813 F.3d 1233 (2016)

Leroy HAEGER; Donna Haeger, husband and wife; Barry Haeger; Suzanne Haeger, husband and wife, Plaintiffs-Appellees,
v.
The GOODYEAR TIRE & RUBBER COMPANY, an Ohio corporation, Defendant-Appellant, and
Spartan Motors, Inc., a Michigan corporation; Gulfstream Coach, Inc., an Indiana corporation, Defendants,
v.
Roetzel & Andress, LPA; Basil J. Musnuff, Movants.
Leroy Haeger; Donna Haeger, husband and wife; Barry Haeger; Suzanne Haeger, husband and wife, Plaintiffs-Appellees,
v.
The Goodyear Tire & Rubber Company, an Ohio corporation, Defendant-Appellant.
Leroy Haeger; Donna Haeger, husband and wife; Barry Haeger; Suzanne Haeger, husband and wife, Plaintiffs-Appellees,
v.
The Goodyear Tire & Rubber Company, an Ohio corporation; Spartan Motors, Inc., a Michigan corporation; Gulfstream Coach, Inc., an Indiana corporation, Defendants,
v.
Basil J. Musnuff, Movant-Appellant.
Leroy Haeger; Donna Haeger, husband and wife; Barry Haeger; Suzanne Haeger, husband and wife, Plaintiffs-Appellees,
v.
The Goodyear Tire & Rubber Company, an Ohio corporation; Spartan Motors, Inc., a Michigan corporation; Gulfstream Coach, Inc., an Indiana corporation, Defendants,
v.
Fennemore Craig, P.C.; Graeme Hancock, Movants-Appellants.

Nos. 12-17718, 13-16801, 13-16861, 13-16862.

United States Court of Appeals, Ninth Circuit.

Argued and Submitted March 10, 2015.
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1236 *1236 Appeal from the United States District Court for the District of Arizona; Roslyn O. Silver, Senior District Judge, Presiding, D.C. Nos. 2:05-cv-02046-ROS.

Pierre H. Bergeron (argued), Squire Sanders LLP, Cincinnati, OH; George Brandon, Squire Sanders LLP, Phoenix, AZ; Jill G. Okun, Squire Sanders LLP, Cleveland, OH, for Defendant-Appellant/Defendant The defendants $63,687.50. *Id.* There was just one problem. A careful review of the record showed that counsel hadn't actually violated the court's in limine order, despite his confession that he had done so. That put the majority of our panel into a quandary. What should one do about a lawyer who confesses a non-existent error? In this case, the panel majority concluded that it was bound by what the lawyer had confessed, but that since the lawyer had not conceded bad faith, and clearly had not actually violated the court's order, there could be no finding of bad faith. Put another way, "you can't have a bad faith violation without a violation." *Id.* at 1029. The case was over, since a district court cannot use its inherent power to sanction a party without a finding of bad faith.

But even the subsequent analysis in *Miller* is of little help to the Sanctionees here. *Miller* addressed whether the district court linked the alleged bad faith conduct to the harm suffered, i.e., whether the district court found that the attorney's alleged statement caused the jury to hang. The panel concluded that "without a finding that [defense counsel's violation] caused the first jury to hang, the district court had no power to order defendants to compensate plaintiffs for the attorneys' fees and costs they spent on the first trial." *Id.* Thus, while *Miller* suggests that harm is necessary to compensate a party, *Miller* makes no holding on the measure of attorneys' fees allowed once it is clear that the bad faith of a party has actually caused harm.[5] In this case, however, there is no doubt that the Sanctionees' bad faith conduct caused significant harm in forcing the Haegers to engage in sham litigation, and in their likely foregoing millions of dollars in the settlement they accepted under false pretenses of the Sanctionees, as found by the district court in light of Goodyear's conduct in the Other G159 Cases.

Even though *Miller* does not provide an answer, we next consider how close a link is required between the harm caused and the compensatory sanctions awarded when a court invokes its inherent power. The question is squarely answered by *Chambers v. NASCO, Inc.,* the Supreme Court's strongest statement about the use of a court's inherent power. 501 U.S. 32, 111 S.Ct. 2123, 115 L.Ed.2d 27 (1991). In *Chambers,* the Supreme Court upheld a district court's determination that "full attorney's fees were warranted due to the frequency and severity of [the party]'s abuses of the judicial system." 501 U.S. at 56, 111 S.Ct. 2123. The underlying action in *Chambers* was a suit by NASCO seeking Chambers's specific
1249 performance of an agreement to sell a television station's facilities and broadcast license to *1249 NASCO. Chambers responded to the suit by attempting to put the properties at issue beyond the reach of the district court through various transfers, ignoring the district court's preliminary injunction, filing meritless motions and pleadings, attempting to conduct depositions in violation of the Federal Rules of Civil Procedure, and engaging in other behavior aimed at frustrating the possibility of specific performance. The district court found these actions to be "part of a sordid scheme of deliberate misuse of the judicial process designed to defeat NASCO's claim by harassment, repeated and endless delay, mountainous expense and waste of financial resources." *Id.* at 57, 111 S.Ct. 2123 (internal quotation marks omitted).

The district court then awarded NASCO an amount "which represented the entire amount of NASCO's litigation costs paid to its attorneys." *Id.* at 40, 111 S.Ct. 2123. The Supreme Court dismissed Chambers's argument, which was virtually identical to the causation requirement claim the Sanctionees are making in this case, that "the fact that the entire amount of fees was awarded means that the District Court failed to tailor the sanction to the particular wrong," and instead upheld the district court's conclusion "that full attorney's fees were warranted due to the frequency and severity of Chambers's abuses of the judicial system and the resulting need to ensure that such abuses were not repeated." *Id.* at 57, 111 S.Ct. 2123. The Supreme Court further explained that it was within the district court's discretion to "compensate NASCO by requiring Chambers to pay for all attorney's fees." *Id.* The Supreme Court reasoned that the district court "imposed sanctions for the fraud [Chambers] perpetrated on the court and the bad faith he