No.

IN THE

Supreme Court of the United States

RIMINI STREET, INC., AND SETH RAVIN,

Petitioners,

v.

ORACLE USA INC., ORACLE AMERICA, INC., AND ORACLE INTERNATIONAL CORPORATION,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether the Copyright Act's allowance of "full costs" (17 U.S.C. § 505) to a prevailing party is limited to taxable costs under 28 U.S.C. §§ 1920 and 1821, as the Eighth and Eleventh Circuits have held, or also authorizes non-taxable costs, as the Ninth Circuit holds.

PARTIES TO THE PROCEEDING AND RULE 29.6 STATEMENT

All parties to the case below are named in the caption.

Pursuant to this Court's Rule 29.6, undersigned counsel state that petitioner Rimini Street, Inc. is a publicly traded Delaware corporation. Rimini Street, Inc. has no parent company and no publicly held company owns 10% or more of its stock.

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PETITION FOR A WRIT OF CERTIORARI

Petitioners Rimini Street, Inc. and Seth Ravin respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a–35a) is reported at 879 F.3d 948. The district court's post-trial opinion (Pet. App. 43a–72a) is reported at 209 F. Supp. 3d 1200; its judgment (Pet. App. 38a–40a) is unreported.

JURISDICTION

The judgment of the court of appeals was entered on January 8, 2018, and that court denied a timely petition for rehearing on March 2, 2018. Pet. App. 36a–37a. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The text of 17 U.S.C. § 505, and 28 U.S.C. §§ 1821 and 1920, is reproduced at Pet. App. 92a–95a.

STATEMENT

1. From 1799 until 1853, there was no federal statute specifying which categories of litigation costs could be recovered by a prevailing party in the federal courts, nor was there any federal statute limiting the amount of such recoverable costs. Rather, "federal courts … refer[red] to state rules governing taxable costs." *Crawford Fitting Co.* v. *J. T. Gibbons, Inc.*, 482 U.S. 437, 439 (1987). This led to disarray in cost recovery, with some "losing litigants … being unfairly saddled with exorbitant" cost awards. *Taniguchi* v. *Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 565 (2012).

Congress addressed this problem in the Fee Act of 1853, which was aimed at "the flagrant abuses" fostered when "[o]ne system prevails in one district, and a totally different one in another." Cong. Globe App., 32d Cong., 2d Sess. app. 207 (1853) (statement of Sen. Bradbury). The Act presented a "uniform rule" to stop the "exceedingly oppressive" size of cost awards, and to "simplify the taxation of [fees and costs], by prescribing a limited number of definite items to be allowed." *Ibid.*; *see also* Act of Feb. 26, 1853, ch. 80, 10 Stat. 161.

The result was "a far-reaching Act specifying in detail the nature and amount of the taxable items of cost in the federal courts." *Alyeska Pipeline Serv. Co.* v. *Wilderness Soc'y*, 421 U.S. 240, 251–52 (1975). "The sweeping reforms of the 1853 Act [were] carried forward to today, without any apparent intent to change the controlling rules," with "Title 28 U.S.C. § 1920 now embod[ying] Congress' considered choice as to the kinds of expenses that a federal court may tax as costs against the losing party" (*Crawford Fitting Co.*, 482 U.S. at 440), and Section 1821 setting limits on amounts of some of those costs. These two

statutes "comprehensively regulate[]" costs "in the federal courts" (*ibid.*), and "define the full extent of a federal court's power to shift litigation costs absent express statutory authority to go further" (*W. Va. Univer. Hosps., Inc.* v. *Casey*, 499 U.S. 83, 86 (1991)).

As this Court has recognized, "taxable costs" are supposed to be "limited" and "modest in scope." *Taniguchi*, 566 U.S. at 573. Section 1920 sets out six discrete categories of "taxable costs": fees for the clerk and marshal; transcript fees; disbursements for printing and witnesses; fees for making copies; docketing fees; and the compensation of court-appointed experts and certain special interpretation services. 28 U.S.C. § 1920(1)–(6). Section 1821, in turn, delineates witness attendance rates ($40-per-day), as well as per diem rules for witness travel expenses. *Id.* § 1821(a)–(f). All other cost categories or amounts in excess of the fixed rates are considered "non-taxable."

Congress can, of course, expand the universe of recoverable costs if it decides to. But this Court explained in *Crawford Fitting* that courts do not presume Congress has done so absent "explicit statutory … authorization." 482 U.S. at 445. Thus, for instance, "no statute" can "be construed as authorizing the taxation of [expert] witness fees"—a category not found in Sections 1920 and 1821—"unless the statute refers explicitly to [expert] witness fees" and does so "unambiguously." *Arlington Cent. Sch. Dist. Bd. of Educ.* v. *Murphy*, 548 U.S. 291, 298, 301, 303 (2006).

2. Petitioner Rimini Street, Inc. engages "in lawful competition" with respondents by, among other things, providing third-party support for various enterprise software programs, the related copyrights for which are owned by respondents. Pet. App. 5a. "[U]nlike the off-the-shelf consumer software used by

individuals in everyday life, enterprise software employed by large organizations is customized around the organizations' specific needs." Pet. App. 11a. Thus, for instance, "[w]hile producers of consumer software generally design updates around standard use cases and make them available for end users to download and install directly, updates to enterprise software must be tested and modified to fit with bespoke customizations before being put to actual use." Pet. App. 11a. Much like one can take a car for service to the dealership or an independent auto mechanic, so too, respondents' licensees can shop around for aftermarket support, and sometimes they choose Rimini.

In 2010, respondents filed suit in federal district court against Rimini and Rimini's CEO, petitioner Seth Ravin, alleging numerous causes of action, ranging from copyright infringement to computer hacking. Pet. App. 6a. Respondents abandoned the vast majority of these claims before or at trial, but secured verdicts for innocent copyright infringement and violation of state anti-hacking statutes. Pet. App. 6a, 81a–82a. The jury awarded hypothetical license damages for innocent infringement in the amount of $35,600,000 and damages of just over $14 million for violations of state computer hacking statutes. Pet. App. 27a & n.7.

Post-trial, respondents moved for an "extensive permanent injunction" (Pet. App. 6a), as well as for approximately $35 million in attorneys' fees (Pet. App. 59a), more than $20 million in costs (Pet. App. 69a–70a), and over $22 million in prejudgment interest (Pet. App. 27a). The total award to respondents was approximately $124 million. Pet. App. 6a.

Included in respondents' cost award was over $12 million in non-taxable costs. Pet. App. 71a. The initial request consisted of $7,820,091.36 in "Expert Fees," $314,838.09 in "Consultant Fees," $8,271,552.59 in "Electronic Discovery Costs," and $1,230,273.64 in "Other Non-Taxable Costs," for a total of $17,636,755.68 in "Non-Taxable Costs." Pet. App. 73a–75a. The district court applied a 25% across-the-board reduction and a 50% reduction for the costs associated with one particular expert, making the total amount awarded "$12,774,550.26." Pet. App. 34a, 70a–71a.

Petitioners objected to the award of these non-taxable costs, arguing that any costs awarded under the Copyright Act were limited to taxable costs permitted by 28 U.S.C. §§ 1920 and 1821. The district court, however, followed Ninth Circuit precedent holding that the Copyright Act "permits a successful plaintiff to recover *all costs* incurred in litigation, not just taxable costs authorized by … 28 U.S.C. § 1920." Pet. App. 70a. (citing *Twentieth Century Fox Film Corp.* v. *Entm't Distrib.*, 429 F.3d 869 (9th Cir. 2005)) (emphasis added). The Ninth Circuit affirmed, explaining that it was "bound by [its] precedent" in *Twentieth Century Fox*. Pet. App. 34a.[1]

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[1] The court of appeals, however, reversed the computer hacking verdicts and all associated damages and prejudgment interest awards, vacated the permanent injunction, and vacated the entire attorneys' fees award, remanding to the district court to reconsider the injunction and attorneys' fees "in light of [respondents'] more limited success at litigation." Pet. App. 32a. All told, the court of appeals reversed or vacated nearly $50 million of the total trial and post-trial awards.

3. Petitioners filed a timely petition for rehearing en banc, noting the conflict between the panel's decision and decisions in the Eighth and Eleventh Circuits. *See Pinkham* v. *Camex, Inc.*, 84 F.3d 292 (8th Cir. 1996) (per curiam); *Artisan Contractors Ass'n of Am., Inc.* v. *Frontier Ins. Co.*, 275 F.3d 1038 (11th Cir. 2001) (per curiam). Petitioners also argued that the Ninth Circuit's rule is directly contrary to this Court's decisions in *Crawford Fitting*, *Casey*, and *Murphy*. In opposition, respondents acknowledged the "circuit split" on the availability of non-taxable costs under the Copyright Act, but urged the Ninth Circuit to follow circuit precedent. Resp. C.A. Br. in Opp. 1, 12, No. 16-16832, Dkt. 93 (Feb. 14, 2018). The Ninth Circuit denied rehearing. Pet. App. 36a–37a.

REASONS FOR GRANTING THE PETITION

Congress enacted a *uniform* rule for the costs available to prevailing parties under federal statutory fee-shifting provisions, but the federal courts are sharply divided on the scope of available costs in copyright cases. Congress authorized the recovery of only those "taxable" costs specified in Sections 1920 and 1821, but in the Ninth Circuit, an unbounded set of "non-taxable" costs is available, exemplified here by a $12 million award of expert witness fees, consulting fees, and other costs not permitted by statute. This is an important and recurring question, made more acute by the Ninth Circuit's large copyright litigation docket, and by the fact that the question presented often escapes appellate review. The Court should grant the petition, reverse the Ninth Circuit's judgment, and restore uniformity on this important issue.

I. THERE IS A DIRECT AND ACKNOWLEDGED CIRCUIT SPLIT ON THE SCOPE OF "FULL COSTS" UNDER THE COPYRIGHT ACT

The circuits are divided on the question whether the Copyright Act's allowance for the recovery of "full costs" (17 U.S.C. § 505) overrides Sections 1920 and 1821, which generally limit cost awards in federal courts to identified categories of "taxable" costs. This Court should grant review in order to resolve this circuit conflict. *See* S. Ct. R. 10(a).

In *Pinkham* v. *Camex, Inc.*, 84 F.3d 292 (8th Cir. 1996) (per curiam), the plaintiff cross-appealed the denial of an award of "expert witness fees" in a copyright case, which exceeded the $40-per-day witness attendance fee rate set forth in Sections 1920 and 1821. *Id.* at 295. Relying on this Court's decisions in *Crawford Fitting* and *Casey*, the Eighth Circuit held that the words "full costs" did not "'clearly,' 'explicitly,' or 'plainly,' evidence[] congressional intent to treat 17 U.S.C. § 505 costs differently from costs authorized in other statutes." *Ibid.* Accordingly, the court held that costs under the Copyright Act are limited to the categories "expressly identified" in Section 1920 and the accompanying rate limitations imposed by Section 1821. *Ibid.*

In *Artisan Contractors Ass'n of America, Inc.* v. *Frontier Insurance Co.*, 275 F.3d 1038 (11th Cir. 2001) (per curiam), the Eleventh Circuit also considered whether expert witness fees could be taxed above and beyond the amounts permitted as attendance fees in Sections 1920 and 1821. *Id.* at 1038. The court concluded that "Section 505 [of the Copyright Act] makes no clear reference to witness fees, nor otherwise evinces a clear congressional intent to supercede the limitations imposed" by Congress's comprehensive

cost-shifting regime. *Id.* at 1039–40. Thus, it held that non-taxable costs are not recoverable under the Copyright Act.

In contrast, the Ninth Circuit in *Twentieth Century Fox* upheld tens of thousands of dollars in non-taxable costs under the Copyright Act, determining that the lone word "full" in the Copyright Act was "clear evidence of congressional intent that non-taxable costs should be available." 429 F.3d at 885. To hold otherwise, the court reasoned, "would be to violate the long standing principle … that statutes should not be construed to make surplusage of any provision," because "[c]onstruing § 505 as limiting the costs that may be awarded to any particular subset of taxable costs effectively reads the word 'full' out of the statute." *Ibid.* The court expressly rejected *Pinkham* and *Artisan Contractors*, concluding that there could be "no other import to the phrase 'full costs'" other than to override Sections 1920 and 1821. *Ibid.* The court of appeals here, bound by *Twentieth Century Fox*, affirmed an award of over $12 million in expert witness fees and other non-taxable costs.[2]

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[2] The Sixth Circuit has also affirmed an award of non-taxable costs under Section 505 of the Copyright Act (*see Coles* v. *Wonder*, 283 F.3d 798, 803 (6th Cir. 2002)), but did so "without discussion" or acknowledgment of the contrary decisions of the Eighth and Eleventh Circuits (*Twentieth Century Fox*, 429 F.3d at 885). The First and Seventh Circuits have acknowledged the issue, but have avoided directly ruling on it. *See InvesSys, Inc.* v. *McGraw-Hill Cos.*, 369 F.3d 16, 22–23 (1st Cir. 2004) (holding that electronic legal research is part of "attorneys' fees" under Section 505); *Susan Wakeen Doll Co.* v. *Ashton Drake Galleries*, 272 F.3d 441, 458 (7th Cir. 2001) (holding that district court "erred in awarding attorney's fees as 'costs' under 28 U.S.C. § 1920" in copyright case).

The circuits are thus clearly divided over this important issue. *See* 4 *Nimmer on Copyright* § 14.09, pp. 14-312 to 14-313 (acknowledging and describing split); 6 *Patry on Copyright* § 22:221 ("Courts are split on whether nontaxable costs (those not listed in section 1920) may be awarded under section 505.").

Numerous district courts have also noted the "circuit split on the issue of whether non-taxable fees are recoverable under [Section] 505." *BMG Rights Mgmt. (US) LLC* v. *Cox Commc'ns, Inc.*, 234 F. Supp. 3d 760, 778–79 (E.D. Va. 2017), *vacated on other grounds,* 881 F.3d 293 (4th Cir. 2018). Some federal district courts have sided with the Eighth and Eleventh Circuits.[3]

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[3] *See*, *e.g.*, *ME2 Prods., Inc.* v. *Ahmed*, 289 F. Supp. 3d 760, 766 n.2 (W.D. Va. 2018) ("Although circuit courts disagree over whether § 505 is broader than 28 U.S.C. § 1920, the court will exercise its discretion to limit costs in this matter to those recoverable under § 1920."); *Humphreys & Partners Architects, L.P.* v. *Lessard Design, Inc.*, 152 F. Supp. 3d 503, 524 (E.D. Va. 2015) ("[T]here is a circuit split on whether or not 'full costs' encompasses more than the costs recoverable pursuant to Sections 1821 and 1920.… The Eighth and Eleventh Circuit's [position] … is persuasive."); *Tempest Publ'g, Inc.* v. *Hacienda Records & Recording Studio, Inc.*, 141 F. Supp. 3d 712, 723 (S.D. Tex. 2015) ("Given … the weight of circuit authority resting against a broad reading of § 505, the court concludes that the costs taxable under § 505 are limited to those enumerated in § 1920."); *Healthcare Advocates, Inc.* v. *Harding*, 2007 WL 2684016, at *1 (E.D. Pa. Sept. 10, 2007) ("The term 'full costs' in this statute refers to those costs allowed pursuant to 28 U.S.C. § 1920."); *Arista Records LLC* v. *Gaines*, 635 F. Supp. 2d 414, 418 (E.D.N.C. 2009) ("The district court's discretion [to award costs under Section 505] is limited by 28 U.S.C. § 1920."); *Schiffer Publ'g, Ltd.* v. *Chronicle Books, LLC*, 2005 WL 1244923, at *15 (E.D. Pa. May 24, 2005) ("[T]he 'full costs' language of § 505 does not constitute clear, explicit, or plain evidence of congressional intent to treat 17 U.S.C. § 505 costs differently from costs authorized in other

Other district courts have opted to follow the Ninth Circuit.[4]

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statutes ... expert witness fees taxable as costs pursuant to § 505" are limited by Sections 1920 and 1821.); *Boisson* v. *Banian Ltd.*, 221 F.R.D. 378, 379 (E.D.N.Y. 2004) ("costs recoverable in a copyright action, are those recoverable pursuant to 28 U.S.C. § 1920"); *Barrera* v. *Brooklyn Music, Ltd.*, 346 F. Supp. 2d 400, 405 (S.D.N.Y. 2004) ("[T]he 'full costs' referred to in § 505 of the Copyright Act are commensurate with those costs allowed under 28 U.S.C. § 1920."); *U.S. Media Corp.* v. *Edde Entm't, Inc.*, 1999 WL 498216, at *7 (S.D.N.Y. July 14, 1999) ("The weight of authority indicates that the 'full costs' referred to in the Copyright Act are nothing more than the costs allowed under 28 U.S.C. § 1920."); *NLFC, Inc.* v. *Devcom Mid-Am., Inc.*, 916 F. Supp. 751, 764 (N.D. Ill. 1996) ("[F]or experts not appointed by the Court, the prevailing party may only recover the statutory amount prescribed in § 1821 and not any additional expert fees unless permitted by specific provision of a fee shifting statute."); *Data Gen. Corp.* v. *Grumman Sys. Support Corp.*, 825 F. Supp. 361, 367 (D. Mass. 1993), *aff'd and remanded*, 36 F.3d 1147 (1st Cir. 1994) ("The implication of [*Crawford* and *Casey*] is that 28 U.S.C. § 1920 defines the 'costs' that may be awarded under … [Section] 505 of the Copyright Act.").

[4] *See*, *e.g.*, *Clear Skies Nev., LLC* v. *Hancock*, No. 1:15-cv-06708, Dkt. 113, at 7 (N.D. Ill. Dec. 5, 2017) ("The Court finds the reasoning of the Ninth Circuit persuasive and follows its holding that full expert witness costs are available to prevailing parties under § 505."); *Ronaldo Designer Jewelry, Inc.* v. *Prinzo*, 2017 WL 3588806, at *7 (S.D. Miss. Aug. 21, 2017); *Clarity Software, LLC* v. *Fin. Indep. Grp., LLC*, 2016 WL 3083383, at *7 (W.D. Pa. May 31, 2016) ("Section 505 authorizes the award of a broader sweep of costs to a prevailing party than does Section 1920."); *Guzman* v. *Hacienda Records, L.P.*, 2015 WL 5254067, at *3 (S.D. Tex. Sept. 9, 2015); *Eagle Servs. Corp.* v. *H2O Indus. Servs., Inc.*, 2012 WL 3255606, at *4 (N.D. Ind. Aug. 8, 2012) ("investigation, expert witnesses, mock trial," costs "are recoverable" under Section 505); *Compass Homes, Inc.* v. *Heritage Custom Homes, LLC*, 2015 WL 4639654, at *10 (S.D. Ohio Aug. 3, 2015).

Respondents have already acknowledged the "circuit split on [the] cost-award issue." Resp. C.A. Br. in Opp. 1, 12. To put it mildly, "[t]here is a lot of disagreement on this point." *Clarity Software*, 2016 WL 3083383, at *6. This Court should, therefore, grant review to decide whether the Copyright Act's allowance of "full costs" is limited to taxable costs (as most courts of appeals to have considered the issue hold) or also permits non-taxable costs (as the court below ruled).[5]

II. The Ninth Circuit's Decision Conflicts With This Court's Precedents And Is Wrong

The Ninth Circuit's decision is in conflict with this Court's settled precedent on the scope of Sections 1920

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[5] Several other statutes, like Section 505, permit the recovery of "full costs." *See* Semiconductor Chip Protection Act of 1984, 17 U.S.C. § 911(f) ("[T]he court in its discretion may allow the recovery of full costs, including reasonable attorneys' fees, to the prevailing party."); Judicial Code, 28 U.S.C. § 4001(g) ("[T]he court in its discretion may allow the recovery of full costs by or against any party and may also award a reasonable attorney's fee to the prevailing party as part of the costs."); Cable Communications Policy Act of 1984, 47 U.S.C. § 553(c)(2)(C) ("The court may … direct the recovery of full costs, including awarding reasonable attorneys' fees to an aggrieved party who prevails."); Communications Act of 1934, 47 U.S.C. § 605(e)(3)(B)(iii) ("The court … shall direct the recovery of full costs, including awarding reasonable attorneys' fees to an aggrieved party who prevails."). And district courts are split on whether non-taxable costs are recoverable under the Communications Act. *Compare*, *e.g.*, *Kingvision Pay-Per-View Ltd.* v. *Autar*, 426 F. Supp. 2d 59, 67 (E.D.N.Y. 2006), *with*, *e.g.*, *J & J Sports Prods., Inc.* v. *Argueta*, 2017 WL 628299, at *3 (W.D. Ark. Feb. 15, 2017), *and EchoStar Satellite Corp.* v. *NDS Grps. PLC*, 2009 WL 10675250, at *2 (C.D. Cal. July 17, 2009).

and 1821, and misinterprets the Copyright Act, warranting this Court's review. *See* S. Ct. R. 10(c).

1. The Ninth Circuit concluded that the single word "full" in "full costs" constituted "clear" and unambiguous "evidence of congressional intent" sufficient to override a centuries-old and comprehensive taxable costs regime. *Twentieth Century Fox*, 429 F.3d at 885. That conclusion cannot be reconciled with this Court's holdings and reasoning in *Crawford Fitting*, *Casey*, and *Murphy*.

In *Crawford Fitting*, the prevailing parties had submitted a bill of costs seeking tens of thousands of dollars of expert witness fees on the theory that Federal Rule of Civil Procedure 54(d) "granted [the district court] discretion to exceed the $30-per-day witness fee limit found in 28 U.S.C. § 1821(b)." 482 U.S. at 439.

This Court rejected that argument, holding that when "a prevailing party seeks reimbursement for fees paid to its own expert witnesses, a federal court is bound" by the limitations of Sections 1920 and 1821. 482 U.S. at 439. After examining the history of Congress's "comprehensive[] regulat[ion] [of] fees and the taxation of fees as costs in the federal courts," this Court laid down a simple and clear rule: Unless there is "plain evidence of congressional intent to supersede [Sections 1920 and 1821]," a court may not assess non-taxable costs, such as expert fees, against a losing party. *Id.* at 440, 445; *see also id.* at 445 ("We hold that absent explicit statutory or contractual authorization for the taxation of the expenses of a litigant's witness as costs, federal courts are bound by the limitations set out in 28 U.S.C. § 1821 and § 1920.").

This Court reiterated and applied this rule in *Casey*, where it considered "whether the term 'attorney's fee' in [42 U.S.C. § 1988] provides the 'explicit statutory authority' required by *Crawford Fitting*," or alternatively, whether such fees might be considered "part of the 'costs' allowed by § 1988." 499 U.S. at 87 & n.3. The answer to both questions was a resounding *no*.

The Court in *Casey* observed that Sections 1920 and 1821 "define *the full extent* of a federal court's power to shift litigation costs absent *express statutory authority to go further*." *Casey*, 499 U.S. at 86 (emphases added). Section 1988 did not contain any provision "referring explicitly" to categories of costs beyond Sections 1920 and 1821, unlike numerous statutes enacted "[i]n 1976, just over a week prior" to the version of Section 1988 in force at the time. *Id.* at 87–88. Those statutes, unlike Section 1988, expressly shifted expert fees. *Id.* at 88. The Court took this as powerful evidence that Congress knew how to provide for cost categories beyond those in Section 1920, thus rejecting the party's argument that it could recover these non-taxable costs. *Ibid.*

Murphy concerned whether the Individuals with Disabilities Education Act permits the recovery of expert fees when it provides that a court "may award reasonable attorneys' fees as part of the costs" to prevailing parents. 548 U.S. at 293–94. The Court held that "it does not." *Id.* at 294.

The Court again emphasized the *Crawford Fitting* rule: Under "*Crawford Fitting*[,] *no statute* will be construed as authorizing the taxation of witness fees as costs unless the statute refers explicitly to witness fees." 548 U.S. at 301 (emphasis added). "'[C]osts' is a term of art" that "obviously" refers to "the list set out

in 28 U.S.C. § 1920" and "§ 1821," both of which govern "the taxation of costs in federal court" and "strictly limit[]" recoveries of expenses such as witness fees. *Id.* at 297–98.

The inescapable teaching of *Murphy* is that under *Crawford Fitting* and *Casey*, "a cost- or fee-shifting provision will not be read to permit a prevailing party to recover expert fees without explicit statutory authority indicating that Congress intended *for that sort of fee-shifting*." 548 U.S. at 295 (emphasis added).

2. The Ninth Circuit's decision conflicts with this clear precedent because the phrase "full costs" in the Copyright Act does not explicitly provide for the "*sort of fee-shifting*" the Ninth Circuit endorsed here—non-taxable costs such as expert witness fees, jury consulting fees, electronic discovery costs, etc. *Murphy*, 548 U.S. at 295 (emphasis added).

Congress knows how to shift expert witness fees, and it has done so on many occasions. *See*, *e.g.*, 5 U.S.C. § 504(b)(1)(A) ("'fees and other expenses' includes the reasonable expenses of expert witnesses"); 15 U.S.C. § 2805(d)(1)(C) (providing for recovery of "reasonable attorney and expert witness fees"); 54 U.S.C. § 307105 (prevailing party may receive "attorney's fees, expert witness fees, and other costs of participating in the civil action, as the court considers reasonable."); 16 U.S.C. § 825q-1(b)(2) ("compensation for reasonable attorney's fees, expert witness fees, and other costs of intervening or participating in any proceeding"); 26 U.S.C. § 7430(c)(1)(A)–(B) ("The term 'reasonable litigation costs' includes … reasonable court costs, and … the reasonable expenses of expert witnesses in connection with a court proceeding…."). Indeed, Congress passed numerous statutes contemporaneously with the Copyright Act that *did*

expressly provide for the shifting of expert fees, but omitted such fee-shifting in the Copyright Act. *Compare Casey*, 499 U.S. at 87–88, *with* Pub. L. 94-559, 90 Stat. 2641 (Oct. 19, 1976) (42 U.S.C. § 1988), *and id.* § 101, 90 Stat. 2586 (17 U.S.C. § 505).

Congress also frequently uses different terminology, such as "expenses," when it intends to expand the scope of what is available under Sections 1920 and 1821. *Murphy*, 548 U.S. at 297. But here, Congress's invocation of the word "costs" is a "term of art" that "strongly suggests" that Section 505 of the Copyright Act "was not meant to be an open-ended provision" making parties "liable for all expenses incurred by prevailing" parties in copyright litigation. *Ibid.*

By authorizing "costs" in the Copyright Act, Congress authorized *taxable* costs, as specified in Sections 1920 and 1821—as *Murphy* recognizes. A prevailing party is thus entitled, in the district court's discretion, to its taxable costs; but courts have no discretion under the Copyright Act to award non-taxable costs.

3. There is nothing about the word "full" that expressly authorizes non-taxable costs. The Ninth Circuit concluded that "there can be no other import to the phrase 'full costs'" besides overriding Sections 1920 and 1821. *Twentieth Century Fox*, 429 F.3d at 885. That is wrong, as numerous courts have explained. *E.g.*, *Humphreys & Partners*, 152 F. Supp. 3d at 525; *see also BMG Rights Mgmt.*, 234 F. Supp. 3d at 779; *Under a Foot Plant, Co.* v. *Exterior Design, Inc.*, 2017 WL 3840260, at *4 (D. Md. Sept. 1, 2017) (dicta); *Fharmacy Records* v. *Nassar*, 729 F. Supp. 2d 865, 893 (E.D. Mich. 2010); *EMI Apr. Music, Inc.* v. *Garland Enters., LLC*, 2012 WL 2342994, at *3 (D. Md. June 19, 2012). "'[F]ull' has another possible, non-superfluous meaning"; it "refer[s] to *the degree of*

costs recoverable under §§ 1821 and 1920." *Humphreys & Partners*, 152 F. Supp. 3d at 525 (emphasis added).

The conclusion of the courts above is consistent with the longstanding historical meaning of the phrase "full costs" in federal copyright statutes. That phrase never meant, and does not today mean, "all categories of litigation expenses." Rather, "full costs" is little more than an indication that whatever "costs" are authorized as taxable under federal law, *those* costs are available in "full" at the discretion of the district court. In other words, no prevailing party in a copyright case is precluded from recovering its taxable costs. That reasoning, unlike the Ninth Circuit's, has a sterling historical pedigree.

Until the passage of the Fee Act of 1853, federal copyright cases were subject to the "state rules governing taxable costs." *Crawford Fitting*, 482 U.S. at 439; *see also Alyeska Pipeline*, 421 U.S. at 250. Congress first provided for "full costs" in 1831, when it revised the copyright statute to say that "in all recoveries under [the copyright statute,] … *full costs* shall be allowed thereon, *any thing in any former act to the contrary notwithstanding*." Act of Feb. 3, 1831, ch. 16, § 12, 4 Stat. 436, 438–39 (emphases added). The reason for this language was that for a time, the circuit courts of the United States had original jurisdiction over copyright actions (*see* Act of Feb. 15, 1819, ch. 19, 3 Stat. 481, 481), which also meant that if a prevailing plaintiff recovered less than $500, exclusive of costs, he was barred from recovering his own costs and could also "be adjudged to *pay* costs" for the other side (Judiciary Act of 1789, ch. 20, § 20, 1 Stat. 73, 83). Thus, the "full costs" language did not expand the substan-

tive categories of costs available—which were governed by state law—but simply overrode the potential penalty when a plaintiff recovered less than $500 in damages.

As the House Report to the 1909 Act explained, "[t]he provision for full costs" was meant only to override the $500-threshold cost penalty. H.R. Rep. No. 2222, 60th Cong., 2d Sess. 19 (1909). And the phrase "full costs" was carried forward, unaltered, into the 1976 Copyright Act.[6] There is no evidence suggesting that "full costs" expanded the scope of available cost categories. Indeed, legislative history for the 1976 Act shows it was "merely an attempt to explicitly grant discretionary authority … in connection with the award of costs" (*Stevens Linen Assocs.* v. *Mastercraft Corp.*, 1981 WL 1426, at *3 (S.D.N.Y. Feb. 17, 1981)), because under the 1909 Act, full costs were mandatory (*Fogerty* v. *Fantasy, Inc.*, 510 U.S. 517, 524 n.11

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[6] Congress used this "full costs" language in each iteration of the Copyright Act. *See*, *e.g.*, Copyright Act of 1870, ch. 230, § 108, 16 Stat. 198, 215; Copyright Act of 1909, Pub. L. No. 60-349, ch. 320, § 40, 35 Stat. 1075, 1084; 17 U.S.C. § 40 (1934); Act of July 30, 1947, ch. 391, § 116, 61 Stat. 652, 665; 17 U.S.C. § 116 (1958); *id.* § 116 (1970); Copyright Act of 1976, Pub. L. No. 94-553, § 505, 90 Stat. 2541, 2586. And like the Copyright Act, neither the text nor the legislative history of other statutes using the phrase "full costs" indicates that Congress was seeking to override Sections 1920 and 1821. *See* 17 U.S.C. § 911(f); 28 U.S.C. § 4001(g); 47 U.S.C. § 553(c)(2)(C); 47 U.S.C. § 605(e)(3)(B)(iii). If anything, the legislative history of 17 U.S.C. § 911(f) shows that a prior version of the bill had a broader phrase, "expenses of suit," which was then narrowed to "full costs." *Compare Copyright Protection for Semiconductor Chips: Hearing on H.R. 1028 Before the Subcomm. on Courts, Civil Liberties & the Admin. of Justice of the H. Comm. on the Judiciary,* 98th Cong. 169 (1983), *with* Murphy, 548 U.S. at 297 (contrasting "costs" and "expenses").

(1994); *see also* H.R. Rep. No. 94-1476, at 163 (1976) ("Under section 505 the awarding of costs and attorney's fees are left to the court's discretion."); S. Rep. No. 94-473 (1975) (same)). Congress's repeated use of the term of art, "costs," (as opposed to witness fees, expenses, or some other word) shows that it meant taxable costs throughout. *Murphy*, 548 U.S. at 297.

The Ninth Circuit's decision is in direct conflict with this Court's settled precedents and with the evident meaning of the Copyright Act.

III. National Uniformity On The Question Presented Is Exceptionally Important

The split among the courts of appeals disrupts "the uniformity Congress sought to achieve" under the Copyright Act (*Petrella* v. *Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 1975 (2014)) and simultaneously undermines the very evils Congress expressly set out to eradicate with the passage of the Fee Act and its successor statutes, Sections 1920 and 1821 (*see also* David Nimmer, *Codifying Copyright Comprehensibly*, 51 U.C.L.A. L. Rev. 1233, 1286–88 & Tbl. A (2004) (labeling the "[c]osts and fees" provision of Section 505 as "nationally significant")). Exorbitant costs are awarded in the Ninth Circuit that are unavailable in other circuits—a particular problem, given the volume of copyright cases decided in the Ninth Circuit.

During 2017, there were over 3,700 cases invoking federal copyright law commenced in the federal district courts. *See Federal Judicial Caseload Statistics, 2017, U.S. Dist. Cts.—Civil Cases Commenced, by Basis of Jurisdiction and Nature of Suit,* Table C-2 at 4 (Mar. 31, 2017). The year before that, there were over 5,000 such cases. *Ibid.* And the district courts com-

prising the Ninth Circuit hear more intellectual property cases than the district courts of any other circuit in the country. *See Federal Judicial Caseload Statistics, 2017, U.S. Dist. Cts.—Civil Cases Commenced, by Nature of Suit and Dist.*, Table C-3 at 1–6 (Mar. 31, 2017).

Unsurprisingly, given the rule laid out in *Twentieth Century Fox*, courts in the Ninth Circuit routinely award non-taxable costs.[7] And it is not uncommon, as

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[7] *E.g.*, *Perfect 10, Inc.* v. *Giganews, Inc.*, 2015 WL 1746484, at *1 (C.D. Cal. Mar. 24, 2015), *aff'd,* 847 F.3d 657 (9th Cir. 2017); *Pringle* v. *Adams*, 2014 WL 3706826, at *7–8 (C.D. Cal. July 23, 2014); *Wyatt Tech. Corp.* v. *Malvern Instruments, Inc.*, 2010 WL 11404472, at *4–5 (C.D. Cal. June 17, 2010); *ExperExchange, Inc.* v. *Doculex, Inc.*, 2010 WL 1881484, at *1 (N.D. Cal. May 10, 2010); *Althouse* v. *Warner Bros. Entm't*, 2014 WL 12599798, at *4 (C.D. Cal. June 17, 2014); *Liguori* v. *Hansen*, 2017 WL 627219, at *14 (D. Nev. Feb. 15, 2017); *VMG Salsoul, LLC* v. *Ciccone*, 2014 WL 12585798, at *13 (C.D. Cal. Apr. 28, 2014); *Kourtis* v. *Cameron*, 358 F. App'x 863, 868 (9th Cir. 2009); *Lanard Toys Ltd.* v. *Novelty, Inc.*, 2008 WL 11333941, at *22 (C.D. Cal. Mar. 18, 2008); *Express LLC* v. *Forever 21*, 2010 WL 11512410, at *9 (C.D. Cal. Nov. 15, 2010); *Gilbert* v. *New Line Prods., Inc.*, 2010 WL 5790688, at *6 (C.D. Cal. Dec. 6, 2010), *aff'd in part, vacated in part, remanded*, 490 F. App'x 34 (9th Cir. 2012); *Paramount Pictures Corp.* v. *Int'l Media Films Inc.*, 2015 WL 12745843, at *10 (C.D. Cal. Feb. 18, 2015); *AAA Flag & Banner Mfg., Co.* v. *Flynn Signs & Graphics Inc.*, 2010 WL 11462990, at *4 (C.D. Cal. July 19, 2010); *Identity Arts* v. *Best Buy Enter. Servs. Inc.*, 2008 WL 820674, at *9 (N.D. Cal. Mar. 26, 2008); *Yue* v. *Storage Tech. Corp.*, 2008 WL 4185835, at *6 (N.D. Cal. Sept. 5, 2008); *Seoul Broad. Sys. Int'l, Inc.* v. *Korea Int'l Satellite Broad.*, 2009 WL 10672770, at *10 (C.D. Cal. June 19, 2009); *Atl. Recording Corp.* v. *Andersen*, 2008 WL 2536834, at *3 (D. Or. June 24, 2008); *Watermark Publishers* v. *High Tech. Sys. Inc.*, 1997 WL 717677, at *13 (S.D. Cal. June 18, 1997); *Righthaven LLC* v. *DiBiase*, 2011 WL 5101938, at *1 (D. Nev. Oct. 26, 2011); *Braddock* v. *Jolie*, 2013 WL 12130563, at *5 (C.D. Cal. June 7, 2013); *Gable* v. *NBC*,

this case demonstrates, for such awards to reach into the hundreds of thousands, millions, and even *tens of millions* of dollars. *E.g.*, Pet. App. 71a (awarding over $12 million in non-taxable costs); *Mattel, Inc.* v. *MGA Entm't, Inc.*, 2011 WL 3420603, at *9 (C.D. Cal. Aug. 4, 2011), *aff'd* 705 F.3d 1108 (9th Cir. 2013) (awarding $31,667,104 out of "approximately $40 million in costs" sought under Section 505).[8]

Litigants in other circuits, in contrast, do not stand to receive (or pay) such exorbitant cost awards in copyright cases. The judgment in this case is at least 17% higher because it was brought in the Ninth Circuit rather than in the Eighth or Eleventh, where prevailing parties are limited to non-taxable costs. One party should not receive a multi-million-dollar

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2010 WL 11506430, at *1 (C.D. Cal. Aug. 6, 2010); *Lewis* v. *Activision Blizzard, Inc.*, 2014 WL 4953770, at *5 (N.D. Cal. Sept. 25, 2014); *Symantec Corp.* v. *CD Micro, Inc.*, 2005 WL 1972563, at *5 (D. Or. Aug. 12, 2005); *Asset Vision, LLC* v. *Fielding*, 2014 WL 7186840, at *4 (D. Idaho Dec. 16, 2014); *DuckHole Inc.* v. *NBCUniversal Media LLC*, 2013 WL 5797204, at *6 (C.D. Cal. Oct. 25, 2013); *Berry* v. *Hawaiian Express Serv., Inc.*, 2006 WL 4102120, at *16–17 (D. Haw. Oct. 25, 2006); *Nat'l Comm'n for Certification of Crane Operators.* v. *Ventula*, 2010 WL 2179505, at *6 (D. Haw. Apr. 30, 2010); *Malibu Media, LLC* v. *Sianturi*, 2017 WL 3328082, at *8 (E.D. Cal. Aug. 4, 2017); *Wild* v. *NBC Universal*, 2011 WL 12877031, at *3 (C.D. Cal. July 18, 2011); *Niven* v. *Brewster*, 2012 WL 13005444, at *4 (C.D. Cal. Apr. 11, 2012); *WB Music Corp.* v. *S. Beach Rest., Inc.*, 2009 WL 5128510, at *1 (D. Ariz. Dec. 21, 2009).

[8] *See also*, *e.g.*, *Perfect 10*, 2015 WL 1746484, at *1 ($424,235.47); *Pringle*, 2014 WL 3706826, at *7–8 ($300,096.24); *Wyatt Tech.*, 2010 WL 11404472, at *4–5 ($79,611.61); *ExperExchange*, 2010 WL 1881484, at *1 ($58,509.47); *Althouse*, 2014 WL 12599798, at *4 ($57,739.38); *Liguori*, 2017 WL 627219, at *14 ($53,719.07); *VMG Salsoul*, 2014 WL 12585798, at *13 ($50,055.00).

windfall (and the other be forced to foot a large payout) solely based on the district in which suit is commenced.

This is *exactly* the problem Congress sought to remedy nearly 170 years ago. *See Alyeska Pipeline*, 421 U.S. at 247–50 & n.19; *Crawford Fitting*, 482 U.S. at 439; *Taniguchi*, 566 U.S. at 565. The Ninth Circuit's practice returns the federal courts to the days before the 1853 Fee Act, where "[o]ne system prevails in one district, and a totally different one in another." Cong. Globe App., 32d Cong., 2d Sess. app. 207. As a consequence, there are "flagrant abuses" and "exceedingly oppressive" fee awards being doled out in the Ninth Circuit, where parties can recover millions upon millions of dollars they cannot recover in other jurisdictions on the same claims.

What is more, the Ninth Circuit's rule substitutes its judgment for that of Congress as to how best to provide for costs in copyright litigation. The court of appeals is wrong as a matter of construction, *see supra* Part II, but its decision to cast aside Sections 1920 and 1821 necessarily trammels on the "separation of powers" as well by too easily concluding that one statute "displaces the other," without "a clearly expressed congressional intention," *Epic Sys. Corp.* v. *Lewis*, No. 16-285, slip op. 10 (U.S. May 21, 2018).

This Court should step in to restore Congress's intended regime and bring uniformity back to Copyright Act costs. *See Taylor* v. *United States*, 504 U.S. 991, 991 (1992) (White, J., dissenting from the denial of certiorari) ("One of the Court's duties is to do its best to see that the federal law is not being applied differently in the various circuits around the country.").

IV. THIS CASE IS AN IDEAL VEHICLE FOR ADDRESSING A QUESTION THAT OFTEN ESCAPES APPELLATE REVIEW

The important and frequently recurring question presented often evades appellate review, and thus this Court's ultimate review. It is, however, squarely presented here, making this case an ideal vehicle for this Court's resolution of the question.

Recoverable litigation costs are usually modest—as they should be. *See Taniguchi*, 566 U.S. at 573. In many cases that award may amount to only a few thousand dollars. Notably, this Court has granted certiorari to review awards of non-taxable costs under Section 1920 of only a few thousand dollars. *See* Pet. 6, *Taniguchi* v. *Kan Pac. Saipan, Ltd.*, 2011 WL 2192279 (U.S.) (June 3, 2011) (non-taxable cost award of $5,517.20); *Taniguchi* v. *Kan Pac. Saipan, Ltd.*, 564 U.S. 1066 (2011) (granting certiorari). Yet parties often do not appeal an award of costs simply because the cost of the appeal may outweigh the challenged cost award.

Even where the size of a non-taxable cost award independently justifies an appeal, the issue can still easily evade appellate review. Costs are, almost by definition, the *last* item raised on appeal, and, as a result, are often not decided by the courts of appeals. For instance, in a recent case in the Fourth Circuit, a party sought nearly $3 million in non-taxable costs under the Copyright Act. The district court denied the award, recounting the circuit split and siding with the Eighth and Eleventh Circuits. *BMG Rights Mgmt.*, 234 F. Supp. 3d at 779. The parties fully briefed the issue before the Fourth Circuit, but the court of appeals reversed on one of the primary issues on ap-

peal—an erroneous jury instruction—and did "not address the merits of [the fee and cost] awards." *BMG Rights Mgmt. (US) LLC* v. *Cox Commc'ns, Inc.*, 881 F.3d 293, 301 n.1 (4th Cir. 2018).

This case—cleanly presenting a *$12 million* non-taxable cost award—thus presents an ideal opportunity and vehicle for this Court to address the question presented, and to bring clarity to this important question that has divided the lower courts. The question presented is binary: Either the Copyright Act limits recoverable costs to taxable costs under Sections 1920 and 1821, or it does not. The issue was cleanly presented and decided in both the district court and the court of appeals. Both parties have acknowledged the circuit split on the issue. The panel below followed circuit precedent, and rehearing was denied; so only this Court's review can resolve the conflict. Such review is warranted now, in this case.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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