


IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

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CLERK US DISTRICT COURT
WESTERN DISTRICT OF TEXAS
BY  DEPUTY

DDB TECHNOLOGIES, L.L.C.,
PLAINTIFF,

V.

FOX SPORTS INTERACTIVE
MEDIA, LLC,
DEFENDANT.

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CAUSE NO. A-11-CV-929-LY

ORDER

Before the court are Defendant Fox Sports Interactive Media, LLC’s Motion for Attorneys’ Fees filed June 27, 2014 (Doc. #387); DDB’s Opposition to Fox Sports’ Motion for Attorney’s Fees filed July 11, 2014 (Doc. #407); and Defendant Fox Sports Interactive Media, LLC’s Reply in Support of its Motion for Attorneys’ Fees filed July 18, 2014 (Doc. #411). Also before the court are Fox Sports Interactive Media, LLC’s Memorandum of Law in Support of its Bill of Costs filed June 27, 2014 (Doc. #386); DDB’s Objections to Fox Sports’ Proposed Bill of Costs filed July 11, 2014 (Doc. #406); and Fox Sports Interactive Media, LLC’s Response to DDB Technologies L.L.C.’s Objections to Bill of Costs filed July 18, 2014 (Doc. #412).

Motion for Attorney’s Fees

“The court in exceptional cases may award reasonable attorney fees to the prevailing party.” 35 U.S.C. § 285 (2014) (“Section 285”). The United States Supreme Court recently held that “an ‘exceptional’ case is simply one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the

unreasonable manner in which the case was litigated.” *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, ___ U.S. ___, 134 S. Ct. 1749, 1756 (U.S. 2014).

Federal Circuit law is applied to the issue of attorney’s fees in patent-infringement cases. *Q-Pharma, Inc. v. Andrew Jergens Co.*, 360 F.3d 1295, 1299 (Fed. Cir. 2004). The Federal Circuit explains that Section 285 “is limited to circumstances in which it is necessary to prevent a ‘gross injustice’ to the accused infringer” and warns that “it is not contemplated that the recovery of attorney’s fees will become an ordinary thing in patent suits.” *Forest Labs., Inc. v. Abbott Labs.*, 339 F.3d 1324, 1329 (Fed. Cir. 2003). The burden is on the moving party to prove the exceptional nature of the case by clear-and-convincing evidence. *Diego, Inc. v. Audible, Inc.*, 505 F.3d 1362, 1368 (Fed. Cir. 2007) (quoting *Carroll Touch, Inc. v. Electro Mech. Sys., Inc.*, 15 F.3d 1573, 1584 (Fed. Cir. 1993)). “A case may be deemed exceptional when there has been some materially inappropriate conduct related to the matter in litigation, such as willful infringement, fraud or inequitable conduct in procuring the patent, misconduct during litigation, vexatious or unjustified litigation, conduct that violates Fed. R. Civ. P. 11, or like infractions.” *Brooks Furniture Mfg. v. Dutailer Int’l, Inc.*, 393 F.3d 1378, 1381 (Fed. Cir. 2005).

Defendant Fox Sport Interactive Media, LLC (“Fox Sports”) asserts that this case qualifies as an exception case warranting the award of attorney’s fees because the jury rejected Plaintiff DDB Technologies, L.L.C.’s (“DDB”) allegations asserted against all six of Fox Sports’s products, determining that all but one of DDB’s asserted claims were procured by fraud. Fox Sports seeks an award of \$3,742,312.88 in reasonable attorney’s fees incurred in the defense of the case after the court’s March 28, 2013 Order on Claim Construction (Doc. #47). In response, DDB asserts that the court’s take-nothing judgment against DDB does not render the case so exceptionally meritless to

warrant an award of attorney's fees. In addition, DDB argues, the jury's advisory verdict on inequitable conduct is not supported by the evidence and not an issue for the jury to decide.

A disputed finding of intent to mislead or to deceive is one for the judge to resolve, not the jury. *See Paragon Podiatry Laboratory, Inc. v. KLM Laboratories, Inc.*, 984 F.2d 1182, 1190 (Fed. Cir. 1993). Since Fox Sports's motion for attorney's fees was filed, the court rendered an order on Fox Sports's motion for findings and conclusions of inequitable conduct, finding and concluding that Dr. David Barstow did not commit inequitable conduct in the prosecution of the '479, '347, and '862 Patents. Further, having reviewed all the evidence presented in the case, the court concludes that Fox Sports has not proved by clear-and-convincing evidence that this is an exceptional case under Section 285. Therefore, Fox Sports's motion for attorney's fees will be denied.

Bill of Costs

"Unless a federal statute, these rules, or a court order provides otherwise, costs—other than attorney's fees—should be allowed to the prevailing party." FED. R. CIV. P. 54(d); *see also Byars v. Dallas Morning News, Inc.*, 209 F.3d 419, 430 (5th Cir. 2000). This presumption in favor of awarding costs means the prevailing party is *prima facie* entitled to costs, and the denial of costs is in the nature of a penalty. *Pacheco v. Mineta*, 448 F.3d 783, 793–94 (5th Cir. 2006). A court may neither deny nor reduce a prevailing party's request for costs without first articulating some good reason for doing so. *Id.*

A district court generally has wide discretion in awarding costs; however, this discretion is not unfettered. *See Crawford Fitting Co. v. J.T. Gibbons, Inc.*, 482 U.S. 437, 441–42 (1987). The

court's discretion in taxing costs against an unsuccessful litigant is limited to the following recoverable costs:

- (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 section 1923 of this title; and
- (6) Compensation of court appointed experts, compensation of interpreters, and salaries, fees, expenses, and costs of special interpretation services under section 1828 of this title.

28 U.S.C. § 1920 (2006 & Supp. 2014) . Although a district court may decline to award costs listed in the statute, it may not award costs omitted from the statute. *See Crawford Fitting Co.*, 482 U.S. at 441–42; *Coats v. Penrod Drilling Corp.*, 5 F.3d 877, 891 (5th Cir. 1993).

“Items proposed by winning parties as costs should always be given careful scrutiny.” *Farmer v. Arabian Am. Oil Co.*, 379 U.S. 227, 235 (1964) (quoted in *Louisiana Power & Light Co. v. Kellstrom*, 50 F.3d 319, 335 (5th Cir. 1995)). The party seeking costs bears the burden of supporting its request with evidence documenting the costs incurred and proof, when applicable, that a certain item was necessarily obtained for use in the case. *See Fogleman v. Arabian Am. Oil Co.*, 920 F.2d 278, 285-86 (5th Cir. 1991); *Casarez v. Val Verde County*, 27 F. Supp. 2d 749, 751 (W.D. Tex. 1998). This is a factual determination to be made by the district court. *See Fogleman*, 920 F.2d at 285-86. Only when a clear abuse of discretion is shown can an award of costs be overturned. *See United Teacher Assoc. Ins. Co. v. Union Labor Life Ins.*, 414 F.3d 558, 574 (5th Cir. 2005); *Coats*, 5 F.3d at 891; *In re Nissan Antitrust Litig.*, 577 F.2d 910, 918 (5th Cir. 1978).

Fox Sports is the prevailing party in this matter and has filed a bill of costs. The court will address each of the costs requested and DDB's objections thereto.

Fox Sports's Bill of Costs includes: (1) \$354 for fees for service of summons and subpoena; (2) \$64,432.29 for fees of the court reporter; (3) \$16,387.38 for witness fees; and (4) \$233,441.20 for fees for exemplification and copies for a total of \$314,614.87.

Fees for Service of Summons and Subpoena

DDB objects to the \$354 requested because Fox Sports used a private process server, which DDB argues is not recoverable under Section 1920. Section 1920(1) allows recovery of "[f]ees of the clerk and marshal," but does not expressly allow recovery of private-process-server fees. In *Cypress-Fairbanks Indep. Sch. Dist. v. Michael F.*, 118 F.3d 245, 257 (5th Cir. 1997), the Fifth Circuit held that defendants properly objected to costs attributable to the school district's use of a private process server to serve both them and their attorney despite counsel's having agreed to accept service on their behalf and not having objected to use of service by mail because there was nothing exceptional about the parties or the nature of the case. "[A]bsent exceptional circumstances, the costs of a private process server are not recoverable under Section 1920." *Marmillion v. American International Insurance Co.*, 381 Fed. Appx. 421, 431 (5th Cir. 2010) (citing *Cypress-Fairbanks*, 118 F.3d at 257).

Although many courts have recognized that service today is largely accomplished by private process servers instead of United States Marshals, and for that reason have allowed prevailing parties to recover private process server fees, courts that have allowed recovery of such fees typically do so only to the extent that the costs incurred do not exceed the costs that would have been incurred had the United States Marshal effected service. *See Collins v. Gorman*, 96 F.3d 1057, 1060 (7th Cir.

1996). Because Section 1920 contains no provision for the cost of private process servers and Fox Sports has not provided any evidence of exceptional circumstances that required the use of private process servers or any evidence of what the United States Marshals Service would have charged for the same service, the court concludes that the amount Fox Sports seeks is not recoverable Section 1920. Accordingly, DDB's objection to amounts incurred for service of subpoenas is sustained.

Fees of the Court Reporter

Fox Sports seeks \$64,432.29 in fees for printed or electronically recorded transcripts. This figure is primarily derived from paper transcripts and videos of depositions. DDB objects to a variety of these requested costs, for a variety of reasons.

Costs related to the taking of depositions are allowed under Section 1920(2) "if the materials were necessarily obtained for use in the case." 28 U.S.C. § 1920(2); *Stearns Airport Equip. Co., Inc. v. FMC Corp.*, 170 F.3d 518, 536 (5th Cir. 1999). "[A] deposition need not be introduced into evidence at trial in order to be 'necessarily obtained for use in the case.'" *Fogleman v. ARAMCO*, 920 F.2d 278, 285 (5th Cir. 1991). Whether a deposition or copy was necessarily obtained for use in the case is a factual determination to be made by the district court. *Id.* at 285–86. Deposition costs are generally allowed if the taking of the deposition is shown to have been reasonably necessary in the light of facts known to counsel at the time it was taken. *See Copper Liquor v. Adolph Coors Co.*, 684 F.2d 1087, 1099 (5th Cir. 1982).

Section 1920(2) now permits taxing costs for video depositions "necessarily obtained for use in the case." Moreover, "printed or electronically recorded transcripts" does not mean that costs may be taxed for only one of the two recited types of transcripts. Thus, Section 1920(2) permits costs to be taxed for both printed and electronically recorded transcripts so long as they are necessarily

obtained for use in the case. In this case both parties captured depositions electronically and used some of these transcriptions during trial. In a large patent case such as this, it is common for parties to capture depositions electronically so that they may be used as part of the trial presentation. These cases involve complex technical issues and the needs at trial are often not fully known until the eve of trial. Therefore, the court finds that the printed and electronically recorded transcripts were necessarily obtained for use in this case, and Fox Sports is entitled to the cost of both printed and electronically recorded depositions.

In addition to finding that Fox Sports's deposition transcripts were necessarily obtained for use in the case, the court also finds that it was both reasonable and necessary for Fox Sports to obtain daily trial transcripts as the trial in this case involved complex expert testimony on a daily basis. However, the court makes the following adjustments to Fox Sports's claimed transcript costs. The court declines to allow Fox Sports to tax as costs both paper transcripts and video recordings of the same depositions. *See Structural Metals, Inc. v. S & C Elec. Co.*, 2013 WL 3790450, at *4 (W.D. Tex. July 19, 2013) (declining to allow recovery of both paper transcripts and videos); *but see Eolas Techs. Inc. v. Adobe Sys., Inc.*, 891 F. Supp.2d 803, 805 (E.D. Tex. 2012) (allowing recovery of both). Therefore, the court will reduce deposition cost by \$19,373.25.

The court will also reduce Fox Sports's costs by \$1,511.95 for transcripts from hearings held by the court prior to trial. *See Structural Metals, Inc.*, 2013 WL 3790450, at *2 (declining to award such costs because prevailing party "had counsel available to take notes" at pretrial hearings).

Fees for Witnesses

The prevailing party may recover witness fees as taxable costs under Section 1920(3), subject to the limitations of 28 U.S.C. § 1821. *See Holmes v. Cessna Aircraft Co.*, 11 F.3d 63, 64 (5th Cir. 1994). The relevant portions of Section 1821 provide:

(c) (1) A witness who travels by common carrier shall be paid for the actual expenses of travel on the basis of the means of transportation reasonably utilized and the distance necessarily traveled to and from such witness's residence by the shortest practical route in going to and returning from the place of attendance. Such a witness shall utilize a common carrier at the most economical rate reasonably available. A receipt or other evidence of actual cost shall be furnished.

...

(d) (1) A subsistence allowance shall be paid to a witness when an overnight stay is required at the place of attendance because such place is so far removed from the residence of such witness as to prohibit return thereto from day to day.

(2) A subsistence allowance for a witness shall be paid in an amount not to exceed the maximum per diem allowance prescribed by the Administrator of General Services, pursuant to section 5702(a) of title 5, for official travel in the area of attendance by employees of the Federal Government.

28 U.S.C. § 1821 (2006). The Fifth Circuit has held that a district court may not award subsistence costs exceeding the per diem amount authorized by Section 1821(d)(2). *United Teachers Assocs. Ins. Co.*, 414 F.3d at 575.

Fox Sports seeks a total of \$16,387.38 for witness fees. DDB first objects to the \$1,201.70 in fees of Mr. Ryan Kuttler, Fox Sports's corporate representative, arguing that Section 1920 does not cover a party's expenses and airfare. Fox Sports does not respond to DDB's objection. Therefore, the court will reduce Fox Sports's witness fees by \$1,201.70.

DDB further objects to the number of days for which Fox Sports seeks attendance fees, meal and incidental expense allowance fees, and hotel costs, arguing that Fox Sports is not entitled to

costs for more than one day beyond the days during which the witnesses testified to account for travel. Fox Sports cites to Section 1821(b), arguing that it allows witnesses to be paid for the “time necessarily occupied in going to and returning from the place of attendance at the beginning and end of such attendance.” 28 U.S.C. § 1821(b). However, Section 1821(b) only addresses attendance fees, and therefore does not apply as broadly as Fox Sports’s asserts. Further, Fox Sports fails to explain the need for the continued attendance of certain witnesses more than one day beyond the days during which the witnesses testified. Therefore, the court will further reduce Fox Sports’s requested witness fees to reduce the amount of the attendance fees, meals and incidental expense allowance fees, and hotel costs to cover only the days the witnesses testified and one additional day for travel.

Fees for Exemplification and Copies

DDB objects to \$29,244.37 in copying costs; \$161,790.65 for the cost of trial exhibits and demonstratives; \$32,641 in electronic discovery costs; and \$9,796.18 in other exemplification costs. With regard to copying costs, DDB alleges that Fox Sports has failed to meet its burden of showing that the copies were necessarily obtained for use in the case.

Before the court may tax costs for copies, it must find that the copies for which costs are sought were necessarily obtained for use in the litigation. *See Holmes v. Cessna Aircraft Co.*, 11 F.3d 63, 64 (5th Cir. 1994) (citing *Studiengesellschaft Kohle v. Eastman Kodak*, 713 F.2d 128, 133 (5th Cir. 1983)). The party seeking such costs must offer some proof of the necessity. *See Holmes*, 11 F.3d at 64. Although the party seeking costs need not “identify every xerox copy made for use in the course of legal proceedings,” it must demonstrate some connection between the costs incurred

and the litigation. *Fogleman v. Arabian Am. Oil Co.*, 920 F.2d 278, 286 (5th Cir. 1991). Further, charges for multiple copies of documents, attorney correspondence, and “any of the other multitude of papers that may pass through a law firm’s xerox machine” are not recoverable. *Id.*

The complexity of patent litigation requires extensive document production, and it is often necessary for complete trial preparation. *Neutrino Devel. Corp. v. Sonosite, Inc.*, No. H-01-2484, 2007 WL 998636, at *3 (S.D. Tex. Mar. 30, 2007). The costs of “general copying” are recoverable. *Mennor v. Fort Hood Nat’l Bank*, 829 F.2d 553, 556 (5th Cir. 1987).

Fox Sports argues that each of these costs were necessary for litigation. provides extensive invoices in support of its request. An attorney for Fox Sports attests that the costs are correct and were necessarily incurred in this action. *See DP Solutions, Inc. v. Rollins*, 353 F.3d 421, 434 (5th Cir. 2003) (finding no abuse of discretion in awarding costs where attorney stated all costs claimed where necessary and district court also received copies of receipts for payment of costs). The court concludes that the costs incurred by Fox Sports for copies in the various categories listed above were necessary for use in this case that DDB initiated against Fox Sports. The court shall award \$29,244.37 in copying costs.

DDB further alleges that Fox Sports’s costs for trial exhibit and demonstratives are not recoverable under Fifth Circuit precedent because Fox Sports did not receive pretrial approval of the exhibits. *See Louisiana Power & Light Co. v. Kellstrom*, 50 F.3d 319, 335 (5th Cir. 1995). The court agrees. The costs incurred for the preparation of trial exhibits and demonstratives involving “technical support,” “in court support,” and “video editing” are not recoverable. The Fifth Circuit has held that “absent pretrial approval of the exhibits ... a party may not later request taxation of the

production costs to its opponent.” *Id.* at 335. Because there was no pre-trial authorization for Fox Sports to claim its expenses for producing trial exhibits and demonstratives, those costs must be denied. Therefore, Fox Sports’s claimed costs are reduced by \$161,790.65, the entire cost claimed for trial exhibits and demonstratives.

The parties dispute to what extent Section 1920(4) permits taxation of costs related to electronic discovery. This subsection of the statute was also amended in 2008, replacing “copies of papers” with “the costs of making copies of any materials ...” where the copies are “necessarily obtained for use in the case.” Judicial Administration and Technical Amendments Act of 2008, Pub. L. No. 110–406, 122 Stat. 4291, 4299. Thus, the taxable costs of making copies are no longer limited to just paper copies. *See Race Tires Am., Inc. v. Hoosier Racing Tire Corp.*, 674 F.3d 158, 165 (3d Cir. 2012) (discussing report of committee that recommended 2008 amendments). The parties dispute whether the statute reaches the electronic-document conversion to TIFF.

File conversion can be generally defined as copying a file of one type to a file of another type. Electronically stored information could be produced in either native or TIFF format. Producing documents in native format avoids the extra costs associated with converting the native documents to TIFF, but it exposes the producing party to the risk of revealing potentially privileged or nonrelevant metadata associated with the native document. Therefore, many parties opt to produce documents in TIFF format to avoid inadvertent production of such metadata. Fox Sports chose to convert many of its documents to TIFF format, but fails to show why the conversion was necessary. Thus, the costs for conversion were not “necessarily obtained for use in the case” and are therefore not taxable under Section 1920. Therefore, Fox Sports’s claimed costs are reduced by \$32,641, the entire cost claimed for electronic discovery.

Fox Sports does not respond to DDB's objections to the \$9,796.18 in other exemplification costs requested in Fox Sports's Bill of Costs. Therefore, the court will further reduce Fox Sports's request for fees for exemplification and copies by \$9,796.18.

The court offers the following summary of the taxable costs allowed for Fox Sports's Bills of Costs.

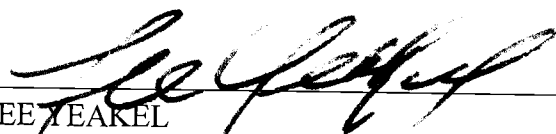
Costs	Amount Sought	Amount Allowed
Fees for Service of Summons and Subpoena	\$354	\$0
Fees of the Court Reporter	\$64,432.29	\$43,547.09
Fees for Witnesses	\$16,387.38	\$12,413.68
Fees for Exemplification and Copies	\$233,441.20	\$29,244.37
Total	\$314,614.87	\$85,205.14

Conclusion

IT IS THEREFORE ORDERED that Defendant Fox Sports Interactive Media, LLC's Motion for Attorneys' Fees filed June 27, 2014 (Doc. #387) is **DENIED**.

IT IS FURTHER ORDERED that Fox Sports Interactive Media, LLC's Memorandum of Law in Support of its Bill of Costs filed June 27, 2014 (Doc. #386) is **GRANTED** only to the extent set forth in this order. In all other respects, it is **DENIED**.

SIGNED this 3/5th day of March, 2015



LEE YEAKEL
UNITED STATES DISTRICT JUDGE