

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

PERFORMANCE PRICING, INC.
Plaintiff,

v.

GOOGLE, INC., et al.,
Defendants

Case No. 2:07-cv-432-RRR

JURY TRIAL DEMANDED

ORDER DENYING ATTORNEYS' FEES AND PARTIALLY GRANTING COSTS

On March 22, 2010, this court entered final judgment in favor of Google and AOL LLC (collectively "Google") against Performance Pricing, Inc ("Performance Pricing") finding noninfringement of U.S. Patent No 6,978,253 ("the '253 patent") on summary judgment. (Dkt. No. 338.) Google now requests attorneys' fees under 35 U.S.C. § 285 and 28 U.S.C. § 1927. (Dkt. No. 343.) Google further requests costs under 28 U.S.C. § 1920. (Dkt. No. 342.)

I. Motion for Attorneys' Fees

This court may award reasonable attorneys' fees to the prevailing party in exceptional cases under 35 U.S.C. § 285. A case must be truly unusual to justify an award of attorney fees under section 285. See Badalamenti v. Dunham's, Inc., 896 F.2d 1359, 1364 (Fed. Cir. 1990) ("The purpose of section 285 is to provide discretion where it would be grossly unjust that the

winner be left to bear the burden of his own counsel which prevailing litigants normally bear.”) (quotation marks omitted; emphasis in original).

Google argues that this case is exceptional because Performance Pricing’s filing and prosecution of the litigation was baseless. The Court of Appeals for the Federal Circuit has held that an exceptional case finding premised on baseless litigation also requires a conclusion that the litigation was brought in subjective bad faith. Wedgetail Ltd. v. Huddleston Deluxe, Inc., 576 F.3d 1302, 1305 (Fed. Cir. 2009). A patentee’s assertion of infringement of a duly granted patent, however, presumptively is made in good faith. Medtronic Navigation Inc. v. BrainLAB Medizinische Computersysteme, 603 F.3d 943, 954 (Fed. Cir. 2010) “Clear and convincing evidence is required to overcome that presumption and show that the patentee’s infringement claims were vexatious, unjustified or frivolous and were pursued in bad faith.” Id. (emphasis added).

Google has utterly failed to come forth with any evidence of bad faith. Google essentially premises its claim of baseless litigation on Performance Pricing’s failure to prevail on the merits. But “a patentee’s ultimately incorrect view of how a court will find does not of itself establish bad faith.” Brooks Furniture Mfg. Inc. v. Dutailier Int’l Inc., 393 F.3d 1378, 1384 (Fed. Cir. 2005).

Google points to a letter that it sent to Performance Pricing that asked Performance Pricing to dismiss its infringement claims in light of the court’s claim construction. Had Performance Pricing complied with Google’s demands, Google argues, none of the additional work to prepare for summary judgment motions and trial would have been necessary. Ironically, Google’s argument itself borders on frivolous. Google points to no authority that would create a duty in a patentee to comply with an accused infringer’s self-serving letter denigrating its

opponent's case, even though the accused infringer turns out to be correct on the merits. Such a duty would be especially inappropriate where, as here, the claim construction that purportedly rendered the patentee's case futile was actually a compromise between the two sides' proposed constructions. See Performance Pricing, Inc. v. Google Inc., No. 07-432, 2009 WL 2497102, *2-5 (E.D. Tex. Aug. 13, 2009).

Google also argues that Performance Pricing vexatiously asserted claim construction positions for the term "accepting" that the court had already rejected. While Performance Pricing's arguments might have annoyed Google's counsel, the test for whether a case is exceptional is more exacting. Performance Pricing's persistence lacks any indication of bad faith, such as a failure to comply with court-issued warnings.

Google's motion for attorneys' fees under 35 U.S.C. § 285 is therefore **DENIED**.

Google further requests attorneys' fees based on unreasonable and vexatious conduct by Performance Pricing's attorneys. Under 28 U.S.C. § 1927, "[a]ny attorney . . . who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct." Similar to a section 285 award premised on objectively baseless litigation, sanctions under section 1927 requires that there be evidence of "bad faith, improper motives, or reckless disregard of the duty owed to the court." Edwards v. General Motors Corp., 153 F.3d 242, 246 (5th Cir. 1998).

Google argues that an award of attorneys' fees is justified because Performance Pricing's officers had no knowledge of the company's claims even though it was incorporated for the sole purpose of pursuing litigation against Google. But Google provides no explanation as to why Performance Pricing's officers' lack of knowledge has any relevance to whether there was any

misconduct by its attorneys. To the contrary, every indication suggests that Performance Pricing's attorneys pursued legal theories that they believed would be successful on behalf of their clients. Google fails to explain why Performance Pricing's officers were not entitled to rely on the advice of legal counsel concerning the merits of this case.

Google also points the court to Performance Pricing's strategy of pursuing settlements as evidence of bad faith. But as Performance Pricing rightly responds, Google's inference from settlements is no more reasonable than the contrary inference—that Performance Pricing strongly believed that Google (and other, settling defendants) did infringe the '253 patent.

The line between vexatious litigation and zealous advocacy can sometimes be a fine one. See Browning v. Kramer, 931 F.2d 340, 344 (5th Cir. 1991) (“Strict construction of [28 U.S.C. § 1927] is necessary so that the legitimate zeal of an attorney in representing her client is not dampened.”). Here, Performance Pricing's attorneys came nowhere near that line.

Google's motion for attorneys' fees under 28 U.S.C. § 1927 is therefore **DENIED**.

II. Motion for Taxation of Costs

Google also seeks to recover various costs under 28 U.S.C. § 1920. Rule 54(d)(1) of the Federal Rules of Civil Procedure provides that “costs other than attorneys' fees shall be allowed as of course to the prevailing party.” Performance Pricing disputes portions of Google's Bill of Costs. (Dkt. No. 345.) This order will address only those costs that are disputed.

The rules with regard to these costs were cogently set out in Kellogg Brown & Root Int'l, Inc. v. Altanmia Commercial Mktg. Co., No. 07-2684, 2009 WL 1457632, *3 (S.D. Tex. May 26, 2009):

A district court may decline to award costs within the statutory categories, but it may not award costs outside those categories. Crawford Fitting Co. v. J.I. Gibbons, Inc., 482 U.S. 437, 441-42, 107 S.Ct. 2494, 96 L.Ed.2d 385 (1987). If the party against whom costs are taxed does not specifically object, the costs

sought are presumed necessary for the case. Neutrino Development Corp. v. Sonosite, Inc., 2007 WL 998636, at *4 (S.D. Tex. Mar. 4, 2007). If there is an objection, the party seeking costs has the burden of supporting its request with evidence documenting the costs incurred, and proof, if applicable, as to whether the challenged amount was necessarily incurred in the case. Fogleman, 920 F.2d at 285-86. Section 1920 must be strictly construed. Mota v. Univ. of Texas Houston Health Science, 261 F.3d 512, 529 (5th Cir 2001).

Once an objection has been raised, the prevailing party bears the burden of “verifying that the costs were necessarily incurred in the case rather than just spent in preparation and litigation of the case.” Neutrino Development Corp. v. Sonosite, Inc., No. 01-2484, 2007 WL 998636, at *1 (S.D. Tex. Mar. 30, 2007).

A. “Clerk and Marshal” Fees

Google requests \$662.05 as “fees of the clerk,” with \$225.00 attributable to pro hac vice fees and \$437.05 attributable to accessing case documents using the court’s PACER system.

District courts in Texas have allowed pro hac vice fees. See Butler v. MBNA Tech., Inc., No. 02-1715, 2004 WL 389101, *3 (N.D. Tex. Mar. 1, 2004); HEI Resources East OMG Joint Venture v. S. Lavon Evans Jr. Operating Co., No. 07-62, 2010 WL 536997, *4 (S.D. Tex. Feb. 10, 2010). Further, since Performance Pricing lost at its chosen forum, it should bear the attendant costs in admitting Google’s chosen counsel. See Davis v. Puritan-Bennett Corp., 923 F.Supp. 179, 181 (D. Kan. 1996) (“Plaintiff selected the forum and compelled defendant to defend itself in this district. The Court finds that the fee is appropriate under § 1920(1)”). Google’s request for pro hac vice fees is therefore **GRANTED**

PACER fees generally are allowed as “fees of the clerk.” See Ducote Jax Holdings, L.L.C. v. Bank One Corp., No. 04-1493, 2007 WL 4233683, *7 (E.D. La. 2007), aff’d in part, rev’d in part sub nom, Ducote Jax Holdings LLC v. Bradley, 335 Fed. Appx. 392 (5th Cir

2009); Lewallen v. City of Beaumont, No. 05-733, 2009 WL 2175637, *17 (E.D. Tex. July 20, 2009). Google's request for PACER fees is therefore **GRANTED**.

Google also requests \$8,025.74 for "fees of the marshal" incurred as private process server fees. Google, however, has not shown why the use of private process servers was necessary in this case. See Halliburton Energy Servs. v. M-I, LLC, 244 F.R.D. 369, 371 (E.D. Tex. 2007) (citing Cypress-Fairbanks Indep. Sch. Dist. v. Michael F., 118 F.3d 245, 257 (5th Cir. 1997) ("As there was nothing exceptional about the parties or the nature of this case, the district court should have denied these unnecessary private service costs." (emphasis added))). Google's request for private process service is therefore **DENIED**.

B. Transcript Fees

Google seeks \$24,614.92 in transcript fees. Performance Pricing objects only to the costs resulting from Google's decision to expedite certain deposition transcripts. (Dkt. No. 345 at 5.)

As a general rule, "incidental costs associated with depositions, such as the cost of expedited delivery charges, ASCII disks, and parking, are generally not recoverable." Maurice Mitchell Innovations, L.P. v. Intel Corp., 491 F.Supp 2d 684, 687 (E.D. Tex. 2007). Google has not established that an exception to this general rule is appropriate here, such as because it obtained "prior court approval of expedition" or because "the special character of the litigation necessitates expedited receipt of the transcript." Fogelman v. ARAMCO, 920 F.2d 278, 286 (5th Cir. 1991). Thus, Google's request for costs related to expedited deposition transcripts is **DENIED**.

Google also seeks \$18,936.89 in costs for videotaped depositions. Courts in this and other districts have found such costs to be generally not taxable. See Power-One, Inc. v. Artesyn Techs., Inc., No. 05-463, 2008 WL 4065871, *6 (E.D. Tex. Aug. 27, 2008) ("Video deposition

fees are not listed in section 1920, and the Fifth Circuit prohibits recovery without prior authorization from the court.”); Maurice Mitchell, 491 F. Supp. 2d at 687 (“Under Fifth Circuit precedent since § 1920 makes no provision for videotapes of depositions, recovery of such without prior authorization from the court is not allowed”).

Google correctly notes that Congress amended section 1920(2) in 2008 to allow for “[f]ees for printed or electronically recorded transcripts necessarily obtained for use in the case.” This amendment, however, does not help Google. The Court of Appeals for the Fifth Circuit has understood the Supreme Court to have cautioned against a broad interpretation of section 1920. See Mota v. Univ. of Tex. Houston Health Sci. Ctr., 261 F.3d 512, 530 (5th Cir. 2001) (citing Crawford Fitting Co. v. J.I. Gibbons, Inc., 482 U.S. 437, 441-42 (1987)). Under this guidance, this court declines to read the term “electronically recorded transcripts” to include video depositions.

An early legislative report on that amendment supports reading section 1920 to exclude video depositions in this case. The Committee on Court Administration and Case Management considered “whether technological advances that have occurred over the past twenty-five years make it appropriate to reevaluate the cost provisions in 28 U.S.C. § 1920, so that recovery for costs associated with many litigation tools commonly used today, including videotaped depositions or electronically presented evidence, might be permitted.” Judicial Conference Comm. on Court Admin. & Case Mgmt., 108th Cong., Summary of Report 3-4 (Mar. 2003) (emphasis added). Nevertheless, the Committee expressed concern “that the charges for these new expenses could dramatically expand the intention of the statute, which was to allow the taxing of costs in a very limited way.” Id. at 4. The Committee went on to reject “the concept of an amendment to permit the taxing of costs associated with the use of technology to create,

assist, enhance or present materials during a trial.” Id. at 4. Google acknowledges that it took video depositions in this case in order to use them at trial. (Dkt. No. 342 at 8.) Such “costs associated with the use of technology to . . . present materials during a trial” are exactly the types of costs that the Committee declined to include in section 1920.

Finally, even if section 1920 were to authorize the recovery of costs for video depositions, the court would decline to grant those costs in this case because Google has not established that video depositions were “necessarily obtained.” Google argues that video depositions were needed because it had “no way to know whether any witness would be available for a lengthy trial in Texas and wanted to preserve videos of deposition testimony to play at trial as necessary.” (Dkt. No. 342 at 8.) A party’s general speculation as to the potential inability of witnesses to attend trial, en masse, does not suffice as a basis for costs.

Google’s request for video deposition costs is therefore **DENIED**.

C. Printing and Copying Fees

Google requests \$238,136.58 for electronic discovery. Google has broken these costs into three categories: (1) document collection, (2) document process and production, and (3) document access. Google also seeks costs for copies.

1. Document Collection

Google requests \$120,373.32 in costs relating to the collection and preservation of all documents that were potentially relevant to this case. Document collection, however, is normally performed by attorneys and paralegals and therefore not generally recoverable under section 1920. See Kellogg Brown & Root Int’l, 2009 WL 1457632, at *5 (“The steps of extracting data from an electronic medium and storing that data for possible use in discovery is more like the work of an attorney or legal assistant in locating and segregating documents that

may be responsive to discovery than it is like copying those documents for use in a case.”). Google’s request for document collection fees is therefore **DENIED**.

2. Document Production and Processing

Google requests \$66,380.39 for document production and processing. It cites Computer Cache Coherency Corp. v. Intel Corp. 2009 WL 5114002 (N.D. Cal. 2009), for the proposition that electronic documents produced for litigation are taxable under § 1920(4). Google argues that these documents were requested by Performance Pricing based on specified search terms and that “[c]osts directly associated with producing the documents, such as converting native file formats in TIFF, marshalling metadata, and making the data available for download, replace paper copies directly.” (Dkt. No. 342 at 12.)

The court denies the majority of these costs. Section 1920(4) provides for the recovery of “[f]ees for exemplification and the costs of making copies of any materials where the copies are necessarily obtained for use in the case.” (Emphasis added.) As this court’s sister court stated in Kellogg Brown & Root, Int’l, courts addressing this issue have held that “‘techniques of processing records, extracting data, and converting files, which served to create searchable documents, rather than merely reproduce paper documents in electronic form’” are not electronic equivalents of exemplification and copying. 2009 WL 1457632, at *5 (quoting Fells v. Virginia Dept. of Transp., 605 F. Supp. 2d 740, 743 (E.D. Va. 2009)); see id. (“[C]osts incurred ‘for a computerized litigation support system are not taxable costs under section 1920.’”) (quoting Northbrook Excess & Surplus Ins. Co. v. Proctor & Gamble Co., 924 F.2d 633, 643-44 (7th Cir. 1991)). This court will follow the dichotomy noted in Kellogg. Thus, Google’s request for document production and process fees is **GRANIED** only to the extent that they reflect the costs

for scanning and document reproduction. Accordingly, the court has reviewed Google's itemized request and has concluded that \$4,763.45 is recoverable.

3. Document Access

Google seeks \$51,382.37 for expenses incurred in maintaining access to data stored on searchable servers. Performance Pricing argues that charges for maintaining a location to store documents is distinct from charges for printing, copying or exemplification. Google has not established why access costs should be granted under the legal framework of 28 U.S.C. § 1920. Google's request for document access fees is therefore **DENIED**.

4. Cost for Copies

Google seeks \$12,596.33 for copies, which is fifty percent of its total costs for photocopies in this litigation. See Summit Tech., Inc. v. Nidek Co., 435 F.3d 1371, 1378-79 (Fed. Cir. 2006) (affirming award of costs where prevailing party reduced total photocopy expenses by fifty percent). Performance Pricing objects to these costs on the basis that Google has not met the "proof of necessity" standard required by case law. See Holmes v. Cessna Aircraft Co., 11 F.3d 63, 64 (5th Cir. 1994) ("Before the district court can tax costs for photocopies, it must find that the copies for which costs are sought were necessarily obtained for use in the litigation.").

In Summit Tech., the Court of Appeals for the Federal Circuit affirmed an award of nearly \$100,000 in photocopy costs following a twelve-day trial. 435 F.3d at 1378-80; see 363 F.3d 1219, 1222 (Fed. Cir. 2004) (affirming on the merits). The court acknowledged that "in complex patent litigation involving hundreds of thousands of documents and copies, parties cannot be expected to track the identity of each photocopied page along with a record of its relevance to the litigation." 435 F.3d at 1378. But the Federal Circuit in no way established a general "fifty-

percent rule” that would obviate the need for a prevailing party in a patent case to prove that its costs were not necessary in accordance with section 1920(4). To the contrary, the Federal Circuit’s ruling appears to have been narrow:

[A]lthough a simple 50 percent reduction is a somewhat crude method of accounting for non-necessary copies, we believe the district court acted within its discretion in awarding the vendor costs based on that estimate, particularly in light of the supporting testimony from Mr. Siegel, who explained that his testimony was based on his 35 years of experience and his day-to-day responsibility, as lead counsel, for the litigation in this case.

Id. at 1378 (emphasis added). Google does not attempt to explain why it would be unable to establish a showing of necessity in this case, a case that was decided on summary judgment and involves costs for copies that are nearly an order of magnitude less than in Summit Tech. Google’s request for costs for copies based solely on a fifty-percent rule is therefore **DENIED**

D. Interpreter Fees

Google requests \$3,416.38 in translation costs in connection with a related Japanese patent application and prior art under section 1920(6). These documents formed the basis for its invalidity motion against Performance Pricing. Fifth Circuit law allows translation costs Studiengesellschaft Kohle mbH v. Eastman Kodak Co. 713 F.2d 128 (5th Cir. 1983); see also Ortho-Mcneil Pharm., Inc . v. Mylan Labs., Inc ., 569 F.3d 1353, 1356 (Fed. Cir. 2009); Chore-Time Equip., Inc. v. Cumberland Corp. 713 F.2d 774, 782 (Fed. Cir. 1983) (“The award of costs for translation of a German patent found ‘relevant to [Cumberland’s] contentions’ were appropriate under 28 U.S.C. §1920(6)”) Google’s request for translation fees is therefore **GRANTED.**

All other costs requested by Google shall be **GRANTED.**

It is SO ORDERED.

SIGNED this 29th day of June, 2010.

A handwritten signature in black ink, appearing to read "Randall Rader". The signature is fluid and cursive, with the first name "Randall" and last name "Rader" clearly distinguishable.

RANDALL R. RADER

UNITED STATES CIRCUIT JUDGE (sitting
by designation)