

App. 1

**United States Court of Appeals  
for the Federal Circuit**

---

**B.E. TECHNOLOGY, L.L.C.,**  
*Plaintiff-Appellant*

v.

**FACEBOOK, INC.,**  
*Defendant-Appellee*

---

2018-2356

---

Appeal from the United States District Court for  
the Western District of Tennessee in No. 2:12-cv-  
02769-JPM-tmp, Chief Judge Jon P. McCalla.

---

Decided: October 9, 2019

---

DANIEL J. WEINBERG, Freitas & Weinberg LLP,  
Redwood Shores, CA, argued for plaintiff-appellant.  
Also represented by KAYLA ANN ODOM.

EMILY E. TERRELL, Cooley LLP, Washington, DC,  
argued for defendant-appellee. Also represented by  
HEIDI LYN KEEFE, Palo Alto, CA; ORION ARMON, Broom-  
field, CO.

---

App. 2

Before LOURIE, PLAGER, and O'MALLEY,  
*Circuit Judges.*

Opinion for the court filed by *Circuit Judge* LOURIE.

Concurring opinion filed by *Circuit Judge* PLAGER.

LOURIE, *Circuit Judge.*

B.E. Technology, L.L.C. (“B.E.”) appeals from a decision of the United States District Court for the Western District of Tennessee affirming the Clerk’s Order finding Facebook, Inc. (“Facebook”) to be the prevailing party in their lawsuit and taxing \$4,424.00 in costs against B.E. *B.E. Tech., LLC v. Facebook, Inc.*, No. 2:12-cv-2769-JPM-TMP, 2018 WL 3825226, at \*1 (W.D. Tenn. Aug. 10, 2018) (“*Decision*”). For the reasons detailed below, we affirm.

BACKGROUND

On September 7, 2012, B.E. filed suit in the Western District of Tennessee accusing Facebook of infringing claims 11, 12, 13, 15, 18, and 20 of its U.S. Patent 6,628,314 (“the ’314 patent”). Approximately a year into the case, Facebook and two other parties B.E. had also accused of infringement, Microsoft and Google, filed multiple petitions for *inter partes* review of the asserted claims. The district court stayed its proceedings in this case pending the outcome of the Board’s review. *B.E. Tech., LLC v. Amazon Digital Servs., Inc.*, No. 2:12-cv-2767-JPM-TMP, 2013 WL 12158571, at \*1 (W.D. Tenn. Dec. 6, 2013).

### App. 3

The Board instituted review of the '314 patent and held the claims unpatentable in three final written decisions. *See Google, Inc. v. B.E. Tech., LLC*, Nos. IPR2014-00038, IPR2014-00699, 2015 WL 1735099, at \*1 (P.T.A.B. Mar. 31, 2015); *Microsoft Corp. v. B.E. Tech., LLC*, Nos. IPR2014-00039, IPR2014-00738, 2015 WL 1735100, at \*1 (P.T.A.B. Mar. 31, 2015) (“*Microsoft Decision*”); *Facebook, Inc. v. B.E. Tech., LLC*, Nos. IPR2014-00052, IPR2014-00053, IPR2014-00698, IPR2014-00743, IPR2014-00744, 2015 WL 1735098, at \*2 (P.T.A.B. Mar. 31, 2015). B.E. appealed, and we affirmed the *Microsoft Decision*, dismissing the remaining appeals as moot. *B.E. Tech., LLC v. Google, Inc.*, Nos. 2015-1827, 2015-1828, 2015-1829, 2015-1879, 2016 WL 6803057, at \*1 (Fed. Cir. Nov. 17, 2016).

Facebook then moved in the district court for judgment on the pleadings under Fed. R. Civ. P. 12(c), seeking a dismissal with prejudice and costs under Rule 54(d). B.E. agreed that dismissal was appropriate but argued that the claims should be dismissed for mootness, rather than with prejudice. The district court ultimately agreed with B.E., issuing an Order holding that, “[i]n light of the cancellation of claims 11–22 of the '314 patent, B.E. no longer ha[d] a basis for the instant lawsuit” and that its patent infringement “claims [were] moot.” J.A. 37. As for costs, the court initially declined to award Facebook costs because the request was lodged before entry of judgment. J.A. 39.

Facebook renewed its motion for costs after judgment was entered, and this time the district court awarded costs under Rule 54(d). The Clerk of Court

#### App. 4

held a hearing on the motion and ultimately taxed \$4,424.20 in costs against B.E. B.E. sought review by the court, and the court affirmed. In its decision, the court relied on *CRST Van Expedited, Inc. v. E.E.O.C.*, 136 S. Ct. 1642 (2016), to hold that, although the case was dismissed for mootness, Facebook “obtained the outcome it sought: rebuffing B.E.’s attempt to alter the parties’ legal relationship.” *Decision*, 2018 WL 3825226, at \*2. The court thus held Facebook to be the prevailing party in B.E.’s lawsuit and affirmed the Clerk’s order.

B.E. timely appealed, and we have jurisdiction under 28 U.S.C. § 1295(a).

#### DISCUSSION

The Federal Rules of Civil Procedure provide that “[u]nless 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)(1) (emphasis added). The district court determined here that Facebook was the prevailing party, and we review the court’s interpretation of the term “prevailing party” *de novo*, *Highway Equip. Co. v. FECO, Ltd.*, 469 F.3d 1027, 1032 (Fed. Cir. 2006), and apply Federal Circuit law, *Manildra Milling Corp. v. Ogilvie Mills, Inc.*, 76 F.3d 1178, 1182 (Fed. Cir. 1996). We interpret the term consistently between different fee-shifting statutes, *CRST*, 136 S. Ct. at 1646, and between Rule 54(d) and 35 U.S.C. § 285, *Raniere v. Microsoft Corp.*, 887 F.3d 1298, 1307 n.3 (Fed. Cir. 2018)

App. 5

“We have treated the prevailing party issue under Rule 54 and § 285 in a similar fashion.”); see *Manildra Mill*, 76 F.3d at 1182 (“By establishing a single definition of prevailing party in the context of patent litigation, we promote uniformity in the outcome of patent trials.”).

The parties’ dispute centers entirely around the definition of “prevailing party.” B.E. argues that, because the case was dismissed as moot based on the Board’s decision, which we affirmed, Facebook did not “prevail” in the district court. According to B.E., once the asserted claims were cancelled, the district court action lacked a live case or controversy, and the court’s dismissal lacked the requisite judicial *imprimatur* to render Facebook the prevailing party. Appellant’s Br. 11 (citing *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep’t of Health & Human Res.*, 532 U.S. 598, 600 (2001)).

Facebook responds that the district court properly determined that it was the prevailing party because it successfully “rebuffed B.E.’s claims.” Appellee’s Br. 7 (citing *CRST*, 136 S. Ct. at 1651). According to Facebook, the court’s dismissal of the case, albeit not on the merits, provided the required judicial *imprimatur*. *Id.* at 15.

We agree with Facebook that it is the prevailing party. In making that determination, we look to the Supreme Court’s guidance on the interpretation of that term. In *Buckhannon*, the issue concerned whether a party has prevailed when it “failed to secure a

## App. 6

judgment on the merits or a court-ordered consent decree, but has nonetheless achieved the desired result because the lawsuit brought about a voluntary change in the defendant's conduct." 532 U.S. at 600. Several circuits had recognized a "catalyst" theory, where a party could prevail without judicially sanctioned change in the legal relationship of the parties, provided that the litigation brought about the desired result through a voluntary change in the defendant's conduct. *Id.* at 601–02. In rejecting this theory, the Court established that some manner of judicial relief is required for a party to prevail. *Id.* at 605. A defendant's voluntary change in conduct, even if it "accomplish[es] what the plaintiff sought to achieve by the lawsuit, lacks the necessary judicial *imprimatur* on the change." *Id.* Thus, the Court stated, a "plaintiff who, by simply filing a nonfrivolous but nonetheless potentially meritless lawsuit (it will never be determined), has reached the 'sought-after destination' without obtaining any judicial relief" would not be a prevailing party. *Id.* at 606. A decision with judicial *imprimatur* is required to give rise to prevailing party status.

Almost fifteen years later, in *CRST*, the Court considered whether a defendant could be declared the prevailing party absent a judgment on the merits. 136 S. Ct. 1642, 1651. The issue there presented itself in the context of Title VII of the Civil Rights Act of 1964, which provides that a court may allow the "prevailing party" a "reasonable attorney's fee." *Id.* at 1646 (quoting 42 U.S.C. § 2000e–5(k)). *CRST* had obtained a dismissal of all of the claims against it, including 67

claims that were dismissed for failure to meet presuit obligations. The district court held that CRST was the prevailing party, but the Eighth Circuit vacated its decision, holding that, for CRST to be eligible for fees, there must have been a favorable judicial decision on the merits. The Eighth Circuit also commented that a case has not been decided on the merits if it was dismissed for lack of subject matter jurisdiction, on res judicata grounds, or based on the statute of limitations.

The Court disagreed, holding that a merits decision is not a prerequisite to a finding of prevailing party status. The Court explained that “[c]ommon sense undermines the notion that a defendant cannot ‘prevail’ unless the relevant disposition is on the merits.” *Id.* Instead, it held that a “defendant has . . . fulfilled its primary objective whenever the plaintiff’s challenge is rebuffed, irrespective of the precise reason for the court’s decision,” and that a “defendant may prevail even if the court’s final judgment rejects the plaintiff’s claim for a nonmerits reason.” *Id.*

In so holding, the Court noted that one purpose of the fee-shifting provision is to deter the bringing of lawsuits without foundation. It recognized that various courts had awarded fees after nonmerits dispositions where a claim was “frivolous, unreasonable, or groundless if the claim is barred by state sovereign immunity, or is moot.” *CRST*, 136 S. Ct. at 1652–53 (internal citations omitted). And the Court commented that awarding fees in these frivolous cases made good sense. In such cases, “significant attorney time and

expenditure may have gone into contesting the claim,” and “Congress could not have intended to bar defendants from obtaining attorney’s fees in these cases on the basis that, although the litigation was resolved in their favor, they were nonetheless not prevailing parties.” *Id.* at 1653. Accordingly, a defendant can be deemed a prevailing party even if the case is dismissed on procedural grounds rather than on the merits.

We have applied *CRST* in interpreting the term “prevailing party” as implicated by attorney fees in an exceptional case under 35 U.S.C. § 285. In *Raniere v. Microsoft Corp.*, 887 F.3d 1298 (Fed. Cir. 2018), the defendants secured dismissal of the plaintiff’s claims for lack of standing in district court and sought to be declared the prevailing party. We explained that in identifying a prevailing party, we must consider whether the district court’s decision “effects or rebuffs a plaintiff’s attempt to effect a ‘material alteration in the legal relationship between the parties.’” *Id.* at 1306 (quoting *CRST*, 136 S. Ct. at 1646, 1651). Although the dismissal in *Raniere* was not based on the substantive merit of the plaintiff’s claim, we held that a merits decision was not required after *CRST*. Given that the defendants expended “significant time and resources,” “prevented Raniere from achieving a material alteration of the relationship between them” with a “decision marked by judicial *imprimatur*,” and “received all relief to which they were entitled,” we held that the district court did not err in finding them to be prevailing parties. *Id.* at 1306–07 (citation omitted).



Here, unlike *Raniere*, Facebook obtained a dismissal for mootness, not for lack of standing. But that distinction does not warrant a different result. The PTO instituted review of the asserted claims and found them unpatentable. We affirmed the Board's decision, and the claims were cancelled. Facebook moved for judgment that the case be dismissed on the pleadings, and, citing *Fresenius*, the district court appropriately did so on the ground of mootness. As the district court held, Facebook obtained the outcome it sought via the mootness dismissal; it rebuffed B.E.'s attempt to alter the parties' legal relationship in an infringement suit. This is true even though the mootness decision was made possible by a winning a battle on the merits before the PTO.

B.E. maintains that mootness has no preclusive effect and could not alter the legal relationship between the parties. But that argument puts form over substance and conflicts with the common-sense approach outlined in *CRST*. *CRST* explains that a defendant, like Facebook, can prevail by "rebuffing" plaintiff's claim, irrespective of the reason for the court's decision. That language squarely controls here, and B.E. fails to point to any controlling authority suggesting otherwise. That the merits of the decision cancelling the claims occurred in the PTO rather than the district court does not change the fact that the district court dismissed the claims it had before it, albeit for mootness. It thereby placed a judicial *imprimatur* upon B.E.'s claim for patent infringement.

App. 10

CONCLUSION

We have considered the parties' remaining arguments but find them unpersuasive. Accordingly, for the reasons above, we affirm the district court's award of costs to Facebook under Fed. R. Civ. P. 54(d).

**AFFIRMED**

COSTS

Costs to Facebook.

\_\_\_\_\_

App. 11

**United States Court of Appeals  
for the Federal Circuit**

---

**B.E. TECHNOLOGY, L.L.C.,**  
*Plaintiff-Appellant*

v.

**FACEBOOK, INC.,**  
*Defendant-Appellee*

---

2018-2356

---

Appeal from the United States District Court for  
the Western District of Tennessee in No. 2:12-cv-  
02769-JPM-tmp, Chief Judge Jon P. McCalla.

---

PLAGER, *Circuit Judge*, concurring.

I fully concur in and join the court's decision. That it is clearly correct can be seen had Facebook moved for, and been granted, not a "moot" dismissal, but a dismissal under Fed. R. Civ. P. 12(b)(6) on the ground that, once the asserted patent claims had been determined to be invalid, the plaintiff failed to state a claim upon which relief can be granted. That leaves no doubt that Facebook prevailed in the infringement suit and avoids any litigation about litigation.

---

**IN THE UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TENNESSEE  
WESTERN DIVISION**

---

B.E. TECHNOLOGY, LLC	)	
	)	
Plaintiff,	)	
v.	)	No. 2:12-cv-02769-
	)	JPM-tmp
FACEBOOK, INC.	)	
	)	
Defendant.	)	

---

**ORDER AFFIRMING CLERK'S  
ORDER TAXING COSTS**

---

(Filed Aug. 10, 2018)

The cause is before the Court Plaintiff B.E. Technology, LLC (“B.E.”)’s Motion for Review of the Clerk’s Order Taxing Costs (ECF No. 102), filed May 14, 2018. B.E. requests that the Court vacate the Clerk’s order (ECF No. 101) and find that Plaintiff Facebook, Inc. (“Facebook”) is not a “prevailing party” for the purposes of Federal Rule of Civil Procedure 54(d). Facebook has filed a response (ECF No. 103) and B.E. has filed a reply. (ECF No. 106.) For the reasons discussed below, the Clerk’s Order Taxing Costs is AFFIRMED.

**I. Procedural History**

B.E. filed this action on September 7, 2012. (ECF No. 1.) On December 6, 2013, the Court stayed the

action pending disposition of *inter partes* review of the asserted patents at the United States Patent & Trademark Office. (ECF No. 72.) The asserted claims were invalidated during the *inter partes* review, and the Court of Appeals for the Federal Circuit affirmed that decision on November 17, 2016. B.E. Technology, LLC, v. Google, Inc., No. 2015-1827, 2016 WL 6803057 (Fed. Cir. Nov. 17, 2016). On December 20, 2017, this Court dismissed the action as moot because B.E.'s asserted claims had been invalidated. (ECF No. 87.)

On January 3, 2018, Facebook filed a motion for a bill of costs pursuant to Rule 54(d). (ECF No. 89.) The Clerk of Court held a hearing on the motion on January 31, 2018. (ECF No. 93.) On May 8, 2018, the Clerk entered an order finding that Facebook was a prevailing party for the purposes of the Rule, and taxing costs in the amount of \$4,424.20 against B.E. (ECF No. 101 at 1347.) B.E. timely filed the instant motion for review. (ECF No. 103.)

## **II. Analysis**

The Court reviews the Clerk's taxation of costs de novo. BDT Prods., Inc. v. Lexmark Int'l, Inc., 405 F.3d 415, 418 (6th Cir. 2005) (citing Farmer v. Arabian Am. Oil Co., 379 U.S. 227, 233 (1964)).

The Supreme Court of the United States recently discussed the circumstances in which a defendant can be considered a "prevailing party." CRST Van Expedited, Inc. v. E.E.O.C., 136 S.Ct. 1646 (2016). The Court held that "a defendant need not obtain a favorable

judgment on the merits in order to be a ‘prevailing party.’” Id. at 1651. The Court explained:

Common sense undermines the notion that a defendant cannot “prevail” unless the relevant disposition is on the merits. Plaintiffs and defendants come to court with different objectives. A plaintiff seeks a material alteration in the legal relationship between the parties. A defendant seeks to prevent this alteration to the extent it is in the plaintiff’s favor. The defendant, of course, might prefer a judgment vindicating its position regarding the substantive merits of the plaintiff’s allegations. The defendant has, however, fulfilled its primary objective whenever the plaintiff’s challenge is rebuffed, irrespective of the precise reason for the court’s decision. The defendant may prevail even if the court’s final judgment rejects the plaintiff’s claim for a nonmerits reason.

Id. See also Raniere v. Microsoft Corp., 887 F.3d 1298, 1306 (Fed. Cir. 2018) (“The relevant inquiry post-CRST, then, is not limited to whether a defendant prevailed on the merits, but also considers whether the district court’s decision . . . effects or rebuffs a plaintiff’s attempt to effect a “material alternation in the legal relationship between the parties.”) Although CRST did not involve cost-shifting under Rule 54, it required the Supreme Court to interpret the term “prevailing party.” 136 S.Ct. at 1646. “[I]t has been the Court’s approach to interpret the term [prevailing party] in a consistent manner.” Id. Accordingly, the Supreme

Court's interpretation of "prevailing party" for the purposes of the fee-shifting statute at issue in CRST applies likewise to the term "prevailing party" in Rule 54(d).

In the instant case, the Clerk correctly determined that Facebook is a prevailing party. On December 20, 2017, the Court dismissed B.E.'s claims as moot. Although the claims were dismissed as moot, Facebook nonetheless obtained the outcome it sought: rebuffing B.E.'s attempt to alter the parties' legal relationship. Because Facebook obtained the outcome it sought, the Clerk correctly determined that Facebook is a "prevailing party" as the Supreme Court has interpreted that term. Pursuant to Rule 54(d)(1), Facebook "should be allowed" its costs. The Clerk's Order Taxing Costs is hereby AFFIRMED.

B.E.'s arguments in opposition do not compel a different outcome. B.E. argues that "there can be no 'prevailing party' when a case is dismissed as moot." (ECF No. 102 at 1349.) The Supreme Court's CRST opinion unambiguously states that non-merits dispositions can result one party prevailing; a dismissal for mootness is one such non-merits disposition. B.E. is correct that CRST did not squarely address the issue presented here, because CRST did not involve a dismissal for mootness. The Supreme Court's reasoning from CRST and its enunciation of the standard for determining a "prevailing party" do, however, extend to the instant case.

App. 16

**III. Conclusion**

B.E. did not raise any other challenges to the Clerk's Order Taxing Costs. (See ECF No. 102.) Accordingly, the Clerk's Order is AFFIRMED.

**SO ORDERED**, this 10th day of August, 2018.

/s/ Jon P. McCalla  
JON P. McCALLA  
UNITED STATES DISTRICT JUDGE

---



**IN THE UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TENNESSEE  
WESTERN DIVISION**

---

<b>B.E. TECHNOLOGY, LLC</b>	)	
	)	
<b>Plaintiff,</b>	)	
	)	
<b>v.</b>	)	<b>No. 2:12-cv-02769</b>
	)	
<b>FACEBOOK, INC.</b>	)	
	)	
<b>Defendant.</b>	)	

---

**ORDER TAXING COSTS**

---

(Filed May 8, 2018)

**PROCEDURAL HISTORY**

The record indicates that on December 20, 2017, Judgment was entered in favor of Defendant dismissing all pending claims as “moot”, and that on January 3, 2018, Defendant timely filed a Motion for Bill of Costs and accompanying Bill of Costs which included itemized documentation for the requested costs, seeking reimbursement for expenses in the total amount of \$4,978.20.

Written notice was issued pursuant to Local Rule 54.1 that a hearing would be held by the Clerk of Court on January 31, 2018, at 10:00 A.M., at which the parties could appear and/or submit citations of law relevant to the issue of taxation of costs in this matter.

On January 17, 2018, Plaintiff filed its Opposition to Facebook, Inc.'s Motion for Costs. On January 24, 2018, Defendant filed its Reply in Support of its Motion for Costs. A cost assessment hearing was held, as scheduled. Counsel for Plaintiff appeared in person at the hearing. Counsel for Defendant appeared both in person and telephonically at the hearing.

### **STANDARD OF REVIEW**

Fed. R. Civ. P. 54(d) creates a presumption that the cost of litigation will be awarded to the prevailing party unless the Court finds otherwise, and 28 U.S.C. § 1920 sets forth the scope of costs that are properly recoverable. Costs will be awarded to the prevailing party unless the non-prevailing party can present circumstances, conditions or factors to be considered that are sufficient to override or mitigate the extent of the award of costs. In the latter instance, it is the losing party who carries the burden of negating the presumption that the winning party ought to recover costs.

The evaluation of the appropriate taxation of costs is therefore more than the mere mechanical application of the above rule and statute and ought to address, at a minimum, the following basic issues: (a) Whether the party submitting the Bill of Costs was, in fact, the prevailing party in the case; (b) Whether and to what extent the costs claimed by the prevailing party are proper under 28 U.S.C. § 1920; (c) Whether these costs are reasonable in amount and were reasonably incurred in prosecuting or defending the related action;

App. 19

(d) Whether the claimed costs were actually incurred; (e) Whether the claimed costs were adequately documented; and (f) Whether there are considerations, factors or circumstances that otherwise overcome the presumption to award costs to the prevailing party.

As to the issues presented in subsection (f) above, in order to overcome the presumption in favor of awarding costs to the prevailing party the following factors may be considered: (1) Whether the losing party prosecuted his/her case in good faith and with propriety; (2) Whether the case itself was close and difficult; (3) Whether the prevailing party had unnecessarily prolonged trial or injected unmeritorious issues; (4) Whether the taxable costs incurred by the prevailing party are unreasonably large; (5) Whether the prevailing party's recovery is so insignificant that the judgment amounts to a victory to the other party; and (6) Whether the losing party is indigent.

It would also be useful to point out considerations that are often presented but will not be given much, if any, weight in evaluating whether to award costs. These considerations would include the following: (a) That the losing party's case raised important public policy issues that needed to be addressed and that there would be a chilling effect on future issues being raised if costs were imposed; (b) That because the losing party prosecuted or defended their side of the matter in good faith they ought to be excused from paying costs; (c) That the losing party's financial status should exempt them from paying costs, either because they are indigent or because they are disproportionately

less wealthy than the prevailing party; and (d) That costs should not be awarded to the prevailing party because their recovery was only nominal, because they only prevailed on a portion of their claims, or because the nature of their relief was non-monetary, such as the issuance of an injunction. These arguments will not significantly influence the awarding of costs, though they might reflect issues related to the likelihood of post-judgment collection. To the extent that these considerations are given any weight it would be only where the Court has some initial basis not to automatically award costs to the prevailing party.

### **ANALYSIS**

#### *I. Is Defendant a Prevailing Party?*

Before engaging in a discussion as to the appropriate taxation of costs, the Clerk must first address a preliminary issue presented in this matter, that being whether the Defendant is a prevailing party under Fed. R. Civ. P. 54(d) and 28 U.S.C. § 1920. To adequately answer this question, a brief history of this cause of action is necessary.

The instant cause arose out of an alleged patent infringement. During the pendency of these proceedings, the parties in this case filed petitions with the U.S. Patent & Trademark Office for *inter partes* review (“IPR”) of certain claims of the relevant patent. The Patent Trial and Appeal Board (“PTAB”) instituted IPR proceedings and issued its Final Written Decisions invalidating certain claims, including those claims

relevant to the instant proceeding. The Federal Circuit affirmed the PTAB's decisions. Defendant then moved for a dismissal, with prejudice, due to the cancellation of the patent claims. This Court did dismiss the case, however it did so finding that cancellation of the patent claims rendered the Plaintiff's claims moot. Plaintiff and Defendant have taken opposing positions as to whether a dismissal for mootness rendered Defendant a prevailing party for purposes of an award of costs under Fed. R. Civ. P. 54(d). Plaintiff and Defendant have both briefed this issue, Plaintiff in its Opposition to Facebook, Inc.'s Motion for Costs, and Defendant in its Motion for Costs and Reply in Support of its Motion for Costs.

Plaintiff's argument in opposition to finding Defendant a prevailing party relied heavily on the Supreme Court's ruling in Buckhannon Bd. & Care Home v. W. Va. Dep't of Health & Human Res., 532 U.S. 598 (2001), which held that the term "prevailing party" does not apply to plaintiffs who have failed to secure a judgment on the merits or a court-ordered consent decree. Id. In that case, the plaintiff's cause of action was rendered moot after a change in the law and the plaintiff was denied prevailing party status. Id.

Plaintiff's reliance on Buckhannon, however, is misplaced. The Supreme Court, in CRST Van Expedited, Inc. v. E.E.O.C., 136 S. Ct. 1642 (2016), noted that Buckhannon addressed when a plaintiff can be a prevailing party, explaining that "[t]he Court, however, has not set forth in detail how courts should determine whether a defendant has prevailed[,]" recognizing the

differing objectives of a plaintiff versus a defendant. Id. at 1646. The Court then proceeded to address that very question: under what circumstances can a defendant be a prevailing party. The Court held that “a favorable ruling on the merits is not a necessary predicate to find that a defendant has prevailed.” Id. at 1646. Rather, the “defendant has [] fulfilled its primary objective whenever the plaintiff’s challenge is rebuffed, irrespective of the precise reason for the court’s decision. The defendant may prevail even if the court’s final judgment rejects the plaintiff’s claim for a nonmerits reason.” Id. at 1651.

The Court in CRST then analyzed when, as a prevailing party, a defendant would be entitled to attorneys’ fees in accordance with the relevant fee-shifting statute. While this is a step we needn’t take as we are not addressing a request for attorneys’ fees, the Court’s reasoning on this point is instructive. The Court suggested that possible grounds of awarding attorneys’ fees are case dispositive procedural issues such as sovereign immunity and mootness. Id. at 1652-53. This is significant in that a prerequisite to a court engaging in an award of attorneys’ fees analysis is the existence of a prevailing party. Accordingly, the Court’s suggestion that mootness may give rise to attorneys’ fees lends support to the notion that mootness can form the basis upon which a prevailing party can be established.

While CRST was addressing the term “prevailing party” in the fee-shifting statute under Title VII of the Civil Rights Act of 1964, the Court noted “it has been [its] approach to interpret the term in a consistent

matter.” Id. at 1646. Consequently, the Court’s interpretation of “prevailing party” in CRST will be the interpretation used by the Clerk herein.

Defendant, in addition to citing CRST, makes reference to a number of district court and federal circuit cases which have addressed the “prevailing party” question since CRST. In all of these cases, save one, J.E. v. Wong, No. 14-00399 HG-KJM, 2016 WL, the defendant was identified as the prevailing party after a nonmerits based dismissal.<sup>1</sup> While Plaintiff correctly pointed out that none of the dismissals in these cases were for mootness that was not, in the Clerk’s view, Defendant’s purpose in presenting this litany of cases. Rather, it seems to the Clerk that Defendant was simply highlighting that since CRST, several courts have awarded “prevailing party” status upon defendants who have obtained favorable rulings based upon nonmerit reasons.

The question now becomes, as it pertains to the instant matter, whether the dismissal for mootness rendered Defendant the prevailing party such that it is entitled to an award of costs pursuant to Fed. R. Civ. P. 54(d). Upon a review of CRST and its progeny, the answer must be yes.

---

<sup>1</sup> In J.E. the district court was not presented with, and therefore did not address, the issue of whether the defendant was the prevailing party in any of its claims. While the terms “moot” and “prevailing party” both appeared in the court’s opinion, the two were addressed in regards to two separate claims and no discussion as to mootness and prevailing party ever occurred. Id.

As the court in Raniere v. Microsoft Corporation, 2018 U.S. App. LEXIS 9775 (Fed Cir. 2018) instructed:

The relevant inquiry post-*CRST*, then, is not limited to whether a defendant prevailed on the merits, but also considers whether the district court’s decision—“a judicially sanctioned change in the legal relationship of the parties”—effects or rebuffs a plaintiff’s attempt to effect a “material alteration in the legal relationship between the parties.”

Id. at 18-19, quoting CRST supra. The Clerk finds that it does. Plaintiff’s attempt to effect a material alteration in the legal relationship between itself and Defendant was rebuffed when the matter was dismissed as moot, and it is of no consequence that such rebuttal was not based on the merits. Defendant’s objective has been fulfilled.

## *II. Taxation of Costs*

Defendant filed its Motion for Bill of Costs on January 3, 2018, requesting \$4,978.20 in taxable costs. On January 17, 2018, Plaintiff filed written objections to Defendant’s Motion for Costs. On January 24, 2018, Defendant filed their reply to Plaintiff’s objections. A cost taxation hearing was held on January 31, 2018, with counsel for both parties in attendance.

Plaintiff’s first objection, that Defendant was not a prevailing party, has been disposed of. Turning to Plaintiff’s final objection, Plaintiff argues that should Defendant be found to be a prevailing party, that



Defendant is not entitled to be awarded fees for the *pro hac vice* admission of its out-of-district counsel. Plaintiff is correct in its objection. *Pro Hac Vice* costs are not recoverable in this district. As set forth in numerous previous opinions, many of which Plaintiff correctly cites in its objection, *pro hac vice* fees are more in the nature of overhead expenses, not litigation costs, and they are not recoverable. The Clerk will reduce Defendant's Bill of Costs by \$500.00.

As to Defendant's claim for fees for service of summons and subpoena in the amount of \$119.00, Plaintiff has submitted no objection. However, the Clerk finds that a \$119.00 service fee for one individual is excessive and reduces this amount to \$65.00, which is what the U.S. Marshal Service's service fee is.

As to Defendant's claim for fees for printed or electronically recorded transcripts in the amount of \$2,919.20, Plaintiff has submitted no objection and the Clerk finds that the nature of costs submitted by Defendant are those contemplated under 28 U.S.C. § 1920 and that these costs were adequately documented to show they were reasonable in scope and expense, that they were actually incurred in this case, that they were necessary to properly defend Defendant in this action, and that none of them were incurred solely for convenience.

As to Defendant's claim for fees for witnesses in the amount of \$40.00, Plaintiff has submitted no objection and the Clerk finds that the nature of costs submitted by Defendant are those contemplated under 28

U.S.C. § 1920 and that these costs were adequately documented to show they were reasonable in scope and expense, that they were actually incurred in this case, that they were necessary to properly defend Defendant in this action, and that none of them were incurred solely for convenience.

As to Defendant's claim for compensation of interpreters in the amount of \$1,400.00, Plaintiff has submitted no objection and the Clerk finds that the nature of costs submitted by Defendant are those contemplated under 28 U.S.C. § 1920 and that these costs were adequately documented to show they were reasonable in scope and expense, that they were actually incurred in this case, that they were necessary to properly defend Defendant in this action, and that none of them were incurred solely for convenience.

Therefore, these are the reductions that will be assessed against Defendant's costs:

	<u>Reductions</u>
1. Fees of the Clerk ( <i>pro hac vice</i> fees)	\$500.00
2. Service of Subpoena – Yuichiro Tsutsui	<u>54.00</u>
Total reductions from Defendant's itemized costs	\$554.00

The Clerk, therefore, awards costs in favor of the Defendant in the amount of \$4,424.20 after deducting the reductions set forth above.

App. 27

**DECISION**

It is the Order of the Clerk of Court that costs be awarded against the Plaintiff, B.E. Technology, LLC, and in favor of the Defendant, Facebook, Inc., in the amount of \$4,424.20.

**NOTICE OF RIGHT TO HAVE  
DECISION REVIEWED**

Pursuant to Fed. R. Civ. P. Rule 54(d), the taxation of costs by the Clerk of Court may be reviewed by the Court upon motion to the Court served within 5 days of the docketing of this Order.

Dated: May 8, 2018.

**s/ Thomas M. Gould**  
**Thomas M. Gould,**  
**Clerk of Court**

---

**IN THE UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TENNESSEE  
WESTERN DIVISION**

---

B.E. TECHNOLOGY, LLC	)	
	)	
Plaintiff,	)	
	)	
v.	)	No. 2:12-cv-02769-
	)	JPM-tmp
FACEBOOK, INC.	)	
	)	
Defendant.	)	
	)	

---

**JUDGMENT**

---

(Filed Dec. 20, 2017)

**JUDGMENT BY COURT.** The cause having come before the Court on Defendant Facebook, Inc.'s Motion for Judgment on the Pleadings (ECF No. 84) and the Court having ordered all pending claims dismissed as moot (ECF No. 87),

**IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED** that, in accordance with the Court's Order Dismissing Claims As Moot (ECF No. 87), all pending claims are hereby **DISMISSED AS MOOT**.

**SO ORDERED**, this 20th day of December, 2017.

/s/ Jon P. McCalla  
JON P. McCALLA  
UNITED STATES DISTRICT JUDGE

---

App. 29

NOTE: This order is nonprecedential.

**United States Court of Appeals  
for the Federal Circuit**

---

**B.E. TECHNOLOGY, L.L.C.,**  
*Plaintiff-Appellant*

v.

**FACEBOOK, INC.,**  
*Defendant-Appellee*

---

2018-2356

---

Appeal from the United States District Court for  
the Western District of Tennessee in No. 2:12-cv-  
02769-JPM-tmp, Chief Judge Jon P. McCalla.

---

**ON PETITION FOR PANEL REHEARING  
AND REHEARING EN BANC**

---

(Filed Dec. 26, 2019)

Before PROST, *Chief Judge*, NEWMAN, PLAGER<sup>1</sup>, LOURIE,  
DYK, MOORE, O'MALLEY, REYNA, WALLACH, TARANTO,  
CHEN, HUGHES, and STOLL, *Circuit Judges*.

PER CURIAM.

---

<sup>1</sup> Circuit Judge Plager participated only in the decision on  
the petition for panel rehearing.

App. 30

**ORDER**

Appellant B.E. Technology, L.L.C. filed a combined petition for panel rehearing and rehearing en banc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on January 2, 2020.

FOR THE COURT

December 26, 2019

Date

/s/ Peter R. Marksteiner

Peter R. Marksteiner

Clerk of Court

---