NO. 13-10182

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

M3GIRL DESIGNS, L.L.C., a Texas Limited Liability Company,

Plaintiff - Appellee

v.

BLUE BROWNIES, L.L.C., an Arkansas Limited Liability Company; KRISTA DUDTE, an individual residing in Arkansas; ROBERT DUDTE,

Defendants - Appellants

On Appeal from the United States District Court
for the Northern District of Texas, Dallas Division
C.A. No. 3:09-CV-2390

BRIEF OF APPELLANTS, BLUE BROWNIES, LLC, KRISTA DUDTE, and ROBERT DUDTE

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ORAL ARGUMENT REQUESTED

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CERTIFICATE OF INTERESTED PERSONS

The undersigned counsel of record certifies that the following listed persons and entities as described in the fourth sentence of Fifth Circuit Rule 28.2.1 have an interest in the outcome of this case. These representations are made in order that the judges of this Court may evaluate possible disqualification or recusal.

1. M3 Girl Designs, LLC
   Plaintiff-Appellee

2. Diane Bradshaw
   Owner of M3 Girl Designs, LLC

3. Madeline Bradshaw
   Owner of M3 Girl Designs, LLC

4. Margot Bradshaw
   Owner of M3 Girl Designs, LLC

5. Hemingway & Hansen, LLP
   Attorneys for Plaintiff-Appellee

6. Blue Brownies, LLC
Defendant-Appellant

7. Krista Dudte
Defendant-Appellant

8. Robert Dudte
Defendant-Appellant

9. Cincinnati Insurance Company
Insurer for Blue Brownies, LLC

10. Charles W. Hanor, P.C.
Attorneys for Defendants-Appellants

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Attorneys for Defendants-Appellants

No parent corporation or publicly held corporation owns any stock in Blue Brownies, LLC.

/s/ Charles W. Hanor

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STATEMENT REGARDING ORAL ARGUMENT

Appellants, Blue Brownies, LLC, Krista Dudte, and Robert Dudte, respectfully request oral argument. The issues in this appeal involve uncertain legal standards, a paucity of binding precedent, and differing judicial approaches. Clear guidance is needed for district courts in the Fifth Circuit to properly decide (a) when a defendant qualifies as a prevailing party on a dismissed copyright claim, and (b) when a party must be reimbursed for the unreasonable or manifestly unjust fees it had to pay in advance to depose an opposing party's expert witness. Consistent application of the law should also further the underlying policies of the applicable legal rules. Therefore, oral discussion of the facts and the applicable legal rules and their underlying policies would benefit the Court.

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STATEMENT OF JURISDICTION

Appellee, M3 Girl Designs, LLC ("M3Girl"), asserted claims against Appellants, Blue Brownies, LLC, Krista Dudte, and Robert Dudte (collectively "Blue Brownies"), arising under the copyright and trademark laws of the United States. (CR 1, at 40–49; CR 52, at 490–93, 503–09; CR 72, at 1173–77, 1188–94).[1] At all relevant times, Blue Brownies have been citizens of Arkansas, and M3Girl has been a citizen of Texas. (CR 192, at 2924). Accordingly, the district court had subject-matter jurisdiction under 28 U.S.C. §§ 1331, 1332(a), and 1338(a), as well as 28 U.S.C. § 1367 for all related state law claims.

The district court entered its final orders in conjunction with its final judgment on January 3, 2013. (CR 298–304). M3Girl filed its notice of appeal on February 1, 2013, within the thirty-day period set out in Fed. R. App. P. 4(a)(1)(A). (CR 305).[2] Blue Brownies filed their notice of appeal on February 15, 2013, within the fourteen-day period set out in Fed. R. App. P. 4(a)(3). (CR 306; ER 3).[3] Blue Brownies appeals the district court's final orders denying their motion for attorneys' fees related to M3Girl's dismissed copyright claims and motion for adverse experts' deposition fees. Therefore, this Court has jurisdiction to review the district court's final orders pursuant to 28 U.S.C. § 1291.

[1] "CR" refers to the Clerk's Record followed by the docket entry number of the cited document and, where appropriate, specific USCA5 record page numbers for the cited document.
[2] M3Girl's appeal is proceeding separately as Fifth Circuit case number 13-10112.
[3] "ER" refers to the Excerpts of Record followed by the excerpt number for the cited document.

STATEMENT OF THE ISSUES

Issue 1: Did the district court err to deny Blue Brownies' motion for attorneys' fees under the Copyright Act in concluding that Blue Brownies were not a "prevailing party" on M3Girl's dismissed copyright claims because M3Girl was not subject to an imminent threat of an unfavorable judgment at the time it withdrew those claims, even though M3Girl proceeded to litigate its other claims based on the same facts through a trial on the merits and entry of a final judgment?

Issue 2: Did the district court abuse its discretion to deny Blue Brownies' motion for adverse experts' deposition fees without determining the reasonableness of the fees M3Girl required Blue Brownies to pay in advance to depose M3Girl's experts, in accordance with Rule 26 of the Federal Rules of Civil Procedure, despite M3Girl's failure to produce records to support the reasonableness of those fees?

Issue 3: Did the district court abuse its discretion to deny Blue Brownies' motion for adverse experts' deposition fees in concluding no manifest injustice resulted from requiring Blue Brownies to pay in advance to depose M3Girl's experts, in accordance with Rule 26 of the Federal Rules of Civil Procedure, when those experts were later excluded from giving unqualified and unreliable expert testimony at trial?

STATEMENT OF THE CASE

Blue Brownies, LLC is an Arkansas limited liability company that designs, manufactures, and sells bottle cap magnets and washer choker necklaces. (CR 192, at 2922–24). Krista and Robert Dudte are the co-owners. (CR 192, at 2924). Blue Brownies decorates the interior surfaces of bottle cap magnets with artistic designs consisting of various combinations of letters, words, symbols, colors, drawings, images, and objects. (Pl.'s Trial Ex. 217). In 2009, Blue Brownies began marketing its decorated bottle cap magnets that can be interchangeably attached to washer choker necklaces.

M3Girl is a Texas limited liability company that also designs, manufactures, and sells bottle cap magnets and washer choker necklaces. (CR 192, at 2922–24). M3Girl decorates the interior surfaces of bottle cap magnets with artistic designs consisting of various combinations of letters, words, symbols, colors, drawings, images, pictures, and objects. (Pl.'s Trial Ex. 3, 3A). In 2007, M3Girl began marketing its decorated bottle cap magnets that can be interchangeably attached to washer choker necklaces.

Like many other competitors, the bottle cap magnets and washer choker necklaces of Blue Brownies and M3Girl are substantially identical in form but vary in the artistic designs on the interior surfaces of the bottle caps. (Pl.'s Trial Ex. 3D; Def.'s Trial Ex. D-1, D-3, D-4). From 2008 to 2010, M3Girl sent out over

thirty cease and desist letters to many makers of decorated bottle cap magnets that can be attached to washer choker necklaces. (Def.'s Trial Ex. D-85). In 2008, M3Girl filed a patent application on the idea of decorated bottle cap magnets that can be attached to washer choker necklaces, which M3Girl abandoned after the United States Patent and Trademark Office refused to issue a patent on any of M3Girl's patent claims. (Def.'s Trial Ex. D-133).

On December 15, 2009, M3Girl filed suit against Blue Brownies, alleging federal claims for copyright infringement and trademark infringement, and state-law claims for misappropriation and unfair competition. (CR 1). M3Girl's copyright, misappropriation, and unfair competition claims were based on Blue Brownies' alleged copying of its artistic designs and the idea of interchangeable decorated bottle cap magnets and washer choker necklaces. M3Girl's trademark claims were based on the alleged confusion between Blue Brownies' Click-It™ Caps mark and M3Girl's Snap Caps® mark during the short time Blue Brownies used Click It™ in 2009. On October 4, 2010, the district court dismissed M3Girl's state-law misappropriation and unfair competition claims as preempted under federal law. (CR 42). On February 28, 2011, M3Girl filed its Amended Complaint, alleging the same trademark claims but dismissing its copyright claims and adding new federal and state trade dress claims based substantially on the same factual allegations. (CR 52).

The case proceeded through discovery and a jury trial. On June 27, 2012, the jury returned with a verdict in favor of Blue Brownies on all of M3Girl's trademark, trade dress, and unfair competition counts, finding that the alleged trade dress was functional and that no likelihood of confusion existed between Blue Brownies' Click-It™ Caps mark and M3Girl's Snap Caps® mark in 2009. (CR 258; ER 4). The district court entered a final judgment on the merits, which ordered, adjudged, and decreed that M3Girl "take nothing on its claims" and dismissed those claims with prejudice. (CR 304; ER 5). The district court also entered final orders to deny all of Blue Brownies' post-trial motions, including their motion for attorneys' fees related to M3Girl's dismissed copyright claims and motion for adverse experts' deposition fees. (CR 300–301; ER 6–7).

STATEMENT OF THE FACTS

A. Motion for Attorneys' Fees Under Copyright Act

On January 13, 2011, Blue Brownies served their interrogatories and requests for production regarding M3Girl's alleged copyright claims. (CR 57, at 651–83).[4] Blue Brownies gave M3Girl a two-week extension of time for M3Girl to respond to Blue Brownies' discovery requests. (CR 57, at 843–44). On the day

[4] Interrogatories 1 and 2 were:

> 1. Identify each copyrighted bottle cap design of Plaintiff's which Plaintiff has asserted to be an infringement and identify each corresponding bottle cap design that Plaintiffs contend is the basis of and infringement claim.
>
> 2. Identify each pre-existing work or design and its source that was used as all or part of Plaintiff's bottle cap design placed in any of Plaintiff's bottle cap designs.

(CR 57, at 654).

M3Girl's discovery responses were due, M3Girl filed its Amended Complaint to dismiss its copyright claims, (CR 52; CR 71, at 1161), in an apparent attempt to avoid providing discovery responses. On March 14, 2011, Blue Brownies filed their amended answer and counterclaim for prevailing party attorneys' fees as to M3Girl's dismissed copyright claims. (CR 53, at 531–545).

M3Girl subsequently filed a motion to dismiss Blue Brownies' counterclaim for prevailing party attorneys' fees. (CR 58). In its motion to dismiss, M3Girl asserted that Blue Brownies could not be a prevailing party on M3Girl's dismissed copyright claims because they had not obtained an adjudication or any legal ruling on the substance of those claims. (CR 58, at 861–65). In response, Blue Brownies argued that the doctrine of res judicata will preclude M3Girl from reasserting its copyright claims in any future action, the copyright claims were waived and deemed to be dismissed with prejudice, and Blue Brownies are the prevailing party because M3Girl "threw in the towel" and abandoned its copyright claims in recognition that they should never have been brought. (CR 66, at 1056–64; ER 9). In reply, M3Girl claimed that the "economic realities" of its copyright litigation did not justify continuing to litigate those claims, and that it no longer had a desire to litigate those claims to potentially "receive an injunction against a small fraction of [Blue Brownies'] product line, [and] statutory Copyright damages," instead of a result against Blue Brownies' entire product line. (CR 69, at 1127; ER 10).

The district court denied M3Girl's motion to dismiss, ruling that Blue Brownies can be entitled to attorneys' fees as the prevailing party on M3Girl's dismissed copyright claims. (CR 71; ER 8). The district court reasoned that, under the circumstances as a whole, Blue Brownies had sufficiently demonstrated that they may be entitled to prevailing party attorneys' fees and "[i]t would be well within the Court's discretion to consider whether an award of fees relating to these claims would be appropriate." (CR 71, at 1168–69; ER 8). However, the district court deferred for a later time its consideration of the applicable *Fogerty* factors to award Blue Brownies their prevailing party attorneys' fees under the Copyright Act's fee-shifting statute. (CR 71, at 1170; ER 8).

To defend against M3Girl's copyright claims, Blue Brownies incurred about seventy-one thousand dollars ($70,986.50) in attorneys' fees and costs over the course of more than fourteen months of litigation. (CR 272, at 5521). Specifically, Defendants incurred expenses in connection with: (1) conducting research into the merits of M3Girl's copyright claims; (2) formulating a legal defense strategy; (3) preparing an answer with affirmative defenses; (4) responding to discovery requests; (5) producing requested documents; (6) preparing discovery requests; (7) preparing a motion to dismiss M3Girl's state law claims as being preempted under federal law; and (8) otherwise preparing for a trial over M3Girl's copyright claims. (CR 272, at 5169–249; CR 7, at 72–74; CR 14, at 239–43; CR 44, at 445–

48, 452–57; CR 57, at 651–83; CR 68, at 1118–22). Had M3Girl not dismissed its copyright claims, they would have been brought to trial (or submitted for summary judgment) and subject to a final judgment on the merits.

On August 31, 2012, Blue Brownies filed their post-trial motion for attorneys' fees related to M3Girl's dismissed copyright claims. (CR 272). In this motion, Blue Brownies requested an award of attorneys' fees under the Copyright Act's fee-shifting statute, submitting evidence to show that M3Girl's copyright claims lacked merit and that M3Girl had an improper motive for bringing those claims. (CR 272, at 5250–5515). Relying on the district court's prior order denying M3Girl's motion to dismiss, Blue Brownies asserted that the district court had already decided the prevailing party issue and therefore only needed to consider whether an award of attorneys' fees would be appropriate under the *Fogerty* factors. (CR 272, at 5153–54).[5]

However, the district court reconsidered its prior ruling and surprisingly denied Blue Brownies' motion based solely on the prevailing party issue. (CR 300; ER 6). Instead of looking to follow similar decisions in copyright cases, the district court decided—post hoc—to apply a standard in civil rights cases for a defendant to be considered a prevailing party when the plaintiff voluntarily

[5] Nevertheless, Blue Brownies reminded the court of the split in authority, lack of precedent, and that M3Girl's dismissed claims were waived and could not be relitigated again, resulting in a material alteration in the parties' legal relationship. (CR 272, at 5153–54 & 5154 n.1).

dismisses its federal civil rights claims. (CR 300, at 8364; ER 6). Applying this incorrect standard, the district court concluded that Blue Brownies could not be the prevailing party because "there was no objective or subjective threat of an unfavorable judgment at the time [M3Girl] withdrew its copyright claims." (CR 300, at 8365; ER 6).

B. Motion for Adverse Experts' Deposition Fees

On February 28, 2012, M3Girl provided Blue Brownies with the expert reports of M3Girl's "expert" witnesses: Steven Ross, Morgan Ward, and Helen Reynolds. (CR 301, at 8366; ER 7; CR 180, at 2814–39; CR 153, sealed Ex. A; CR 154, sealed Ex. A). In March of 2012, Blue Brownies notified M3Girl of their intention to take the depositions of M3Girl's "expert" witnesses. (CR 301, at 8366; ER 7). M3Girl insisted that Blue Brownies would have to pay—in advance—to depose M3Girl's "expert" witnesses in accordance with Rule 26 of the Federal Rules of Civil Procedure. (CR 277, at 5844). By the end of March, Blue Brownies were compelled to give in to M3Girl's demands because discovery was set to close in about a month, trial was set for June, and they could not risk any detrimental delay by filing a motion with the district court. (CR 277, at 5844–45).

As a result, Blue Brownies reluctantly agreed to pay—in advance—to depose M3Girl's "expert" witnesses in accordance with Rule 26. (CR 277, at 5845; CR 301, at 8366–67; ER 7). Soon thereafter, M3Girl's "expert" witnesses

sent invoices to pre-bill Blue Brownies for the depositions, (CR 277, at 5859–62), Blue Brownies provided the required payments to M3Girl's "expert" witnesses, (CR 277, at 5863–75), and the depositions were taken on the following dates: Steven Ross – April 5, 2012, (CR 277, at 5877); Helen Reynolds – April 13, 2012, (CR 277, at 6037); and Morgan Ward – April 15, 2012, (CR 277, at 6110). On March 30, 2012, M3Girl provided Blue Brownies with the rebuttal expert report of Steven Ross. (CR 180, at 2852–63). On April 20, 2012, M3Girl provided Blue Brownies with the rebuttal expert reports of Helen Reynolds and Morgan Ward. (CR 153, sealed Ex. E & H; CR 154, sealed Ex. B).

On May 15, 2012, Blue Brownies filed *Daubert* motions to exclude the expected testimony of all three of M3Girl's "expert" witnesses as inadmissible under the Federal Rules of Evidence. (CR 147–148; CR 150–151; CR 152–153). On June 1, 2012, the Court granted Blue Brownies' motions to exclude most of the expected testimony of M3Girl's "expert" witnesses. (CR 183; CR 186; CR 189). Specifically, the Court excluded Steven Ross from giving any testimony other than his first-hand experiences in purchasing jewelry,[6] (CR 189, at 2903–09); Helen Reynolds from giving any testimony other than her limited recitation of Blue Brownies' gross revenues derived from Blue Brownies' own business records, (CR

[6] At that time, Blue Brownies reserved their right to challenge the admissibility of Steven Ross' expected testimony regarding the prosecution history of M3Girl's patent application, the merit of M3Girl's copyright registrations, and the reasonableness of M3Girl's attorneys' fees and costs, all of which were minor portions of Steven Ross' expert reports. (CR 148, at 2483). It was not necessary to do so, however, because M3Girl did not call Steven Ross to testify at trial.

183, at 2873–76; CR 217, sealed clarification order); and Morgan Ward from giving testimony other than her opinions related to her highly unreliable consumer survey and the marketing of M3Girl's bottle cap jewelry, (CR 186, sealed order). As a result, Steven Ross did not testify at trial at all, Helen Reynolds was unnecessarily called to the stand to provide cumulative testimony regarding Blue Brownies' gross revenue figures, (CR 269, at 4917–23), and Morgan Ward testified to not much more than her severely flawed survey, (CR 269, at 4747–4810).

On August 31, 2012, Blue Brownies filed their post-trial motion for adverse experts' deposition fees pursuant to Rule 26. (CR 272). In this motion, Blue Brownies requested reimbursement for the unreasonable and manifestly unjust fees Blue Brownies were forced to pay in advance to depose M3Girl's "expert" witnesses. In response, M3Girl asserted that Blue Brownies' motion should be denied because Blue Brownies had agreed to pay those fees in accordance with Rule 26 and did not previously challenge paying those fees. (CR 279). In reply, Blue Brownies explained that any such agreement cannot override a court's discretionary duty under Rule 26 and that the motion was timely under prevailing precedent. (CR 292).

Nevertheless, the district court denied this motion without properly determining the reasonableness of the fees or citing any supporting authority. (CR

301; ER 7). Despite Rule 26's reasonableness requirement, the district court concluded that Blue Brownies agreement to pay for a preset amount of time made the actual time spent in deposition "immaterial," and in addition to not raising the issue at that time, excused M3Girl's lack of evidence to support the reasonableness of the rates charged and time spent. (CR 301, at 8367–68; ER 7). The district court also concluded that the exclusion of unqualified and unreliable expert testimony at trial does not result in manifest injustice. (CR 301, at 8368; ER 7).

SUMMARY OF THE ARGUMENT

The district court's order denying Blue Brownies' motion for attorneys' fees under the Copyright Act should be reversed because the res judicata effect of the final judgment makes Blue Brownies the prevailing party on M3Girl's copyright claims that were and had to be brought in the same action. Moreover, recognizing that the final judgment makes Blue Brownies the prevailing party on M3Girl's dismissed copyright claims would promote the objectives and policies of the Copyright Act. The district court applied an incorrect standard in civil rights cases to reach an erroneous conclusion in this case because it did not consider the preclusive effect of the final judgment and contravened the objectives and policies of the Copyright Act.

Alternatively, the district court's order denying Blue Brownies' motion for attorneys' fees under the Copyright Act should be reversed because M3Girl's

copyright claims lacked merit and M3Girl dismissed those claims to avoid an unfavorable judgment at trial. Thus, Blue Brownies were the prevailing party even under the Fifth Circuit's *Dean* rule for awarding attorney's fees to defendants in civil rights cases where plaintiffs voluntarily dismissed their federal claims. Despite applying the incorrect standard, however, the district court erred in its application of the *Dean* rule because it only considered the lack of an imminent threat of a dispositive motion at the time M3Girl dismissed its copyright claims rather than the intended and actual outcome of this case compared to M3Girl's reasons for abandoning its copyright claims after more than fourteen months of litigation. The district court also overlooked all of the evidence Blue Brownies submitted to show that M3Girl's dismissed copyright claims lacked merit.

The district court's order denying Blue Brownies' motion for adverse experts' deposition fees should be reversed because the court erroneously declined to determine the reasonableness of those fees. In doing so, the district court (1) misinterpreted Rule 26 of the Federal Rules of Civil Procedure to only preclude paying fees if manifest injustice would result; (2) erroneously concluded that the parties' agreement made the actual time spent in deposition "immaterial" and excused M3Girl's failure to produce records to show the reasonableness of its "expert" witness fees; and (3) erroneously concluded that the timing of Blue Brownies' motion excused M3Girl's failure to produce records to show the

reasonableness of its "expert" witness fees. Because the parties' agreement and the timing of Blue Brownies' motion were not deciding factors, the court should have considered M3Girl's lack of evidence to support the reasonableness of the fees its "expert" witnesses required Blue Brownies to pay in advance to depose them. Had the district court made that determination, Blue Brownies should have been awarded most of the deposition fees they were forced to pay because the rates and hours the witnesses charged were unreasonable.

The district court's order denying Blue Brownies' motion for adverse experts' deposition fees should also be reversed because requiring advance payment to depose a witness later excluded from giving inadmissible non-expert testimony is manifestly unjust. The permissible scope of Rule 26 does not cover purported experts who cannot provide qualified and reliable trial testimony under Rule 702 of the Federal Rules of Evidence. Such purported experts should be treated the same as ordinary witnesses. Thus, Blue Brownies should have been awarded most of the fees they were forced to pay in advance to depose M3Girl's "expert" witnesses because these witnesses were largely determined to be no different than lay witnesses offering inadmissible testimony. The district court also erroneously found that the parties' agreement was "strong evidence" that no manifest injustice existed because the manifestly unjust result arose after the depositions were taken, when the court granted Blue Brownies' *Daubert* motions

to exclude most of the expected testimony of M3Girl's purported experts.

ARGUMENT AND AUTHORITIES

POINT OF ERROR ONE:

THE DISTRICT COURT ERRED TO DENY BLUE BROWNIES' MOTION FOR ATTORNEYS' FEES UNDER THE COPYRIGHT ACT BECAUSE THE FINAL JUDGMENT RENDERS BLUE BROWNIES THE PREVAILING PARTY ON M3GIRL'S COPYRIGHT CLAIMS THAT WERE AND HAD TO BE BROUGHT IN THE SAME ACTION.

A. Standard of review and applicable law

The Copyright Act authorizes courts to "award a reasonable attorney's fee to the prevailing party as part of the costs." 17 U.S.C. § 505. Although not automatic, an award of attorney's fees under the Copyright Act "is the rule rather than the exception and should be awarded routinely." *Compaq Computer Corp. v. Ergonome Inc.*, 387 F.3d 403, 411 (5th Cir. 2004). A district court must first decide the prevailing party question as a matter of law and then exercise discretion to shift fees pursuant to the statute in an appropriate case. *See, e.g.*, *Riviera Distribs. v. Jones*, 517 F.3d 926, 928–29 (7th Cir. 2008).[7] A litigant's "prevailing

[7] A district court abuses its discretion to deny an award of attorney's fees where its factual findings are clearly erroneous and its conclusions based on an erroneous view of the law. *See Dearmore v. City of Garland*, 519 F.3d 517, 520 (5th Cir. 2008). However, the decision to deny attorney's fees under the Copyright Act cannot be reviewed for abuse of discretion where the court fails to provide a detailed *Fogerty* analysis. *See Galiano v. Harrah's Operating Co.*, 416 F.3d 411, 423 (5th Cir. 2005) (citing *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994)); *see also Ramirez v. Nichols*, No. 10-20806, 2012 U.S. App. LEXIS 22613, at *7–10 (5th Cir. Nov. 2, 2012) (vacating copyright fee award due to lack of evidentiary findings relevant to statutory bar against fees for infringement that predated registration). In this case, the district court found "it unnecessary to assess the equitable factors identified in *Fogerty*." (CR 300, at 8365; ER 6). Therefore, the district court's order cannot be reviewed for abuse of discretion.

party" status under a fee-shifting statute is a legal conclusion subject to de novo review. *El Paso Indep. Sch. Dist. v. Richard R.*, 591 F.3d 417, 422–23 (5th Cir. 2009); *Bailey v. Mississippi*, 407 F.3d 684, 687 (5th Cir. 2005). "Whether the district court applied an incorrect legal standard" to deny attorney's fees is also reviewed de novo. *Compaq Computer*, 387 F.3d at 411.

"The touchstone of the prevailing party inquiry . . . is the material alteration of the legal relationship of the parties in a manner which Congress sought to promote in the fee statute." *Sale v. Wyner*, 551 U.S. 74, 82 (2007). More specifically, a prevailing party "must attain some judicial imprimatur on a material alteration of the legal relationship," such as "a judgment on the merits, a consent decree, or some similar form of judicially sanctioned relief." *Richard R.*, 591 F.3d at 422 (citing *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dept. of Health & Human Res.*, 532 U.S. 598, 603–04 (2001)). In the context of prevailing plaintiffs, the Supreme Court interpreted "prevailing party" as "one who has been awarded some relief by the court" and not merely one whose lawsuit brought about a voluntary change in the defendant's conduct. *Buckhannon*, 532 U.S. at 603.

For a plaintiff to become a prevailing party under the Copyright Act, the plaintiff "must: (1) obtain actual relief that (2) materially alters the legal relationship between the parties and (3) modifies the defendant's behavior in such a way that benefits the plaintiff at the time of the judgment." *Howard v. Weston*,

354 Fed. Appx. 75, 77 (5th Cir. 2009). In *Howard*, this Court affirmed that obtaining a default judgment without any damages or other relief does not render the plaintiff a prevailing party. *Id.* at 78. However, this Court has not ruled on the requirements for a defendant to be a prevailing party under the Copyright Act, particularly when the plaintiff dismisses its copyright claims but proceeds to litigate other claims—based on the same set of operative facts—through a trial and entry of a final judgment in the same action.

Despite the lack of binding precedent, other circuits have pronounced varying standards for a defendant to qualify as a prevailing party under the Copyright Act on a plaintiff's dismissed copyright claims. In the Second Circuit, a plaintiff's withdrawal of one copyright claim, while proceeding to trial on another, "in effect made the defendants the prevailing parties on" the withdrawn claim for purposes of awarding attorneys' fees. *Warner Bros., Inc. v. Dae Rim Trading, Inc.*, 877 F.2d 1120, 1126 (2d Cir. 1989). In the Seventh Circuit, a defendant is unquestionably the prevailing party for purposes of an award of attorneys' fees where "a [copyright] case is dismissed because the plaintiff 'threw in the towel'—that is, where the dismissal is on the plaintiff's own motion." *Mostly Memories, Inc. v. For Your Ease Only, Inc.*, 526 F.3d 1093, 1099 (7th Cir. 2008). In the Ninth Circuit, "a defendant is a prevailing party following dismissal of a [copyright] claim if the plaintiff is judicially precluded from refiling the claim

against the defendant in federal court." *Cadkin v. Loose*, 569 F.3d 1142, 1150 (9th Cir. 2009).

Notably, the Southern District of Texas followed the Second Circuit to reach a similar conclusion in a copyright case involving a plaintiff's dismissed copyright claim. *See Granville v. Suckafree Records, Inc.*, No. H-03-3002, 2006 U.S. Dist. LEXIS 43902, at *5–8 (S.D. Tex. 2006). In *Granville*, the defendants claimed to be the prevailing parties under the Copyright Act because the plaintiff lost on most of his copyright claims at summary judgment and at trial, and withdrew one copyright claim during the trial. *Id.* at *6–7. The plaintiff contended that he was the prevailing party because the jury found in his favor on one copyright claim. *Id.* at *5. The court reasoned that the defendants had prevailed on all the other copyright claims, including the copyright claim the plaintiff withdrew during trial. *Id.* at *7–8 (citing *Warner Bros.*, 877 F.2d at 1126).

The essence of these varying standards shows that the deciding factor is not the plaintiff's voluntary dismissal of a copyright claim but rather the material alteration of the parties' legal relationship resulting from the court's final disposition of the case. Where a plaintiff voluntarily dismisses its claims but the case proceeds to some form of judicially sanctioned relief, "[t]he critical fact is not what prompted the district court to act" but "what the district court decided to do." *Claiborne v. Wisdom*, 414 F.3d 715, 719 (7th Cir. 2005). A district court's

judgment or order that "terminates any claims [the plaintiff] may have against [the defendant] arising out of [the same] set of operative facts" entitles the defendant "to rely on a claim preclusion or *res judicata* defense." *Id.* Such a disposition of the case has the necessary judicial imprimatur to satisfy the *Buckhannon* test. *See id.*; *see also Miles v. California*, 320 F.3d 986, 989 (9th Cir. 2003) (holding that a dismissal without prejudice materially alters the parties' legal relationship when it "eliminates the federal . . . claim from further proceedings in federal court"). Therefore, a similar form of judicially sanctioned relief should render a defendant a prevailing party under the Copyright Act in the Fifth Circuit as well.

B. Blue Brownies are the prevailing party because the final judgment precludes M3Girl from relitigating its dismissed copyright claims

The district court applied an incorrect standard to reach an erroneous conclusion because it did not consider the preclusive effect of the final judgment. Under the doctrine of res judicata, "a final judgment on the merits of an action precludes the parties or their privies from relitigating issues that were or could have been raised in that action." *Sapp v. Mem'l Hermann Healthcare Sys.*, 406 Fed. Appx. 866, 870 (5th Cir. 2010) (quoting *Allen v. McCurry*, 449 U.S. 90, 95 (1980)). A defendant can rely on res judicata to bar litigation in a subsequent lawsuit if (1) the parties in the two cases are identical, (2) a court of competent jurisdiction rendered the prior judgment, (3) the prior case ended in a final judgment on the merits, and (4) both cases involve "the same claim or cause of

action." *Oreck Direct, L.L.C. v. Dyson, Inc.*, 560 F.3d 398, 401 (5th Cir. 2009). The fourth factor extends res judicata to all claims or causes of action the plaintiff had to assert in the prior case "based on the same 'nucleus of operative facts.'" *See id.* at 401–02. Thus, res judicata precludes a plaintiff from advancing some of its claims in one case and attempting to reserve other related claims for a later case. *See Sapp*, 406 Fed. Appx. at 871.

Here, any subsequent lawsuit between M3Girl and Blue Brownies would involve the same parties in this case. The district court had competent jurisdiction because M3Girl sufficiently pleaded subject-matter jurisdiction for its claims, (CR 1; CR 52; CR 72); Blue Brownies withdrew an initial motion to dismiss for lack of personal jurisdiction, (CR 31); and Blue Brownies sufficiently pleaded subject-matter jurisdiction for their counterclaims, (CR 53, at 531–45; CR 71, at 1162–63; CR 75, at 1253–68; CR 138, at 2248–63). After a jury trial and verdict in favor of Blue Brownies on all counts, (CR 258; ER 4), this case ended in a final judgment on the merits, which ordered, adjudged, and decreed that M3Girl "take nothing on its claims" and dismissed those claims with prejudice, (CR 304; ER 5). The facts alleged in support of M3Girl's copyright claims were also alleged in support of M3Girl's trademark and trade dress claims. (CR 1, at 40–41; CR 52, at 490–93; CR 72, at 1173–77). Thus, even though M3Girl asserted its copyright claims and later dismissed them, M3Girl had to bring those copyright claims in this case

because it proceeded to litigate its other claims—based on the same set of operative facts—through trial and final judgment. Therefore, the final judgment in this case precludes M3Girl from relitigating the same copyright claims against Blue Brownies in a subsequent lawsuit. *See Sapp*, 406 Fed. Appx. at 870–71; *Oreck*, 560 F.3d at 401–02.

The preclusive effect of the district court's final judgment satisfies the *Buckhannon* test. Blue Brownies obtained actual relief because res judicata secures the finality of the judgment and protects Blue Brownies from multiple lawsuits. *See Oreck*, 560 F.3d at 401. This form of judicially sanctioned relief materially alters the parties' legal relationship because it bars M3Girl from relitigating the same copyright claims against Blue Brownies. *See Cadkin*, 569 F.3d at 1150; *Claiborne*, 414 F.3d at 719; *see also Miles*, 320 F.3d at 989. Contrary to the district court's reasoning to deny attorneys' fees, (CR 300, at 8364–65; ER 6), the timing and intent of M3Girl's dismissal of its copyright claims are immaterial because the court was "looking at the wrong end of the telescope," *see Claiborne*, 414 F.3d at 719. Consistent with the decisions in other circuits and the Southern District of Texas, the deciding factor is not M3Girl's voluntary dismissal of its copyright claims but rather the legal effect of the court's final disposition of this case. Therefore, the preclusive effect of the district court's final judgment makes Blue Brownies the prevailing party on M3Girl's dismissed

copyright claims.

C. Recognizing that the final judgment makes Blue Brownies the prevailing party on M3Girl's dismissed copyright claims would promote the objectives and policies of the Copyright Act

The district court applied an incorrect standard to reach an erroneous conclusion because it did not consider the objectives and policies of the Copyright Act. Long ago, other circuits applied a "dual standard" under the Copyright Act, awarding attorney's fees to prevailing plaintiffs "as a matter of course," while requiring prevailing defendants to "show that the original suit was frivolous or brought in bad faith." *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 520–21 (1994). This standard imposed a greater and more difficult burden on prevailing defendants to obtain awards of attorney's fees. *Id.* at 521 n.6 & n.8. The Supreme Court rejected the dual standard, holding that "[p]revailing plaintiffs and prevailing defendants are to be treated alike," subject to a court's discretionary analysis of factors "faithful to the purposes of the Copyright Act and . . . applied to prevailing plaintiffs and defendants in an evenhanded manner." *Id.* at 534 & n.19.[8]

The *Fogerty* opinion promotes the objectives and policies of the Copyright Act in a neutral manner quite different than the more favorable treatment of

[8] To award attorney's fees to any prevailing party under the Copyright Act, courts have discretion to consider such nonexclusive factors as "frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence." *Fogerty*, 510 U.S. at 534 n.19 (quoting *Lieb v. Topstone Indus., Inc.*, 788 F.2d 151, 156 (1986)). However, courts are not required to apply these factors verbatim. *Compaq Computer*, 387 F.3d at 412.

prevailing plaintiffs under the Civil Rights Act. *See id.* at 524–25. "The primary objective of the Copyright Act is to encourage the production of original literary, artistic, and musical expression for the good of the public." *Id.* at 524. Copyright law balances competing interests to provide a limited statutory monopoly but ultimately "stimulate artistic creativity for the general public good." *Id.* at 526–27. Thus, the Copyright Act's fee-shifting statute serves equally important policies, which not only encourages plaintiffs to litigate meritorious copyright claims but also encourages defendants to litigate meritorious copyright defenses. *Id.* at 527. In both respects, the goal is to financially protect litigants against the considerable expense often involved in copyright litigation by shifting the burden to "the person who forces another to engage counsel to vindicate, or defend, a right . . . and not his successful opponent." *See id.* at 529 (quoting W. Strauss, *Damage Provisions of the Copyright Law*, Study No. 31 (H. Judiciary Comm. Print 1960)).

Here, the district court applied the Fifth Circuit's prevailing defendant standard in a civil rights case to conclude that M3Girl did not dismiss its copyright claims to avoid an unfavorable judgment. (CR 300, at 8364–65; ER 6). This standard requires the defendant to "establish that the plaintiff's suit was frivolous, groundless, or without merit," *Dean v. Riser*, 240 F.3d 505, 511 (5th Cir. 2001), which is virtually identical to the dual standard the Supreme Court rejected as contrary to the goals and objectives of the Copyright Act, *see Fogerty*, 510 U.S. at

520–21, 524–27; *cf. Dean*, 240 F.3d at 512 (explaining that the *Dean* rule "does not frustrate the policy behind imposing *a more rigorous standard* on prevailing defendants than plaintiffs to obtain § 1988 attorney's fees" (emphasis added)). Indeed, the Supreme Court explained that "fee-shifting decisions under the Civil Rights Act" fail to support imposing a greater burden on defendants to obtain an award of attorney's fees under the Copyright Act because "[t]he goals and objectives of the two Acts are . . . not completely similar." *Fogerty*, 510 U.S. at 524–25. Thus, the district court's order denying attorneys' fees contravenes the objectives and policies of the Copyright Act.

Had the district court instead considered the preclusive effect of the final judgment, the court should have recognized that its judgment materially altered the parties' legal relationship "in a manner which Congress sought to promote in the fee statute." *See Sale*, 551 U.S. at 82. For more than fourteen months of litigation, M3Girl forced Blue Brownies to incur about seventy-one thousand dollars ($70,986.50) in attorneys' fees to defend their rights in the artistic designs for their bottle cap jewelry. (CR 272, at 5521). After dismissing its copyright claims, M3Girl claimed that the "economic realities" of its copyright litigation did not justify continuing to litigate those claims. (CR 69, at 1127; ER 10). Given the prospect of a presumptive statutory award of attorney's fees, *see* 17 U.S.C. § 505; *Compaq Computer*, 387 F.3d at 411, M3Girl's explanation implicitly concedes that

it would not have succeeded on its copyright claims to shift the expense of its copyright litigation to Blue Brownies. As a result, the Copyright Act's fee-shifting statute did not encourage M3Girl to litigate its copyright claims but did encourage Blue Brownies to litigate their copyright defenses. Therefore, in contrast to the district court's order, recognizing that the final judgment makes Blue Brownies the prevailing party on M3Girl's dismissed copyright claims would promote the objectives and policies of the Copyright Act.

POINT OF ERROR TWO:

ALTERNATIVELY, THE DISTRICT COURT ERRED TO DENY BLUE BROWNIES' MOTION FOR ATTORNEYS' FEES UNDER THE COPYRIGHT ACT BECAUSE M3GIRL'S COPYRIGHT CLAIMS LACKED MERIT AND M3GIRL DISMISSED THOSE CLAIMS TO AVOID AN UNFAVORABLE JUDGMENT AT TRIAL.

A. Standard of review and applicable law

A litigant's "prevailing party" status under a fee-shifting statute is a legal conclusion subject to de novo review. *Richard R.*, 591 F.3d at 422–23; *Bailey*, 407 F.3d at 687. Although other circuits have pronounced varying standards for a defendant to qualify as a prevailing party on a plaintiff's dismissed copyright claims, *see supra* at 18–20, this Court has not on ruled on the requirements for a defendant to be a prevailing party under the Copyright Act, particularly when the plaintiff dismisses its copyright claims but proceeds to litigate other claims. However, this Court has ruled on when defendants are prevailing parties under the

Civil Rights Act when plaintiffs dismiss their federal civil rights claims.

In a recent civil rights case, the plaintiff moved to voluntarily dismiss his federal claims after the defendants moved for judgment on the pleadings following more than eighteen months of litigation. *Fox v. Vice*, 594 F.3d 423, 426–27 (5th Cir. 2010), *vacated in part on other grounds*, 131 S. Ct. 2205 (2011). The district court dismissed the plaintiff's federal claims and awarded attorneys' fees to the defendants as the prevailing parties. *Id.* This Court affirmed that the defendants were the prevailing parties for several reasons: (1) the defendants had responded before the plaintiff moved to dismiss, which forced the plaintiff to recognize that his claims lacked merit and "should never have been brought"; (2) the plaintiff's decision to abandon his federal claims was not based on a change in the law or decisive facts, or to merely pursue state-law claims in his preferred forum; and (3) had the defendants not moved for judgment on the pleadings, the plaintiff's "baseless federal claims would have proceeded to trial." *Id.* This Court concluded that denying fees "under these circumstances would defeat the purpose of ever recognizing defendants as 'prevailing parties,' which is to 'protect defendants from burdensome litigation having no legal or factual basis.'" *Id.* (quoting *Dean*, 240 F.3d at 510).

In another case, the plaintiffs voluntarily dismissed their civil rights claims after a year of litigation, and the defendant filed for attorney's fees under 42 U.S.C.

§ 1988 (the Civil Rights Act's fee-shifting statute). *Dean*, 240 F.3d at 507. The district court denied the request for attorney's fees, reasoning the defendant could not be a prevailing party in the absence of "any ruling on the merits of the claim by summary judgment or trial." *Id.* This Court vacated that decision, holding that a defendant is a prevailing party "within the meaning of § 1988 when a civil rights plaintiff voluntarily dismisses his claim" and "the defendant can demonstrate that the plaintiff withdrew to avoid a disfavorable judgment on the merits." *Id.* at 506, 511. This Court reasoned that a plaintiff's voluntary dismissal to avoid an unfavorable judgment tips the balance "in favor of the counter policy to discourage the litigation of frivolous, unreasonable, or groundless claims." *Id.* at 510. Thus, in flexibly balancing the competing policies of § 1988, the *Dean* rule "provides defendants a means to redress abusive situations in which civil rights plaintiffs could simply dismiss their cases voluntarily to avoid a judicial determination on the merits" and the risk of an adverse award of attorney's fees. *Id.* at 511.

The district court in this case decided—post hoc—to follow the reasoning in *Dean* to determine Blue Brownies prevailing party status on M3Girl's dismissed copyright claims. (CR 300, at 8364; ER 6). The Supreme Court rejected that "fee-shifting decisions under the Civil Rights Act" support imposing a greater burden on defendants. *Fogerty*, 510 U.S. at 524–25. Nevertheless, even under the *Dean* rule, Blue Brownies qualifies as the prevailing party because M3Girl dismissed its

copyright claims to avoid a judgment on the merits at trial and because those claims lacked merit.

B. M3Girl voluntarily dismissed its copyright claims to avoid a judgment on the merits at trial

Despite applying the incorrect legal standard, the district court also erred in its application of this Court's civil rights decisions. Under the *Dean* rule, the court must first "determine that the plaintiff's case was voluntarily dismissed to avoid judgment on the merits" and then consider whether "the plaintiff's suit was frivolous, groundless, or without merit." *Dean*, 240 F.3d at 510. Thus, the first prong does not depend on whether the judgment would be unfavorable but rather on the grounds which prompted the plaintiff to voluntarily abandon the claims. *See id.* at 510. A plaintiff's decision to dismiss its federal claims "to pursue an exclusively state law cause of action . . . merely indicates his preferred forum" and "does not warrant a conclusion that a defendant in such a case has prevailed." *Id.* Similarly, a defendant does not prevail if the plaintiff dismisses its federal claims because a change in the law or discovery of decisive facts creates "insurmountable problems of proof." *Id.* Otherwise, a defendant can be considered the prevailing party to discourage plaintiffs from simply dismissing their claims to avoid the consequences of adjudication. *Id.* at 510–11.

Here, the district court concluded that Blue Brownies could not be the prevailing party because "there was no objective or subjective threat of an

unfavorable judgment *at the time* [M3Girl] withdrew its copyright claims." (CR 300, at 8365; ER 6) (emphasis added). This reasoning contradicts *Dean* because it fails to consider the intended and actual outcome of this case compared to M3Girl's reasons for abandoning its copyright claims after more than fourteen months of litigation. The *Dean* rule does not require an *imminent* threat of a judgment on the merits: no dispositive motion was pending at the time the plaintiffs in *Dean* dismissed their claims. *See Dean*, 240 F.3d at 507. The reasoning in *Dean* and *Fox* implicitly recognizes that plaintiffs can appreciate the eventual threat of an unfavorable judgment at trial—if not on a motion to dismiss or for summary judgment—at any moment during the litigation. Thus, just like M3Girl had to assess the risk of bringing its trademark and trade dress claims to trial, it also had to consider the threat of a trial and final adjudication of its copyright claims at the time of their dismissal. Moreover, like the circumstances in *Fox*, M3Girl's copyright claims would have proceeded to trial had Blue Brownies not compelled M3Girl to abandon those claims for reasons that warrant recognizing Blue Brownies as the prevailing party. *Cf. Fox*, 594 F.3d at 427.

After dismissing its copyright claims, M3Girl stated that it no longer had a desire to litigate those claims to potentially "receive an injunction against a small fraction of [Blue Brownies'] product line, [and] statutory Copyright damages," instead of a result against Blue Brownies' entire product line. (CR 69, at 1127; ER

10). This explanation does not merely indicate M3Girl's preferred forum, or that a change in the law or discovery of decisive facts created "insurmountable problems of proof." *See Dean*, 240 F.3d at 510; *cf. Fox*, 594 F.3d at 427. Rather, it represents that M3Girl dismissed its copyright claims to avoid a judgment on the merits, which it originally intended to pursue but much later decided would presumably not be adequate. However, the potential inadequacy of a judgment on the merits should not have a chilling effect on continued litigation because the Copyright Act's fee-shifting statute encourages plaintiffs to litigate meritorious claims. *See Fogerty*, 510 U.S. at 527. Conversely, the potential consequences of a judgment on the merits could only encourage plaintiffs to voluntarily dismiss their copyright claims if those claims lacked merit.

M3Girl also claimed that the "economic realities" of its copyright litigation did not justify continuing to litigate its copyright claims. (CR 69, at 1127; ER 10). Given the prospect of a presumptive statutory award of attorney's fees, *see* 17 U.S.C. § 505; *Compaq Computer*, 387 F.3d at 411, M3Girl's explanation implicitly concedes that it would not have succeeded on its copyright claims to shift the expense of its copyright litigation to Blue Brownies. Because the fee-shifting statute did not encourage M3Girl to continue litigating its copyright claims, the balance tips in favor of recognizing Blue Brownies as the prevailing party even under the *Dean* rule. Therefore, under *Dean*'s first prong, the district court should

have determined that M3Girl voluntarily dismissed its copyright claims to avoid a judgment on the merits at trial.

C. M3Girl voluntarily dismissed its copyright claims to avoid an unfavorable judgment because those claims lacked merit

The second prong of the *Dean* rule requires the court to decide if the defendant established that "the plaintiff's suit was frivolous, groundless, or without merit." *See Dean*, 240 F.3d at 511. The court must determine "whether the case is so lacking in arguable merit as to be groundless or without foundation rather than whether the claim was ultimately successful." *Ogletree v. Glen Rose Indep. Sch. Dist.*, 443 Fed. Appx. 913, 918 (5th Cir. 2011). Generally, this inquiry can be resolved from the record, affidavits, any necessary testimonial evidence, and any other relevant evidence, including but "not limited to information concerning discovery delays and abuses, slothful prosecution, negative rulings, and sanctions against the plaintiffs." *Dean*, 240 F.3d at 511.

Here, the district court further erred in only considering the lack of an imminent threat of a dispositive motion at the time M3Girl dismissed its copyright claims. (CR 300, at 8364–65; ER 6). The court did not consider any of the evidence Blue Brownies submitted to show that M3Girl's dismissed copyright claims lacked merit in light of the required elements of proof. (CR 272, at 5157–5159, 5405–5515). In its prior ruling on the same issue, the district court noted the fact M3Girl dismissed its copyright claims on the day its initial discovery

responses were due "suggested that [M3Girl] withdrew its copyright claims after determining that it could not prevail on those claims." (CR 71, at 1168–69 n.4; ER 8). Yet, in reconsidering its prior ruling, the district court overlooked this fact entirely and contradicted its own reasoning that Blue Brownies could be entitled to prevailing party attorneys' fees subject to discretionary consideration of the *Fogerty* factors. (*Compare* CR 71, at 1168–70, *with* CR 300, at 8364–65).

Indeed, in its prior ruling, the district court stated Blue Brownies had "pleaded sufficient facts in their counterclaim that, if proven, could entitle them to an award of attorney's fees." (CR 71, at 1168; ER 8). The evidence Blue Brownies submitted in support of their motion for attorneys' fees not only shows M3Girl's copyright claims lacked merit but also proves the pleaded facts in their counterclaim. This evidence includes expert analyses supporting that M3Girl did not comply with the formalities of copyright registration, did not own valid copyrights, and did not have original content in many if not most of the artistic designs for its bottle cap jewelry, which actually originated from clip art and other sources. (CR 272, at 5405–51, 5485–87). M3Girl's own business records show that M3Girl illegally copies the artwork of others. (CR 272, at 5491–93). M3Girl's "President and Lead Designer," Madeline Bradshaw, also admitted at her deposition that many of the artistic designs for M3Girl's bottle cap jewelry originated from clip art and other sources. (CR 272, at 5494–95). Additionally,

Blue Brownies provided side-by-side comparisons of the parties' artistic bottle cap jewelry designs to demonstrate that no reasonable jury could find substantial similarity in those designs beyond uncopyrightable subject matter and use of generic ideas. (CR 272, 5430–51, 5496–5515). Therefore, based on this evidence and M3Girl's apparent attempt to avoid discovery of such evidence, the district court should have determined that M3Girl voluntarily dismissed its copyright claims to avoid an unfavorable judgment because those claims lacked merit.

POINT OF ERROR THREE:

THE DISTRICT COURT ABUSED ITS DISCRETION TO DENY BLUE BROWNIES' MOTION FOR ADVERSE EXPERTS' DEPOSITION FEES BECAUSE THE COURT ERRONEOUSLY DECLINED TO DETERMINE THE REASONABLENESS OF THOSE FEES.

A. Standard of review

"Questions of law, such as a district court's interpretation of the Federal Rules of Civil Procedure, are reviewed de novo." *Knight v. Kirby Inland Marine Inc.*, 482 F.3d 347, 355 (5th Cir. 2007) (citing *Odom v. Frank*, 3 F.3d 839, 843 (5th Cir. 1993)). A decision to deny expert fees under Rule 26 of the Federal Rules of Civil Procedure is reviewed for abuse of discretion. *Id.* (citing *Research Sys. Corp. v. IP-SOS Publicite*, 276 F.3d 914, 920 (7th Cir. 2002)). "A district court abuses its discretion when its ruling is based on an erroneous view of the law or a clearly erroneous assessment of the evidence." *Marmillion v. Am. Int'l Ins. Co.*, 381 Fed. Appx. 421, 429 (5th Cir. 2010) (quoting *Nunez v. Allstate Ins. Co.*, 604 F.3d 840,

844 (5th Cir. 2010)).

B. The district court misinterpreted Rule 26 to only preclude paying fees if manifest injustice would result

In its order denying expert deposition fees, the district court incorrectly framed the issue as "whether the payment of fees by [Blue Brownies] in this case constitutes manifest injustice." (CR 301, at 8367; ER 7). Rule 26 of the Federal Rules of Civil Procedure provides that—"[u]nless manifest injustice would result"—the party seeking discovery of an expert witness must "pay the expert a *reasonable* fee for time spent in responding to discovery." Fed. R. Civ. P. 26(b)(4)(E) (emphasis added). Rule 26 not only precludes compensating expert witnesses if manifest injustice would result but also "limits discovery costs to those 'reasonable' fees spent responding to discovery." *Knight*, 482 F.3d at 356. Moreover, when an expert is responding to discovery through a deposition, Rule 26 requires payment "only for time clearly spent in preparation for a deposition, travel to a deposition, or in a deposition." *Rogers v. Penland*, 232 F.R.D. 581, 582 (E.D. Tex. 2005).

Here, the district court only considered Rule 26's "manifest injustice" component and overlooked Rule 26's "reasonable" component. The plain language of the rule as interpreted in *Knight* supports that Rule 26 requires a two-prong analysis. Thus, the district court should have also considered the reasonableness of the fees M3Girl forced Blue Brownies to pay in advance to

depose its "expert" witnesses in light of the actual time those witnesses "clearly spent" to prepare for, travel to, and attend their depositions. *Cf. Rogers*, 232 F.R.D. at 582–83. Therefore, the district court misinterpreted Rule 26 to only preclude paying fees if manifest injustice would result.

C. The district court erroneously concluded that the parties' agreement made the actual time spent in deposition "immaterial" and excused M3Girl's failure to produce records to show the reasonableness of its "expert" witness fees

Contrary to the district court's conclusion in this case, the parties' agreement could not make the actual time spent in deposition "immaterial" or excuse M3Girl's failure to produce records to show the reasonableness of its "expert" witness fees. While a party may contract with any expert it chooses, a district court may not automatically tax the opposing party with any unreasonable fees the expert chooses to charge. *See Kernke v. Menninger Clinic, Inc.*, No. 00-2263-GTV, 2002 U.S. Dist. LEXIS 3487, at *2 (D. Kan. 2002); *Bowen v. Monahan*, 163 F.R.D. 571, 574 (D. Neb. 1995). A district court has the discretionary duty to determine the extent to which the requesting party must bear the cost of deposing an expert witness. *Cf. Edin v. Paul Revere Life Ins. Co.*, 188 F.R.D. 543, 545–46 (D. Ariz. 1999) (holding that the court must exercise its discretion in determining what constitutes a "reasonable fee" for an expert witness at deposition). Thus, any agreement between the parties cannot circumvent the requirements of Rule 26 unless the court authorizes it. *See Bowen*, 163 F.R.D. at 573. Indeed, courts have

granted similar motions under analogous circumstances despite an explicit or implied payment agreement between the parties.

In *U.S. Energy Corp. v. Nukem, Inc.*, 163 F.R.D. 344 (D. Colo. 1995), the plaintiffs moved to compel the defendants' payment of expert fees billed after depositions were taken. Prior to taking the depositions, the defendants had agreed in writing to pay plaintiffs' experts "their normal hourly fee." *Id.* at 345. Notwithstanding the parties' agreement, the court applied a multi-factor test to determine the reasonableness of each expert's fee. *Id.* at 346–47. The court noted that: "[T]here must be some reasonable relationship between the services rendered and the remuneration to which the expert is entitled. Unless the courts patrol the battlefield to insure fairness, the circumstances invite extortionate fee setting." *Id.* at 346–47 (citing *Anthony v. Abbott Labs.*, 106 F.R.D. 461, 464 (D.R.I. 1985)). Consequently, the court granted the plaintiffs' motion as to one expert but for an award of less than that expert's stated hourly rate. *Id.* 346–48.

In *Young v. Global 3, Inc.*, No. 03-N-2255, 2005 U.S. Dist. LEXIS 46416 (D. Colo. May 26, 2005), the plaintiff filed a motion to reduce the unreasonable $1200-per-hour rate she paid—in advance—to depose the defendants' medical expert. The defendants argued in part that the plaintiff's motion should be barred by the parties' "fee agreement," which was prepared by the expert, provided to the plaintiff prior to the deposition, and required an advance payment. *Id.* at *3–4.

The court held that any such agreement could not bind the court to require the plaintiff's payment of "a patently unreasonable fee." *See id.* at *4–5. Accordingly, the court determined the reasonable hourly rate and ordered the defendants' expert to return to the plaintiff any amounts paid in excess of the authorized rate. *Id.* at *6–9.

In *Bowen*, the defendant filed a motion to set a reasonable fee for the pending deposition of the plaintiffs' medical expert, who insisted on an advance flat-rate payment. *Bowen*, 163 F.R.D. at 572. The plaintiff advised the court of an implied "agreement" between opposing counsel that "the individual who noticed an expert deposition would pay the expert's fees for attending the deposition." *Id.* This "agreement" was based on "an exchange between counsel during the [previous] deposition of . . . plaintiffs' expert toxicologist. . . . Plaintiffs' counsel interrupted to inquire, 'When are you going to pay him, George?' and defense counsel responded, 'Send me a bill.'" *Id.* The court ruled "that any 'agreement' between the parties impliedly encompassed an understanding that the fees would be 'reasonable.'" *Id.* at 573. Applying a multi-factor analysis, the court concluded that the expert's proposed fee was not reasonable and set a lower, reasonable rate for the deposition. *Id.* at 573–74.

In *Rogers*, both parties filed post-trial motions to recover the costs of expert fees they paid for the depositions of their respective expert witnesses. *Rogers*, 232

F.R.D. at 582. Before filing these motions, however, the parties had an "implied understanding" that each side would pay its own experts pursuant to the usual custom among attorneys in Texas. *Id.* Nevertheless, the court reviewed the fee requests to determine whether they satisfied the "reasonable" and "just" requirements of Rule 26. *Id.* at 582–83. Although the court found that many of the experts' fees were reasonable, the court denied the recovery of one expert's deposition fees as manifestly unjust because the expert did not testify at trial after a successful *Daubert* challenge of that expert's inadmissible opinions. *Id.* at 583.

Here, Blue Brownies only agreed to pay to depose M3Girl's "expert" witnesses in accordance with Rule 26. (CR 301, at 8366–67; ER 7). Thus, the agreement explicitly encompassed the understanding that the fees were subject to Rule 26's "reasonable" and "just" requirements. Moreover, even though the usual custom in Texas is for each side to pay its own experts, *see Rogers*, 232 F.R.D. at 582, M3Girl made it clear that Blue Brownies would not be able to take the requested depositions without agreeing in advance to pay the deposition fees. (CR 272, at 5844). To ensure they could timely obtain useful depositions, Blue Brownies reluctantly went along with paying the pre-billed fees with the intent of later seeking to recoup those costs to the extent they were unreasonable or unjust.

(CR 272, at 5844–45).[9] Compared with the circumstances in *U.S. Energy*, *Young*, *Bowen*, and *Rogers*, the agreement in this case could not override the district court's discretion under Rule 26 or otherwise require Blue Brownies to bear the cost of unreasonable or unjust expert deposition fees. Therefore, the district court erroneously concluded that the parties' agreement made the actual time spent in deposition "immaterial" and excused M3Girl's failure to produce records to show the reasonableness of its "expert" witness fees.

D. The district court erroneously concluded that the timing of Blue Brownies' motion excused M3Girl's failure to produce records to show the reasonableness of its "expert" witness fees

Contrary to the district court's conclusion in this case, the timing of Blue Brownies' motion could not excuse M3Girl's failure to produce records to show the reasonableness of its "expert" witness fees. Rule 26 "provides an independent basis" for either party to recover expert deposition fees as costs of discovery. *La. Power & Light Co. v. Kellstrom*, 50 F.3d 319, 332 (5th Cir. 1995). A court may order the recovery of such costs either as a condition of discovery or after the completion of discovery. *Chambers v. Ingram*, 858 F.2d 351, 360–61 (7th Cir. 1988) (citing Fed. R. Civ. P. 26(b)(4)(C) advisory committee's note (1970 amendments, at para. 43)); *see also La. Power*, 50 F.3d at 336 (holding that a

[9] Under the circumstances, Blue Brownies' approach was the prudent course to take. *Cf. O'Neil v. Isle of Capri Casinos, Inc.*, No. 2:01-cv-202, 2003 U.S. Dist. LEXIS 27823, at *6, *10 (E.D. Tex. Oct. 6, 2003) (reasoning the defendants should have gone forward with deposing the plaintiffs' expert and delayed resolving the issue of payment rather than later claim at a *Daubert* hearing that the high fee made taking the deposition unduly burdensome).

Local Rule's 30-day limit on a prevailing party's cost applications did not apply to Rule 26 costs); *Brew v. Ferraro*, No. 95-615-JD, 1998 U.S. Dist. LEXIS 23366, at *6–7 (D.N.H. Sept. 1, 1998) ("A motion relating to expert witness fees may be granted after the depositions at issue have occurred."). Requests for Rule 26 costs have been deemed timely when filed post-trial and postjudgment. *See La. Power*, 50 F.3d at 335–36 (holding that a Rule 26 motion filed nine months after judgment was timely); *Chambers*, 858 F.2d at 360–61 (determining that a Rule 26 request in a party's post-trial bill of costs was timely); *Lancaster v. Lord*, No. 90 Civ. 5843, 1993 U.S. Dist. LEXIS 3986, at *7 n.9 (S.D.N.Y. Mar. 31, 1993) (reasoning a Rule 26 request in a party's post-trial bill of costs was timely).

Here, Blue Brownies did not previously challenge the permissible scope of the parties' agreement to pay expert deposition fees because there was limited time to complete discovery, file pre-trial motions, and prepare for trial (not to mention the time spent during the trial itself). During this time, Blue Brownies were occupied with far more important matters than resolving issues of discovery costs. Additionally, because Blue Brownies lacked bargaining power and M3Girl delayed scheduling dates for the depositions, the reasonably prudent course was "to go forward and delay any type of issue regarding expert's fees until a later date." *O'Neil*, 2003 U.S. Dist. LEXIS 27823, at *10. Blue Brownies reasonably planned to later file a motion regarding these payments because Rule 26 does not impose

any particular due date and recovery of costs are generally sought after trial. *Cf.*, *e.g.*, *La. Power*, 50 F.3d at 335–36.

Prevailing precedent supports that Blue Brownies' motion was timely under the circumstances, regardless of the fact that Blue Brownies did not previously challenge paying the deposition fees of M3Girl's "expert" witnesses. *Cf. La. Power*, 50 F.3d at 335–36; *Chambers*, 858 F.2d at 360–61; *Brew*, 1998 U.S. Dist. LEXIS 23366, at *6–7; *Lancaster*, 1993 U.S. Dist. LEXIS 3986, at *7 n.9. Moreover, it should not have been difficult for M3Girl to produce records in support of its "expert" witness' rates and hours unless those numbers were arbitrary and merely based on what the witnesses wanted to be paid. The numbers in the witness' pre-billed invoices were either based on verifiable records or they were not. If such records existed, M3Girl should have been able to easily obtain them from its own retained witnesses. Therefore, the district court erroneously concluded that the timing of Blue Brownies' motion excused M3Girl's failure to produce records to show the reasonableness of its "expert" witness fees.

E. Blue Brownies should have been awarded most of the fees they were forced to pay in advance to depose M3Girl's "expert" witnesses because the rates and hours the witnesses charged were unreasonable

Because the parties' agreement and the timing of Blue Brownies' motion were not deciding factors, the district court erroneously declined to determine the reasonableness of the fees M3Girl forced Blue Brownies to pay in advance to

depose M3Girl's "expert" witnesses. Rule 26 mandates that an expert witness will be paid "a reasonable fee," not that the expert witness "will be paid his heart's desire." *Anthony*, 106 F.R.D. at 465. The goal of Rule 26 is to balance opposing interests: to not unduly hamper a party's ability to hire competent experts, and at the same time, to not unfairly burden a deposing party with "excessive ransoms which produce windfalls for the [opposing party's] experts." *Id.* (citing *Hensley v. Eckerhart*, 461 U.S. 424 (1983)). Accordingly, an "expert's compensation shall be limited to a reasonable amount, even if it is less than his customary hourly fee," *In re Shell Oil Refinery*, No. 88-1935, 1992 U.S. Dist. LEXIS 2165, at *2 (E.D. La. Feb. 13, 1992), and if the expert charges an unreasonable fee, the party retaining the expert must pay the amount in excess of the reasonable rate, *Reed v. Binder*, 165 F.R.D. 424, 428 n.3 (D.N.J. 1996).

Additionally, the deposing party cannot be required to pay for time the expert did not clearly spend in preparation for the deposition. *Rogers*, 232 F.R.D. at 582. The deposing party is also not required to pay for the expert's time spent conferring with the responding party's counsel for the deposition. *Rhee v. Witco Chemical Corp.*, 126 F.R.D. 45, 47–48 (N.D. Ill. 1989); *accord In re Shell*, 1992 U.S. Dist. LEXIS 2165, at *2. While the deposing party is required to pay for the actual time the expert provided deposition testimony, the deposing party is not required to pay the expert's allotted time for the deposition. *Molina v. United*

States, No. SA-07-CV-0254 NN, 2008 U.S. Dist. LEXIS 61691, at *2–3 (W.D. Tex. Aug. 11, 2008).

The burden is on the party retaining the expert to show that the expert's rate and fee are reasonable. *Se-Kure Controls, Inc. v. Vanguard Prods. Grp.*, No. 02 C 3767, 2012 U.S. Dist. LEXIS 97136, at *40 (N.D. Ill. July 5, 2012); *Young*, 2005 U.S. Dist. LEXIS 46416, at *5–6. Factors to consider in determining the reasonableness of expert fees are: "(1) the expert's area of expertise; (2) the education and training required to provide the expert insight that is sought; (3) the prevailing rates of other comparably respected available experts; (4) the nature, quality, and complexity of the discovery responses provided; (5) the fee actually being charged to the party that retained the expert; (6) fees traditionally charged by the expert on related matters; and (7) any other factor likely to be of assistance to the court in balancing the interests implicated by Rule 26." *Se-Kure Controls*, 2012 U.S. Dist. LEXIS 97136, at *40; *accord Young*, 2005 U.S. Dist. LEXIS 46416, at *2–3.

Here, the district court erroneously refused to consider the actual time M3Girl's "expert" witnesses spent in their depositions, even though Blue Brownies should not have been required to pay the expert's allotted time for the deposition. *Cf. Molina*, 2008 U.S. Dist. LEXIS 61691, at *2–3. The district court also failed to consider comparable expert rates or how M3Girl's "expert" witness' education,

training, nature of the work, or any other factors supported the reasonableness of their pre-billed fees. More important, M3Girl failed to present any records to show the reasonableness of the rates and hours of its "expert" witnesses. The only evidence M3Girl offered was Morgan Ward's deposition testimony that she increased her hourly rate from $150 to $450 because she wanted to charge a "market rate" after realizing she could charge more as an expert witness than she was accustomed to charging as a consultant. (CR 284, at 7728–31). However, her explanation merely described her "heart's desire" to triple her fee after she had charged M3Girl her usual $150-per-hour rate. Indeed, her inexplicable explanation and questionable timing for dramatically increasing her hourly rate indicated that she demanded an excessive ransom to reap a windfall at Blue Brownies' expense without any reasonable basis for doing so. *Cf. Anthony*, 106 F.R.D. at 465. Therefore, M3Girl failed to satisfy its burden to show that the rates and fees of its "expert" witnesses were reasonable.

As Blue Brownies explained in their motion, M3Girl's "expert" witnesses pre-billed Blue Brownies for excessive deposition time that they did not actually spend in giving testimony at their depositions. (CR 277, at 5847–50). M3Girl's "expert" witnesses also failed to detail the reasonable manner and method in which they prepared for the depositions to justify the claimed preparation hours in their pre-billed invoices. (CR 277, at 5847–50). Morgan Ward and Steven Ross also

charged Blue Brownies to pay hourly rates that were unreasonably exorbitant in comparison to their customary hourly rates. (CR 277, at 5848–50). Therefore, Blue Brownies should have been awarded most of the fees they were forced to pay in advance to depose M3Girl's "expert" witnesses because the rates and hours the witnesses charged were unreasonable.

POINT OF ERROR FOUR:

THE DISTRICT COURT ABUSED ITS DISCRETION TO DENY BLUE BROWNIES' MOTION FOR ADVERSE EXPERTS' DEPOSITION FEES BECAUSE REQUIRING ADVANCE PAYMENT TO DEPOSE A WITNESS LATER EXCLUDED FROM GIVING INADMISSIBLE NON-EXPERT TESTIMONY IS MANIFESTLY UNJUST.

A. Standard of review

"[A] district court's interpretation of the Federal Rules of Civil Procedure [is] reviewed de novo." *Knight*, 482 F.3d at 355. A decision to deny expert fees under Rule 26 of the Federal Rules of Civil Procedure is reviewed for abuse of discretion. *Id.* "A district court abuses its discretion when its ruling is based on an erroneous view of the law or a clearly erroneous assessment of the evidence." *Marmillion*, 381 Fed. Appx. at 429.

B. Blue Brownies should have been awarded most of the fees they were forced to pay in advance to depose M3Girl's "expert" witnesses because these witnesses were largely determined to be no different than lay witnesses offering inadmissible testimony.

Rule 26 mandates that the burden of an expert's fees may not be shifted to the deposing party where it results in manifest injustice. *See* Fed. R. Civ. P.

26(b)(4)(E); *Rogers*, 232 F.R.D. at 582. There is no clear standard for determining when "manifest injustice" precludes application of this fee-shifting rule. *See, e.g.*, *In re Raymond Prof'l Group, Inc.*, 420 B.R. 420, 470 (Bankr. N.D. Ill. 2009) (holding that manifest injustice would result if the deposition was necessary to clear up confusion created by opposing counsel regarding its expert's opinions); *Reed*, 165 F.R.D. at 427–28 (holding that manifest injustice would result if paying the opposing expert's fees is an economic obstacle for the deposing party). Under circumstances analogous to this case, however, it has been held that manifest injustice would result if the deposing party were required to pay the fees of an expert who was not called at trial and whose testimony was excluded from trial. *Rogers*, 232 F.R.D. at 583.

The holding in *Rogers* underscores the permissible scope of the rule. Rule 26 only authorizes fee-shifting if the deposed witness is a retained expert who can testify at trial. *See* Fed. R. Civ. P. 26(b)(4)(A), (E)(i). The rule does not cover a purported expert who acquired information as "an actor or viewer with respect to transactions or occurrences that are part of the subject matter of the lawsuit. Such an expert should be treated as an ordinary witness." Fed. R. Civ. P. 26(b)(4), advisory committee's note (1970 amendments, at para. 33). Accordingly, Rule 26 uses "the term 'expert' to refer to those persons who will testify under Rule 702 of the Federal Rules of Evidence with respect to scientific, technical, and other

specialized matters." Fed. R. Civ. P. 26(a)(2), advisory committee's note (1993 amendments, at para. 19). Thus, any deposed person should be treated the same as a lay witness to the extent that person cannot provide qualified and reliable trial testimony under Rule 702.[10] Accordingly, requiring a deposing party to pay to depose a witness later excluded from giving inadmissible non-expert testimony at trial would be manifestly unjust.

Here, Steven Ross was not called to testify at trial and the district court excluded all of his expected testimony on numerous unreliable opinions he was not qualified to give. (CR 189, at 2903–09). Helen Reynolds testified at trial but only to provide cumulative and unnecessary testimony regarding Blue Brownies' gross revenues, (CR 269, at 4917–23), which did not require an expert because Blue Brownies' tax returns were admitted into evidence to show their gross revenues and expenses, (Pl.'s Trial Ex. 234, 235, 236). Except for this de minimus lay testimony, the district court excluded all of Helen Reynolds' expected testimony regarding her unreliable theory of damages and calculation of damages. (CR 183, at 2873–76; CR 217, sealed clarification order). Finally, Morgan Ward testified at

[10] To testify as an expert, a witness must meet several prerequisites. The witness must be qualified as someone who possesses specialized knowledge, skill, experience, training, or education relevant to an issue in the case. Fed. R. Evid. 702; *Kumho Tire Co. v. Carmichael*, 526 U.S. 137, 147–49, 156 (1999); *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579, 589 (1993). The expertise of the witness must also be helpful for the jury "to understand the evidence or to determine a fact in issue." Fed. R. Evid. 702. Finally, the expert's expected testimony must also be based on sufficient facts or data, reliable principles and methods, and a reliable application of those principles and methods to the facts of the case. *Id.*; *see, e.g.*, *Guy v. Crown Equip. Corp.*, 394 F.3d 320, 325–27 (5th Cir. 2004).

trial regarding not much more than her severely flawed survey. (CR 269, at 4747–4810). Except for this testimony, the Court excluded the majority of Morgan Ward's expected testimony regarding a number of issues for which she had no expertise or could provide no relevant or reliable opinions. (CR 186, sealed order).

Under the circumstances, Blue Brownies' pre-payment of deposition fees resulted in manifest injustice because these witnesses were excluded from giving inadmissible non-expert testimony at trial. *Cf. Rogers*, 232 F.R.D. at 583. In light of the permissible scope of Rule 26, the district court should have treated M3Girl's "expert" witnesses the same as lay witnesses—who are not entitled to the payment of expert deposition fees from the deposing party. *Cf.* Fed. R. Civ. P. 26(b)(4), advisory committee's note (1970 amendments, at para. 33); Fed. R. Civ. P. 26(b)(4), advisory committee's note (1970 amendments, at para. 33). Therefore, Blue Brownies should have been awarded most of the fees they were forced to pay in advance to depose M3Girl's "expert" witnesses because these witnesses were largely determined to be no different than lay witnesses offering inadmissible testimony.

C. The district court erroneously found that the parties' agreement was "strong evidence" that no manifest injustice existed

No authority holds that manifest injustice must exist at the time a deposing party agrees to depose an expert witness to trigger Rule 26's bar against paying the witness for the time spent in deposition. To the contrary, the court in *Rogers*

recognized manifest injustice that would result if a deposing party were required to pay fees to a witness whose testimony was later excluded from trial after "the court had sustained a *Daubert* challenge." *Rogers*, 232 F.R.D. at 583. Like the circumstances in *Rogers*, the district court granted Blue Brownies' *Daubert* motions to exclude most of the expected testimony of M3Girl's purported experts after the depositions of those witnesses. Blue Brownies had no way of knowing—prior to a couple of weeks before trial—that their largely successful *Daubert* challenges of M3Girl's "expert" witnesses would render the payments of their deposition fees manifestly unjust. Thus, the parties could not have contemplated that no manifest injustice would result at the time they agreed to pay expert fees in accordance with Rule 26. Therefore, the district court erroneously found that the parties' agreement was "strong evidence" that no manifest injustice existed.

CONCLUSION

The district court erred to deny Blue Brownies' motion for attorneys' fees under the Copyright Act because the final judgment makes Blue Brownies the prevailing party on M3Girl's dismissed copyright claims. Alternatively, the district court erred to deny Blue Brownies' motion for attorneys' fees under the Copyright Act because M3Girl dismissed its meritless copyright claims to avoid an unfavorable judgment at trial. Therefore, this Court should reverse the final order denying Blue Brownies' motion for attorneys' fees related to M3Girl's dismissed

copyright claims and render that Blue Brownies be awarded their attorneys' fees as requested in their motion, or remand the matter for further consideration as to the *Fogerty* factors and the reasonableness of the requested fees.

The district court abused its discretion to deny Blue Brownies' motion for adverse experts' deposition fees because the court did not determine the reasonableness of those fees in accordance with Rule 26 of the Federal Rules of Civil Procedure. The district court also abused its discretion to deny Blue Brownies' motion for adverse experts' deposition fees because paying to depose a witness regarding inadmissible non-expert testimony is manifestly unjust. Therefore, this Court should reverse the final order denying Blue Brownies' motion for adverse experts' deposition fees and render that Blue Brownies be reimbursed the expert deposition fees they paid, as requested in their motion, or remand the matter for further consideration as to the reasonableness and reimbursable amount of those fees.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing Brief of Appellants has been filed electronically with the office of the Clerk for the United States Court of Appeals for the Fifth Circuit, and a true and correct copy of the same has been provided to the Appellee's attorney listed below via email, on April 24, 2013. Pursuant to Fifth Circuit Rule 31.1, the attorneys for Appellants and Appellee mutually agreed in writing to receive service via email.

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