

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

WALKER DIGITAL, LLC,	:	
	:	
Plaintiff,	:	
	:	
v.	:	Civ. No. 11-318-LPS
	:	REDACTED PUBLIC VERSION
GOOGLE, INC.,	:	
	:	
Defendant.	:	

MEMORANDUM OPINION

I. BACKGROUND

In April 2011, Plaintiff Walker Digital, LLC (“Plaintiff” or “Walker”) filed a patent infringement action against multiple defendants, including Google (“Defendant” or “Google”). (D.I. 1) On September 3, 2014, the Court found that Walker’s asserted patents were invalid as being directed to non-patentable subject matter and granted summary judgment in favor of Google. (*See* D.I. 311, 312) On October 17, 2014, Google filed a Bill of Costs with the Clerk of Court. (*See* D.I. 315, 316) Google sought recovery of \$83,346.60. (*See id.* at 7)

On November 3, 2014, Walker filed an objection to \$44,639.37 of Google’s \$83,346.60 request; Walker does not object to the other \$43,707.23 of the request. (*See* D.I. 319 at 8) On November 7, 2014, Google filed a Reply addressing Walker’s objections and revising its request to \$83,140.10, in order “to account for the difference between the \$307.50 for the file histories of the two patents in suit that Google was charged by MicroPatent and the \$110 that would have been charged by the Patent Office.” (D.I. 320 at 1)

On June 29, 2015, the Clerk of Court taxed costs in the amount of \$2,911.31, denying the

other \$80,228.79 of Google's request for costs. (*See* D.I. 322) Presently before the Court is Google's Motion for Review Taxation of Costs. (D.I. 323) The matter is fully briefed. (*See* D.I. 324, 327, 328) For the reasons set forth below, the Court will grant Google's motion.

II. LEGAL STANDARDS

"Federal Rule of Civil Procedure 54(d) gives courts the discretion to award costs to prevailing parties." *Taniguchi v. Kan Pac. Saipan, Ltd.*, 132 S.Ct. 1997, 2001 (2012). In particular, Rule 54(d)(1) provides: "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." As the Third Circuit has observed, "Rule 54(d)(1) uses the word 'costs' as a term of art, rather than to refer to all expenses a prevailing party may incur in a given action." *In re Paoli R.R. Yard PCB Litig.*, 221 F.3d 449, 457 (3d Cir. 2000).

The categories of costs that are taxable are established by statute: 28 U.S.C. § 1920, a statute to which the Supreme Court "has accorded a narrow reading." *Race Tires America, Inc. v. Hoosier Racing Tire Corp.*, 674 F.3d 158, 171 (3d Cir. 2012) (citing *Crawford Fitting Co. v. J.T. Gibbons Inc.*, 482 U.S. 437, 442 (1987)). Section 1920 states, in full:

A judge or clerk of any court of the United States may tax as costs the following:

- (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;

(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.

A bill of costs shall be filed in the case and, upon allowance, included in the judgment or decree.

In the District of Delaware, Rule 54 and Section 1920 are supplemented by Local Rule 54.1, which provides additional guidance on taxable costs. Pursuant to D. Del. LR 54.1(a)(1), “[u]nless otherwise ordered by the Court, the prevailing party shall be entitled to costs.” Local Rule 54.1 directs prevailing parties to submit a bill of costs to the Clerk, who verifies the bill and makes any necessary adjustments.

Together, Section 1920, Rule 54, and LR 54.1 create a “strong presumption” that costs should be awarded to the prevailing party. *Reger v. The Nemours Found., Inc.*, 599 F.3d 285, 288 (3d Cir. 2010); *see also Paoli*, 221 F.3d at 462. “Only if the losing party can introduce evidence, and the district court can articulate reasons within the bounds of its equitable power, should costs be reduced or denied to the prevailing party.” *Paoli*, 221 F.3d at 468. “This is so because the denial of such costs is akin to a penalty.” *Reger*, 599 F.3d at 288. “Thus, if a district court, within its discretion, denies or reduces a prevailing party’s award of costs, it must articulate its reasons for doing so.” *Id.*

A consequence of the strong presumption that the prevailing party should be awarded its costs that are shown to be within the narrow statutory categories of taxable costs is that “the assessment of costs most often is merely a clerical matter that can be done by the court clerk.” *Taniguchi*, 132 S.Ct. at 2006 (internal quotation marks omitted); *see also Paoli*, 221 F.3d at 449,

453 (describing costs analysis as “essentially ministerial act of the clerk of court”). Nevertheless, a party disappointed with the Clerk’s taxation determination may appeal it to the District Court, which must review the Clerk’s decision *de novo*. See *Reger*, 599 F.3d at 288; *Paoli*, 221 F.3d at 461; see also Fed.R.Civ.P. 54(d)(1) (“On motion served . . . the court may review the clerk’s action.”).

In reviewing the Clerk’s costs decision, the Court may consider such factors as: “(1) the prevailing party’s unclean hands, bad faith, dilatory tactics, or failures to comply with process during the course of the instant litigation or the costs award proceedings; and (2) each of the losing parties’ potential indigency or inability to pay the full measure of a costs award levied against them.” *Reger*, 599 F.3d at 289 n.3 (internal quotation marks and citation omitted). “In contrast a district court may not consider (1) the losing parties’ good faith in pursuing the instant litigation (although a finding of bad faith on their part would be a reason not to reduce costs); (2) the complexity or closeness of the issues – in and of themselves – in the underlying litigation; or (3) the relative disparities in wealth between the parties.” *Id.* (internal quotation marks and citation omitted). In other words, that a case is “a classic close case, brought in good faith” is not an “appropriate criteri[on] in determining whether a costs award is equitable.” *Paoli*, 221 F.3d at 465.

“[T]he losing party bears the burden of making the showing that an award is inequitable under the circumstances.” *Id.* at 462-63. Notwithstanding this burden on the losing party, the Court (like the Clerk) has discretion to deny a request for taxation of costs based on a prevailing party’s failure to support its request with sufficient and specific documentation. See 28 U.S.C. § 1924 (“Before any bill of costs is taxed, the party claiming any item of cost or disbursement

shall attach thereto an affidavit, made by himself or by his duly authorized attorney or agent having knowledge of the facts, that such item is correct and has been necessarily incurred in the case and that the services for which fees have been charged were actually and necessarily performed.”). This principle is reflected in Local Rule 54.1(a)(2), which provides, “[t]he bill of costs shall clearly describe each item of cost and comply with the provisions of 28 U.S.C. § 1924.”

IV. DISCUSSION

The parties agree that Google is the prevailing party. It is also undisputed that Google filed the Bill of Costs in a timely manner. Walker contends, however, that Google’s Motion to Review Costs is procedurally improper, as LR 54.1(d) only permits an “opposing party” to file a motion for review of costs, yet Google (as the prevailing party) does not “oppose” costs. Walker further objects to specific requests. The Court addresses these issues below.

A. Google’s Motion is Not Procedurally Improper

D. Del. LR 54.1(d) provides: “In accordance with Fed. R. Civ. P. 54(d), the *opposing party* may, within 7 days of service, file a motion for review of the decision of the Clerk in the taxation of costs” (emphasis added). Walker argues that Google is not permitted to file a motion to review the decision of the Clerk because Google is not “the opposing party;” instead, of course, Google is the prevailing party and is the party that has filed the Bill of Costs. (*See* D.I. 327 at 1-2) Google responds that Walker’s position is based on “a nonsensical reading of the rule and [is] refuted by the very case law [Walker] cites” (D.I. 328 at 1)

The Court agrees with Google. As an initial matter, the plain language of LR 54.1(d) does not prohibit the party filing a Bill of Costs from filing a motion for review; instead, it

simply sets out the deadline for the party opposing an imposition of costs to file the opposing party's motion. More importantly, Google is the aggrieved party with respect to the portion of the Clerk's taxation decision to which Google has filed its motion. In this context, then, Google is "the opposing party" with respect to the Clerk's decision – even though Google is not, of course, "the opposing party" with respect to Google's own Bill of Costs. Additionally, Walker's reading of the Local Rule would make no sense. It would deprive a party filing a Bill of Costs from ever obtaining district court review of a Clerk's decision, even a decision that may be directly contrary to the law. It is doubtful that the Court could adopt rules that would insulate Clerk's decisions from judicial review – such an outcome would, at minimum, appear to be inconsistent with the Federal Rules of Civil Procedure – but, even if it could, this Court's Local Rules certainly do not do so. *See, e.g.*, D. Del. LR 1.1(c) ("The Rules . . . shall be followed insofar as they are not inconsistent with the Federal Rules of Civil Procedure . . ."); D. Del. LR 1.1(d) ("The application of the Rules in any case or proceeding may be modified by the Court in the interests of justice."). Finally, as Google points out, this Court regularly reviews motions relating to a Bill of Costs filed by the same party which filed the Bill of Costs when that party's requests were denied in part by the Clerk. *See, e.g., Honeywell Int'l Inc. v. Nokia Corp.*, 2014 WL 2568041, at *3 (D. Del. May 30, 2014) ("[A] party disappointed with the Clerk's taxation determination may appeal it to the District Court, which must review the Clerk's decision *de novo*."). *vacated on other grounds*, 615 Fed. Appx. 688 (Fed. Cir. Sept. 11, 2015).

Thus, Google's Motion for Review of Taxation of Costs is not procedurally improper.

B. Google's Request for Costs Related to Depositions

Google seeks to recover costs related to the "technical and non-technical witnesses

demanding by [Walker], both parties' 30(b)(6) witnesses, both sides' expert witnesses, the witnesses identified as knowledgeable by [Walker] in its initial disclosures, the named inventors of the patents-in-suit, the prosecuting attorneys, and the inventors of prior art." (D.I. 324 at 6; *see also* D.I. 316 at 4-8) Google purchased copies of the transcripts of these depositions and also video versions of them, portions of which Google anticipated it would play at trial. (*See id.* at 8-9) Walker opposes Google's request relating to deposition materials, arguing that the transcripts and videos were not necessary and that these depositions were not used to resolve a material issue in the case. (D.I. 327 at 7-10)

Pursuant to § 1920, transcript costs may be taxable when "necessarily obtained for use in the case." *In re Baby Food Antitrust Litig.*, 166 F.3d 112, 138-39 (3d. Cir. 1999) ("Section 1920 has been interpreted as permitting the taxation of costs for depositions used in deciding summary judgment motions."); *Tabron v. Grace*, 6 F.3d 147, 160 n.9 (3d Cir. 1993) ("[D]eposition expenses, including the costs of deposition transcripts, may be awarded as costs to the prevailing party if the court determines, at the end of the litigation, that the copies were of papers necessary for use in the case."); 10-54 Moore's Federal Practice Civil § 54.103 ("[T]he mere fact that a deposition was taken solely for discovery purposes should not absolutely preclude taxation of those expenses as costs. Instead, the court should take a practical view and determine whether the deposition appeared to be reasonably necessary when taken.").

In the Court's view, in the context of this patent infringement litigation, it was at least "reasonably necessary" for Google to obtain transcripts of the depositions. There is no suggestion from Walker that it was unreasonable for Google to take the depositions of the witnesses involved. Deposition transcripts are used throughout a patent case for many purposes.

including to identify and resolve disputes relating to discovery and to brief and argue motions (e.g., challenging the admission of expert testimony, for summary judgment, *in limine*, and miscellaneous issues that arise in connection with preparation of the pretrial order). They are also used, often in video form, at trial. Just because the Court ultimately decided this case on the basis of a summary judgment motion that did not involve the depositions to which Google's instant motion relates does not render the purchase of the deposition transcripts or videos unreasonable or unnecessary to an effective defense of this matter.¹

Hence, even assuming the requirements of LR 54.1 are not satisfied, the Court has discretion to award the requested deposition costs and will do so here. *See generally Smith v. Tenet Healthsystem SL, Inc.*, 436 F.3d 879, 889 (8th Cir. 2006) (“Even if a deposition is not introduced at trial, a district court has discretion to award costs if the deposition was necessarily obtained for use in a case and was not purely investigative.”); *see also Bethea v. Rash*, 2015 WL 4477693, at *2 (D. Del. July 22, 2015) (“If the court finds that application of Local Rule 54.1 results in an inequitable award for plaintiff, the court retains the discretion to award costs beyond the limitations of Local Rule 54.1 to the fullest extent permissible under § 1920.”); *Honeywell*, 2014 WL 2568041, at *5 (“[Local Rule 54.1] does not eliminate a judge’s obligation to interpret and apply Section 1920 to specific disputes brought before the judge. Each judge retains the discretion to apply [Local Rule] 54.1 – like any other rule – as the judge deems fit and in the interests of justice.”).

¹In this regard, it is notable that Google moved for leave to file an early summary judgment motion on the grounds that the claims of the patents-in-suit were ineligible for patent protection under Section 101, but Walker opposed – and the Court denied Google’s request. (*See* D.I. 152, 173, 189, 222)

Accordingly, the Court will grant Google's request with respect to deposition costs, in the requested amount of \$49,912.47. (*See* D.I. 324 at 4)

C. Google's Request for Costs of Technology Tutorial

Google seeks recovery of costs incurred in the production of a technology tutorial submitted to the Court as part of the claim construction process and exhibits used at the claim construction hearing. (D.I. 324 at 7) In opposing this request, Walker suggests that the Court did not rely on the technology tutorial, and argues that "Google has made no effort to identify what portion, including any particular slide, aided the Court." (*See* D.I. 327 at 6) The Court will grant Google's request.

Section 1920(4) provides for taxation of costs for exemplification and copying of materials "necessarily obtained for use in the case." Costs for exemplifications of exhibits are awarded when a party demonstrates that the requested costs: (1) were necessarily sustained in connection with exhibits that were admitted into evidence or explicitly and specifically were requested by the court; (2) were for exhibits or documents prepared primarily in order to aid the finder of fact's understanding of the issues in the case, and were not essentially explanatory or argumentative, serving merely as an aid to the argument of counsel and the explanation of expert witnesses; and (3) were for the actual presentation of the exhibits and documents, and not for the intellectual effort involved in their production. *See Honeywell Int'l Inc. v. Hamilton Sunstrand Corp.*, 2009 WL 3153496, at *5 (D. Del. Sept. 30, 2009).

Google's request meets these criteria: the requested costs were necessarily incurred in connection with exhibits specifically requested by the Court, prepared primarily in order to aid the Court's understanding of the claim construction issues in the case, and for the actual

presentation and not for the intellectual effort involved in the production. More particularly, the Court ordered the parties to prepare and submit technology tutorials as part of the claim construction process. (*See* D.I. 52 at 6) Thus, it was “necessary” for Google to produce and file its technology tutorial. In almost every patent case, the undersigned judge requires the submission of technology tutorials as they aid this Court in understanding the technological context in which particular claim construction disputes must be resolved. In every case in which technology tutorials are ordered and submitted, the Court relies on them, just as it relies on the parties’ claim construction briefing.

Further, nothing in the record supports Walker’s suggestion that Google is including within its request the costs of “intellectual effort” by counsel. The Court credits Google’s showing that it “does not seek costs for counsel’s intellectual effort, but rather the cost of reducing counsel’s intellectual effort to the requested DVD format and submitting it to the Court, along with the creation of related exhibits used at the Markman hearing.” (D.I. 324 at 7) (internal quotation marks and citations omitted).

Accordingly, the Court will award Google \$19,672.57 in costs for the production of a technology tutorial used as part of the claim construction process. (*See* D.I. 324 at 4)

D. Google’s Request for Costs of Conversion to TIFF Images

Google seeks to recover costs for conversion of electronic documents to TIFF images in response to Walker’s discovery requests, pursuant to the parties’ stipulation as to the format in which ESI documents were to be produced. (D.I. 327 at 7) Google seeks to recover only 25% of the costs it incurred because it did not “specifically track and articulate the relevance of each specific document for purposes of taxing copying costs.” (D.I. 328 at 3) Google adds that it is

“not seeking reimbursement for keyword searching, filtering, de-duplication, or other such processing requests.” (*Id.* at 2) Walker argues that Google “has not provided support, or even alleged, that a single ‘TIFF’ or document printed from or derived from the TIFF was used in any manner in this case.” (D.I. 327 at 4) Google replies that “scanning and conversion of native files to the agreed-upon format for production of ESI constitute making copies of materials” under Section 1920. (D.I. 324 at 7)

Section 1920(4) provides for taxation of costs for exemplification and copying of materials “necessarily obtained for use in the case.” “Copying documents in response to a discovery request is, by its nature, necessary for use in preparing [the] case.” *Schering Corp. v. Amgen, Inc.*, 198 F.R.D. 422, 427 (D. Del. 2001); *see also Race Tires Am.*, 674 F.3d at 167 (“[S]canning and conversion of native files to the agreed-upon format for production of ESI constitute making copies of materials [under § 1920].”); *In re Ricoh Co., Ltd. Patent Litig.*, 661 F.3d 1361, 1367 (Fed. Cir. 2011) (stating costs of making copies are taxable if necessary for use in case, but “[t]his does not require . . . that the copies actually be used in the case or made part of the record.”). While D. Del. LR 54.1(b)(5) limits recovery to costs for exemplification and copying documents that are “attached to a document required to be filed and served” or “admitted into evidence.” and there is nothing in the record to support a finding that any of the TIFF images were attached to a document required to be filed and served with the Court or that any of the images were admitted into evidence, the Court will exercise its discretion and tax the exemplification and copying costs to the extent permitted by § 1920.

Accordingly, the Court will award Google \$1,922.05 for conversion of electronic documents to TIFF images. (*See* D.I. 324 at 8)

E. Google's Request for Costs of Obtaining Hearing Transcripts

Google requests \$1,018.06 for the "costs of obtaining transcripts of court proceedings," including "copies of transcripts of discovery conferences containing the Court's oral orders on discovery matters, as well as proceedings in the Northern District of Texas necessary for submission to the Court." (D.I. 324 at 8) It is unclear from Walker's brief whether it opposes this request at all, in whole, or in part. (*See* D.I. 327)

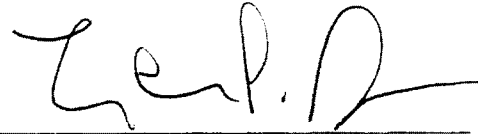
The Clerk noted in its Taxation of Costs: "LR 54.1(b)(2) provides: The costs of the originals of a trial transcript, a daily transcript and of a transcript of matters prior or subsequent to trial, furnished to the Court, are taxable when requested by the Court or prepared pursuant to stipulation." (D.I. 322 at 6) Here, although there is no explicit "request" by the Court for transcripts, the undersigned judge regularly resolves discovery disputes during teleconferences, articulating the Court's reasoning on the transcript and often without issuing any formal, written order. In order to effectively litigate a patent case in light of this procedure, it is likely necessary to have a copy of such a transcript. The Court expects that if what was said – by the parties, or by the Court – during the course of such a teleconference becomes relevant to resolving a future dispute in the case (as it often does), then the parties and the Court will be able to easily, and quickly, consult the transcript of the earlier proceeding.

With respect to the transcript of the proceedings related to Google's motion to compel in the Northern District of Texas, this transcript was obtained and submitted to the Court in conjunction with a discovery dispute. Thus, the costs associated with obtaining it, too, are taxable pursuant to LR 54.1(b)(2). (*See* D.I. 316 at 9; *see also* D.I. 209 Ex 2)

Accordingly, the Court will award Google \$1,018.06. (*See* D.I. 316 Ex I)

V. CONCLUSION

An appropriate Order follows.

A handwritten signature in black ink, appearing to read "L.P. Stark", written over a horizontal line.

HON. LEONARD P. STARK
UNITED STATES DISTRICT COURT