procedural" in order to retroactively apply the statute and does not address conflict of laws issues.²⁴⁹

The *El Paso* court stated "none of the cited cases involve the arguable creation of substantive contractual rights by reason of designating as governing the law of a state that included, as Texas arguably does, a statutory right to attorney's fees."²⁵⁰ The *Relax* court agreed with "the view expressed in *El Paso* that the Delaware decisions which have determined that the award of counsel is procedural are distinguishable because they have considered the question in the context of various Delaware statutory schemes that allow for counsel fees."²⁵¹ Despite that agreement, the court determined "the fact remains that the question of whether the award of counsel fees presents a

²⁴⁷ 1994 WL 728816, at *5; see also *Immediant Corp. v. HealthTrio, Inc.*, C.A. No. 01C-08-216-RRC, 2007 WL 656901, at *2 (Del. Super. Ct. Mar. 5, 2007) (finding an award of attorneys' fees to be substantive, not procedural, and applying the parties' contractual choice of law to that issue).

²⁴⁸ *El Paso*, 1994 WL 728816, at *5.

²⁴⁹ *Id.* at *5 n.4.

²⁵⁰ *Id.* at *5.

²⁵¹ *Id.* at *7.

procedural or substantive issue is not settled in Delaware. This factor weighs equally on both sides of the scale.²⁵² The court agrees with the *Relax* court that given the unsettled nature in Delaware as to whether the award of attorneys' fees is a procedural or substantive issue, it likewise determines the third factor is neutral.²⁵³

Nova argues the fourth factor, whether an effort to apply the rules of judicial administration of another jurisdiction would impose an undue burden on the forum, weighs in favor of applying the law of the forum because application of Swiss law would be unduly burdensome on this court.²⁵⁴

Roche's expert, Dasser, states Swiss law traditionally follows the "English Rule" of charging the costs associated with conducting procedures in Swiss courts against the unsuccessful party.²⁵⁵ Each Swiss Canton has its own laws and ordinances for assessing costs. In this case, the relevant Canton is Basel-Stadt because the Roche entity that is a party to the Agreement, HLR, is in that Canton, and thus Nova's counterclaims would have been properly brought in that Canton had Nova filed the claims in Switzerland.²⁵⁶

In the Canton of Basel-Stadt, the costs paid by the unsuccessful party to the successful party include "ordinary legal costs," which include legal costs and expenses incurred in the legal action, and may also include "extraordinary legal costs," which

²⁵² *Id.*

²⁵³ Roche does not make a forceful argument concerning the third factor, stating that due to the issue not being settled in Delaware, "this factor either favors application of Swiss law or, at a minimum, is neutral." D.I. 1079 at 7.

²⁵⁴ D.I. 1068 at 15-16.

²⁵⁵ D.I. 1052 at 13 (citing D.I. 1054 at ¶¶ 9-10).

²⁵⁶ *Id.* (citing D.I. 1054 at ¶¶ 11-12).

include the attorneys' fees (determined by applying the relevant cantonal tariff) of the successful party on the claim in dispute, subject to any offsets depending on the outcome of the case.²⁵⁷

Under Swiss law, the "extraordinary legal costs" are not calculated based on the actual legal costs associated with the action. Rather, Swiss courts determine the award based on "the amount in controversy," i.e., the damages claimed and the value or cost of any requested injunctive relief.²⁵⁸ A Swiss court assessing "extraordinary legal costs" would not have access to the actual attorneys' fees of the parties.²⁵⁹

As a consequence of basing the award on the "amount in controversy," the prevailing party might only be compensated for a part of its actual legal expenses if the amount in controversy is low, or it might be compensated for more than its actual legal expenses if the amount in controversy is high.²⁶⁰ An overriding principle is that the award not be beyond a reasonable relation to the importance and complexity of the case, the responsibility of counsel, and the time spent.²⁶¹ In the Canton of Basel-Stadt, the amount in controversy is used to determine, in the first instance, a certain range of the "extraordinary legal costs" that a losing litigant is required to pay.²⁶² Within the range, Swiss courts determine the compensation in accordance with all relevant circumstances, including, but not limited to, the actual amount of time reasonably spent

²⁵⁷ *Id.* (citing D.I. 1054 at ¶ 13).

²⁵⁸ *Id.* (citing D.I. 1054 at ¶¶ 14-16, 19).

²⁵⁹ *Id.* (citing D.I. 1054 at ¶ 17).

²⁶⁰ *Id.* at 14 (citing D.I. 1054 at ¶¶ 17-18).

²⁶¹ *Id.* (citing D.I. 1054 at ¶ 17).

²⁶² *Id.* (citing D.I. 1054 at ¶ 20).

by counsel.²⁶³

The amount in controversy determines the “basic fees” for the type of case (i.e., oral or written proceeding).²⁶⁴ The basic fee then may be adjusted to account for, *inter alia*, additional hearings and additional written submissions, up to a maximum surcharge of 280% of the basic fee.²⁶⁵ For this case, the percentage that would be used to establish the basic fee (i.e., the percentage that a Swiss court would apply to the amount in controversy for calculating fees to be paid by a losing party) is between a minimum of 1.5% and a maximum of 3% of the amount in controversy.²⁶⁶ As noted above, the basic fee then may be adjusted to account for, *inter alia*, additional hearings and additional written submissions, up to a maximum surcharge of 280% of the basic fee.²⁶⁷

To establish the amount in controversy, a Swiss court looks first to the damages claim or to the claims and relief requested.²⁶⁸ Under Swiss law, a party alleging breach of contract and unfair competition is entitled to claim as damages the other party’s profits from its allegedly improper activities, the profits that party lost as a result of the breach or unfair competition, or a reasonable royalty for the other party’s activity.²⁶⁹

In this case, a Swiss court would find the first measure of damages—Roche’s profits from its allegedly improper activities, along with the cost to Roche of an

²⁶³ *Id.* (citing D.I. 1054 at ¶ 20).

²⁶⁴ *Id.* (citing D.I. 1054 at ¶ 21).

²⁶⁵ *Id.* (citing D.I. 1054 at ¶ 21).

²⁶⁶ *Id.* (citing D.I. 1054 at ¶ 22).

²⁶⁷ *Id.* (citing D.I. 1054 at ¶ 22).

²⁶⁸ *Id.* (citing D.I. 1054 at ¶ 23).

²⁶⁹ *Id.* at 14-15 (citing D.I. 1054 at ¶ 23).

injunction as requested by Nova—are the “amount in controversy” for Nova’s counterclaims.²⁷⁰

Roche states that while the parties had not yet reached the damages phase of the case, Nova’s Answer and Counterclaims and its requested relief confirm the “amount in controversy” for this case include Roche’s net profits gained from its alleged misuse of Nova information and the value (or cost) of an injunction to Roche.²⁷¹ Nova asserted that “Roche improperly used Nova’s confidential and proprietary Information, provided under the Agreement, to develop Roche’s own blood glucose monitoring strips.”²⁷² Nova also asserted that “Roche’s use of Nova’s proprietary Information to develop its own glucose monitoring strips constitutes a breach of Paragraph 3 of the Agreement.”²⁷³ Nova asserted both damages for past conduct and a right to an injunction against future conduct based on its alleged breach and unfair competition: “Nova has sustained damages as a result of Roche’s breach and, on information and belief, will continue to sustained damages and suffer irreparable harm unless Roche is enjoined by this Court.”²⁷⁴ Nova further asserted that: “Roche’s improper use of Nova’s confidential and proprietary information has inhibited Nova’s ability to realize returns on its investment in innovation, research and development and impeded Nova’s ability to earn revenue. On information and belief, such damage will continue and cause irreparable harm unless Roche is enjoined by this Court.”²⁷⁵

²⁷⁰ *Id.* at 15 (citing D.I. 1054 at ¶ 24).

²⁷¹ *Id.* (citing D.I. 181).

²⁷² *Id.* (quoting D.I. 181 at ¶ 22).

²⁷³ *Id.* (quoting D.I. 181 at ¶ 35).

²⁷⁴ *Id.* (quoting D.I. 181 at ¶ 36).

²⁷⁵ *Id.* (quoting D.I. 181 at ¶ 42).

In its Prayer for Relief, Nova requests (1) damages for Roche's alleged use of Nova's confidential information in the development of its Aviva product and (2) an injunction preventing Roche from selling its Aviva product.²⁷⁶

At trial, Nova attempted to establish that Roche developed its ACCU-CHECK® Aviva product using information obtained from Nova.²⁷⁷ Had Nova been successful, under Swiss law, it would have been entitled to claim that the "damages sufficient to compensate [Nova] for Roche's breach(es) of the Agreement" and "Roche's unfair competition" were Roche's profits obtained from the sale of its ACCU-CHECK® Aviva product.²⁷⁸ Under Swiss law, Nova's damages for unfair competition could include disgorgement of Roche's profits.²⁷⁹ Furthermore, the "amount in controversy" of the requested injunction is equal to Roche's net profits that would be lost as a result of the injunction.²⁸⁰

Roche calculates the overall "amount in controversy"—including both Roche's net profits and projected future net profits/injunction costs is at least 3.211 billion CHR or \$3.023 billion.²⁸¹ Based on that amount in controversy, Roche states that using the minimum percentage (1.5%) that a Swiss court applies to establish the basic fee, without any upward adjustments to account for, *inter alia*, additional hearings and additional written submissions, the fees awarded to Roche for this case would be at

²⁷⁶ *Id.* (citing D.I. 181 at 16-17, ¶¶ M, N, S, and T).

²⁷⁷ *Id.* at 16 (citing D.I. 814 at 169-70, 188-89; D.I. 815 at 326-29; D.I. 817 at 1189-91).

²⁷⁸ *Id.* (quoting D.I. 181 at 16-17, ¶¶ M and S).

²⁷⁹ *Id.* (citing D.I. 1054 at ¶¶ 23, 25).

²⁸⁰ *Id.* (citing D.I. 1054 at ¶¶ 19, 24, 25).

²⁸¹ *Id.*

least \$45.35 million.²⁸²

Nova argues applying Swiss law in this case would be unduly burdensome on the court.²⁸³ It contends that undue burden is demonstrated by the voluminous declarations and supporting exhibits of law and analysis by the parties' Swiss law experts Dasser and Michael Kramer regarding whether the Fees Ordinance even applies at all, and if so, which provisions would apply and how to apply them.²⁸⁴ Nova maintains the issue here is not as simple as applying a "loser pays" rule.²⁸⁵

Nova argues that, on its face, the Fees Ordinance is not intended to be applied outside of the canton, given the statement that the ordinance is "applicable to all proceedings in the courts and independent administrative appellate courts of the Canton of Basel-Stadt."²⁸⁶ Nova also insists the Fees Ordinance applies only to attorneys representing clients before the courts of Basel-Stadt, which can only be done by attorneys registered to practice there.²⁸⁷

Even if the court determined the Fees Ordinance could be applied outside of the Canton of Basel-Stadt, Nova contends the court would need to determine the appropriate allocation of fees and costs based on the "Principles" set forth in § 172 of the Code of Civil Procedure of 8 February 1875 and the specific rules governing the calculation.²⁸⁸ Nova disputes Roche's contention that it is as simple as multiplying the

²⁸² *Id.* at 16-17 (citing D.I. 1054 at ¶ 26).

²⁸³ D.I. 1068 at 15-16.

²⁸⁴ *Id.* at 15.

²⁸⁵ *Id.* (citing D.I. 1069 (Kramer Decl.) at 37-68).

²⁸⁶ *Id.* (quoting D.I. 1054, Ex. I at § 1; D.I. 1054, Ex. B at Art. 1 ("This Code governs proceedings before the cantonal authorities . . .")).

²⁸⁷ *Id.*

²⁸⁸ *Id.* at 15-16 (citing D.I. 1069 at ¶ 38 *et seq.*).

“amount in controversy” by 1.5%. Nova argues that because damages were bifurcated here and the case did not reach that stage, there has been no assertion by Nova of damages sought and no fact or expert discovery regarding the “amount in controversy.”²⁸⁹ Nova contends that Roche’s speculation regarding the amount in dispute cannot satisfy this essential element.²⁹⁰ Nova argues that had it prevailed on its counterclaims, Roche would not have agreed that the “amount in controversy,” i.e., damages awarded to Nova, would have been \$3.023 billion. According to Nova, under the Basel-Stadt civil procedure code that Roche asserts is applicable here, the parties would have been required to state the maximum amount of their damages claim, something that did not occur.²⁹¹ The court then, in its final decision, would make a determination about the legal costs.²⁹² Nova argues that because none of those procedures were followed, any determination of the amount in controversy now, more than six years post-judgment, would require both fact and expert discovery by the parties, with attendant discovery disputes and motion practice.²⁹³ A determination of the amount in controversy would require a mini-trial on what damages Nova would have been awarded, under Swiss law, had it been successful on its counterclaims.²⁹⁴ Nova contends that after that determination was made, the court would then need to apply the appropriate offsets under the Fees Ordinance for the other claims and

²⁸⁹ *Id.* at 16.

²⁹⁰ *Id.*

²⁹¹ *Id.*

²⁹² *Id.* (citing 1069 at ¶¶ 43-46).

²⁹³ *Id.*

²⁹⁴ *Id.*

counterclaims in this case, including those on which Nova prevailed.²⁹⁵ Nova concludes that conducting a full-blown damages phase at this point and then applying the cantonal Fees Ordinance and the appropriate allocations among the parties would place an undue burden on this court.²⁹⁶

Roche's includes minimal response to Nova's arguments with regard to the fourth factor. It cites two cases where courts simply declared, without discussion, that the application of the English rule would not be unduly burdensome on that court.²⁹⁷ Roche contends Nova and its expert, Kramer, try to make a simple concept appear complicated by interjecting a series of irrelevant issues into the analysis.²⁹⁸ Roche argues that Kramer repeatedly misstates Swiss law and misinterprets the sources he relies on,²⁹⁹ that his argument that Swiss courts in Basel-Stadt would apply an offset for Roche's claim in the litigation are incorrect as a matter of Swiss law,³⁰⁰ and that Kramer is also wrong that Roche's award would be subject to an offset for early termination.³⁰¹ Roche also argues that despite Nova's failure to specify an amount in controversy in its

²⁹⁵ *Id.* (citing D.I. 1069 at ¶¶ 43-52, 55-67).

²⁹⁶ *Id.*

²⁹⁷ D.I. 1079 at 8 (citing *Relax*, 2011 WL 2162915, at *7 ("The fourth factor has little significance here. Neither the English rule nor the American rule, in application, would be unduly burdensome to the Court."); *Microsoft Corp. v. Patent Revenue Partners, LLC*, C.A. No. 8092-VCP, 2015 WL 6122331, at *5 (Del. Ch. Oct. 15, 2015) ("[A]s in *Relax*, it is unlikely that the application of either the English Rule or the American Rule in this case would be unduly burdensome to the Court.")).

²⁹⁸ *Id.* at 9 (citing D.I. 1080 (Second Dasser Decl.) at ¶¶ 4-18, 23-30, 39-47, 55-63, 72-76).

²⁹⁹ *Id.* (citing D.I. 1080 at ¶¶ 4, 7, 8, 11, 12, 14, 25, 28, 29, 31, 42-50, 60-62, 64, 66, 72).

³⁰⁰ *Id.* at 9-10 (comparing D.I. 1054 at ¶¶ 27-28 and D.I. 1080 at ¶ 29 with D.I. 1069 at ¶ 43).

³⁰¹ *Id.* at 10 (citing D.I. 1069 at ¶¶ 62-63).

complaint, there are situations where Swiss court make and apply their own assessment of an amount in controversy in determining the amount of attorneys' fees to award under the tariff.³⁰²

The court disagrees with Roche's assertion that "the Court's analysis under Swiss law is exceedingly straightforward."³⁰³ As Roche's reply brief demonstrates, the parties' experts strongly disagree as to the interpretation and application of Swiss law. The court also envisions the parties having to engage in protracted discovery and motion practice and a potential "mini-trial" to determine the amount in controversy after which appropriate application of Swiss law would be required to establish any fee award. On the facts of this case, the court determines application of Swiss law would be an undue burden on this court and, therefore, the fourth Restatement factor weighs in favor of applying the law of the forum.

The court finds that, taken together, the four relevant Restatement factors indicate Roche's application for an award of attorneys' fees is a matter of procedure, i.e., favoring application of forum law. Because there is no basis for an award of attorneys' fees under Delaware law, Roche's motion should be denied.

IV. RECOMMENDED DISPOSITION

Consistent with the findings contained in the Report and Recommendation,

IT IS RECOMMENDED that:

- (1) Nova's Renewed Motion to Declare this Case Exceptional and for an Award of Fees and Related Expenses (D.I. 1049) be DENIED; and

³⁰² *Id.* (citing D.I. 1080 at ¶¶ 19-21, 30, 32-38).

³⁰³ *Id.* at 9.

