

# EXHIBIT 1

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January 3, 2013

Charles Monterio Jr.  
Dickstein Shapiro LLP  
1825 Eye Street NW  
Washington, DC 20006

Re: I/P Engine, Inc. v. AOL, Inc. et al.

Dear Charles:

I write to follow up our December 19, 2012 meet and confer conference about Plaintiff's bill of costs.

It does not appear that Plaintiff has made any attempt to account for the fact that late in this litigation Plaintiff voluntarily dismissed its claims against three of four systems initially accused. The voluntary dismissal of claims before trial confers prevailing party status on a defendant for those claims. *See, e.g., Zenith Ins. Co. v. Breslaw*, 108 F.3d 205 (9th Cir. 1997) (abrogated on other grounds). Accordingly, Plaintiff did not prevail as to those claims. Further, the Court specifically ordered Plaintiff and AOL to bear their own costs in relation to dismissed claims against AOL's Advertising.com Sponsored Listings. (D.N. 690.) To the extent that Plaintiff is entitled to recover costs, Plaintiff's recovery should be reduced to reflect the pre-trial dismissal of claims against 75% of the systems Plaintiff initially accused. However, for ease of discussion, the figures discussed below reflect the full costs sought by Plaintiff.

Defendants' agreement with Plaintiff concerning a particular category of costs in no way waives Defendants' argument that after determining to which, if any, costs Plaintiff is entitled, the Court should reduce the entire cost award to account for the dismissal of a majority of the systems

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initially accused in this case.

We agree that if Plaintiff is entitled to full costs, it would be entitled to recover \$350 for filing fees.

Ken agreed to drop Plaintiff's request for \$814.80 in additional copies of trial transcripts if we would agree not to dispute the \$825 in pro hac vice application fees Plaintiff seeks. We agree to this proposal.

In compliance with the Taxation of Costs Guidelines from the Eastern District of Virginia ("Guidelines"), Ken agreed to drop Plaintiff's request for \$568.75 of costs for private process servers.

Under the Guidelines, "[t]he costs of a videotaped deposition [are not taxable], unless an authorizing order or stipulation provides for taxing of these costs." As no such order or stipulation exists in this case, please confirm that Plaintiff will drop its request for costs for the videotaping of depositions.

Likewise, Plaintiff is not entitled to costs of deposition transcripts for its own witnesses (Messrs. Perlman, Berger, Lang, and Kosak). . See *In re D&B Countryside, LLC*, 217 B.R. 72, 79-80 (Bankr. ED. Va. 1998) ("The court also cannot find that it was necessary to purchase transcripts of the deposition testimony of the debtor's own witnesses . . ."). Please confirm that Plaintiff is not seeking costs for transcripts or videos of its own witnesses' depositions.

Generally, a party is not entitled to the cost of expediting deposition transcripts. *Quantum Sys. Integrators, Inc. v. Sprint Nextel Corp.*, 2009 U.S. Dist. LEXIS 98742, at \*26 (E.D. Va. Oct. 16, 2009). Yet, Plaintiff seeks the costs for expediting the transcripts of eight depositions: Messrs. Ortega, Cook, Diorio, Ungar, Ugone, Fox, and Culliss. Plaintiff either rejected earlier deposition dates or chose to wait until late in the case to seek the depositions of the fact witnesses, so Plaintiff bears the responsibility for any need to expedite the preparation of those transcripts and should bear the resultant cost. In the spirit of compromise, if Plaintiff will agree not to seek costs for expediting the deposition transcripts of Messrs. Ortega, Cook, Diorio, Fox, and Culliss, then Google will agree that Plaintiff, should it be entitled to full costs, would be entitled to recover costs for expediting the expert deposition transcripts of Drs. Ungar and Ugone.

Plaintiff is not entitled to recover any of the \$68,496.61 in costs sought for the preparation and presentation of exhibits by vendor Digital Evidence as the Guidelines expressly prohibit the taxation of the "salaries and time of persons who prepare copies and exhibits." Please confirm that Plaintiff is not seeking these costs.

Plaintiff is not entitled to recover the cost of purchasing research materials, including various books (\$3,101.59). To the extent that you disagree, please provide supporting case law.

Plaintiff is not entitled to recover the costs for Messrs' Perlman, Kosak and Lang remaining at trial for multiple days or spending multiple days in Washington, D.C. prior to or after their depositions. Although Mr. Perlman was Plaintiff's corporate representative during the trial,

Plaintiff is not entitled to costs for his remaining at trial after he testified and was dismissed. *See Goldstein v. Costco Wholesale Corp.*, 2004 U.S. Dist. Lexis 22041, at \* 13-14 (E.D. Va. June 14, 2004) (holding that corporate representative's time at trial could only be taxed for the one day he testified). Please reduce these witnesses' fees accordingly.

As a witness must "utilize a common carrier at the most economical rate reasonably available" when traveling to or from proceedings, 28 U.S.C. § 1821(c)(1), please provide evidence that Mr. Kosak's business class tickets were the most economical means of traveling between Hawaii and Norfolk for deposition and trial, or reduce Plaintiff's cost demand appropriately.

As Ken agreed that you would provide a breakdown of the costs sought for Dr. Becker's travel and meals, please do so.

Please provide a response to the issues raised in this letter by close of business on Monday in order to allow time to continue working together to resolve issues prior to the opposition deadline next week.

Very truly yours,



Margaret P. Kammerud