

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

PA ADVISORS, LLC,

Plaintiff,

v.

GOOGLE INC., et al.

Defendants.

Civil Action No. 2:07-cv-480 RRR

YAHOO! INC.'S REPLY IN SUPPORT OF ITS BILL OF COSTS

Yahoo! Inc. (“Yahoo!”) files this Reply in support of its Bill of Costs and in response to Plaintiff’s Objections. Yahoo! has incurred vast expenses defending itself since Plaintiff filed suit on November 2, 2007. Although 28 U.S.C. § 1920 could, in fairness, permit Yahoo! to recover more, Yahoo! merely seeks to recover the costs that have been explicitly documented.

As the prevailing party, Yahoo! filed a detailed Bill of Costs with the Clerk in the amount of \$97,388.98 after judgment was entered in its favor. Plaintiff admits that Yahoo! is the prevailing party pursuant to § 1920, but objected to a number of Yahoo!’s documented costs. Rule 54(d), however, instructs that costs be awarded to the prevailing party as a matter of course, unless the court directs otherwise. Fed. R. Civ. P. 54(d). The prevailing party may recover all costs enumerated in § 1920 that are necessarily incurred in defense of the suit. *See Fogleman v. ARAMCO*, 920 F.2d 278, 286 (5th Cir. 1991).

I. Non-Disputed Costs

Plaintiffs did not object to any costs associated with Fees of the Clerk (\$125.00), Fees for service of summons and subpoena (\$120.00), and Docket fees under 28 U.S.C. § 1828 (\$171.08), and thus the Clerk should properly tax Plaintiff for those amounts.

II. Number of Witnesses & Certified Deposition Transcripts - § 1920(3)

Plaintiff objects to the certified transcripts that Yahoo! ordered for this case. (*See* Dkt. No. 517, Pl.’s Obj. re Table 3.) Plaintiff cites *Fogleman v. ARAMCO* for the proposition that Yahoo! bears the burden of showing that these costs were necessarily incurred. 920 F.2d at 286. Each of the transcripts was for a deposition that was either taken by Yahoo! or was taken of Yahoo! by Plaintiff, and each was necessary for Yahoo!’s defense. (*See* Dkt. No. 492, Mot. to Declare an Exceptional Case, at 1) (“Further, this case required twenty-six depositions, and the production of more than 3.4 million pages of documents.”). The transcripts of the depositions

were fundamental to Yahoo!'s motions for summary judgment and for use at the pretrial conference/oral argument on the motions for summary judgment. (White, 2nd Decl. ¶ 4.a.i & ii.)

The Fifth Circuit expressly allows cost recovery for deposition transcripts. *Fogleman*, 920 F.2d at 285-86. Contrary to Plaintiff's argument, *Maurice Mitchell Innovations v. Intel Corporation* held that ordering *certified copies* of a transcript *in addition* to the original may not be recoverable without explanation as to why the copies were "necessary as opposed to for the convenience of counsel." 491 F. Supp. 2d at 688. Here, additional copies are not at issue.

Yahoo!'s invoices plainly show that it ordered a certified *original* transcript of each noticed deposition out of necessity to defend itself. (See Bill of Costs, Exh. 3 at 21; see also White, 2nd Decl. ¶ 4.a.) Yahoo! ordered each certified transcript to support its defenses, its motions for summary judgment, and for use at the pretrial conference/oral argument on the motions for summary judgment. The importance of the transcripts is illustrated by Judge Rader's citation to Dr. Rhyne's deposition in his summary judgment order. (See Dkt. No. 483, Sum. J. Order, 11.)

III. Videotaped Depositions - § 1920(2) (as amended)

Yahoo! should recover for the costs of the videotaped depositions. Plaintiff concedes that the 2008 amendment to § 1920(2) allows prevailing parties to recover costs for "electronically recorded transcripts." (See Dkt. No. 517, Pl.'s Obj. at 2.) The Fifth Circuit has acknowledged the amendment's potential effect on taxation of video costs. See *S&D Trading Acad., LLC v. AAFIS Inc.*, 335 Fed. Appx. 443, 450-51 (5th Cir. 2009). Other circuits correctly allow cost recovery for video depositions *and* stenographic transcripts if each was reasonably necessary. *Little v. Mitsubishi Motors N. Am.*, 514 F.3d 699, 702 (7th Cir. 2007); *BDT Prods., Inc. v. Lexmark Int'l, Inc.*, 405 F.3d 415, 420 (6th Cir. 2005); *Tilton Capital Cities/ABC, Inc.*, 115 F.3d 1471, 1478 (10th Cir. 1997); *Morrison v. Reichland Chems., Inc.*, 97 F.3d 460, 463-65 n.5 (11th

Cir. 1996). The videotaped depositions were crucial to Yahoo!'s defense. Not only were certain videotapes played during the pretrial conference, Yahoo! fully expected to enter testimony by playing the videotapes at trial because Yahoo! could not force Plaintiff's witness to appear at trial. (White, 2nd Decl. ¶ 4.a.ii.) Thus, the videotaped depositions of Plaintiff's witnesses were necessary. Therefore, this Court should take this occasion to follow the other circuits' lead and allow recovery for both the stenographic and video costs because each was necessary, or, in the alternative, at least allow the videotaped deposition costs of opposing party's witnesses.

IV. E-Discovery - § 1920(3)

Yahoo! incurred great expense storing electronic data in a manageable format. Yahoo!'s expenses for maintaining access to these documents without incurring copy and additional storage costs are taxable under § 1920(3) or (4). *See, e.g., Neutrino Dev. Corp. v. Sonosite, Inc.*, No. H-01-2484, 2007 WL 998636, at *4 (S.D. Tex. Mar. 30, 2007); *see also Kellogg Brown & Root Int'l, Inc. v. Altanmia Commercial Mktg. Co.*, No. H-07-2684, 2009 WL 1457632, at *6 (S.D. Tex. May 26, 2009) (citing *Neutrino* with approval). Contrary to Plaintiff's assertions, Yahoo!'s storage and maintenance of the electronic data was not for "the electronic conversion of documents," (Pl's Obj. at 5.), but was an attempt by Yahoo! to save money and accommodate Plaintiff's discovery demands. Courts in the Fifth Circuit have expressly approved of this practice in awarding costs for e-discovery. *See Neutrino Dev. Corp.*, 2007 WL 998636, at *4 ("Defendant was seeking to save costs by not printing out hundreds of documents . . ."). Similarly, Yahoo!'s decision to pay a third-party to store, rather than print and copy the source code that Plaintiff requested in discovery, cut down immensely on the total costs.¹ Thus, such costs are taxable to Plaintiff.

¹ Yahoo! hired a third-party to convert its source code, OCR the code pursuant to the parties' discovery agreement, and store the code instead of printing it. Yahoo! was attempting to accommodate Plaintiff's discovery demands and save money at the same time. Such costs are recoverable. *See Neutrino Dev. Corp.*, 2007 WL 998636, at *4.

V. Expert Witnesses – 28 U.S.C. § 1821(c)(4) & 1920(3)

Yahoo! properly sought costs for the fees it incurred to fly its expert witnesses to Austin, Texas at Plaintiff's request and for Plaintiff's convenience, and provide its expert witnesses with reasonable lodging accommodations. All travel expenses within and outside the judicial district are taxable as costs pursuant to § 1920. *See* 28 U.S.C. § 1821(c)(4); *see also Crawford Fitting Co., et al. v. J.T. Gibbons, Inc.*, 482 U.S. 437 (1987). Yahoo! specifically listed the travel and lodging costs, along with the costs of meals for its two expert witnesses: Mary Woodford and James Allen. Both witnesses were necessary for Yahoo!'s defense. (White, 2nd Decl., ¶ 4.g.)

VI. Copying Costs - § 1920(4)

Plaintiff objects to Yahoo!'s itemized copy costs, arguing that Yahoo! failed to categorize adequately the invoices and that, therefore, the Court is unable to determine which copies were necessary and which were not. (Opp., 6.) The Federal Circuit, however, recognized the complexity and document intense nature of patent infringement cases and specifically held that a fifty percent across-the-board reduction in photocopying costs is a suitable method to calculate taxable costs. *Summit Tech., Inc. v. Nidek, Co.*, 435 F.3d 1371, 1378 (Fed. Cir. 2006); *accord Neutrino Dev. Corp.*, 2007 WL 998636, at *4 (“[T]he complexity of patent litigation requires extensive document production and it is often necessary for complete trial preparation.”). Here, Yahoo!'s 50% reduction of its itemized copy costs is suitable for taxing the costs to Plaintiff.²

VII. Translation Costs – § 1920(6)

Plaintiff, in its objection to Yahoo!'s translation costs, omits citation of a Fifth Circuit opinion that specifically authorizes district courts to award costs incurred in connection with the

² In addition, Plaintiff argues that some of the costs incurred by Yahoo! for these copies should be attributed to a related litigation, *Bright Response, LLC v. Google Inc. & Yahoo! Inc.* Contrary to Plaintiff's argument, Yahoo!'s counsel's accounting department tracked the expense of each invoiced copy by using matter specific billing codes when making copies. (White, 2nd Decl. ¶ 4.h.). This diligent practice allowed Yahoo! to track copy costs necessarily incurred during the defense of this case, not a related case.

translation of foreign documents in patent infringement cases, as long as such costs were necessarily incurred. *Studiengesellschaft Kohle v. Eastman Kodak Co.*, 713 F.2d 128, 133 (5th Cir. 1983). The translation costs in this case were necessarily incurred as they were foreign documents pertinent to Yahoo!'s defense of non-infringement. (White, 2nd Decl. ¶ 4.d.)

VIII. Audio Visual / Trial Support Services – One Trial Technician

This District allows a prevailing party to recuperate costs related to trial services. *Finisar Corp. v. Directv Group, Inc.*, Civil Action No. 1:05-CV-264, 2006 WL 26997332, at *2 (E.D. Tex. Aug. 4, 2006) (holding that \$225 per hour for one trial technician was reasonable and awarding costs in the amount of \$18,225.00). Contrary to Plaintiff's argument, the fact that Yahoo! won the case at the summary judgment stage should have no bearing on its award of costs. Yahoo! necessarily incurred costs for Audio Visual / Trial Support services during the pretrial conference. (White, 2nd Decl. ¶ 4.e.) Thus, under *Finisar Corp. v. Directv Group, Inc.*, Yahoo! is entitled to its reasonable costs of \$3,153.34 for trial support services.

IX. Yahoo!'s Agreement to Split Certain Costs with Google

Plaintiff argues that Google and Yahoo! failed to properly split costs despite their agreement to do so, and that somehow Yahoo! is profiting by this "inconsistency and lack of clarity." (Opp., 3.) At first blush it may appear that some of these costs were taxed once by Google Inc. and once by Yahoo!; however, on closer inspection, in these instances both Google Inc. and Yahoo! were billed by, and individually paid, the outside vendor. Thus Google and Yahoo! are not duplicating costs. Yahoo! assures this Court that it has honestly split the costs of certain depositions with Google. (White, 2nd Decl. ¶ 4.b. & c.)

CONCLUSION

For the forgoing reasons, this Court should enter Yahoo! Inc.'s Bill of Costs in the amount of \$97,388.98.

Respectfully submitted,

/s/ Jennifer H. Doan

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was filed electronically in compliance with Local Rule CV-5(a). All other counsel of record not deemed to have consented to electronic service were served with a true and correct copy of the foregoing by certified mail, return receipt requested, on this the 17th day of May, 2010.

/s/ Jennifer H. Doan
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