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

PA ADVISORS, LLC, Plaintiff, v. GOOGLE, INC., et al., Defendants.	Case No. 2:07-cv-480-RRR

ORDER DENYING ATTORNEYS' FEES AND PARTIALLY GRANTING COSTS

On March 11, 2010, this court entered final judgment in favor of Google and Yahoo and against nXn Tech ("nXn", formerly known as PA Advisors, LLC) finding noninfringement of U.S. Patent No. 6,199,067 ("the '067 patent") on summary judgment (Dkt. No. 483). Google and Yahoo now request attorneys' fees under 35 U.S.C. § 285 and costs under 28 U.S.C. § 1920 (Dkt. Nos. 492, 493, 494 and 495). Google further requests fees based on unreasonable and vexatious conduct by nXn's attorneys' under 28 U.S.C. § 1927 (Dkt. Nos. 493).

I.

In its motion for attorneys fees and costs under 35 U.S.C. § 285, Google submits that it incurred approximately $3.75 million in attorneys' fees attributable to this litigation. Yahoo does not submit a dollar amount but requests further briefing on the issue if this court grants attorneys' fees (Dkt. No. 492).

This court has the discretion to award reasonable attorneys' fees in exceptional cases. See 35 U.S.C. § 285 ("The court in exceptional cases may award reasonable attorney fees to the prevailing party."). Before such an award is made, however, the court must first determine whether the case is "exceptional" within the context of the statute. Superior Fireplace Co. v. Majestic Prods. Co., 270 F.3d 1358, 1376 (Fed. Cir. 2001). An award of attorneys' fees to a prevailing party under Section 285 is unique to patent law, and must be predicated upon something beyond the fact that a party has prevailed. In other words, the case at hand must be truly unusual to justify an award of attorney fees. See Badalamenti v. Dunham's, Inc., 896 F.2d 1359, 1364 (Fed. Cir. 1990) ("The purpose of [S]ection 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.'") (citation omitted) (emphasis in original).

Factors that courts have considered in determining whether a case is exceptional, within the realm of Section 285, include whether: (1) the infringing conduct was willful or intentional; (2) the losing party engaged in inequitable conduct before the Patent and Trademark Office; (3) offensive litigation tactics, including vexatious or unjustified litigation or frivolous filings, were employed; and (4) the losing party litigated in bad faith. Id. at 1377-78; Brasseler U.S.A. I, L.P. v. Stryker Sales Corp., 267 F.3d 1370, 1380 (Fed. Cir. 2001); Multiform Desiccants, Inc. v. Medzam, Ltd., 133 F.3d 1473, 1481-82 (Fed. Cir. 1998). The Federal Circuit has instructed that when "assessing whether a case qualifies as exceptional, the district court must look at the totality of the circumstances." Yamanouchi Pharm. Co., Ltd. v. Danbury Pharmacal, Inc., 231 F.3d 1339, 1347 (Fed. Cir. 2000).

Google and Yahoo argue that this case is exceptional because the plaintiff: (1) had no basis for asserting patent infringement; (2) abused the discovery process by seeking irrelevant and burdensome discovery; and (3) engaged in litigation misconduct by paying off a witness.

This case does not merit exceptional status. Google and Yahoo's request for sanctions based on payments to a witness was already denied. In addition, reviewing the record as whole, including discovery, none of the tactics used by nXn were abusive. Discovery was contentious and hard fought by both sides but the requests made by nXn were within normal course of conduct in software disputes. And although the court wholeheartedly endorses the disposition of this case on summary judgment, it does not make the claims entirely baseless. Google and Yahoo's motion for attorneys' fees under 35 U.S.C. § 285 is therefore **DENIED**.

II.

Google further requests attorneys' fees based on unreasonable and vexatious conduct by nXn'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." "This 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).

As highlighted above, the tactics employed by nXn's attorneys were not unreasonable or vexatious. nXn's attorneys pursued legal theories they believed in on behalf of their clients. Moreover, there is no indication that nXn's attorneys acted in bad faith or with improper motives. Google's motion for attorneys' fees under 28 U.S.C. § 1927 is therefore **DENIED**.

III.

Google and Yahoo next seek to recover $171,599.21 and $97,388.98, respectively (Dkt. Nos. 494 and 495). Rule 54(d)(1) of FRCP provides that "costs other than attorneys' fees shall be allowed as of course to the prevailing party." In this case, this court found that there was no infringement of the '067 patent. As such, Google and Yahoo are the "prevailing part[ies]" within the meaning of the statute and are entitled to taxable costs under 28 U.S.C. § 1920. nXn disputes portions of Google and Yahoo's Bill of Costs, (Dkt. Nos. 513 and 514). This order will address only those costs that will be stricken.

nXn objects to videography costs. Both this district and sister districts have found videography fees to be generally not taxable and have denied such fees. See Maurice Mitchell Innovations, L.P. v. Intel Corp., 491 F. Supp. 2d 684, 687 (E.D. Tex. 2008) ("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."); See also Celanese Corp. v. Kellogg, Brown & Root, Inc., No. H-06-2265, 2009 WL 1810967 (S.D. Tex. June 25, 2009) (sustaining Celanese's objection to videographer fees). Recovery of those costs will therefore not be permitted.

nXn next objects to costs associated with certified transcripts. This district has previously denied such fees when no reason is given for why certified copies were necessary. Maurice Mitchell Innovations, 491 F. Supp. 2d at 688 ("No reason is given for why certified copies were necessary as opposed to for the convenience of counsel."). Because defendants have failed to proffer any legitimate reason for obtaining certified copies, recovery of those costs will therefore also not be permitted.

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

It is SO ORDERED.

SIGNED this 19th day of May, 2010.

RANDALL R. RADER

UNITED STATES CIRCUIT JUDGE (sitting by designation)