IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF WISCONSIN

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THERMAL DESIGN, INC. and
SPORTS INTERIORS, INC.,

Plaintiffs,

v.

INDOOR COURTS OF AMERICA, INC. and
THE CINCINNATI INSURANCE COMPANY,

Defendants.

OPINION AND ORDER

03-C-249-C

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In this civil action, plaintiffs Thermal Design, Inc. and Sports Interiors, Inc. contended that defendant Indoor Courts of America, Inc. tortiously interfered with a prospective business contract, violated Wisconsin laws governing unfair competition, fraudulent representation, disparagement and defamation and violated §§ 43(a)(1)(A) and 43(a)(1)(B) of the Lanham Act (unfair competition and false advertising). Plaintiffs and defendant compete in the sale of insulation systems and indirect light fixtures.

In an order dated April 9, 2004, I granted the motion for summary judgment filed by defendants Indoor Courts of America, Inc. and The Cincinnati Insurance Company on all of plaintiffs' claims. Presently before the court is defendants' motion for attorney fees under

15 U.S.C. § 1117 and sanctions under 28 U.S.C. § 1927. (Defendant Indoor Courts of America, Inc. filed another motion for sanctions under Fed. R. Civ. P. 11, but withdrew its motion by letter on May 6, 2004. Dft.'s Letter, dkt. #175.) In addition, defendants have submitted a bill of costs in the amount of $20,003.69, pursuant to Fed. R. Civ. P. 54(d)(1). Plaintiffs object to defendants' motion for attorney fees and sanctions as well as their bill of costs. Plaintiffs move to strike the affidavit of Jane Cuthbert because an exhibit attached to the affidavit was filed under seal to substantiate defendants' request for attorney fees and plaintiffs did not have an opportunity to review that exhibit.

A. Attorney Fees under 15 U.S.C. § 1117

Under the Lanham Act, the court may award reasonable attorney fees to the prevailing party in exceptional cases. 15 U.S.C. § 1117(a). "Where the defendant is the prevailing party, the standard is not whether the claimant filed suit in good faith but rather whether plaintiff's action was oppressive." S Industries, Inc. v. Centra 2000, Inc. 249 F.3d 625, 627 (7th Cir. 2001). "A suit is oppressive if it lacked merit, had elements of an abuse of process claim, and the plaintiff's conduct unreasonably increased the cost of defending against the suit." Id. An award of attorney fees under the Lanham Act is within the trial court's discretion. Id.

Defendants argue that this is an exceptional case because the suit lacked merit. For

support, defendants note that when the court granted their motion for summary judgment, it reasoned that plaintiffs had adduced "no evidence" showing a violation of the Lanham Act. I was unable to reach the merits of defendants' motion for summary judgment primarily because plaintiffs' attorney was unfamiliar with this court's Procedure to be Followed on Motions for Summary Judgment. As a result, most of plaintiffs' evidence was inadmissible. I granted plaintiffs' motion for a preliminary injunction in part on August 7, 2003. It is possible that if plaintiffs had followed this court's procedures, they might have defeated defendants' motion for summary judgment. I cannot say that plaintiffs' case was so lacking in merit as to be exceptional. As a result, I will deny defendants' motion for attorney fees under 15 U.S.C. § 1117.

B. Sanctions under 28 U.S.C. § 1927

28 U.S.C. § 1927 provides that a lawyer "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." I am unable to find that § 1927 applies in this situation. First, § 1927 was intended to apply only to those lawyers who "needlessly delay ongoing litigation." Overnite Transportation Co. v. Chicago Industrial Tire Co., 697 F.2d 789, 794 (7th Cir. 1983). Defendants do not claim that plaintiffs litigated this case in a dilatory manner. Moreover, § 1927 sanctions are

appropriate only in instances of "'serious and studied disregard for the orderly process of justice.'" Ross v. City of Waukegan, 5 F.3d 1084, 1089 n.6 (7th Cir. 1993) (quoting Kiefel v. Las Vegas Hacienda, Inc., 404 F.2d 1163, 1167 (7th Cir. 1968)). Plaintiffs' conduct does not meet that extreme standard. Defendants' main contention is that plaintiffs' attorney filed meritless motions and disregarded this court's rules for filing motions for summary judgment, as well as the Federal Rules of Civil Procedure and the Federal Rules of Evidence. As I noted earlier, the bulk of plaintiffs' attorney's actions were not vexatious but the result of inattentiveness to basic court rules and procedure. Plaintiffs' attorney lost this case for his clients. I see no reason to add insult to injury by imposing sanctions on him for his erroneous handling of this case. Therefore, I will deny defendants' motion for sanctions under 28 U.S.C. § 1927. Because I am denying defendants' request for attorney fees, I will deny plaintiffs' motion to strike the affidavit of Jane Cuthbert as moot. That motion was relevant only to defendants' request for attorney fees.

C. Bill of Costs

As prevailing parties, defendants are entitled to an award of costs as a matter of course. Fed. R. Civ. P. 54(d)(1). Defendants request reimbursement for $20,003.69 for the following costs: 1) $336.88 in fees for service of summons and subpoena; 2) $12,451.99 in court reporter fees; and 3) $7,214.82 in printing-related costs. Dfts.' Bill of Costs, dkt.

#167. Plaintiffs object to an award of costs or in the alternative, to a reduction in the requested printing-related costs. Plaintiffs contend that the court should deny defendants' request for costs in its entirety because defendants failed to properly serve a copy of the bill of costs to plaintiffs' attorney pursuant to Fed. R. Civ. P. 5. Defendants' attorneys signed a declaration stating that the had mailed a copy of the bill to plaintiffs' attorney's last known address on April 19, 2004. However, the address to which defendants sent the copy was plaintiffs' attorney's former law firm and the envelope was postmarked April 22, 2004. Plaintiffs argue that defendants' actions violated Fed. R. Civ. P. 5(2)(B) and that the discrepancy in dates on the signed declaration and postmarked envelope calls into question the reliability of defendants' request for costs.

Defendants admit that their counsel mistakenly mailed the bill of costs to the law firm at which plaintiffs' attorney worked at the beginning of this litigation. Upon learning of the error on April 27, 2004, when plaintiffs' attorney contacted defendants' attorney to inform him that defendants had failed to serve plaintiffs with their bill of costs and supportive material, defendants faxed a copy of the bill of costs (minus the itemization and documentation for the requested costs) the following day. Defendants hand-delivered the bill of costs and supporting materials to plaintiffs' attorney on May 5, 2004. Plaintiffs contend that the faxed copy of the bill of costs violates Fed. R. Civ. P. 5(2)(D) because plaintiffs never provided written consent to be served via fax.

As defendants point out, Fed. R. Civ. P. 54(d) does not require the prevailing party to submit a bill of costs by a certain date after judgment. Plaintiffs do not dispute that defendants properly delivered the bill of costs and attachments to plaintiffs' attorney on May 5, 2004. Plts.' Br., dkt. #181, at 2. Therefore, plaintiffs received a hand-delivered copy of the bill of costs and its attachments within a month after I entered judgment in this case and pursuant to Fed. R. Civ. P. 5(2)(A)(i).

Plaintiffs argue that the hand-delivered documents are defective, however, because the date listed on the declaration signed by defendants' attorneys does not match the postmark date on the envelope containing the bill of costs. A discrepancy of four days between the date that defendants' attorneys declared that the bill of costs was mailed and the actual mailing of the document is not significant. There may be many explanations for this discrepancy, such as a delay in the mail service at defendants' law firm or with the post office, but it is a stretch for plaintiffs to leap to the conclusion that the discrepancy signals an unreliability in the entire bill of costs.

In the alternative, plaintiffs argue that the court should reduce the printing-related costs. Defendants object to this alternative argument because plaintiffs raised it in a supplemental brief filed after this court's deadline to file objections to defendants' proposed bill of costs. Under the briefing schedule, plaintiffs had until May 3, 2004, to submit objections to the proposed costs. Because defendants did not serve plaintiffs properly with

a copy of the bill of costs and its attachments until May 5, 2004, I will consider plaintiffs' supplemental brief.

Plaintiffs raise three objections to the printing-related costs. First, plaintiffs argue that a request for 1,405 digital color copies produced from a CD at the expense of $1,405.00 is unnecessary because defendants did not use the color copies in the summary judgment proceedings. Defendants respond that they needed the color copies because reviewing the information on the computer was too difficult and burdensome. In addition, defendants argue that it was necessary to review all the information on the CD because plaintiffs served a subpoena upon defendant Indoor Courts' web host to produce any and all documents relating to this defendant. I find defendants' explanation satisfactory and will let the requested amount stand.

Second, plaintiffs oppose defendants' request for $573.19 for video and CD duplication. Plaintiffs object to $130.00 of that amount because they reimbursed defendant for that amount in January 2004. Aff. Thaddeus Stankowski, dkt. #187, exh. C. Defendants admit that they had made copies of the CD and video for plaintiffs at the request of plaintiffs' attorney. Because it appears that plaintiffs have already reimbursed defendant for a portion of the video and CD duplication costs, I will reduce defendants' request for costs by $130.00.

Finally, plaintiffs object to $2,150 for in-house copying fees and total number of

copies made by defendant. Plaintiffs object to the amount charged per copy. Defendants concede that their per copy rate is excessive and agrees to reduce the in-house printing costs by $537.50. I will reduce defendants' request for printing costs by that amount.

However, defendants fail to address plaintiffs' objection to the total number of copies made, which plaintiffs argue exceeded over 15,000 pieces of paper. For support that the total number or copies made by defendants was excessive, plaintiffs cite Kulumani v. Blue Cross Blue Shield Association, 224 F.3d 681, 685 (7th Cir. 2000). According to the court in Kulumani, "[t]wo copies of every document filed with the court or provided to opposing counsel makes sense." Id. It is possible that the 15,000 copies made by defendants amounted to approximately two copies of every document filed with the court. Upon examination of the docket sheet for this case, I note that the parties took numerous depositions and filed a large number of motions and affidavits. However, it is defendants' burden to show that the number of copies it made was not excessive. Because defendants have not met their burden, I will reduce their printing costs by an additional $500.00, making the total reduction in printing costs $1037.50.

ORDER

IT IS ORDERED that

1. The motion for attorney fees pursuant to 15 U.S.C. § 1117 filed by defendants

Indoor Courts of America, Inc. and The Cincinnati Insurance Company is DENIED;

2. Defendants' motion for sanctions under 28 U.S.C. § 1927 is DENIED;

3. Plaintiffs Thermal Design, Inc. and Sports Interiors, Inc.'s motion to strike the affidavit of Jane Cuthbert is DENIED as moot;

4. Defendants' request for costs under Fed. R. Civ. P. 54(d) is reduced by $1167.50 ($130.00 + $1037.50), making the total award for costs owed by plaintiffs $18,836.19.

Entered this 20th day of July, 2004.

BY THE COURT:

BARBARA B. CRABB
District Judge