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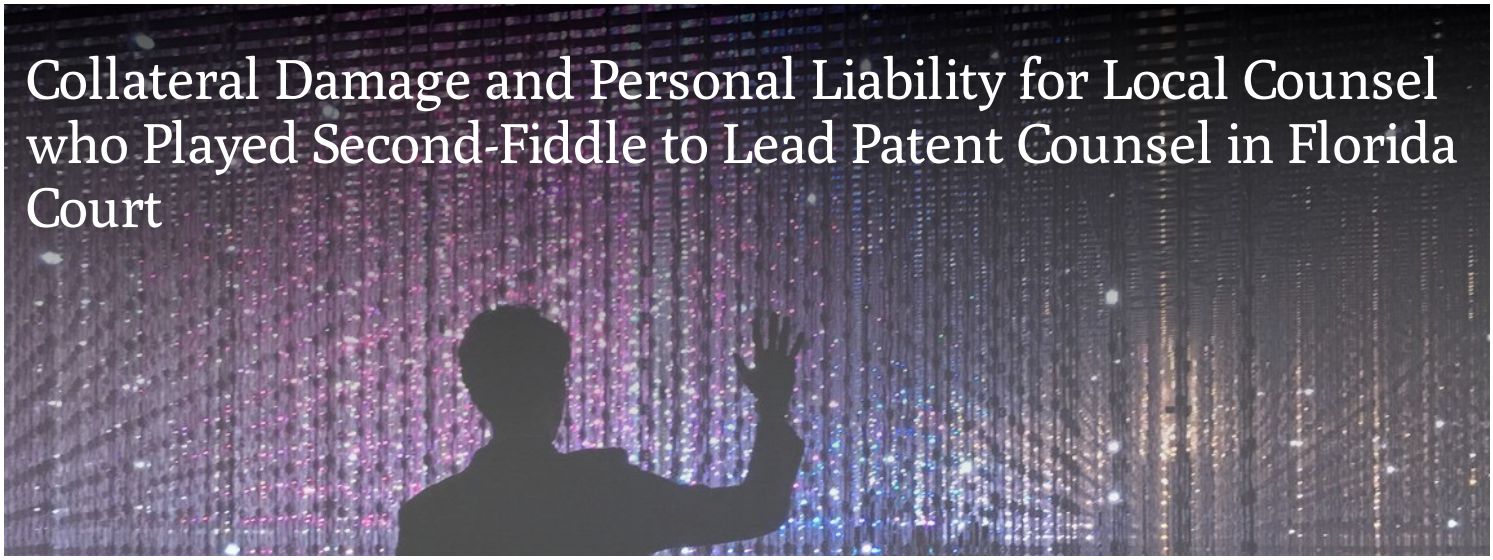
CLIENT ALERT



Collateral Damage and Personal Liability for Local Counsel who Played Second-Fiddle to Lead Patent Counsel in Florida Court

MARCH 26, 2025

A federal magistrate judge in the Southern District of Florida recently recommended sanctioning local counsel for allowing out-of-state lead counsel, who was not qualified in Florida and had never made an appearance to move the court for *pro hac vice* admission, to take the steering wheel as a backseat driver in a patent infringement lawsuit that was quickly dismissed for procedural missteps.

In this case, a non-practicing, serial patent-assertion entity filed a terse 12-paragraph Complaint in the Southern District alleging a single count of various types of patent infringement against one of the largest community banks in the state. District Court Judge Scola struck the Complaint as an impermissible "shotgun pleading," because it alleged three separate causes of action—direct infringement (under 35 U.S.C. section 271(a)), inducement of infringement (under section 271(b)), and contributory infringement (under section 271(c))—within the same count. Senior Judge Scola's order is consistent with those of his fellow judges, who have been striking such pleadings in a growing number of patent cases on this district's docket, as we previously covered here. In response, plaintiff filed an Amended Complaint that included an additional 27 paragraphs of accusations but failed to correct the original deficiency for which the pleading had been struck. The defendant moved to dismiss the case, and the court granted the motion without giving the patent assertion entity leave to amend further.

As the prevailing party, defendant moved for an award of its attorneys' fees from plaintiff for this "exceptional" case per 35 U.S.C. § 285 and from plaintiff's counsel for conducting vexatious and unnecessary litigation per 28 U.S.C. § 1927. Magistrate Judge Lett recommended that Judge Scola grant defendant's motion under both statutes, assigning about $34,000 of defense counsel's fees to be borne by the plaintiff and the remaining $50,000 to its local Florida counsel of record.

As to why, first, under the discretionary standard of 35 U.S.C. § 285 and the Supreme Court's guidance in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545 (2014), Judge Lett deemed this action to be "extraordinary," not merely because the patent assertion entity had failed after two attempts to present a colorable case that could survive a motion to dismiss, but also because both of its Complaints had alleged this case to be "exceptional" when seeking its own fees as part of its requested legal remedies.

In parallel, under 28 U.S.C. § 1927, opposing counsel may be personally liable for fees when their actions objectively show an intentional or reckless disregard for the attorney's duties to the court. The Florida Bar Association is wary

of out-of-state attorneys, and its rules of professional responsibility are strict on fee-sharing and accountability. Throughout this litigation, a Florida attorney was plaintiff's only counsel of record, even though the case was actually litigated by the entity's national lead counsel, William Ramey III, currently the most prolific filer of patent lawsuits across the United States and who has been admonished in the Northern District of California for similarly not moving for *pro hac vice* admission and acting through local counsel in another case.

TAKEAWAY

Local counsel should maintain an active, involved role in all client matters as required by their respective state bar association's rules of professional responsibility and conduct, especially in fee-sharing cases with co-counsel. Throughout any matter, it is local counsel's duty to diligently assess the viability of their client's claims and not merely follow lead counsel's direction. Further, once it is clear that out-of-state counsel is commandeering a shared case, local counsel should urge him or her, if not already qualified to practice in that state, to formally appear and seek *pro hac vice* admission from the court.

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