



# Defending Against Frivolous Charges?

## How To Recover Legal Costs



*Let's say your competitor files a lawsuit against your company alleging trademark infringement. While there's no legal basis for the complaint, it nonetheless causes enough distraction and disruption in your business to provide the complainant with an edge.*

What's more, the cost of retaining legal counsel to defend your business in the resulting litigation poses a real financial burden. Your victory is assured. But can your company recover attorney fees incurred in defending the trivial lawsuit?

Recovering legal fees is rare in U.S. litigation. The American Rule requires each party to pay its own legal expenses, and courts are reluctant to award attorney fees to the winning party. But the "exceptional case doctrine" found in federal trademark cases may offer a way to recoup attorney fees incurred in defending a bogus trademark infringement suit.

The Lanham Act establishes causes of action and legal remedies for aggrieved parties in trademark, unfair competition, and false advertising cases. And its "exceptional case" rule provides an avenue for recompense when baseless claims are made.

In determining an exceptional case, the courts examine a party's motivation for filing the trademark action, as well as its behavior prior to and during the litigation. Successful litigants have recovered attorney fees when the lawsuit was found to have been initiated to inflict harm upon a competitor rather than to redress a valid injury.

Recently, the U.S. Court of Appeals for the Second Circuit awarded recovery of attorney fees for "acts of fraud in the course of conducting trademark litigation." In that case the plaintiff alleging trademark infringement had sent cease-and-desist letters containing its allegations to all the defendant's licensees, and then threatened legal action against several of those same licensees. The Court supported a bad-faith finding and concluded the suit was nothing but a competition ploy.

Other wronged parties have recovered attorney fees when it was found that a litigant filed fraudulent trademarks in order to gain an upper hand in negotiations, or presented false documents during the discovery phase of litigation.

The exceptional case doctrine is appropriately named, as it's used infrequently. But, when an adverse party in trademark litigation crosses the line of bad faith or makes baseless claims, it's an effective tool for payback.

## Our Business Litigation and Trial Services Are Expanding

### Four Experienced Trial Lawyers Join the Chicago Office

A talented group of lawyers with a combined 45 years of business litigation and trial experience are now part of the Miller Canfield team, broadening our capabilities for U.S. and international clients alike. We welcome these accomplished colleagues.

**Dean A. Dickie** brings more than 30 years of trial jury experience in numerous forums throughout the country—and on a variety of substantive issues, including patent and trademark infringement, trade dress, and copyright claims. He has successfully resolved jury and non-jury cases involving business and commercial matters, as well as securities, product liability, and professional liability claims.

**Katharine N. Dunn** focuses her practice on complex litigation matters including commercial and intellectual property disputes. Her general

litigation experience has involved virtually all aspects of case management in state and federal cases, including appellate work.

**Kathleen E. Koppenhoefer** has represented corporations and individuals in a variety of commercial contract, tort, and intellectual property disputes, with special emphasis on consumer finance class action litigation. She also represents employers in all types of discrimination lawsuits and employment disputes.

**Robert C. Levels** concentrates his practice on commercial litigation, product liability cases, and consumer class actions. He has represented clients in a variety of commercial contract disputes, including supply-chain disputes subject to the Uniform Commercial Code, and in numerous class cases featuring allegations of consumer fraud, conspiracy, and violations of state and federal law.



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