

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

ERICH SPECHT, an individual and doing business	)	
as ANDROID DATA CORPORATION, and THE	)	
ANDROID’S DUNGEON INCORPORATED,	)	
	)	
Plaintiffs/Counter-Defendants,	)	
v.	)	Civil Action No. 09-cv-2572
	)	
GOOGLE INC.,	)	Judge Harry D. Leinenweber
	)	
Defendant/Counter-Plaintiff.	)	

**PLAINTIFFS’ MOTION TO DISSALLOW OR STAY TAXATION OF COSTS**

On March 24, 2011, the Court ordered Plaintiffs to respond to Google’s bill of costs by April 13, 2011. The following is Plaintiffs’ response. Plaintiffs Erich Specht, an individual and doing business as Android Data Corporation and The Android’s Dungeon Incorporated (collectively, “Plaintiffs”), by and through their attorney, respectfully move this Court to disallow or stay taxation of costs. In support hereof, Plaintiffs state as follows:

**I. Taxation of Costs Should Be Stayed Because Judgment May Not Be Final**

1. On February 24, 2011, the Court filed the following Judgment in this case:

IT IS HEREBY ORDERED AND ADJUDGED that Google’s oral motion to dismiss without prejudice Counts II, IV, V VI, VII of the counterclaim is granted. The Court having previously granted Google’s Motion for Summary Judgment on Counts I-V of Plaintiffs’ Second Amended Complaint, and Counts I and III of Google’s counterclaim, judgment is hereby final for the purposes of appeal. [ECF311].

2. Dismissal of counterclaims without prejudice and with leave to reinstate if the case is returned on appeal does not constitute a final appealable order within the meaning of Federal Rule of Civil Procedure 54(b). *India Breweries, Inc. v. Miller Brewing Co.*, 612 F.3d

651, 657 (7<sup>th</sup> Cir. 2010). The facts of the *IBI* case are nearly identical to the facts in this case. *Id.* Miller was granted summary judgment on the complaint and elected to dismiss its counterclaims without prejudice pending an appeal. The Court of Appeals refused to consider the appeal after argument until Miller agreed to dismiss its remaining counterclaims with prejudice. *Id.*

3. The Court of Appeals, citing *India*, has ordered Plaintiffs and Google to submit jurisdictional memorandums stating why the appeal should not be dismissed as premature and for lack of standing. *Id.* Plaintiffs have asked the Circuit Court to remand the case for trial if Google does not dismiss the remaining counterclaims with prejudice. Although Plaintiffs have argued that the Court of Appeals has jurisdiction, the judgment may not be final in light of *India*. *India*, 612 F.3d at 657 (7<sup>th</sup> Cir. 2010).

4. Accordingly, the taxation of costs at this time is premature.

5. If for any reason the Court finds that the taxation of costs is not premature then the following are Plaintiffs objections:

## **II. Costs Should Not Be Taxed Because the Judgment Entered Did Not Allow Costs**

6. Under Local Rule 54.1, within 30 days of the entry of a judgment allowing costs, the prevailing party shall file a bill of costs with the clerk and serve a copy of the bill on each adverse party. If the bill of costs is not filed within 30 days, costs other than those of the clerk, taxable pursuant to 28 U.S.C. §1920, shall be deemed waived. The court may, on motion filed within the time provided for the filing of the bill of costs, extend the time for filing the bill.

7. Google improperly filed its bill of costs without timely moving for judgment allowing costs.

8. The judgment entered by this Court did not mention costs and more importantly did not specifically allow costs.

9. Accordingly, Google's Bill of Costs should be stricken and the Court should not tax costs against Plaintiffs.

### **III. The Court Should Disallow Costs for Google's Failure to Properly Itemize and Document Taxable Costs**

#### **A. Google did not properly itemize costs being sought between Specht, ADC and ADI**

10. All costs sought must be itemized and documented in order to allow the adverse party a fair chance to object. *Harceq v. Brown*, 536 F.Supp. 125 (N.D.Ill. 1982).

11. Google has filed only one bill of costs against "Plaintiffs" despite the fact it had the Court bifurcate the claims.

12. Google filed a motion to dismiss the First Amended Complaint ("FAC") in part "argu[ing] that Plaintiffs Specht and ADC have failed to establish that they have standing to bring this suit." [ECF 113 p. 5]. As a result of Google's motion, the Court ordered that "The trademark infringement claim (Count I) brought by Plaintiffs Specht and ADC is dismissed with prejudice for lack of standing. [ECF 113 p. 20].

13. Because the Court dismissed Specht and ADC, with prejudice, as to Count I, the Second Amended Complaint ("SAC") only named ADI as Plaintiff in Count I. Although Specht disagrees with the Court's ruling, the fact is that because of Google's motion and the Court's ruling, Specht and ADC are not parties to Count I of the SAC or Count I of the counterclaim at this time.

14. Thus, the costs associated with those two counts must be itemized separately from the remainder of the costs associated with the complaint and counterclaims.

**B. Google did not separately itemize costs associated with the SAC from the Counterclaims or the costs associated with Counts I and III of the Counterclaim from Counts II, IV, V, VI, and VII.**

15. Google must also separate the costs of defending against the SAC and the costs of prosecuting its' Counterclaim. Specifically, Google is only entitled to costs if it is the prevailing party.

16. Five of the seven counterclaim counts were dismissed without prejudice. Google is, therefore, not the prevailing party as to those five counts and should not be awarded its costs incurred in the prosecution of those counts.

**C. Google did not itemize taxable costs from alleged excess costs**

17. Google has recently filed a motion for sanctions under 28 U.S.C. § 1927 seeking an award of costs and attorney fees against Plaintiffs' counsel. Although the motion is frivolous and was filed for no other purpose than to harass and distract counsel, Google must still set forth the taxable costs which it claims are excess costs it incurred as such costs cannot be taxed to both the parties and counsel. 18 U.S.C. § 1927. Section 1927 only permits taxation of excess costs against the attorney responsible and not a party. *Id.*

18. Accordingly, the Court should disallow Google's costs for its failure to properly itemize and document the claimed costs.

**IV. Google's Bill of Costs Is Excessive**

**A. Google intentionally inflated its costs**

19. Google intentionally inflated its costs to save face after erroneously insisting that taxable costs were in the six figures and representing to the Court that Plaintiffs can't pay the costs already incurred. Google's bill of costs was filed in bad faith and should be denied in its entirety.

20. After its attempts to coerce and extort Plaintiffs failed, and after making numerous representations to the Court that Plaintiffs can't afford the costs already incurred, Google has now severely inflated its bill of costs in an attempt to save face with a Court it considers very favorable to it.

21. On January 10, 2011, Google's attorney, Herb Finn, in an attempt to coerce Plaintiffs into giving up their right to appeal, called Plaintiffs' counsel, Martin Murphy, to inform him that Google would be seeking taxable costs in this case in the six figure range. Mr. Murphy explained to Mr. Finn that the costs were exaggerated, but, stated that he would nonetheless relay Mr. Finn's statement to Specht. This conversation was referenced by Mr. Finn at the January 11, 2011 status. (Jan. 11, 2011 Transcript at p. 2:21). [Exhibit 1]

22. Before the conversation could be fully discussed with co-counsel and Specht, Mr. Finn changed course. At the January 11, 2011 status, Mr. Finn stated that Google intended to proceed on the remaining counterclaims, but requested that a settlement conference be conducted out of "concerns on whether plaintiff can pay the costs that are reimbursable at this point." (Id. at 2:11).

23. In the hallway outside of Court, Mr. Finn stated that Google would be looking for a money judgment against Plaintiffs and some sort of payment.

24. On January 18, 2011, Mr. Finn outlined Google's demand, reiterating the six figures in costs. The money judgment mentioned on January 11, 2011 turned out to be for \$1 million with \$250,000 payable and an admission of defrauding the PTO. (A copy of the demand is attached hereto as Exhibit 2).

25. Google's offer was unacceptable and Plaintiffs rejected it. Despite Mr. Finn's allegation, in his motion for sanctions, that Plaintiffs demanded a two comma settlement,

Plaintiffs never made a demand to Google. (See the attached email where Finn is demanding a counter-offer attached hereto as Exhibit 3).

26. Plaintiffs counsel, Martin Murphy, met with Google's attorneys, Mr. Finn and Mr. Harris, at their offices to further discuss settlement. Google's official position, \$1 million judgment etc. did not change, so Plaintiffs official position rejecting the offer did not change.

27. Plaintiffs also agreed to a settlement conference under certain conditions. This offer was never acknowledged by Google's attorneys. (See Exhibit 4).

28. Again on February 24, 2011, Mr. Finn stated that Google would be dismissing their counterclaims without prejudice "in view of the fact we had concerns as to whether they can pay the costs that we'd be entitled to..." (Feb. 24, 2011 Transcript at P. 5:21). [Exhibit 5].

29. Google's pattern of inflating costs and making disparaging statements have all been done in an attempt to scare Plaintiffs into settling a case that Google is ill prepared to take to trial.

30. Accordingly, Google's intentional disregard for the rules and the filing of an inflated bill of costs is sanctionable behavior worthy of this Court denying Google any costs and awarding Plaintiffs the attorney fees of preparing this objection.

**B. Google has padded its bill of costs with non-taxable costs**

31. A trial court has no discretion to award costs not listed in section 1920. *Crawford Fitting Co. v. J.T. Gibbons, Inc.*, 482 U.S. 437, 441-42 (1987).

32. The prevailing party has the burden of proving that the expenses sought to be taxed fall within the section 1920 categories. *Green Constr. Co. v. Kansas Power & Light Co.*, 153 F.R.D. 670, 675 (D.Kan.1994).

33. The following are the only costs permitted under 28 U.S.C. § 1920:

- (1) Fees of the clerk and marshal;
- (2) Fees for printed or electronically recorded transcripts necessarily obtained for use in the case;
- (3) Fees and disbursements for printing and witnesses;
- (4) Fees for exemplification and the costs of making copies of any materials where the copies are necessarily obtained for use in the case;
- (5) Docket fees under 28 U.S.C. § 1923; and
- (6) Compensation of court appointed experts, compensation of interpreters, and salaries, fees, expenses, and costs of special interpretation services under 28 U.S.C. §1828..

**a. Fees of the Clerk and Marshal**

34. Google is seeking \$1,070 for fees paid to third party process servers as fees of the clerk and marshal. Section 1920(1) only permits fees of the Clerk and *Marshal*. 28 U.S.C. § 1920 (1). It does not permit fees of third party process servers. Thus, these fees are not specifically enumerated and, therefore, must be disallowed. Section 1920 enumerates expenses that a federal court may tax as a cost under the discretionary authority found in Rule 54(d). *Crawford Fitting Co. v. J.T. Gibbons, Inc.*, 482 U.S. 437, 441-42 (1987). Rule 54(d) only permits a court to disallow costs and does not permit a court to expand beyond those costs specifically enumerated in § 1920. *Id.* Thus, the trial court has no discretion to award costs beyond those specifically enumerated in § 1920. *Id.*

35. Federal Rule of Civil Procedure 4(c) was amended over thirty years ago to permit service of process by any person authorized to serve process in an action in the state courts of the state in which the federal court sits. *Bass v. Spitz*, 522 F. Supp. 1343, 1359 (E.D. Mich. 1981).

However, even though the Judicial Conference recommended a change to include third-party process servers, 28 U.S.C. § 1920(1) has not been amended in the thirty years that have passed since the change in Rule 4(c). *Id.* In *Bass*, the district court allowed costs of third party process servers believing that such a change to § 1920 (1) was imminent. *Id.* The court in *Bass* was clearly wrong. *Id.* Thirty years later and no such change has occurred.

36. Despite conflicting with the rule set down by the Supreme Court in *Crawford* and the Second Circuit, the Seventh Circuit has allowed the taxation of costs for private process servers, but only if service-related items are described in [28 U.S.C.] § 1921(a) and the costs do not exceed what the Marshal Service would have charged for these tasks. *Collins v. Gorman*, 96 F.3d 1057. (7<sup>th</sup> Cir. 1996).

37. However, Google has not established that service was necessary, proper, or that the costs billed do not exceed what the Marshal Service would have charged. The subpoena served on Eide was ineffective because it was issued from the wrong court (W.D. Wash.), was not accompanied by a witness fee, and was unnecessary since Plaintiffs' counsel agreed to waive service. Special Process Service on Robblee was unnecessary as service was waived by his counsel and was ineffective since no witness fee was paid. Service on Picket Fence and Design Toscano were improper since they were not accompanied by the witness fees and was unnecessary since Plaintiffs' counsel had agreed to waive service for them. Service on Northwest Recovery and NRI was unnecessary since Plaintiffs' counsel agreed to waive service for them. Thus, costs of private service were not necessary, service was not proper, and Google has failed to establish that the costs are not greater than what the Marshal would have charged.

38. Accordingly the costs of the "Marshal" should be denied.

**b. Fees for printed or electronically recorded transcripts necessarily obtained for use in the case.**



39. Google is seeking \$12,924.45 for printed transcripts and \$7,955.25 for electronically recorded transcripts. However, § 1920 (2) is written in the disjunctive “printed *or* electronically...” and not in the conjunctive “printed *and* electronically...” 28 U.S.C. § 1920 (2).

40. Thus, a Court may award either one, but not both. *Held v. Held*, 137 F.3d 998, 1002 (7<sup>th</sup> Cir. 1998). *Commercial Credit Equipment Corp. v. Stamps*, 920 F.2d 1361 (7<sup>th</sup> Cir. 1990).

41. In addition, FRCP Rule 30(b) (3) (A) provides that the noticing party bears the video taping costs. Since Google never sought leave of the Court first, there is no reason the Court should depart from the Rule and allow video recording costs after the fact. Google has offered no explanation for why it never sought Court approval first.

42. Google is seeking *all* of its transcript and video costs. As stated above, video costs are not taxable. Also, the costs of printed transcripts not *necessarily* obtained for use in the case are not taxable. Google’s bill of costs does not set forth which transcripts were necessarily obtained for use in the case. The affidavit of Cameron Nelson, attached to the bill of costs, does not state which transcripts were used, how they were used, or how they were necessary for use in the case. [ECF 321-8].

43. 28 U.S.C. § 1920 (2) only permits costs of transcripts “necessarily obtained for use in the case.” The rules do not permit *all* transcripts to be taxed.

44. Subject to the objections stated above, Plaintiffs agree that Google could probably argue that the following transcripts were necessarily obtained, by Google, for use in the case:

Kenneth Robblee	\$ 1,062.50
Megan Specht	\$ 1,050.85

Roger Eide	\$ 846.85
Erich Specht	\$ 2,517.90
Total	\$ 5,478.10

**c. Fees and disbursements for printing and witnesses:**

45. Google is seeking \$55.00 in witness fees and \$1,326.14 for printing costs associated with the Writ of Mandamus.

46. The \$55.00 witness fee is most likely proper.

47. The \$1,326.14 for printing costs associated with the Writ is not taxable. Under Federal Rules of Appellate Procedure, Rule 39, a party who wants costs taxed must — within 14 days after entry of judgment — file with the circuit clerk, with proof of service, an itemized and verified bill of costs.

48. Final Judgment was entered by the Court of Appeals on September 8, 2010. Google did not file an itemized and verified bill of costs with the circuit clerk within 14 days as required. In fact, Google has never sought costs from the Court of Appeals. Thus, the costs associated with the Writ must be disallowed.

**d. Fees for exemplification and the costs of making copies:**

49. Google is seeking \$21,951.16 in exemplification and copy fees.

50. \$300 of that sum represents exemplification fees paid to the Illinois Secretary of State and is most probably proper.

51. The remaining \$21,651.16 represents imaging and database conversion fees of \$19,153.64, copy charges of \$2,152.15, printing fees of \$335.36, and electronically endorsing documents related to the Writ in the amount of \$10.01.

52. \$19,153.64 billed for imaging and database conversion fees are not taxable. Expenditures for a computerized litigation support system are not taxable costs under Section 1920. *Northbrook Excess & Surplus v. Procter & Gamble Co.*, 924 F. 2d 633, 643-644 (7<sup>th</sup> Cir. 1991).

53. \$2,152.15 in total copying costs is not taxable. Only the costs of making copies necessarily obtained for use in the case are taxable. Neither the Bill of Costs nor the accompanying affidavit, itemize the number or cost of copies necessarily obtained for use in the case. Typically such costs would consist of documents filed in this case, used as deposition or trial exhibits. According to the affidavit of Cameron Nelson attached to the bill of costs, there were a total of 6,742 pages filed in this case. [ECF 321-8 p. 6]. Presuming that half were produced by Plaintiffs and half were produced by defendants, then each side produced a total of 3,371 pages to the Court. At a cost of \$.10/page, the copy fees would be approximately \$337.10.

54. Also in Nelson's affidavit, Google claims that Plaintiffs produced a total of 206,846 pages of documents. [ECF 321-8 p. 2]. Conversely, in Google's motion for attorney fees and sanctions, Google absurdly claims that Plaintiffs produced "hundreds of thousands of irrelevant *documents*." [ECF314 p. 2 item (f)]. This of course begs the question: how could plaintiffs have possibly produced hundreds of thousands of irrelevant documents when it only produced a total of 206,846 pages? Accordingly, if, solely, for purposes of calculating costs, we accept Google's preposterous allegation, and suppose that Google meant *pages* and not *documents* and that hundreds of thousands meant two hundred thousand, then the maximum number of relevant pages produced by Plaintiffs would have been 6,846. Again presuming that not all of the "relevant" pages would have been necessary for use in this case, then a total of 3,371 pages is not an unreasonable number.

55. Accordingly, of the \$21,951.16 in claimed exemplification and copy charges, only \$300 represents exemplification charges and only \$2,152.15 represents copying charges. Google's bill of costs does not itemize how much of the \$2,152.15 in copying charges were necessary for use in this case. Thus, for the reasons set forth above, the Court should not award Google any more than \$300.00 in exemplification charges or any more than \$337.10 in copy charges for a total of \$637.10 that could be allowed.

**e. Recapitulation**

56. Notwithstanding Plaintiffs objection to the taxation of costs, the following represent Google's maximum "taxable costs" in this case:

(1) Fees of the clerk and marshal	\$ 0.00
(2) Fees for printed or electronically recorded transcripts necessarily obtained for use in the case;	\$ 5,478.10
(3) Fees and disbursements for printing and witnesses;	\$ 55.00
(4) Fees for exemplification and the costs of making copies of any materials where the copies are necessarily obtained for use in the case;	\$ 637.10
<b>Total Taxable Costs:</b>	<b>\$ 6,170.20</b>

WHEREFORE, Plaintiffs move this Honorable Court for an order disallowing costs in their entirety or, in the alternative, staying taxation of costs pending final judgment. In no event, however, should the total costs taxed against the Plaintiffs or against Plaintiffs' counsel exceed \$6,170.20.

Respectfully submitted,

ERICH SPECHT, an individual and doing  
business as ANDROID DATA  
CORPORATION, and THE ANDROID'S  
DUNGEON INCORPORATED

By: /s/Martin J. Murphy

Martin J Murphy  
2811 RFD  
Long Grove, IL 60047  
(312) 933-3200  
mjm@law-murphy.com

**CERTIFICATE OF SERVICE**

Martin J. Murphy, an attorney, certifies that he caused copies of the foregoing to be served by electronically filing the document with the Clerk of Court using the ECF system this 13th day of April, 2011.

/s/ Martin J. Murphy

# EXHIBIT 1

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IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

ERICH SPECHT, et.al.,	)	Docket No. 09 C 2572
	)	
Plaintiffs,	)	Chicago, Illinois
	)	January 11, 2011
v.	)	9:30 o'clock a.m.
	)	
GOOGLE, INC.,	)	
	)	
Defendants.	)	

TRANSCRIPT OF PROCEEDINGS  
BEFORE THE HONORABLE HARRY D. LEINENWEBER

APPEARANCES:

For Plaintiff: The Android's Dungeon	MR. MARTIN J. MURPHY 2811 RFD Long Grove, IL 60047
For Plaintiff Android Data: Corp.	NOVACK & MACEY LLP by MR. PATRICK A. FLEMING 100 North Riverside Plaza Chicago, IL 60606
For Defendant Google:	GREENBERG TRAUIG LLP by MR. HERBERT H. FINN 77 West Wacker Drive Chicago, IL 60601
Court Reporter:	GAYLE A. MCGUIGAN, CSR, RMR, CRR Official Court Reporter 219 South Dearborn Street Room 1022 Chicago, Illinois 60604 (312) 435-6047



1 (Proceedings had in open court:)

2 THE CLERK: 09 C 2572, Specht versus Google.

3 THE COURT: Morning.

4 MR. FLEMING: Hi, good morning, your Honor. Andrew  
5 Fleming and Martin Murphy on behalf of the plaintiffs.

6 MR. FINN: Morning, your Honor. Herbert Finn on behalf  
7 of defendant Google.

8 THE COURT: There are one, two -- there's five counts  
9 of the counterclaim remaining.

10 What is Google's intention on those?

11 MR. FINN: Well, your Honor, you know, our thoughts are  
12 at this point we want to proceed on those and we would probably  
13 need a schedule; but before we do that, we actually suggest,  
14 since we have concerns on whether plaintiff can pay the costs  
15 that are reimburseable at this point, we frankly suggest a  
16 settlement conference to see whether we can resolve this at this  
17 point in time.

18 MR. FLEMING: If the Court would like to conduct one,  
19 we'll certainly be there. The question -- it's the first we've  
20 heard about a settlement conference but --

21 MR. FINN: No, actually, your Honor, I talked to  
22 Mr. Murphy yesterday and was waiting for a response, but we're  
23 here now offering a settlement conference.

24 MR. MURPHY: That wasn't in regard to a settlement  
25 conference. It was just a discussion --

1 THE COURT: Pardon?

2 MR. MURPHY: It wasn't regarding a settlement  
3 conference. It was just a discussion we had.

4 THE COURT: Well, I don't impose myself on people. Not  
5 necessarily. If you think it might be helpful, I'd be happy --

6 MR. FLEMING: I guess I would like to hear whatever the  
7 proposal is and then if it sounds like it's reasonable, then we  
8 could advise the Court that we'd be happy to attend such a  
9 conference. But this is the first I'm hearing about a  
10 settlement conference, Judge. I don't know what the proposed  
11 terms are; and if they want to let us know, we're happy to come  
12 back and see if it would be fruitful.

13 THE COURT: Why don't we do this. Why don't I put this  
14 off for two weeks and then exchange positions on settlement and  
15 then -- and then if it looks like it would be fruitful, I would  
16 be happy to sit down.

17 THE CLERK: January 25 at 9:00.

18 MR. FINN: Your Honor, I believe I'm out of town at a  
19 deposition that week. Can we put it off another week?

20 THE CLERK: February 2nd.

21 MR. FINN: Thank you, your Honor.

22 THE COURT: Ground Hog Day.

23 MR. FINN: Hopefully we won't repeat it endlessly.

24 THE COURT: Also Michaelmas, so take your choice.

25 MR. FINN: Thank you, your Honor.

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MR. MURPHY: Thank you, your Honor.

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C E R T I F I C A T E

I certify that the foregoing is a correct transcript from  
the record of proceedings in the above-entitled matter.

s/s \_\_\_\_\_  
GAYLE A. McGUIGAN, CSR, RMR, CRR  
Official Court Reporter

\_\_\_\_\_  
Date

# EXHIBIT 2

## Marty Murphy

---

**From:** FinnH@gtlaw.com  
**Sent:** Tuesday, January 18, 2011 2:11 PM  
**To:** andrewf@novackmacey.com; martym@villageinvestments.com;  
jshonkwiler@novackmacey.com; jhaarlow@novackmacey.com  
**Cc:** harris@gtlaw.com; DunningJ@gtlaw.com; NelsonC@gtlaw.com  
**Subject:** Specht/Google

Counsel,

We are writing in furtherance of our discussions with Mr. Murphy on Monday, January 3rd and with the Court and Mr. Fleming on January 4th.

As we advised the Court, Google is prepared to go forward with its counterclaims. Given Mr. and Mrs. Specht's testimony regarding at least the circumstances surrounding their creation and filing of the Section 8 Declaration, Google has a substantial likelihood of prevailing on its claim for fraudulent procurement under 15 U.S.C. 1120. Google is also likely to prevail on its claims for federal and common law unfair competition. Indeed, the Court has already found that Plaintiffs used the mark as sword in an attempt to cause confusion. If Google goes forward with these counterclaims, it will seek as damages at least the amount of its attorney's fees and costs that Plaintiffs forced Google to incur in this case.

In addition to pursuing the counterclaims, if this case moves forward, Google will seek sanctions pursuant to 28 U.S.C. 1927 for Plaintiffs' vexatious litigation tactics throughout the case. During this litigation, Plaintiffs and counsel have pursued frivolous and unnecessary positions with the explicit intent of multiplying Google's litigation costs. First, Plaintiffs sued nearly 50 defendants, not because there was any basis to add those parties, but rather because Plaintiffs hoped to leverage a nuisance value settlement because -- in Mr. Murphy's own words -- "no judge will want to be flooded with that much paperwork." The adding of these unnecessary additional parties forced Google to incur fees towards indemnification and representation of each of these unnecessary defendants. Second, Plaintiffs sought a temporary restraining order and preliminary injunction, again for the sole purpose of attempting to leverage a nuisance value settlement. Plaintiffs' frivolous request for a temporary restraining order and preliminary injunction further caused Google to accelerate its efforts and incur fees preparing for a preliminary injunction hearing, until Plaintiffs finally withdrew their meritless TRO / preliminary injunction motion. Plaintiffs then frivolously added Google executives and Mr. White as individual defendants, and Google was again forced to incur time and effort dismissing these individuals, and the other nearly-50 unnecessary defendants, from the case. Other frivolous actions by Plaintiffs in this case include moving to dismiss Google's counterclaims, withholding discovery and refusing to provide complete answers to interrogatories, and repeatedly attempting to amend Plaintiffs' complaint to add new defendants, including one attempt to add a defendant solely for the purpose of disqualifying Judge Leinenweber. This is, of course, merely a "short list" of the vexatious behavior, and if Google is forced to proceed with its counterclaims it intends to seek sanctions under 28 U.S.C. 1927 for the full range of meritless behavior by Plaintiffs and counsel during the course of this case.

In addition to any damages to be awarded, Google is clearly the prevailing party in this case and as a result will be entitled to reimbursement of its taxable costs. While we are still compiling these taxable costs, we believe the taxable costs will be in the six figures. Significantly, Google's taxable costs were caused in no small part by Plaintiffs' vexatious tactics, overbroad discovery requests, unnecessary naming of additional defendants, and unnecessary production of over 200,000 pages of documents, nearly all of which were plainly irrelevant to the case.

While Google is confident that it will prevail on its counterclaims and 1927 motion, Google is willing to forego both at this point as taxation of the bill of costs alone may exceed Plaintiffs' ability to pay. Further, while Google firmly believes that counsel should also bear some responsibility for the unnecessarily incurred fees and damages, it is apparent that settlement may be more valuable to both sides than continued litigation.

Accordingly, Google is willing to settle its remaining claims and counterclaims with Plaintiffs subject to certain conditions. As you know, this is not the first time that Google has offered Plaintiffs the opportunity to end this frivolous case. However, because Google was forced to incur additional discovery and a summary judgment costs, it is no longer

willing to let Plaintiffs resolve this matter under the prior offers. Google is willing, however, to settle all remaining counterclaims, including its anticipated 1927 motion, on the following bases:

1. Plaintiffs must agree to entry of judgment in the form of a consent decree on Google's counterclaims for fraudulent procurement and federal and state law unfair competition. The dollar amount of the consent decree judgment must be in the amount of Google's total costs and attorney's fees to date -- which currently total approximately \$1 Million;
2. Plaintiffs must pay Google \$250,000, in satisfaction of the \$1 Million judgment;
3. The terms of the settlement agreement will remain confidential;
4. There will be no appeal.

Please confirm that this offer is acceptable and we will prepare the necessary documents. Alternatively, as instructed by the Court, please advise us of Plaintiffs' settlement position.

Herb Finn

**Herbert H. Finn**

Shareholder

Greenberg Traurig, LLP | 77 West Wacker Drive | Suite 3100 | Chicago, IL 60601

Tel 312.456.8427 | Fax 312.456.8435

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\*OPERATES AS GREENBERG TRAUIG MAHER LLP

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# EXHIBIT 3

## Marty Murphy

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**From:** FinnH@gtlaw.com  
**Sent:** Sunday, January 23, 2011 8:02 PM  
**To:** martym@villageinvestments.com  
**Cc:** andrewf@novackmacey.com; jshonkwiler@novackmacey.com;  
JHaarlow@novackmacey.com; DunningJ@gtlaw.com; NelsonC@gtlaw.com  
**Subject:** Specht/Google

Marty,

Rest assured, our understanding of what has transpired is different than yours. We both know what was said and that it was not the first time that Google presented a structure for settlement prior to the last hearing. Your knack for re-interpreting what has been said during hearings and otherwise is tiresome. It has not served your client well before Judge Leinenweber and we doubt that will change in the future.

That said, while Judge Leinenweber advised he would not "impose himself" on the parties, he clearly stated that the parties should exchange settlement positions. Why else was there a three week delay before the next status conference? The fact that your client is unwilling or unable to present a settlement position prior to any discussions, causes concern that he (or his attorneys) is not engaging in discussions with a serious intent for an amicable resolution. Regardless, of what you believe Judge Leinenweber said, as an act of good faith negotiation, and towards making the discussions on Tuesday as productive as possible, we would appreciate receiving your client's settlement position prior to our discussions on Tuesday.

Herb Finn

**Herbert H. Finn**  
Shareholder  
Greenberg Traurig, LLP | 77 West Wacker Drive | Suite 3100 | Chicago, IL 60601  
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\*OPERATES AS GREENBERG TRAURIG MAHER LLP

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**From:** Marty Murphy [mailto:martym@villageinvestments.com]  
**Sent:** Sunday, January 23, 2011 7:33 PM  
**To:** Finn, Herbert (Shld-Chi-IP-Tech)  
**Cc:** andrewf@novackmacey.com; jshonkwiler@novackmacey.com; JHaarlow@novackmacey.com; Dunning, Jeffrey (Assoc-Chi-IP-Tech); Nelson, Cameron (Assoc-Chi-IP-Tech)  
**Subject:** RE: Specht/Google

Herb,

I am available on the 25<sup>th</sup> at 11:00 and am willing to meet. As I recall, at the last court appearance, you stated that Google wished to proceed with the case. You also asked the Court to entertain a settlement conference. Judge Leinenweber said he would not impose himself on the parties. Since this was the first we heard of such a proposal, we



asked the court to let us talk and the case was set for status on Feb 2<sup>nd</sup>. So I don't believe anything was agreed to or that we were ordered by the court to do anything. If you have a different understanding of what was said, please let me know.

Marty

**From:** FinnH@gtlaw.com [mailto:FinnH@gtlaw.com]

**Sent:** Sunday, January 23, 2011 7:02 PM

**To:** martym@villageinvestments.com

**Cc:** andrewf@novackmacey.com; jshonkwiler@novackmacey.com; JHaarlow@novackmacey.com; DunningJ@gtlaw.com; NelsonC@gtlaw.com

**Subject:** Specht/Google

Marty,

If the effort that Google expended in defending this lawsuit does not demonstrate its seriousness to you and your client then nothing will. Each of the prior settlement offers from Google, including the last one, was a serious offer given the facts and the status of the case. It is Mr. Specht (or his counsel) that has failed to take those offers seriously. Given that the Court has now found in Google's favor and the only remaining causes of action are those of Google, Google's last offer is more than fair. If you still believe that Google will pay Mr. Specht anything in settlement, it is you that is not taking the discussions seriously.

That said, we are available to discuss settlement this Tuesday, January 25, 2011. We suggest 11AM. However, as a pre-condition of conducting these discussions, we request that, as instructed by the Court, you provide Mr. Specht's settlement position. Without receipt of Mr. Specht's settlement position, serious, good faith discussions cannot take place and everyone will be wasting time on January 25th. We trust that is not your or your client's intention.

We look forward to your confirmation that we will be proceeding on Tuesday, together with Mr. Specht's settlement position.

Herb Finn

**Herbert H. Finn**

Shareholder

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\*OPERATES AS GREENBERG TRAURIG MAHER LLP

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**From:** Marty Murphy [mailto:martym@villageinvestments.com]

**Sent:** Tuesday, January 18, 2011 4:08 PM

**To:** Finn, Herbert (Shld-Chi-IP-Tech)

**Cc:** andrewf@novackmacey.com; jshonkwiler@novackmacey.com; jhaarlow@novackmacey.com

**Subject:** Specht v Google Settlement Meeting

Herb

I have read your letter and you are wrong on the facts and the law. However, if you would like to engage in a serious settlement discussion, please let me know. I am willing to meet at your offices next Tuesday or Wednesday, January 25th or 26th. So that we can try to have a productive meeting, I will ask that Mr. Specht be available by phone for consultation and I would ask that someone at Google with authority also be available.

Marty

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# EXHIBIT 4

## Marty Murphy

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**From:** Marty Murphy <martym@villageinvestments.com>  
**Sent:** Tuesday, February 01, 2011 9:24 AM  
**To:** FinnH@gtlaw.com  
**Cc:** dunningj@gtlaw.com; 'nelsonc@gtlaw.com'; 'harrisr@gtlaw.com'  
**Subject:** Status on Specht v Google Feb 3rd

Herb,

At our last status hearing, you indicated a desire to have the judge conduct a settlement conference. If that is still your desire, Plaintiffs would agree to participating in a conference on the following conditions:

1. That the conference be conducted by a Magistrate or another District Judge, since Judge Leinenweber may be presiding over any trial in this case; and
2. That all discussions remain confidential and may not be disclosed to anyone outside of the negotiations for any purpose, including any motions or hearings on taxable costs or fees.

Please let me know if you are still interested in a conference and if the above terms would be agreeable to your client.

Marty

# EXHIBIT 5

1   IN THE UNITED STATES DISTRICT COURT  
 2   FOR THE NORTHERN DISTRICT OF ILLINOIS  
   EASTERN DIVISION

3    ERICH SPECHT, et.al.,                )  
   )  
 4    Plaintiffs,                    )  
   )  
 5   v.                                 )  
   )  
 6    GOOGLE, INC.,                        )  
   )  
 7   Defendants.                    )

Docket No. 09 C 2572  
 Chicago, Illinois  
 February 24, 2011  
 9:30 o'clock a.m.

8   TRANSCRIPT OF PROCEEDINGS  
 9   BEFORE THE HONORABLE HARRY D. LEINENWEBER

10  
 11    APPEARANCES:

12  
 13    For Plaintiff:  
       The Android's Dungeon

MR. MARTIN J. MURPHY  
 2811 RFD  
 Long Grove, IL 60047

14  
 15  
 16    For Defendant Google:

GREENBERG TRAUIG LLP by  
 MR. HERBERT H. FINN  
 77 West Wacker Drive  
 Chicago, IL 60601

17  
 18  
 19    Court Reporter:

GAYLE A. MCGUIGAN, CSR, RMR, CRR  
 Official Court Reporter  
 219 South Dearborn Street  
 Room 1022  
 Chicago, Illinois 60604  
 (312) 435-6047

20  
 21  
 22  
 23  
 24  
 25

1 (Proceedings had in open court:)

2 THE CLERK: 09 C 2572, Specht versus Google.

3 MR. MURPHY: Good morning, your Honor. Martin Murphy  
4 on behalf of plaintiffs.

5 MR. FINN: Good morning, your Honor. Herbert Finn on  
6 behalf of defendant Google.

7 THE COURT: All right. The motion for reconsideration  
8 ruling.

9 The Court granted defendant Google's motion for summary  
10 judgment on all five counts of plaintiffs' trademark  
11 infringement action, as well as on two counts of Google's  
12 counterclaim. Plaintiffs have filed a motion for  
13 reconsideration for all counts of this decision.

14 Motions for reconsideration serve a limited function:  
15 to correct manifest errors of law or fact or to present newly  
16 discovered evidence. See *Caisse Nationale*, 90 F.3d at 1269. As  
17 an initial matter, plaintiffs did not file their motion within  
18 the required 28-day time frame following the Court's  
19 December 17, 2010, judgment. See Federal Rule of Civil  
20 Procedure 59(e). The Court, therefore, treats plaintiffs'  
21 motion as one brought under 60(b).

22 Plaintiffs first argue that the Court does not have  
23 jurisdiction to order the cancellation of the ANDROID DATA mark.  
24 The Lanham Act, however, gives federal courts concurrent power  
25 with the USPTO to cancel a mark in a case in which the mark's

1 validity is an issue. See 15 U.S.C. Section 1119. Also, a  
2 party can petition a district court to cancel a trademark  
3 because of abandonment under 15 U.S.C. 1064(3). See *InterState*  
4 *Net Bank*, 348 F. Supp. 2d at 352. Accordingly, plaintiffs'  
5 motion to reconsider Count 1 is denied -- of the counterclaim is  
6 denied.

7 Next, plaintiffs argue that Google misled the Court  
8 regarding its use of screen shots from the website  
9 androiddata.com, pulled from the Internet Archive's Wayback  
10 Machine. Plaintiffs produced these screen shots to oppose  
11 Google's motion for summary judgment, and the Court granted  
12 Google's motion to exclude them as they were not properly  
13 authenticated by an employee of the Internet Archive. To  
14 support their argument, plaintiffs have submitted reports that  
15 Google commissioned a third party to do, which investigate use  
16 of the ANDROID DATA mark. However, the introduction of these  
17 exhibits, which Google produced in discovery and plaintiffs  
18 possessed during the summary judgment proceedings, is improper  
19 on a motion for reconsideration, as it is not newly discovered  
20 evidence. See *Caisse National*, 90 F.3d at 1269. The Court will  
21 not consider them in ruling on this motion.

22 Plaintiffs do not allege that Google ever used the  
23 Internet Archive screen shots outside of the present litigation  
24 in a manner to determine exactly how the androiddata.com website  
25 appeared in March 2005. Rather, Google used them to determine



1 possible use of the ANDROID DATA mark by plaintiffs. Federal  
2 Rule of Evidence 901 requires authentication of the shots as a  
3 predicate to their admissibility as an exhibit demonstrating the  
4 actual appearance of the website. Also, it is irrelevant, as  
5 plaintiffs allege, if Google admitted to the USPTO that the  
6 androiddata.com site was a use in commerce of the ANDROID DATA  
7 mark, as use in commerce is a question of law defined in the  
8 Lanham Act. The Court, not Google, determines if a use is a  
9 bona fide use in commerce. Accordingly, the Court denies the  
10 motion to reconsider the admissibility of the Internet Archive  
11 screen shots.

12           Nevertheless, the screen shots do not show that  
13 androiddata.com as it existed from the end of 2002 through March  
14 2005 amounted to any more than, quote, mere advertising, end  
15 quote, that is not a bona fide use in commerce. See *In re*  
16 *Genitope*, 78 U.S. Patent Quarterly 2d at 1822. As the Court  
17 discussed in its summary judgment opinion, the shots do not show  
18 that the website provided a mechanism to order plaintiffs'  
19 software, any price information about the software, information  
20 about how a visitor to the website could license the software,  
21 or detailed information and pricing on plaintiffs' services. In  
22 short, they would not alter the Court's abandonment holding.

23           Finally, plaintiffs argue that a genuine issue of  
24 material fact exists as to when Google first used its ANDROID  
25 mark in commerce. Plaintiffs confuse the sale of smart phones

1 with the Android operating system with the actual introduction  
2 of the Android operating system. The evidence shows that Google  
3 used the ANDROID mark in commerce in November 2007 when it  
4 introduced the operating system and provided it to third-party  
5 developers. At this point, the ANDROID mark was being used in  
6 an ordinary course of trade. Plaintiffs' argument that Google  
7 allegedly denied using the mark in commerce in November 2007,  
8 which, again, was presented in exhibits that the Court will not  
9 consider as they were improperly produced at this stage of the  
10 litigation, does not affect this decision because use in  
11 commerce is a question of law decided by the Court.

12 Therefore, the motion for reconsideration is denied as  
13 to all counts.

14 Now, the -- as I understand it, remaining are Counts 2,  
15 4, 5, 6, and 7 on the counterclaim; is that correct?

16 MR. FINN: I believe that's correct, Your Honor.

17 THE COURT: Mr. Finn, it was my understanding you were  
18 planning to --

19 MR. FINN: Well, your Honor, we had a proposal. We  
20 understand plaintiffs want to appeal this Court's ruling on  
21 summary judgment. And in view of the fact we had concerns as to  
22 whether they can pay the costs that we'd be entitled to under  
23 that ruling, we'd be willing to withdraw or dismiss those counts  
24 without prejudice with leave to reinstate should the appeal  
25 overturn this Court's ruling and it get sent back.

1 THE COURT: Is there objection to that?

2 MR. MURPHY: No, your Honor.

3 THE COURT: The motion -- motion of the  
4 defendant/counterclaimant, Counts 2, 4, 5, 6, and 7 of the  
5 counterclaim are dismissed without prejudice to be reinstated in  
6 the event that the cause is reversed on appeal.

7 MR. FINN: Your Honor, just so this Court is aware, we  
8 plan on filing a motion for attorneys' fees at least under the  
9 extraordinary case findings of the Lanham Act.

10 I don't believe that affects the appeal date or the  
11 stay but just wanted this Court to be aware.

12 THE COURT: I don't think that does either. It's my  
13 understanding that's -- so that as of today then, the judgment  
14 is final for purposes of the appeal.

15 Thank you.

16 MR. MURPHY: Thank you, your Honor.

17 MR. FINN: Thank you, your Honor.

18 (Proceedings Concluded.)

19 C E R T I F I C A T E

20 I certify that the foregoing is a correct transcript from  
21 the record of proceedings in the above-entitled matter.

22

23 s/s \_\_\_\_\_  
GAYLE A. McGUIGAN, CSR, RMR, CRR  
24 Official Court Reporter

\_\_\_\_\_ Date

25