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

MASAKAZU USHIJIMA, PLAINTIFF,	§	
V.	§	CAUSE NO. A-12-CV-318-LY
SAMSUNG ELECTRONICS CO., LTD. AND SAMSUNG ELECTRONICS AMERICA, INC., DEFENDANTS.	§	

ORDER ON ATTORNEY'S FEES AND COSTS

Before the court are Defendants Samsung Electronics Co. LTD and Samsung Electronics America, Inc.'s (collectively "Samsung") Motion for Attorney's Fees filed June 16, 2015 (Clerk's Doc. No. 245), Plaintiff Masakazu Ushijima's Response in Opposition to Defendants' Motion for Attorneys' Fees filed June 23, 2015 (Clerk's Doc. No. 248), and Samsung's Reply in Support of Its Motion filed June 30, 2015 (Clerk's Doc. No. 249). Also before the court are Samsung's Memorandum of Law in Support of Its Bill of Costs filed June 16, 2015 (Clerk's Doc. No. 244), Ushijima's Objection to Defendants' Bill of Costs and Request for Reducing and Offsetting Costs filed June 30, 2015 (Clerk's Doc. No. 251), and Samsung's Response to Ushijima's Objections to Samsung's Bill of Costs filed July 7, 2015 (Clerk's Doc. No. 252).

Motion for Attorney's Fees

In the context of patent cases, "[t]he 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). A district court "may determine whether a case is 'exceptional' in the case-by-case exercise of [its] discretion, considering the totality of the circumstances." *Id.* Although no single element is dispositive of the question, "predominant factors to be considered, though not exclusive, are those identified in *Brooks Furniture*: bad faith litigation, objectively unreasonable positions, inequitable conduct before the PTO, litigation misconduct, and (in the case of an accused infringer) willful infringement." *Stragent, LLC v. Intel Corp.*, No. 6:11–CV–421, 2014 WL 6756304, at *3 (E.D.Tex. Aug. 6, 2014) (Dyk, J.) (citing *Brooks Furniture Mfg., Inc. v. Dutailier Int'l, Inc.*, 393 F.3d 1378 (Fed.Cir.2005)); see also *Octane Fitness*, 134 S.Ct. at 1756 n.6 ("[I]n determining whether to award fees under a similar provision in the Copyright Act, district courts could consider a 'nonexclusive' list of 'factors,' including 'frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.'"). Ultimately, a party's entitlement to attorney's fees need only be proved by a preponderance of the evidence. *Octane Fitness*, 134 S.Ct. at 1758.

Samsung asserts that this case qualifies as an exceptional case warranting the award of attorney's fees because (1) Ushijima "brought suit against Samsung EE Products even though he disclaimed EE type cores . . . and no reasonable litigant could have expected to succeed under the circumstances; and (2) Ushijima maintained his claims against Samsung's EE products "even after the Court's *Markman* order confirmed the clear disclaimer of EE type cores." Samsung seeks an award of $3,480,054.49 in attorney's fees incurred in defending against Ushijima's allegations of infringement by Samsung EE products. In the alternative, Samsung seeks an award of $2,842,216

in attorney's fees incurred defending infringement allegations regarding Samsung's EE products after this court's January 6, 2014 claim-construction order.

Ushijima counters that Samsung's entire argument in support of an exceptional-case finding is "premised entirely on a matter that presented a genuine issue of fact." In sum, Ushijima argues that, because this court denied both Samsung's summary-judgment motion and motion for judgment as a matter of law on the issue of so-called EE-core products, Ushijima's litigation position was neither frivolous nor baseless. Ushijima also alleges that Samsung's litigation strategy caused unreasonable attorney's fees.

The court agrees with Ushijima. At the time of this court's ruling on Samsung's summary-judgment motion and motion for judgment as a matter of law, the court concluded that there were triable fact issues surrounding whether the disclaimed prior-art EE cores are the functional equivalent to the Samsung products containing various permutations of E-shaped cores. The court found, and continues to find, that Ushijima's position on that front, although not strong, is not baseless. Both parties provided expert testimony on this issue. A court should not be quick to declare a case exceptional, when experts in the scientific field before the court disagree on the conclusion to be drawn from language in a patent or on the scope or breadth of the patent.

Having reviewed all the evidence presented throughout this litigation and considering the factors that may make a patent case exceptional, the court concludes that neither the strength of Ushijima's litigation position nor the manner in which the case was litigated is unreasonable. The court further concludes that Samsung has not proved by a preponderance of the evidence that this is an exceptional case under Section 285. Therefore, Samsung'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) ("Section 1920"). Although a district court may decline to award costs listed in Section 1920, the court may not award costs omitted from the section. *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.

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

Samsung's Bill of Costs includes: (1) $31,636.69 for fees for printed or electronically recorded transcripts necessarily obtained for use in the case; (2) $52,383.77 for fees for exemplification and copies ; and (3) $8,834.91 for costs of special interpretation services, *see* 28 U.S.C. § 1828, for a total of $92,855.37.

I. Fees for printed or electronically recorded transcripts necessarily obtained for use in the case - Section 1920(2)

Samsung seeks $9,023.35 in costs associated with obtaining the *Markman* hearing transcript and the daily trial transcripts from the court reporter. Although Ushijima does not dispute the necessity of obtaining these transcripts, he does dispute the necessity of the added expense of ordering them by "expedited delivery" or "daily delivery." Ushijima seeks a reduction for the transcript fees in the amount of $4,208.10.

The court concludes that daily delivery and expedited delivery for the daily trial transcripts were a necessity for use at trial and will award those fees as charged. However, the court does not find the expedited shipping selected by Samsung for transcripts of the *Markman* hearing to have been a necessity justifying the additional cost. The court will therefore reduce Samsung's transcript costs by $70.80, the difference between expedited delivery and regular delivery of the *Markman* hearing transcript. *Structural Metals, Inc. v. S & C Elec. Co.*, No. SA-09-CV-984-XR, 2013 WL 3790450, at *2 (W.D. Tex. July 19, 2013) (declining to award such costs because prevailing party "had counsel available to take notes" at pretrial hearings). The court will award costs in the amount of $8,952.55 for the trial and *Markman* hearing transcripts.

Samsung also seeks $22,613.34 for costs associated with the depositions of Ushijima, his three experts, Samsung employees, Samsung's experts, and Gerald Amen. Ushijima objects that "the cost for one certified copy in addition to the original transcript is not justified." Ushijima also objects that, for certain overseas depositions, Samsung's invoices lack necessary detail to make a reasonable allocation among recoverable and unrecoverable costs. In sum, Ushijima seeks a reduction associated with the written deposition transcripts of $5,664.68. Ushijima also objects to the costs related to videotaping the depositions, with the exception of those of Ushijima himself. Specifically, Ushijima seeks a reduction of costs for video depositions of $5,648.59.

Costs related to the taking of depositions are allowed "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).

A court may tax the cost of a video deposition "necessarily obtained for use in the case." *See* 28 U.S.C. § 1920(2). 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 the transcriptions during trial. In a patent case such as this, it is common for parties to capture depositions electronically so that the depositions 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 concludes that the printed and electronically recorded transcripts were necessarily obtained for use in the case, and Samsung is entitled to the cost of both printed and electronically recorded depositions. The court declines to reduce the costs for depositions as Ushijima requests and will award the full $22,613.34 that Samsung seeks.

II. Fees for exemplification and the costs of making copies of any materials where the copies are necessarily obtained for use in the case - Section 1920(4)

Samsung seeks $52,383.77 in costs associated with electronic discovery and document reproduction. With regard to electronic discovery, Samsung argues that it seeks only (1) the cost of reformatting native files to TIFF format and, (2) the "endorsement of production documents." Samsung represents that the total it seeks for these services amount to approximately 47% of its total electronic-discovery costs. With regard to document reproduction, Samsung seeks "approximately 45%" of its "actual document reproduction costs" in the amount of $17,307.36.

Ushijima seeks to reduce the taxable costs by $46,445.36, of which $29,138 is attributed to objections over the electronic-discovery costs, and $17,307.36 are objections associated with the cost of document reproduction.

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 Federal Circuit has stated 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." *Summit Tech., Inc. v. Nidek Co., LTD.*, 435 F.3d 1371, 1378-79 (Fed. Cir. 2006). Allocating approximately 50% of the prevailing party's copying costs is an acceptable, if "somewhat crude," method of accounting for necessary versus unnecessary copies. *Id.*

Samsung argues that each of these costs was necessary for litigation and provides four relatively vague invoices in support of its request. Samsung argues that the amount it seeks "is a small amount in comparison to the amount of money it has spent on reproduction costs." The court finds that Samsung's request is not supported by sufficient evidence of what was necessary for the case and what was not. Although Samsung argues that it seeks "less than half of its actual document reproduction costs," a methodology approved by the Federal Circuit, it does not provide any evidence as to what the other reproduction costs are or if they were necessarily connected with the litigation. Samsung provides four invoices and seeks reimbursement for 100% of the cost of copies on those four invoices. Other invoices that purport to show additional litigation-related copying costs are nowhere to be found. Without such contextual information, the court cannot determine if the amount requested is reasonable and necessarily obtained for use in the litigation. The court concludes that the costs requested by Samsung for copies that were necessary for use in this case should be reduced by half. The court shall award $8,653.68 in copying costs.

The parties dispute to what extent Section 1920(4) permits taxation of costs related to electronic discovery. Section 1920(4) was 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).

File conversion is generally defined as copying a file of one type to a file of another type. Electronically stored information may be produced in either native or TIFF format. Producing documents in native format avoids the extra cost associated with converting a native document to TIFF, but it may expose the producing party to the risk of revealing potentially privileged or nonrelevant metadata associated with the native document. Therefore, parties may produce documents in TIFF format to avoid inadvertent production of such metadata.

With regard to the pre-*Markman* production invoices (April 30, July 22, and July 29, 2013), the charges sought to be taxed by Samsung include "electronic bates label and/or designation" and "TIFF creation." Samsung chose to convert many of its documents to TIFF format, but fails to show why the conversion was necessary and why native production would not have sufficed. Additionally, Bates labeling or designation is the sort of work typically done by attorneys and is thus more accurately categorized as attorney's fees. Thus, the court concludes the electronic discovery costs reflected in Samsung's pre-*Markman* invoices were not "necessarily obtained for use in the case" and are therefore not taxable under Section 1920. Therefore, Samsung's claimed costs are reduced by $2,734.99, the entire cost claimed for electronic discovery on the April 30, 2013, July 22, 2013, and July 29, 2013 invoices.

With regard to the post-Markman production invoices (invoices from July 31, 2014 to January 31, 2015), the charges sought by Samsung are labeled on the invoices only as "data production." Samsung provides precious little additional support for what these charges entail, other than the charges were "necessary given the breadth" and volume of discovery. In its memorandum

of support, Samsung seeks only the costs of converting native files to TIFF and document endorsement. Although Samsung argues that it seeks only 47% of its total e-discovery costs, the court finds the detail provided in support of this amount exceedingly vague. Standing alone, the term "data production" gives the court little guidance as to what was "necessarily obtained for use in the case" and what was not. Because Samsung seeks only costs for "reformatting native files to TIFF and endorsement of production documents," the court must conclude, as before, that such costs are not taxable under Section 1920. Therefore, Samsung's claimed costs are reduced by $32,341.42, the entire cost claimed for electronic discovery on the July 31, 2014, August 31, 2014, September 30, 2014, and January 31, 2015 invoices.

III. Compensation of court appointed experts, compensation of interpreters, and salaries, fees, expenses and costs of special interpretation services - Section 1920(6)

Samsung seeks $8,834.91 in costs associated with the interpretation of foreign-language deposition and trial testimony. Ushijima objects to $3,600 of the interpreter's fees for trial from February 25-27, 2015. The court finds that Samsung's trial interpreter's presence to "review materials" and "observe court" were necessary for use in the case, even prior to the opening of Samsung's case-in-chief. Ushijima, who testified in Japanese, was a key witness for his own case-in-chief, and it is reasonable for Samsung to have relied upon its own translator to review Ushijima's responses and any Japanese-language documents for, at a minimum, use in cross examination of Ushijima. The court will overrule Ushijima's objection and award the full amount sought by Samsung: $8,834.91.

IV. Ushijima's Claim for $11,225 for expert discovery fees under Fed. R. Civ. P. 26(b)(4)(E)

Ushijima argues that Samsung should be required to pay Ushijima an additional $11,225 for "time spent in responding to discovery." Ushijima argues that expert Richard Flasck spent 13 hours preparing for deposition, 9 hours attending it, and 10.25 hours reviewing the deposition transcripts. Flasck billed his hourly rate of $375 for a total of $12,093.74. Expert Walter Bratic "spent a total of 28.5 hours in responding to the deposition" and billed at his hourly rate of $525 for a total of $14,693. Ushijima seeks a total of $22,725 for Flasck and Bratic's time, of which Samsung has previously paid $11,500. Samsung responds that it agreed to pay and has paid for time spent in the deposition plus one hour of preparation time for every hour spent in deposition.

Ushijima's request for additional fees is unreasonable. Despite the complex nature of patent cases, the court finds Ushijima's estimate of "reasonable costs" of 2 hours of preparation time for every hour of deposition time to be objectionable, especially at the extremely high hourly billing rate presented here. The court concludes that Samsung's reimbursement of one hour of preparation time for every hour spent in the deposition is reasonable for the purposes of Federal Rule of Civil Procedure 26(b)(4)(E). The court will deny Ushijima's request for additional fees for expert discovery.

Conclusion

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

Costs	Amount Sought	Amount Allowed
Fees for printed or electronically recorded transcripts	$31,636.69	$31,565.89
Fees for exemplification and copies	$52,383.77	$8,653.68
Fees for special interpretation services	$8,834.91	$8,834.91
Total	**$92,855.37**	**$49,054.48**

IT IS THEREFORE ORDERED that Defendants Samsung Electronics Co. LTD and Samsung Electronics America, Inc.'s Motion for Attorney's Fees (Clerk's Doc. No. 245) is **DENIED**.

IT IS FURTHER ORDERED that Samsung's bill of costs is **SUSTAINED AND ALLOWED** to the extent set forth in this order.

IT IS FINALLY ORDERED that Ushijima's Objection to Defendants' Bill of Costs and Request for Reducing and Offsetting Costs (Clerk's Doc. No. 251) is **DENIED** to the extent that Ushijima requests an offsetting payment from Samsung. Ushijima's objections are **SUSTAINED** to the extent set forth in this order. In all other respects, Ushijima's objections are **OVERRULED**.

SIGNED this 24 day of July, 2015.

LEE YEAKEL
UNITED STATES DISTRICT JUDGE