

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF WISCONSIN

-----  
ARDISAM, INC., d/b/a YUKON TRACKS  
and SPRING FORM, INC.,

Plaintiffs,

OPINION AND  
ORDER

v.

03-C-553-C

AMERISTEP, INC., HUNTER'S VIEW, LTD.  
and EASTMAN OUTDOORS,

Defendants.  
-----

In this civil action, plaintiffs Ardisam, Inc. and Spring Form, Inc. contended that defendants Ameristep, Inc., Hunter's View, Ltd. and Eastman Outdoors infringed plaintiffs' U.S. Patent No. 5,038,812 (the '812 patent) by making, using, selling and offering for sale hunting blinds that utilize and embody the patented invention, which is a "quickly erectable, quickly collapsible, self supporting portable structure." In an August 2, 2004, opinion and order, I granted defendants' motion for summary judgment, finding that defendants' products did not infringe the '812 patent. Order dated Aug. 2, 2004, dkt. #124 at 38. Through a procedural oversight, defendants' counterclaims were not dismissed at that time. On June 24, 2005, I entered a final judgment dismissing the outstanding counterclaims. The

judgment was affirmed by the Court of Appeals for the Federal Circuit on October 6, 2005.

Now before the court are defendant Hunter's View, Ameristep and Eastman Outdoors' motions for attorney fees and expenses, brought pursuant to 35 U.S.C. § 285 and defendant Eastman Outdoors' renewed bill of costs, brought pursuant to Fed. R. Civ. P. 54(d).

#### B. Defendants' Motions for Attorney Fees

Under 35 U.S.C. § 285, a court may award reasonable attorney fees to the prevailing party in "exceptional cases." Merely prevailing is not enough to show that a case is exceptional; there must be evidence of bad faith, fraud, gross negligence or unclean hands on the part of the losing party. A court may find a case exceptional if the conduct of the losing party would make it grossly unjust for the prevailing party to be left with the burden of litigation expenses. Badalamenti v. Dunham's, Inc., 896 F.2d 1359, 1364 (Fed. Cir. 1990). An award of attorney fees is neither usual nor customary in a patent case and never follows as a matter of course from the outcome of the case. Ferment-Acid Corp. v. Miles Laboratories, Inc., 338 F.2d 586, 588 (7th Cir. 1964). The prevailing party bears the burden of establishing by clear and convincing evidence that the case is exceptional. Imagineering, Inc. v. Van Klassens, Inc., 53 F.3d 1260, 1267 (Fed. Cir. 1995). Although plaintiffs' pre-filing investigation left much to be desired, I do not find it so egregious as to

justify the finding that this is an “exceptional case” under 35 U.S.C. § 285. Therefore, I will deny defendants’ motions for attorney fees.

Defendants contend that this is an exceptional cases for two reasons. First, they assert that plaintiff did not engage in any pre-filing investigation of their accused products. In support of their contention that plaintiff performed no investigation, defendants point to the undisputed facts that, prior to filing suit, plaintiffs did not obtain a sample of any of defendants’ accused products. Plaintiffs admit that they did not obtain the accused products prior to bringing suit, but contend that prior to filing the lawsuit they carefully reviewed “detailed product literature, including technical drawings of the subject blinds, product specifications and how-to instructions on the set-up and break-down of [defendants’] blinds.” Plt.’s Br., dkt. #174, at 9. Although defendant Eastman Outdoors asserts that plaintiffs never produced these drawings, specifications and instructions, the record shows that the materials were filed as exhibits supporting plaintiffs’ response to defendants’ motions for summary judgment. See, e.g., Helget Aff. re Ameristep, dkt. # 64, exh. E-O; Helget Aff. re Hunter’s View, dkt. #68, exh. E-G; Helget Aff. re Eastman Outdoors, dkt. #72, exh. E, H2-4. In addition to reviewing printed material regarding the accused products, plaintiffs assert that they also inspected defendant Ameristeps’s blinds at a trade show in 2003.

A less-than-ideal pre-filing investigation does not always rise to the level of sanctionable conduct under § 285. MEMC Electronic Materials, Inc. v. Mitsubishi Materials Silicon Corp., 420 F.3d 1369, 1381 (Fed. Cir. 2005). Generally, when a full infringement analysis has been conducted, a pre-filing inquiry will be deemed adequate despite other possible deficiencies. View Engineering, Inc. v. Robotic Vision Systems, Inc., 208 F.3d 981, 986 (Fed. Cir. 2000) (infringement analysis plays key role in determining reasonableness of pre-filing inquiry in patent infringement case). In this case, plaintiffs conducted an analysis comparing the claims of the ‘812 patent to each of the accused products. Although the analysis would have been more precise if plaintiffs had obtained samples of the products, their failure to do so was not “clearly and convincingly vexatious, unjustified, or frivolous.” MEMC Electronic Materials, Inc., 420 F.3d at 1381.

Second, defendants assert that this is an exceptional case because plaintiffs’ expert, Brooks Johnson, changed his infringement analysis in response to defendants’ motions for summary judgment. Initially, Johnson contended that the fill panels and privacy panels on defendants’ blinds constituted the “fourth means” for “holding the portable structure in the upstanding fully expanded configuration” as described in the ‘812 patent. During summary judgment, plaintiffs’ expert withdrew his contention that the fill panels and privacy panels constituted a “fourth means” and asserted instead that the stitching on the blinds constituted the fourth means. Although defendants make much of this change in

infringement analysis, it had no effect on the case because the court did not reach the question whether the accused products contained a fourth means as taught by the '812 patent. Like changes in claim construction, changes in infringement analysis are standard features of patent litigation. Although it is not acceptable for parties to change their analyses without disclosing their new positions to opposing parties, the remedy for such behavior is typically exclusion of the untimely infringement analysis, not an award of attorney fees under § 285. Although defendants have raised legitimate complaints about the prosecution of this lawsuit, they have failed to meet their substantial burden of showing that this is an exceptional case. Therefore, their motions for attorney fees will be denied.

### C. Defendant Eastman Outdoors' Bill of Costs

In an order dated October 21, 2004, the court granted defendant Eastman Outdoors' motion for reimbursement of costs totaling \$2,640.22. Following entry of a final order on June 24, 2005, defendant Eastman Outdoors renewed its motion for costs under Rule 54(d)(1), which permits a prevailing party to recover costs other than attorney fees unless the court otherwise directs.

Although the court granted defendant Eastman Outdoors' prior motion and awarded it \$2,640.22 in costs, plaintiffs argue that the renewed motion should be denied because the expert witness fees are not taxable under 28 U.S.C. §§ 1821(b) and 1920. 28 U.S.C. § 1920

governs taxation of costs, and provides that “a judge or clerk of any court of the United States may tax as costs . . . fees and disbursements for printing and witnesses” and “fees for exemplification and copies of papers necessarily obtained for use in the case.” 28 U.S.C. § 1920(3) & (4). Although Rule 54(d) and section 1920(3) give the court discretion to award expert witness fees, § 1821 limits the amount that can be awarded. Kohus v. Toys R US, Inc., 282 F.3d 1355, 1359 (Fed. Cir. 2002) (citing Crawford Fitting Co. v. J.T. Gibbons, Inc., 482 U.S. 437, 441 (1987)). Under § 1821, expert witnesses may receive \$40 per day for “each day’s attendance” in court or at a deposition, as well as the actual costs of reasonable travel expenses, lodging and subsistence. 28 U.S.C. §§ 1821(a)(1), (b), (c). Defendants point out that § 1821 provides only for expert witness testimony and not for the preparation of expert witness reports. Absent explicit statutory authority to the contrary, federal courts are bound by the limits of § 1821 when a prevailing party seeks reimbursement for fees paid to its own expert witnesses. Crawford Fitting Co., 482 U.S. at 439. Because §1821 does not provide for the reimbursement of expert witness fees incurred through the preparation of expert witness reports, defendant Eastman Outdoors cannot recoup under Fed. R. Civ. P. 54(d)(1) the \$2,051 paid to its expert for preparing his report.

As an alternate ground for recovering this fee, defendant Eastman Outdoors suggests that the court exercise its inherent sanctioning power to require payment of the fee. “Inherent powers must be exercised with restraint and discretion.” Chambers v. NASCO,

501 U.S. 32, 44 (1991). Although courts have the authority to preserve the integrity and viability of the judicial process, they do not have the prerogative to create substantive law by adding remedies not otherwise provided by law. United States, for Use and Benefit of Treat Bros. Co. v. Fidelity and Deposit Co. of Maryland, 986 F.2d 1110, 1120 (7th Cir. 1993). There are three situations in which courts may shift fees from one party to another: (1) when a party's litigation efforts directly benefit others (also called the "common fund" exception); (2) when a party willfully disobeys a court order; and (3) when "a party has acted in bad faith, vexatiously, wantonly or for oppressive reasons." Chambers, 501 U.S. at 45-46.

Defendant Eastman Outdoors contends that plaintiff's failure to perform thorough pre-filing investigation constitutes "bad faith" worthy of sanction. I have already found that plaintiffs' conduct did not amount to bad faith. Therefore, I will decline to sanction plaintiffs by ordering them to pay the cost of defendant Eastman Outdoors's expert's fees.

In addition to expert witness fees, defendant Eastman Outdoors has moved for reimbursement of \$198.62 for copy costs, \$35.00 for downloading the '812 patent from Nerac, \$245.60 for retrieving documents and research concerning the '812 patent and \$110.00 for illustration costs. In opposition, plaintiff has renewed its argument that these costs should be denied because, when making its decision to grant defendant's motion for summary judgment, the court did not rely on the items for which defendant seeks

reimbursement.

As the court stated in its order dated October 21, 2004:

Defendants had no way to predict how the court would resolve the case. Because the court does not require parties to be clairvoyant about how a court will dispose of a case, parties are free to pursue whatever strategy they believe will bolster their case. None of these costs is excessive or unreasonable in the defense of a patent infringement case. (As an example, plaintiffs argue that defendant is entitled to reimbursement of only those costs related to copies furnished to the court, not those provided to attorneys. However, under Kulumani v. Blue Cross Blue Shield Association, 224 F.3d 681, 685 (7th Cir. 2000), “[t]wo copies of every document filed with the court or provided to opposing counsel makes sense.” Given the number of attorneys involved in this case, \$198.62 in copy costs is not excessive.)

Defendants’ costs in the amount of \$589.22 are taxable under 28 U.S.C. § 1920(4) and will therefore be awarded.

#### ORDER

IT IS ORDERED that

1) The motions for attorney fees and expenses filed by defendants Hunter’s View, Ltd., Ameristep, Inc., and Eastman Outdoors are DENIED.



2) Defendant Eastman Outdoors' bill of costs is GRANTED in the amount of \$589.22.

Entered this 3rd day of November, 2005.

BY THE COURT:

/s/

BARBARA B. CRABB

District Judge