No. 25-1160

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

EXTREMITY MEDICAL, LLC,
Plaintiff-Cross-Appellant

v.

NEXTREMITY SOLUTIONS, INC,

Defendant-Appellant

ZIMMER BIOMET HOLDINGS, INC, ZIMMER, INC.,

Defendants

Appeals from the United States District Court for the District of Delaware in No. 1:22-cv-00239-GBW, Judge Gregory Brian Williams

NEXTREMITY SOLUTIONS, INC. COMBINED PETITION FOR REHEARING *EN BANC* AND PANEL REHEARING

Dated: June 9, 2026

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UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

CERTIFICATE OF INTEREST

Case Number 25-1160

Short Case Caption Extremity Medical, LLC v. Nextremity Solutions, Inc.

Filing Party/Entity Nextremity Solutions, Inc.

Instructions:

1. Complete each section of the form and select none or N/A if appropriate.
2. Please enter only one item per box; attach additional pages as needed, and check the box to indicate such pages are attached.
3. In answering Sections 2 and 3, be specific as to which represented entities the answers apply; lack of specificity may result in non-compliance.
4. Please do not duplicate entries within Section 5.
5. Counsel must file an amended Certificate of Interest within seven days after any information on this form changes. Fed. Cir. R. 47.4(c).

I certify the following information and any attached sheets are accurate and complete to the best of my knowledge.

Date: 06/09/2026

Signature: /s/ Thomas L. Sica

Name: Thomas L. Sica

1. Represented Entities. Fed. Cir. R. 47.4(a)(1).	**2. Real Party in Interest.** Fed. Cir. R. 47.4(a)(2).	**3. Parent Corporations and Stockholders.** Fed. Cir. R. 47.4(a)(3).
Provide the full names of all entities represented by undersigned counsel in this case.	Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities. ☑ None/Not Applicable	Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities. ☐ None/Not Applicable
Nextremity Solutions, Inc.		Medartis, Inc.: Medartis AG

☐ Additional pages attached

4. Legal Representatives. List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

☐ None/Not Applicable ☐ Additional pages attached

Brian E. Farnan	Farnan LLP	
Michael E. Farnan	Farnan LLP	

5. Related Cases. Other than the originating case(s) for this case, are there related or prior cases that meet the criteria under Fed. Cir. R. 47.5(a)?

☐ Yes (file separate notice; see below) ☑ No ☐ N/A (amicus/movant)

If yes, concurrently file a separate Notice of Related Case Information that complies with Fed. Cir. R. 47.5(b). **Please do not duplicate information.** This separate Notice must only be filed with the first Certificate of Interest or, subsequently, if information changes during the pendency of the appeal. Fed. Cir. R. 47.5(b).

6. Organizational Victims and Bankruptcy Cases. Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

☑ None/Not Applicable ☐ Additional pages attached

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STATEMENT OF COUNSEL – FEDERAL CIRCUIT RULE 40(b)(2) & 40(C)

Based on my professional judgment, I believe this appeal requires an answer to one or more precedent-setting questions of exceptional importance:

1. If a patentee brings a District Court action for patent infringement when it knew or should have known that the asserted patent claim in that action was invalid, can attorney fees, which are awarded by the District Court under 35 U.S.C. § 285, include the attorney fees incurred in a related parallel Inter Partes Review ("IPR") before the Patent Trial and Appeal Board ("PTAB") when the District Court deemed the case "exceptional" and dismissed the action based upon the result of the IPR?
2. Does the United States Supreme Court's decision in *Sullivan v. Hudson*, 490 U.S. 877 (1989) allow for an award of attorney fees incurred in a parallel IPR under § 285, when the parallel IPR was "intimately tied" to the District Court action regardless of whether the IPR was voluntarily or involuntarily participated in by the patent challenger defending a claim of patent infringement?
3. Is the decision in this case and in *Dragon Intellectual Property, LLC v. Dish Network, L.L.C.*, 101 F.4th 1366 (Fed. Cir. 2024), which precludes an award of attorney's fees incurred in a parallel IPR under 35 U.S.C. § 285 because the IPR was "voluntary" by the patent challenger, contrary

to the Supreme Court's decision in *Sullivan v. Hudson*, 490 U.S. 877 (1989)?

4. If an award of attorney's fees incurred in a parallel IPR requires that the IPR be "voluntary" by the patent challenger, is the patent challenger's participation in an IPR voluntary or involuntary when the patentee makes a motion to amend the patent claim within the IPR, in light of 35 U.S.C. § 315(e) which requires that the patent challenger successfully oppose the motion to amend to avoid being estopped from challenging the validity of the amended patent claim thereafter including before the District Court?

Based on my professional judgment, I believe the panel decision is contrary to the following decisions of the Supreme Court of the United States and precedents of this court: *Sullivan v. Hudson*, 490 U.S. 877 (1989); *PPG Industries, Inc. v. Celanese Polymer Specialties Co., Inc.*, 840 F.2d 1565 (Fed. Cir. 1988); *Dragon Intellectual Property, LLC v. Dish Network, L.L.C.*, 101 F.4th 1366 (Fed. Cir. 2024).

Dated: June 8, 2026

/s/ Nicholas Mesiti
Nicholas Mesiti
Attorney of Record for Defendant-Appellant

I. INTRODUCTION

This case presents the first opportunity for the *en banc* court to consider the scope and application of 35 U.S.C. §285 to award attorney's fees incurred in an administrative proceeding before the Patent Trial and Appeal Board ("PTAB") following the Supreme Court's decision in *Sullivan v. Hudson*, 490 U.S. 877 (1989). In *Sullivan*, the Supreme Court found that attorney's fees in a related administrative proceeding should be awarded to a party pursuant to a fee shifting statute, like 35 U.S.C. § 285, if the administrative proceeding was "intimately tied" to the District Court proceeding. *Sullivan*, 490 U.S. at 888.

In this case, the panel below affirmed an award of attorney fees incurred before the District Court but declined to award attorney fees incurred during a parallel IPR administrative proceeding before the USPTO even though the District Court found and the panel upheld the case to be "exceptional" under 35 U.S.C. § 285. The panel declined to award fees incurred in the parallel IPR citing this Court's decision in *Dragon Intellectual Property, LLC v. Dish Network, L.L.C.*, finding that the parallel IPR was voluntarily commenced by the patent challenger Appellant Nextremity Solutions, Inc. ("Nextremity"), and that *Dragon* precludes an award of such fees in a voluntary IPR. *Dragon Intellectual Property, LLC v. Dish Network, L.L.C.*, 101 F.4th 1366 at 1371 (Fed. Cir. 2024).

The panel interpreted *Sullivan* to require that the related administrative IPR proceeding be "mandatory" for the patent challenger to recover its IPR fees. *Extremity Med., LLC v. Nextremity Sols., Inc.*, 2026 WL 1284494, 2 (Fed. Cir. May 11, 2026). In so doing, the panel effectively ignored the clear language in *Sullivan* that the proceeding be "intimately tied" rather than "mandatory". The panel then decided that, under *Dragon*, fees incurred in the parallel IPR by the patent challenger Nextremity are not recoverable under § 285 because the IPR was voluntarily commenced by Nextremity and thus not "mandatory". *Extremity Med., LLC*, 2026 WL at 4. Based on their reasoning, the panel effectively decided that an award of the attorney's fees in a parallel IPR is never recoverable because an IPR, which can only be commenced by a patent challenger rather than a patent owner, is always voluntarily commenced. Thus, according to the panel decision, fees incurred in the parallel IPR are never recoverable even in an "exceptional case". The panel's decision effectively allows a patent owner to knowingly assert an invalid patent claim without fear of being subject to an award of attorney's fees incurred in a parallel IPR. Such a result will likely have a chilling effect on a patent challenger's decision to commence a parallel IPR in such exceptional cases. Instead, patent challengers are more likely to litigate the issue of the asserted patent's validity before the district court creating an additional burden for the courts.

Furthermore, the panel found that Appellant patent challenger Nextremity's participation in the IPR was both not mandatory and completely voluntary. *Id.* at 3. In so doing, the panel also overlooked or misapprehended this Court's prior decisions in *PPG Industries, Inc. v. Celanese Polymer Specialties Co., Inc.*, 840 F.2d 1565 (Fed. Cir. 1988), and *Dragon Intellectual Property, LLC v. Dish Network, L.L.C.*

The panel overlooked or misapprehended that, in *Dragon*, this Court noted that both the patent challenger's "initiation of and participation in the IPR" was voluntary. *Dragon Intellectual Property, LLC*, 101 F.4th at 1372. Thus, the panel overlooked and misapprehended that, under *Dragon*, initiation of and participation in an IPR may be different and if either is involuntary, then the IPR fees could be awarded pursuant to 35 U.S.C. § 285. And, even though initiation of an IPR may be voluntary, there are multiple stages or aspects to an IPR where participation is indeed "mandatory" or "involuntary" for a patent challenger. For example, as in this case, a patent owner in an IPR may choose to move to amend the subject patent claim. 35 U.S.C. § 310(d). When this occurs, a patent challenger is required to oppose a patentee's motion to amend its patent claim filed in an IPR or be permanently estopped from challenging the validity of the amended claim in the future. 35 U.S.C. § 315(e).

In this case, the patent owner decided in the IPR not to defend the validity of its patent claim originally asserted in the District Court action because it knew the claim was invalid. Instead, the patent owner decided in the IPR to move to amend this patent claim so it could assert the amended claim in the District Court action. For this reason, the patent challenger Nextremity's defense of the motion to amend constituted 89% of its total cost of the IPR. So, almost the entire IPR cost was dedicated to opposing the patent owner's motion to amend the patent claim. Nevertheless, the panel treated the IPR in this case the same as the IPR in *Dragon* even though the *Dragon* IPR, unlike this case, involved no motion to amend the asserted patent claim. Thus, the panel overlooked or misapprehended *Dragon* by treating the IPR in this case as the same as the IPR in *Dragon* and not analyzing whether, with respect to the motion to amend, the patent challenger's participation in, rather than merely its initiation of, the IPR was involuntary.

Moreover, the panel overlooked *PPG* where attorney fees in a parallel Patent Office administrative proceeding were awarded under § 285 when the patent challenger opposed the patentee's attempt to amend its asserted patent claim before the Board of Patent Appeals and Interferences (the predecessor to, and now renamed as, the PTAB). *PPG Indus., Inc. v. Celanese Polymer Specialties Co., Inc.*, 840 F.2d 1565, 1569 (Fed. Cir. 1988). The panel overlooked that the administrative proceeding in *PPG* was similar to the IPR in this case because both

proceedings were parallel to a district court action (where the result of the proceeding would dictate the outcome of the action) and both required the patent challenger to oppose the patentee's proposed amendment of its patent claim before the PTAB (or its predecessor) or be forever estopped from challenging the validity of such claim thereafter.

Rehearing of this appeal is required to correct the panel's erroneous decision, to decide important issues of law in light of *Sullivan*, *PPG,* and *Dragon* and to consider arguments that the patent challenger Appellant Nextremity raised in this appeal but were misapprehended and overlooked by the panel. Specifically, Rehearing is required to decide whether the Supreme Court's *Sullivan* "intimately tied" standard is applicable to determine if fees in a parallel IPR are recoverable under 35 U.S.C. § 285, rather than the *Dragon* "involuntary" or "mandatory" standard.

II. POINTS OF LAW OR FACT OVERLOOKED OR MISAPPREHENDED BY THE PANEL

Pursuant to Federal Circuit Rules 40(b)(1)(E) and 40(a)(4), and Federal Rule of Appellate Procedure 40(b)(1)(A), Nextremity provides this statement of points of law or fact that were overlooked or misapprehended by the court in its panel decision.

1. The panel misapprehended the effect of the United States Supreme Court's decision in *Sullivan v. Hudson*, 490 U.S. 877 (1989) which held that

"where administrative proceedings are ***intimately tied*** to the resolution of the judicial action and are necessary to the attainment of the results Congress sought to promote by providing for [attorney] fees, they should be considered part and parcel of the action for which fees may be awarded." (emphasis added). The panel's decision, however, disregards the "intimately tied" language in *Sullivan* and instead substitutes a standard requiring that the administrative proceeding be "mandatory" or "involuntary".

2. Furthermore, even if the panel's "mandatory" or "involuntary" standard is the correct standard, the panel misapprehended the same. In finding that the IPR was not "mandatory" for the patent challenger Appellant Nextremity, the panel misapprehended the significance of IPRs which involve a patentee's motion to amend the asserted patent claim. A patent challenger in an IPR is required to oppose a patentee's motion to amend a patent claim involved in an IPR or be estopped from challenging the validity of the claim later. 35 U.S.C. § 315(e) Thus, the patent challenger's participation in an IPR is effectively involuntary or mandatory when a motion to amend is filed by the patentee in the IPR. Accordingly, the patent challenger Nextremity's participation in the IPR in this case, once the patentee filed its motion to amend, was mandatory and not voluntary. The panel's decision overlooks or misapprehends the significance of a

motion to amend filed in an IPR as it applies to the issue of whether a patent challenger's participation in the IPR is voluntary or mandatory.

III. ARGUMENT

A. The Court Should Grant Rehearing *En Banc* to Decide Important Legal Issues in Light of the Supreme Court's *Sullivan* Decision.

This case involves the distinct legal question of whether the District Court committed reversible error in determining that attorney fees and costs awarded under 35 U.S.C. § 285 are never recoverable from a parallel IPR proceeding. Section 285 states that "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party." 35 U.S.C. § 285. And, in this case, the panel upheld the District Court's finding that this case was "exceptional". Despite this finding, the panel held that attorney fees incurred in the parallel IPR proceeding are not recoverable under § 285, relying upon *Dragon Intellectual Property, LLC v. Dish Network, L.L.C.* According to the panel, under *Dragon*, attorney fee awards under § 285 cannot include fees incurred in parallel IPRs because an IPR is a voluntary procedure commenced by the patent challenger.

However, the Panel's decision and reliance on *Dragon* is contrary to the Supreme Court precedent in *Sullivan v. Hudson* which provides that fees and costs incurred in related administrative proceedings "intimately tied" to the resolution of a judicial action should be recoverable when necessary to attain the fee shifting results desired by Congress. *Sullivan*, 490 U.S. at 888. Thus, fees incurred during

an IPR proceeding should be recoverable when the issues determined therein were intimately tied to the resolution of the district court action and when necessary to attain the fee shifting results desired by Congress. In *Sullivan*, the Supreme Court did not require that a related administrative proceeding must be "mandatory" or "involuntary". Rather, the relevant standard is whether the administrative proceeding including an IPR is intimately tied to the resolution of the judicial action. *Id*.

The panel acknowledged *Sullivan* but interpreted *Sullivan* as requiring that an administrative proceeding be "mandatory" in order to award fees therefor under § 285. However, such a narrow reading of *Sullivan* misapprehends the *Sullivan* decision. The Supreme Court clearly stated in *Sullivan* that:

> Our past decisions interpreting other fee-shifting provisions make clear that where administrative proceedings are intimately tied to the resolution of the judicial action and necessary to the attainment of the results Congress sought to promote by providing for fees, they should be considered part and parcel of the action for which fees may be awarded.

Sullivan, 490 U.S. at 888. In *Sullivan*, the Supreme Court went on to find that

> "[g]iven the 'mandatory' nature of the administrative proceedings at issue here, and their close relation in law and fact to the issues before the District Court on judicial review, we find it difficult to ascribe Congress an intent to throw the Social Security claimant a lifeline that it knew was a foot short."

Id. at 889-90. Thus, the mandatory nature of the administrative proceeding was considered by the Supreme Court as part of the "intimately tied" analysis.

However, a requirement that the administrative proceeding must be mandatory is not the standard set forth by the Supreme Court in *Sullivan*. The panel thus misapprehended the *Sullivan* decision.

The panel also overlooked or misapprehended this Court's decisions in both *Amneal Pharm. LLC v. Almirall, LLC* and *PPG Industries, Inc. v. Celanese Polymer Specialties Co., Inc*. Specifically, *Amneal* and *PPG* are consistent with the standard set forth in *Sullivan*. This Court acknowledged the *Sullivan* standard for an award of attorney fees for related Patent Office administrative proceedings requires that the proceeding must be "intimately tied" to the district court action. In *Amneal*, this Court recognized that the *Sullivan* standard was the appropriate standard but found that § 285 did not apply because the timing and commencement of the IPR occurred prior to the district court action. *Amneal Pharm. LLC v. Almirall, LLC*, 960 F.3d 1368, 1372 (Fed. Cir. 2020). In other words, the IPR in *Amneal* was not a "parallel" proceeding and thus not intimately tied to the action. And, as recognized by this Court's decision in *Amneal*, the decision in *PPG* was also consistent with *Sullivan* because the Patent Office proceedings were "intimately tied to the resolution of the judicial action[.]" *Amneal*, 960 F.3d at 1372. Thus, this Court has already recognized that the "intimately tied" standard is applicable to determine if an award of fees incurred before the Patent Office is recoverable under 35 U.S.C. § 285. *Amneal*, 960 F.3d at 1372 (citing *PPG*

Industries, Inc. v. Celanese Polymer Specialties Co., Inc., 840 F.2d 1565, 1568 (Fed. Cir. 1988)).

Thus, the panel misapprehended or overlooked that this Court has previously applied the *Sullivan* "intimately tied" standard rather than the "mandatory" *Dragon* standard. The panel misapprehended that a hard and rigid rule whereby only involuntary or mandatory administrative proceedings may result in an award of attorney fees incurred in a parallel IPR under § 285 conflicts with the Supreme Court's precedent in *Sullivan v. Hudson*.

Furthermore, the panel overlooked that its decision effectively precludes any award of attorney's fees under § 285 for all parallel IPRs. The panel's decision clearly requires that attorney fees for a parallel IPR not be awarded when the IPR was voluntarily commenced by the patent challenger. *Extremity Med., LLC*, 2026 WL at 3 (citing *Dragon*, 101 F.4th at 1372.) However, under 35 U.S.C. § 311, only non-patent owners, i.e., patent challengers, may commence an IPR. Thus, under the panel's reasoning no fees in a parallel IPR could ever be awarded because, under 35 U.S.C. § 311, every IPR is an optional proceeding chosen by the patent challenger.

The panel also overlooked that its decision would have been different had it applied the *Sullivan* "intimately tied" standard. The America Invents Act ("AIA") established the new IPR administrative procedure to challenge patent validity,

which a patent challenger/non owner may commence parallel to a district court action. And, the decision by the PTAB on the issue of invalidity is binding on a patent challenger which is precluded from re-arguing the patent's validity in the district court action. 35 U.S.C. § 315(e)(2). In this case, the IPR was intimately tied to the resolution of the District Court action because the parties stipulated that the District Court stay the underlying litigation in favor of the IPR, the IPR decision on the validity of the asserted claim would have *res judicata* effect in the litigation, and the District Court dismissed the action based upon the IPR result. Thus, the IPR in this case was intimately tied to the District Court action as required by *Sullivan*.

B. The Court Should Grant Rehearing and/or Rehearing *En Banc* to Address Issues the Panel Overlooked or Misapprehended

The panel overlooked or misapprehended the issue of whether an IPR involving a motion to amend a patent claim is involuntarily participated in by a patent challenger.

As explained above, the panel held that, under *Dragon*, IPR fees cannot be awarded under 35 U.S.C. § 285 because the IPR was voluntarily chosen by the patent challenger. *Extremity Med., LLC*, 2026 WL at 3. However, the panel misapprehended whether the IPR in this case was truly voluntary because. even though the IPR was commenced by the patent challenger Nextremity, its participation therein was not completely voluntary.

The panel overlooked that not all IPR proceedings are the same and there can be, like this case, circumstances where the IPR was not voluntarily participated in even by the patent challenger which commenced the IPR. For example, in this case, the patent owner made a strategic decision to not dispute the validity of the asserted patent claim and instead moved in the IPR to amend the asserted claim in an attempt to save the claim from being invalidated. In moving to amend the claim, the patentee twice requested the PTAB to provide its opinion and guidance on whether proposed amended claims would be valid. On both occasions, the patent challenger Nextremity was required to oppose the patentee's proposed amended claims.

The panel decided that the IPR in this case was voluntary merely because it was commenced by the patent challenger Appellant Nextremity. *Id*. However, as set forth in *Dragon*, voluntary "initiation and participation" in an IPR are required to preclude an award of fees in the IPR. *Dragon Intellectual Property, LLC*, 101 F.4th at 1372. In this case, even though Nextremity chose to file the IPR, the IPR was not voluntarily participated in after the patent owner moved to amend its patent claim. The panel indicated that the patent challenger Nextremity was not "compelled" to argue that the proposed amended claim was unpatentable and thus its participation in the IPR was voluntary. However, the panel overlooked and misapprehended that when the patent owner moved to amend its asserted patent

claim in the IPR, the patent challenger Nextremity had no choice under 35 U.S.C. § 315(e) but to "participate in" the IPR proceeding by opposing the motion to amend. The burden of proving invalidity of a proposed amended claim in an IPR motion to amend is on the patent challenger. 35 U.S.C. § 316(e). Thus, if the patent challenger Nextremity did not oppose the two proposed amended claims in the motion to amend, it would not have met its burden and the motion would have been granted. For the patent challenger Nextremity, participation in the IPR proceeding was no longer optional. Opposing the motion was mandatory because the resolution of the judicial action depended on the outcome of the IPR. The patent challenger Nextremity was forced to oppose the proposed amendments because, if it did not, an amended claim would then be asserted against it in the District Court action. And, if Nextremity did not oppose the motion to amend, it would have been estopped from challenging the validity of the amended claim during the District Court action. 35 U.S.C. §315(e)(2). Ultimately, the patent challenger Nextremity had no choice but to participate in the IPR by opposing the motion to amend. Thus, the patent challenger Nextremity was indeed compelled to challenge the validity of the proposed amended claim.

As a result, once the patent owner in this case attempted to amend the asserted patent claim, the IPR became identical to the pre-AIA reissue proceeding at issue in *PPG Industries, Inc. v. Celanese Polymer Specialties Co., Inc*. Both the

reissue in *PPG* and the IPR in this case involved asserted claims made by a patent owner during an administrative PTO proceeding that left the accused infringer with no option available but to participate. *Id*. at 1567. The reissue proceeding in *PPG* merely provided an opportunity for the patent challenger to participate as a protestor. *PPG*, 840 F.2d at 1568. The Court decided that that opportunity to participate as a "protestor" was essentially "not optional," not because of any affirmative legal duty to act, but because of the reissue's related merits with the parallel litigation. *Id*. at 1567-68.

The panel also overlooked that the majority of fees incurred by the patent challenger Nextremity were incurred during the IPR and to defend the patent owner's motion to amend the asserted claim. In fact, the total cost to Nextremity of the IPR was $343,660.86. However, $257,884.36 was incurred by the patent challenger Nextremity to respond and defend against the motion to amend. Since the vast majority of the total cost of the patent challenger in defending the patent owner's infringement claim was directed to opposing the motion to amend in the IPR, and the patent challenger was required to oppose the motion, the vast majority of the work done in the IPR was indeed mandatory and not voluntary. Accordingly, the IPR was effectively not voluntarily "participated in" by the patent challenger Nextremity.

In summary, *En Banc* Rehearing should be granted in this case to address the panel's misapprehension of the Supreme Court's decision in *Sullivan* and its use of a "mandatory" or "involuntary" standard which is different than the *Sullivan* "intimately tied" standard; to address the finding that the IPR in this case was voluntarily participated in by the patent challenger Appellant Nextremity; and to address the effect of the foregoing on whether fees incurred in a parallel IPR may be awarded under 35 U.S.C. § 285.

CONCLUSION

For the foregoing reasons, Nextremity requests the court grant rehearing *en banc* or a panel rehearing of this case, vacate the panel opinion, and rehear this appeal.

Dated: June 9, 2026

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Attorneys for Defendant-Appellant, Nextremity Solutions, Inc.

NOTE: This disposition is nonprecedential.

United States Court of Appeals for the Federal Circuit

EXTREMITY MEDICAL, LLC,
Plaintiff-Cross-Appellant

v.

NEXTREMITY SOLUTIONS, INC.,
Defendant-Appellant

ZIMMER BIOMET HOLDINGS, INC., ZIMMER, INC.,
Defendants

2025-1160, 2025-1185

Appeals from the United States District Court for the District of Delaware in No. 1:22-cv-00239-GBW, Judge Gregory Brian Williams.

Decided: May 11, 2026

MICHAEL J. ZINNA, Kelley Drye & Warren, LLP, New York, NY, for plaintiff-cross-appellant. Also represented by ABHISHEK BAPNA, VINCENT FERRARO.

NICHOLAS MESITI, Heslin, Rothenberg, Farley & Mesiti,

P.C., Albany, NY, for defendant-appellant. Also represented by BRETT MICHAEL HUTTON, THOMAS SICA.

Before MOORE, *Chief Judge*, LOURIE and CUNNINGHAM, *Circuit Judges*.

LOURIE, *Circuit Judge*.

This appeal arises from parallel proceedings. Extremity Medical, LLC ("Extremity") sued Nextremity Solutions, Inc. ("Nextremity") for infringement of U.S. Patent 8,303,589 ("the '589 patent") in the United States District Court for the District of Delaware. That action was stayed pending resolution of an *inter partes* review ("IPR") of the '589 patent. After the Patent Trial and Appeal Board's ("the Board") final decision finding unpatentability, Nextremity moved in the district court to recover attorney fees and costs that it incurred arising from both the district court litigation and IPR proceeding under 35 U.S.C. § 285. The district court found the case was "exceptional" under § 285 and awarded attorney fees and costs to Nextremity for the district court litigation in the amount of $52,573 but denied attorney fees and costs to Nextremity in the amount of $343,660.86 for the IPR proceeding.

Nextremity now appeals from the final decision of the district court denying its motion for attorney fees and costs incurred during the IPR proceeding. *See Extremity Med., LLC v. Nextremity Sols., Inc.*, No. CV 22-239-GBW, 2024 WL 4384202, at *1 (D. Del. Oct. 3, 2024) ("*Decision*"). Extremity cross-appeals from the exceptional-case determination and award of attorney fees and costs to Nextremity for the district court litigation. *Id.* For the reasons below, we *affirm*.

BACKGROUND

Extremity owns the '589 patent, which relates to orthopedic implant devices. J.A. 22; '589 patent col. 1 ll. 14–15. In January 2018, Extremity sent Nextremity a letter accusing a Nextremity product system of infringing claim 59 of the '589 patent. *See* J.A. 129–30. Nextremity responded, denying infringement and providing a list of prior art that it argued rendered claim 59 invalid. *Id.* The prior art included U.S. Patents 4,622,959 ("Marcus") and 6,579,293 ("Chandran"). *Id.* In November 2021, Extremity sent Nextremity another letter alleging that Nextremity's InCore Lapidus System infringed claim 59 of the '589 patent. *See Decision*, 2024 WL 4384202, at *2; J.A. 122–23. In January 2022, Nextremity responded, again denying infringement and providing a list of prior art that it argued rendered claim 59 invalid, which again included Marcus and Chandran. *Decision*, 2024 WL 4384202, at *2; J.A. 125–26.

In February 2022, Extremity sued Nextremity,[1] asserting that the InCore Lapidus System infringed claim 59 of the '589 patent. J.A. 20–33. Nextremity then filed a petition for IPR at the Board, asserting that claim 59 was unpatentable as anticipated by, *inter alia*, Marcus and Chandran. J.A. 132–94. In August 2022, the Board granted institution of the IPR. J.A. 196–230. The district court then stayed its case upon stipulation of the parties. J.A. 17; J.A. 93–95.

Before the Board, Extremity moved to amend claim 59, J.A. 248, but did not submit arguments in support of claim 59's patentability, *see* J.A. 236–42. In response to the motion to amend, the Board issued a Preliminary Guidance

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[1] Extremity also sued Zimmer Biomet Holdings, Inc. and Zimmer Inc. for the same alleged infringement, but that case is not before us. J.A. 20–21, 24.

stating that Nextremity had shown a reasonable likelihood that the proposed substitute claim was unpatentable. J.A. 247–57. Extremity then filed a revised motion to amend claim 59. *See* J.A. 297.

In July 2023, the Board issued its final written decision finding that Nextremity proved by a preponderance of the evidence that claim 59 of the '589 patent was unpatentable as anticipated by, *inter alia*, Marcus or Chandran. J.A. 263, 267, 286–97. The Board also found Extremity's proposed substitute claim unpatentable because it would have been rendered obvious by Marcus, Chandran, and a third reference. *Id.* at 263, 320–22. The Board noted that Extremity "d[id] not provide[] specific arguments challenging [Nextremity's] position regarding the patentability of [claim 59]" with regard to both Marcus and Chandran. J.A. 286, 292. Extremity did not appeal the Board's decision. J.A. 96.

After the Board issued its final written decision, the district court lifted the stay and dismissed the action with prejudice. J.A. 17. Nextremity then moved for attorney fees and costs. J.A. 98–99. It sought attorney fees and costs incurred in both the district court litigation and the IPR proceeding under 35 U.S.C. § 285. J.A. 696–97, 710–18. The district court granted the motion with respect to the district court litigation but denied it with respect to the IPR proceeding. *Decision*, 2024 WL 4384202, at *1.

Both parties timely appealed, and we have jurisdiction under 28 U.S.C. § 1295(a)(1).[2]

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[2] This case was originally scheduled for oral argument, but after counsel for Extremity moved to continue the argument date, ECF 48, we determined that oral argument was not necessary and now decide the case without oral argument, *see* Fed. R. App. P. 34(a)(2).

DISCUSSION

Nextremity appeals the denial of attorney fees and costs incurred during the IPR proceeding. Nextremity Open. Br. 7. Extremity cross-appeals the grant of attorney fees and costs incurred during the district court litigation. Extremity Open. Br. 7.

I

We first consider Nextremity's appeal, which turns on whether the district court should have awarded attorney fees and costs under § 285 for the IPR proceeding. Nextremity Open. Br. 14. Section 285 provides that "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party." We review the district court's determination as to the scope of § 285 de novo. *Dragon Intell. Prop. LLC v. DISH Network L.L.C.*, 101 F.4th 1366, 1371 (Fed. Cir. 2024) (citing *Waner v. Ford Motor Co.*, 331 F.3d 851, 857 (Fed. Cir. 2003)).

The district court, relying on our decision in *Dragon*, concluded that Nextremity could not recover attorney fees and costs incurred during the IPR proceeding. *Decision*, 2024 WL 4384202, at *5 (citing 101 F.4th at 1371). We agree.

In *Dragon*, we held that § 285 does not permit a party to collect attorney fees and costs from a "voluntarily undertaken parallel IPR proceeding[]." 101 F.4th at 1372. There, after the accused infringer petitioned for IPR and the district court stayed the case, the Board found the asserted claims unpatentable. *Id.* at 1369. The accused infringer then moved for attorney fees incurred during the IPR proceeding, arguing that the IPR was "part and parcel" of the district court litigation such that attorney fees and costs were recoverable under § 285. *Id.* at 1371. We rejected that argument, stating that the accused infringer strategically pursued the IPR proceeding in lieu of litigating invalidity before the district court. *Id.* In doing

so, we highlighted the voluntary nature of the IPR proceeding. *Id.* at 1371–72 (citing *PPG Indus., Inc. v. Celanese Polymer Specialties Co.*, 840 F.2d 1565 (Fed. Cir. 1988)).

We further explained that that conclusion follows from our precedent that IPR proceedings are not "cases" under § 285, *id.* (citing *Amneal Pharms. LLC v. Almirall, LLC*, 960 F.3d 1368, 1371–72 (Fed. Cir. 2020)), and that allowing such recovery under § 285 would undermine the principle that "a district court is particularly well-positioned to determine whether a case before it is exceptional because it 'lives with the case over a prolonged period of time,'" *id.* at 1372 (quoting *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 572 U.S. 559, 564 (2014)).

We conclude that *Dragon* applies here. Just like the accused infringer in *Dragon*, Nextremity "voluntarily pursued parallel proceedings at the Board instead of arguing invalidity before the district court." *See id.* at 1371; J.A. 132 (Nextremity's petition for IPR). And § 285 does not provide for recovery of attorney fees and costs incurred during a voluntarily undertaken parallel IPR proceeding. *Dragon*, 101 F.4th at 1372. That Nextremity notified Extremity of prior art in its pre-suit letters, that Extremity stipulated to the stay pending the IPR, or that Extremity attempted to amend claim 59 does not change the voluntary nature of the IPR proceeding; they did not compel Nextremity to argue unpatentability at the Board. *See id.* at 1371.

Nextremity's arguments to the contrary are unavailing. It first argues that the "rigid rule" from *Dragon* conflicts with the Supreme Court case of *Sullivan v. Hudson*, 490 U.S. 877 (1989). Nextremity Open. Br. 19. Specifically, Nextremity points to the language in *Sullivan* that "where administrative proceedings are *intimately tied* to the resolution of the judicial action and necessary to the attainment of the results Congress sought to promote by

providing for fees, they should be considered part and parcel of the action for which fees may be awarded." *Id.* (quoting 490 U.S. at 888) (emphasis added). Nextremity argues that the IPR here was "intimately tied" to the district court action because the parties "knew in advance" that an IPR would be commenced, that the IPR decision would be binding on the parties, it would have an estoppel effect on the district court litigation, and Extremity attempted to use the IPR proceeding to amend claim 59. *Id.* at 21–22.

Those arguments are unpersuasive, as Nextremity takes the quote from *Sullivan* out of context. *Sullivan* involved a *mandatory* administrative proceeding on *remand* from a district court. 490 U.S. at 889–90. But here, there is no such mandatory administrative proceeding. As stated above, Nextremity petitioned for IPR of its own volition. Furthermore, we have previously explained that *Sullivan* applies to a "narrow class of qualifying administrative proceedings . . . where a suit has been brought in a court, and where a formal complaint within the jurisdiction of a court of law *remains pending and depends for its resolution upon the outcome of the administrative proceedings*." *Amneal*, 960 F.3d at 1372 (cleaned up) (emphasis in original). That is not the case here. The fact that the IPR may have downstream effects on district court litigation does not convert it into a proceeding "intimately tied" to the district court case under *Sullivan*. *See id.*

Nextremity finally argues that precluding the recovery of attorney fees and costs from IPR proceedings under § 285 conflicts with the "'holistic, equitable approach' that must consider the 'totality of circumstances' in determining whether a case is 'exceptional' under § 285." Nextremity Open. Br. 19–20 (quoting *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 550, 553–54 (2014)). That argument too is unpersuasive. The district court considered the totality of the circumstances *in the case*

before it. *See Dragon*, 101 F.4th at 1372. As we noted in *Dragon*, if "'cases' under § 285 [were] to include IPR proceedings, district court judges would be tasked with evaluating the exceptionality of arguments, conduct, and behavior in a proceeding in which they had no involvement." *Id.*

II

We next consider Extremity's cross-appeal, which turns on whether the district court properly considered the case to be "exceptional" under § 285.[3] Extremity Open. Br. 7.

"[A]n 'exceptional' case is simply one that stands out from others with respect to the substantive strength of a party's litigating position . . . or the unreasonable manner in which the case was litigated." *Octane Fitness*, 572 U.S. at 554. "District courts may determine whether a case is 'exceptional' in the case-by-case exercise of their discretion, considering the totality of the circumstances." *Id.* We review exceptionality determinations for an abuse of discretion. *Dragon*, 101 F.4th at 1370 (citing *Highmark*, 572 U.S. at 564). "A district court abuses its discretion when it 'fail[s] to conduct an adequate inquiry.'" *Id.* (quoting *Atl. Rsch. Mktg. Sys., Inc. v. Troy*, 659 F.3d 1345, 1360 (Fed. Cir. 2011)).

The district court concluded that the case was "exceptional" because Extremity (1) conducted no pre-litigation investigation, even though it was on notice of the Marcus and Chandran prior art; (2) did not defend claim 59 before the Board; and (3) put forth no substantive

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[3] Section 285 also requires that Nextremity be a "prevailing party." *See* 35 U.S.C. § 285. The parties agreed that Nextremity was a prevailing party before the district court, *Decision*, 2024 WL 4384202, at *1, and do not dispute that issue on appeal.

arguments in favor of its litigation position throughout the district court case. *Decision*, 2024 WL 4384202, at *3–5.

Extremity first argues that the district court erred by shifting the burden of proof and drawing adverse inferences against Extremity. Extremity Open. Br. 52–56. We disagree. Nextremity made a claim for attorney fees and costs, but Extremity failed to rebut the evidence regarding a lack of pre-suit investigation and validity defenses; the district court properly considered the totality of the evidence before it. *See Decision*, 2024 WL 4384202, at *3–5. There was no shifting of the burden of proof or drawing of adverse inferences.

Extremity next argues that the district court improperly weighed the evidence. Extremity Open. Br. 56–63. Again, we disagree. As stated below, the district court acted within its discretion in finding that Nextremity's pre-suit letters, when combined with Extremity's lack of pre-suit investigation and its failure to make its validity case at the district court, support an exceptional-case determination.[4]

The district court thus did not abuse its discretion in finding the case to be "exceptional" under § 285 on the record before us. Despite awareness of relevant prior art years before commencing the suit, Extremity failed to conduct any meaningful investigation into the prior art. *See Decision*, 2024 WL 4384202, at *3; *see also* J.A. 129–30. Furthermore, it did not develop or maintain a substantive validity defense for claim 59 and offered no meaningful

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[4] Extremity, only on reply, contends that the district court abused its discretion when it considered Extremity's failure to defend claim 59 during the IPR. Extremity Reply Br. 21 (citing *Decision*, 2024 WL 4384202, at *4). To the extent that was error, it was harmless because we do not rely on it.

arguments in support of its position throughout the district court litigation. *See Decision*, 2024 WL 4384202, at *5. Viewed together, the record reflects more than ordinary litigation weakness; it supports the district court's conclusion that Extremity's litigating position "stands out" from typical patent disputes in which parties advance and defend colorable validity theories. *See Octane Fitness*, 572 U.S. at 554. Extremity's asserted good-faith belief and efficiency arguments, *see* Extremity Open. Br. 47–51, do not outweigh this pattern of unsupported litigation conduct, and the district court, using the required "holistic and equitable approach," *Bayer CropScience AG v. Dow AgroSciences LLC*, 851 F.3d 1302, 1306 (Fed. Cir. 2017), acted within its discretion in deeming the case exceptional.

CONCLUSION

We have considered the remainder of the parties' arguments but find them unpersuasive. For the foregoing reasons, the judgment of the district court is *affirmed*.

AFFIRMED

COSTS

No costs.

FORM 19. Certificate of Compliance with Type-Volume Limitations **Form 19**
July 2020

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATIONS

Case Number: 2025-1160, 2025-1185

Short Case Caption: Extremity Medical, LLC v. Nextremity Solutions, Inc.

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Dated: 06/09/2026

Signature: /s/ Brett M. Hutton

Name: Brett M. Hutton