



TECHNOLOGY LAW UPDATE

Int'l Rectifier Corp.
v.
*Samsung
Semiconductor, Inc.*

Nos. 04-1429, -1608

Federal Circuit
Sept. 23, 2005

[A]lthough district courts have discretion in determining the amount of a fee award, “[i]t remains important, however, for the district court to provide a concise but clear explanation of its reasons for the fee award.”

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On September 23, 2005, the Federal Circuit vacated-in-part, reversed-in-part and remanded the district court’s orders granting Samsung a reduced attorney fee award and denying Ixys attorney fees related to a contempt proceeding based on alleged violations of a permanent injunction entered pursuant to a consent judgment between IR and Samsung as a result of a separate litigation. The Federal Circuit stated:

[A]lthough district courts have discretion in determining the amount of a fee award, “[i]t remains important, however, for the district court to provide a concise but clear explanation of its reasons for the fee award.” “[D]ecisions of district courts employing percentages in cases involving large fee requests are subject to heightened scrutiny.” [W]ithout such an explanation of the district court’s fee reduction, “we are unable to assess whether the court abused that discretion.” Thus, we vacate the fee award and remand for a concise but clear explanation of how the district court arrived at its fee reduction. . . .

[Regarding Samsung’s claim, the] question the district court had to consider was whether Samsung’s fee request was reasonable. Whether Samsung had an incentive to minimize costs may be probative of whether Samsung’s fee request was reasonable, but such a general finding cannot substitute for specific findings of unreasonable fees. Thus, to the extent the district court meant what IR suggests that it meant, its finding is inadequate to support a fee reduction. To the extent that the district court meant that Samsung bore no risk in general, the district court’s finding overlooks at least the fact that Samsung stood to lose its business relationship with Ixys. Moreover it directly conflicts with the district court’s finding to the contrary in rejecting Ixys’s motion for attorney fees. In rejecting Ixys’s motion, the district court said, “Samsung had every incentive to minimize the sanction” Because Ixys was liable to Samsung for both the sanction and Samsung’s attorney fees, the district court’s findings that Samsung bore no risk with respect to attorney fees and yet had every incentive to minimize the sanction cannot both be correct. Samsung bore some risk for both the sanction and attorney fees because there was always at least some risk that Ixys could not or would not pay. We vacate the district court’s findings to the contrary. Although Samsung’s risk may have been limited, that by itself is an insufficient basis for reducing the attorney fee award.

[Regarding Ixys’ claim, to] the extent the district court precluded Ixys from recovering attorney fees based on Ixys’s allegedly voluntary participation in the determination of an appropriate sanction against Samsung, the district court abused its discretion. The determination of an appropriate sanction for Samsung was only part of the litigation and was the only part in which Ixys could even arguably be said to have “voluntarily” participated. Even if Ixys’s participation in that portion of the litigation was voluntary, an award of attorney fees would not be precluded. The district court abused its discretion in denying Ixys’s entire fee request on this basis. . . .

The district court also concluded that “IXYS did not substantially contribute to the resolution of the issues in this case during its participation as an intervenor.” Because the district court made no findings to substantiate its conclusion that Ixys did not substantially contribute to the resolution of the sanctions issues, we vacate that finding and remand for the district court to make fact findings in the first instance.