United States Court of Appeals for the Fifth Circuit

No. 23-20614
Summary Calendar

United States Court of Appeals
Fifth Circuit
FILED
July 31, 2024
Lyle W. Cayce
Clerk

ASHH, Incorporated d/b/a/ Ooze Wholesale,

Plaintiff—Appellee,

versus

URZ Trendz, L.L.C.,

Defendant—Appellant.

Appeal from the United States District Court
for the Southern District of Texas
USDC No. 4:21-CV-02949

Before Dennis, Wilson, and Ramirez, *Circuit Judges*.

Per Curiam:[*]

Plaintiff-Appellee ASHH, Inc. d/b/a Ooze Wholesale ("ASHH") brought this action against Defendant-Appellant URZ Trendz, L.L.C. ("URZ") alleging trademark infringement in violation of the Lanham Act, 15 U.S.C. § 1051 *et seq.*, and unfair competition. Shortly before trial, ASHH filed a motion to voluntarily dismiss its claims with prejudice, which the district

[*] This opinion is not designated for publication. *See* 5th Cir. R. 47.5.

court granted, adding that each party was to bear its own attorney fees and costs over URZ's objection. URZ brought two post-judgment motions seeking (1) attorney fees; and (2) to amend the final judgment to award its costs and to correct a factual error in the judgment. The district court denied URZ's motions. For the reasons that follow, we AFFIRM the district court's judgment except as pertaining to the issue of costs and REMAND for further proceedings on that issue not inconsistent with this opinion.

I

Competitors ASHH and URZ sell smoking accessories. In September 2021, ASHH sued URZ for trademark infringement and unfair competition under federal and Texas law. As the lawsuit neared trial, ASHH moved for the voluntary dismissal of its claims with prejudice. While URZ did not oppose dismissal, it requested the district court condition dismissal on the payment of its attorney fees and costs. The district court granted ASHH's motion and dismissed the suit with prejudice but ordered each party to bear its own fees and costs. Although its final judgment reflected the same, the district court added that ASHH moved for voluntary dismissal after "the parties settled."

URZ brought two post-judgment motions relevant to this appeal. First, URZ sought to amend the district court's final judgment under Federal Rule of Civil Procedure 59(e) to correct the judgment's statement that "the parties settled" and to include a finding that it was the prevailing party and, therefore, was entitled to costs. Second, URZ moved for attorney fees under 35 U.S.C. § 285 of the Patent Act. The district court denied both motions. URZ timely appealed.[1]

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[1] ASHH argues that URZ's notice of appeal was untimely under FED. R. APP. P. 4. This is incorrect. URZ's appeal concerns the district court's denial of its post-

II

"This court reviews a district court's ruling on a Rule 59(e) motion for abuse of discretion, but questions of law are reviewed de novo." *Merritt Hawkins & Assocs., L.L.C. v. Gresham*, 861 F.3d 143, 157 (5th Cir. 2017) (citing *Johnston & Johnston v. Conseco Life Ins. Co.*, 732 F.3d 555, 562 (5th Cir. 2013)). We similarly review "all aspects of the district court's fee determination, including its conclusion that this was [not] an 'exceptional' case, for abuse of discretion." *All. for Good Gov't v. Coal. for Better Gov't*, 919 F.3d 291, 295 (5th Cir. 2019) (citing *Baker v. DeShong*, 821 F.3d 620, 622 (5th Cir. 2016)). A district court abuses its discretion where it "base[s] its ruling on an erroneous view of the law or on a clearly erroneous assessment of the evidence." *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 572 U.S. 559, 564 n.2 (2014) (quoting *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 405 (1990)).

III

On appeal, URZ argues the district court abused its discretion in two ways: (1) by finding ASHH's trademark infringement action was not exceptional under 15 U.S.C. § 1117(a) for the purposes of attorney fees; and (2) by not amending the final judgment to include an award of costs to URZ. We address both arguments in turn.

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judgment motions for attorney fees under 15 U.S.C. § 1117(a) and to amend under FED. R. CIV. P. 59(e). These motions could not have been brought prior to the district court's entry of final judgment on July 28, 2023. FED. R. CIV. P. 54(d). URZ's notice of appeal was filed within thirty days of the district court's order denying URZ's post-judgment motions and, as such, was timely. FED. R. APP. P. 4(a)(1), (4)(iii)-(iv).

A

"The Lanham Act authorizes the award of 'reasonable attorney fees to the prevailing party' in 'exceptional cases.'" *All. for Good Gov't*, 919 F.3d at 294–95 (quoting 15 U.S.C. § 1117(a)). A case is exceptional "where the prevailing party stood out in terms of the strength of its litigating position or where the non-prevailing party litigated the case in an 'unreasonable manner.'" *Id.* at 295. "The district court *must* address this issue 'in the case-by-case exercise of their discretion, considering the totality of the circumstances.'" *Baker v. DeShong*, 821 F.3d 620, 625 (5th Cir. 2016) (emphasis added) (quoting *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014)).

The district court did not abuse its discretion in concluding, under the totality of the circumstances, that ASHH's "claims do not stand out as exceptionally weak and [ASHH] does not appear to have carried itself unreasonably throughout the course of litigation."[2] URZ's briefing largely mirrors the same facts and arguments it presented to the district court in its motion for attorney fees and we are unconvinced the district court's analysis relied on a clearly erroneous assessment of this evidence. With respect to URZ's argument that the district court's statement—"[a] claim's weakness is just one fact to consider under the . . . totality of circumstances approach"—represented an erroneous view of the law, URZ is mistaken. True, "a fee award may be warranted . . . where the prevailing party stood out in terms of the strength of its litigating position," *All. for Good Gov't*, 919

[2] When considering the "totality of circumstances," the district properly relied upon nonexclusive factors including "frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence." *Octane Fitness*, 572 U.S. at 554 n.6 (2014) (quoting *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 n.19 (1994)).

F.3d at 294–95, but the district court's statement merely emphasized that ASHH's claims were not so weak as to make URZ's defense standout for the purposes of awarding fees when viewing the totality of the circumstances presented here.

B

Although the district court did not abuse its discretion in denying attorney fees to URZ, the issue of costs is a different matter. In its Rule 59(e) motion, URZ urged the district court to "amend the Final Judgment to indicate that [URZ] is the prevailing party and that [URZ] is entitled to costs." This request was made independent of its motion for attorney fees. However, the district court's order incorrectly summarized "[a]ll pending motions" as involving only an "attempt to obtain attorneys' fees." The district court's sole reference to costs in its order denying URZ's motion to amend was its finding that "even if [URZ] were the prevailing party, it would not be entitled to *costs*" but supported this conclusion under the provision of the Lanham Act concerning the award of *fees*. Moreover, the district court's order never reached the issue of whether ASHH's voluntary dismissal of its remaining claims with prejudice rendered URZ the prevailing party for the purposes of entitlement to costs.

What remains, then, are competing views between the parties on whether the district court's denial of URZ's motion to amend its final judgment on the issue of costs was based on its application of an erroneous legal standard or some unspecified exercise of its discretion. With the record before us, we cannot "infer from the court's order whether the court . . . believed that [URZ] was not a prevailing party, or whether it believed that [URZ], despite being a prevailing party, was not entitled to costs for other reasons." *Schwarz v. Folloder*, 767 F.2d 125, 131 (5th Cir. 1985). This is an abuse of the district court's discretion. *See Sheets v. Yamaha Motors Corp.,*

U.S.A., 891 F.2d 533, 539-40 (5th Cir. 1990) (requiring the district court to provide justification for denial of costs absent clear grounds contained in the record). We therefore remand to the district court to consider whether its final judgment should be amended to reflect that URZ is entitled to costs.

IV

For the foregoing reasons, we AFFIRM the district court's judgment except as pertaining to the issue of costs and REMAND for further proceedings on that issue not inconsistent with this opinion.