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7		DISTRICT COURT
8	SOUTHERN DISTRI	CT OF CALIFORNIA
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10	Corporation, and CRAIG FREEMAN,)	Case No. 07cv1994-DMS (BLM)
11	an individual,	ORDER AWARDING FEES
12	Plaintiffs,	[Doc. Nos. 97 & 98]
13	v.)	
14	HOME DEPOT U.S.A., INC., a Delaware Corporation, LOWE'S	
15	HIW, INC., a North Carolina) Corporation,)	
16	Defendants.	
17		
18	and RELATED COUNTERCLAIMS.	

Presently before the Court are Defendant Lowe's HIW, Inc.'s ("Lowe's") Application for Fees and Costs, Defendant Home Depot U.S.A., Inc.'s ("Home Depot") Application for Attorneys' Fees and Costs, Plaintiffs' oppositions to both applications, and Lowe's and

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24 Home Depot's reply briefs. Doc. Nos. 97, 98, 103, 104, 107, 108.

This briefing was filed in response to this Court's August 21, 2008

Order Granting Defendants' Motion to Compel and its determination

that Plaintiffs' conduct makes an award of attorneys' fees and costs appropriate. Doc. No. 88. Upon completion of the briefing, the

matter was taken under submission pursuant to Civil Local Rule 7.1(d)(1). Id.

Having reviewed the briefing submitted, and for the reasons set forth below, Lowe's and Home Depot's applications are **GRANTED IN PART AND DENIED IN PART**.

PROCEDURAL BACKGROUND

On July 8, 2008, Lowe's filed a Motion to Compel Production of Documents in Response to Lowe's First Set of Requests for Production and its Subpoena to Fish & Richardson LLP. Doc. No. 64. Lowe's asked the Court to compel production of documents responsive to eight document requests as well as all documents produced by Fish & Richardson LLP to Plaintiffs in response to Lowe's subpoena to Fish & Richardson. Id. Home Depot filed a notice of joinder in Lowe's motion the same day. Doc. No. 65. Home Depot requested that the Court compel Plaintiffs to produce documents responsive to four of its requests for production. Id.

Plaintiffs did not file an opposition or notice of non-opposition, as required by Civil Local Rule 7.1(f)(3)(a). By order dated August 11, 2008, this Court provided Plaintiffs with another opportunity to oppose the motion, warning them that if they did not oppose by August 15, 2008, the Court would grant Defendants' motion to compel pursuant to Civil Local Rule 7.1(f)(3)(c). Doc. No. 84 (quoting Civil Local Rule 7.1(f)(3)(c), which provides "[i]f an opposing party fails to file the papers in the manner required by Civil Local Rule 7.1.e.2, that failure may constitute a consent to the granting of a motion or other request for ruling by the court"). The Court also held a telephonic case management conference with all counsel on August 15, 2008, during which Plaintiffs' counsel

represented that he would not oppose the motion.

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On August 21, 2008, the Court granted Defendants' motions to compel. Doc. No. 88. In regard to Defendants' request for attorneys' fees related to bringing the motion to compel, the Court found that Plaintiffs' dilatory actions in response to Defendants' discovery requests justified the imposition of sanctions under Rule 37(a)(5) of the Federal Rules of Civil Procedure. Id. at 4-5. Specifically, the Court determined that:

Plaintiffs repeatedly stonewalled Defendants' efforts to meet and confer and did not agree to do so until served three months after Defendants discovery requests at issue. During the meet and confer discussions, Plaintiffs still objected to several of the discovery requests on various grounds, so Lowe's ultimately filed a motion to compel. Plaintiffs then opted not to oppose the motion and subsequently produced some of the requested documents and agreed to produce the remaining documents. light of Plaintiffs' conduct, the Court finds that Plaintiffs' resistance to meeting and conferring and to producing documents responsive to the document requests and subpoena in a timely manner were not substantially justified, forced Defendants to file the motion to compel and joinder, and served only to improperly delay this case.

<u>Id.</u> at 5 (internal citations omitted). Thereafter, the Court set a briefing schedule requiring Defendants to address the amount of fees and costs requested and the basis for the requests, and allowing Plaintiffs an opportunity to oppose the requests. <u>Id.</u> at 6.

LEGAL STANDARD

Rule 37 of the Federal Rules of Civil Procedure provides that, if a motion to compel is granted,

...the court **must**, after giving an opportunity to be heard, require the party or deponent whose conduct necessitated the motion, the party or attorney advising that conduct, or both to pay the movant's reasonable expenses incurred in making the motion, including attorney's fees. But the court must not order this payment if:

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(ii) the opposing party's nondisclosure, response, or objection was substantially justified; or

(iii) other circumstances make an award of expenses unjust.

Fed. R. Civ. P. 37(a)(5) (emphasis added).

To determine a reasonable attorneys' fee award or "lodestar" figure, the Supreme Court directs courts to begin by calculating the number of hours reasonably spent on the litigation multiplied by a reasonable hourly rate. Hensley v. Eckerhart, 461 U.S. 424, 433 There is a "strong presumption" that the lodestar fee (1983).constitutes a reasonable fee. City of Burlington v. Dague, 505 U.S. 557, 562 (1992). Ultimately, however, because "[t]he calculation of the amount of a 'reasonable attorney's fee' is not a precise science, "Green v. Baca, 225 F.R.D. 612, 614-615 (C.D. Cal. 2005), the Supreme Court has repeatedly reemphasized that discretion to determine the amount of a fee award lies with the district court, Hensley, 461 U.S. at 437. "[I]n exercising its discretion in setting a fee, the Court must assess 'the reasonableness of the fee in light of the totality of the circumstances.'" Green, 225 F.R.D. at 615 (quoting Jordan v. Multnomah County, 815 F.2d 1258, 1263 n.7 (9th Cir. 1987)).

DISCUSSION

In this case, Lowe's took the lead in filing the motion to compel at issue, so it's attorneys' fees and costs are, understandably, higher. Lowe's requests an award of \$44,699.00. Lowe's Appl. at 4. This figure includes most, but not all, of the time billed by Lowe's outside counsel for meeting and conferring

with Plaintiffs regarding the discovery at issue and the motion to compel as well as for drafting and editing the motion to compel. Lowe's Appl. at 3-5; Decl. of Gail J. Standish Supp. Lowe's Appl. ("Standish Decl.") ¶¶ 2, 9-10; Lowe's Reply at 1-2 and 3 n.1. It also includes legal research and messenger service costs. Standish Decl. ¶ 10. Lowe's does not seek to recover the fees incurred related to its application for fees and reply or the fees associated with hours billed by a paralegal. Lowe's Reply at 1 and 3 n.1.

Home Depot seeks an award of \$9,828.00 in fees and costs. Home Depot Reply at 2. Though Home Depot did not draft the motion to compel, it's counsel represent that they assisted in the motion's preparation, prepared a letter regarding the improperly withheld documents, participated in meet and confer sessions with Plaintiffs, and prepared a joinder to the motion. Home Depot Appl. at 1; Decl. of David D. Bahler Supp. Home Depot Appl. ("Bahler Decl.") ¶ 7; Home Depot Reply at 1-2. The total figure presented by Home Depot also includes paralegal fees and attorneys' fees for hours spent preparing its application for fees and related reply. Home Depot Appl. at 2; Bahler Decl. ¶¶ 4, 8 and Ex. A; Home Depot Reply at 2; Decl. of Gilbert A. Greene ("Greene Decl.") ¶ 4.

Several of Plaintiffs' objections apply to both Defendants. First, Plaintiffs object to more senior attorneys billing time on discovery matters that could have been handled by junior associates (or, at the very least, at junior associate billing rates). Pls.' Opp'n to Home Depot at 2-3, 5, Ex. 1; Pls.' Opp'n to Lowe's at 2-5. Second, Plaintiffs object to each of the Defendants in some instances billing for more than one attorney to participate in the same task or conference with the Court. Pls.' Opp'n to Home Depot

at 5-6, Ex. 1; Pls.' Opp'n to Lowe's at 2, 4-5. Finally, Plaintiffs submit that Defendants should not be reimbursed for the time their counsel spent on normal litigation activities that Plaintiffs contend they would have had to do regardless of whether Defendants filed a motion to compel. Pls.' Opp'n to Home Depot at 3-4, Ex. 1; Pls.' Opp'n to Lowe's at 2-4.

Specifically in regard to Lowe's application, Plaintiffs object that: (1) all of the rates billed are too high for the San Diego market, (2) Lowe's provided insufficient detail as to the tasks and hours billed, (3) legal research is just a cost of doing business and should not be included, and (4) the messenger service cost is excessive and, regardless, is another non-compensable cost of doing business. Pls.' Opp'n to Lowe's at 1-5.

As to Home Depot's application, Plaintiffs object that:

(1) Home Depot billed for time spent reviewing an entire set of responses to its requests for production when only four requests were at issue in the motion to compel, (2) the paralegal's administrative time cannot be recovered, and (3) Home Depot improperly seeks to recover the fees it incurred in preparing its application for fees and related reply. Pls.' Opp'n at 3-6.

A. Lodestar Analysis

In determining what constitute "reasonable expenses," the Supreme Court's "lodestar" analysis provides guidance to the Court.

Hensley, 461 U.S. at 433. This analysis requires the Court to calculate the number of hours reasonably spent on the matter multiplied by a reasonable hourly rate. Id.

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1. Reasonable Rate

Lowe's and Home Depot contend that the rates charged by their counsel are reasonable given the type of legal services provided. Lowe's Reply at 4-5; Bahler Decl. \P 8. While the fee award in this case is not premised upon statutory authority, the standard applicable to statutory awards provides a useful guideline. statutory award-based cases, the proper reference point determining whether the attorney's fees are "reasonable" is whether the fees comport with the prevailing market rates in the relevant community. See Blum v. Stenson, 465 U.S. 886, 895 (1984); Trevino 99 F.3d 911, 925 (9th Cir. 1996) (holding that the v. Gates, determination "should be guided by the rate prevailing in the community for similar work performed by attorneys of comparable skill, experience, and reputation") (internal citation omitted). In this case, both Lowe's and Home Depot are represented by large, international law firms and counsel who specialize in patent litigation. And, while not all of the issues raised in the motion to compel were technically complex, both Defendants were entitled to engage counsel with both the technical knowledge and expertise in the unique procedures associated with patent litigation to defend this action. As such, the prevailing market rates should be charged for representation measured against rates in Lead counsel for both Lowe's and Home Depot confirm litigation. that the billing rates in this case were comparable to those charged for similar legal services. Bahler Decl. ¶ 8; Standish Decl. ¶ 7. While both attorney's provided only their own declarations as evidence of prevailing market rates, the Court finds the rates

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charged by counsel in this case to be reasonable.1

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Plaintiffs' primary objection to the billing rates is that they are excessive for preparing work related to discovery. Pls.' Opp'n to Lowes at 3; Pls.' Opp'n to Home Depot at 2. experienced attorney commands high hourly rates in part because he or she is more efficient." Patyk v. Certegy Pymnt Recovery Serv., Inc., 2008 WL 755850, *1 (S.D. Cal. 2008) (citing <u>Ferland v. Conrad</u> <u>Credit Corp.</u>, 244 F.3d 1145, 1148 (9th Cir.2001)). In this case, it appears to the Court that the bulk of the time billed by counsel for Lowe's and Home Depot was for work done by associates at lower billing rates. However, the Court does not find it unreasonable that Ms. Standish, Mr. Bahler, and higher level associates would participate to some extent in ongoing discovery disputes and strategy related thereto, particularly since several of these disputes were aired before this Court, and the Court also does not find their billing rates to be excessive in this context. Under the totality of the circumstances, the Court finds Lowe's and Home Depot's billing rates to be reasonable. See Green, 225 F.R.D. at 615.

2. Reasonable Number of Hours

Lowe's and Home Depot also contend that the number of hours billed, for which they seek compensation, was reasonable. Lowe's Appl. at 5; Bahler Decl. \P 8. The party seeking an award of

Notably, Plaintiffs provided no evidence supporting their allegation that "[a]ll of the rates charged by Winston and Strawn are inappropriate for the San Diego community and perhaps every other community." Pls.' Opp'n to Lowe's at 3. Plaintiffs further stated later on the same page that "Rates of \$630, \$455, and \$280 per hour [Lowe's rates in this case] are reasonable rates." Id.

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attorneys' fees must provide adequate documentation of the hours worked and the nature of the work performed. See Hensley, 461 U.S. at 433-434. "[A]n award of attorney's fees may be based on the affidavits of counsel, so long as they are 'sufficiently detailed to enable the court to consider all the factors necessary in setting the fees.'" Henry v. Gill Indus., Inc., 983 F.2d 943, 946 (9th Cir. 1993) (quoting Williams v. Alioto, 625 F.2d 845, 849 (9th Cir. 1980) (per curiam)). In documenting the number of hours worked, the party should exercise "billing judgment" and "make a good faith effort to exclude from a fee request hours that are excessive, redundant, or otherwise unnecessary." Hensley, 461 U.S. at 434.

a. Lowe's

Lowe's asserts that its counsel expended 97 hours researching, drafting and revising its motion to compel. Standish Decl. ¶ 9. It explains that, because Plaintiffs' counsel initially and repeatedly refused to meet and confer, Lowe's was forced to prepare a motion that addressed all of the disputed categories of requested documents and legal arguments related thereto. <u>Id.</u> Only after Lowe's informed Plaintiffs that it had prepared a motion to compel, which it intended to file, did Plaintiffs agree to meet and confer, at which time the parties resolved their differences as to four categories of documents (which forced Lowe's to spend time substantially revising its motion). Id. Lowe's also justifies the number of hours billed by pointing to the fact that the issue of an attorney-client privilege waiver by a plaintiff disclosing a patent opinion presented a novel and complicated legal issue, which required significant research. Lowe's Reply at 7.

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Having reviewed the arguments and documentation submitted, the Court finds that Lowe's should recover a significant portion of these fees. Ninety-seven hours is a considerable amount of time for a motion to compel but, due to Plaintiffs' failure to timely meet and confer and to produce the documents they promised, Lowe's had to include in its initial motion the factual and legal analysis relating to all six categories of documents, as well as an unusual attorney-client privilege issue. Lowe's then was required to substantially revise its motion once Plaintiffs finally agreed to meet and confer and several issues were resolved. ultimately filed with the Court was lengthy, well-written and contained proper persuasive legal authority, thus further justifying the expenditure of counsel's time. However, because Lowe's application and the supporting declaration do not provide any details regarding the specific tasks involved, the Court cannot assess whether or not individual work was reasonably necessary or recoverable under this Court's order. C.f. Hensley, 461 U.S. at 433-434 (requiring adequate documentation of the hours worked and the nature of the work performed); Henry, 983 F.2d at 946 (allowing reliance on the affidavits of counsel if they are sufficiently detailed to enable the court to evaluate all the factors necessary in setting the fees). Accordingly, the Court finds it appropriate to reduce the award to Lowe's, of fees it designated as being related to drafting the motion to compel, by twenty-five percent.

In regard to the hours Lowe's billed for meeting and conferring, the Court also finds that a reduced award is appropriate. The local rules for the Southern District of California require counsel to meet and confer before filing any

discovery motion in an effort to resolve disputes. <u>See</u> CivLR 16.5(k). As such, fees associated with the initial meet and confer process logically should not always be included in a fee award. In this case, however, Plaintiffs stonewalled Lowe's efforts to meet and confer until the eleventh hour when Lowe's already had expended considerable time attempting to meet and confer and, ultimately, preparing a motion. The Court finds that these circumstances justify an award of sanctions. But again, because Lowe's did not provide the Court with any details regarding which meet and confer efforts occurred when, the Court has no basis for separating out the proper award. The Court, therefore, finds it appropriate to award fifty percent of the attorneys' fees requested by Lowe's under the rubric of meeting and conferring.

b. <u>Home Depot</u>

Home Depot seeks to recover the attorneys' fees attributable to 30.3 hours of work meeting and conferring, reviewing and providing comments on Lowe's motion, preparing its joinder in the motion, participating in conferences with the court regarding the delinquent discovery, and preparing its fee application. Bahler Decl., Ex. A. In support of its application, Home Depot provides copies of its billing records. <u>Id.</u> Additionally, Home Depot requests an award of the fees incurred in preparing a reply brief regarding fees (which amounts to an additional 6.8 hours of billable time). Greene Decl. ¶¶ 2-3.

The Court finds that a significant award of fees is appropriate. However, Home Depot included in its application hours spent engaging in the initial document review and meet and confer stages that the Court believes are not recoverable in this case.

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See supra at 10. Accordingly, the Court finds it reasonable to award only the fees incurred by Home Depot from July 1, 2008 to the present.² This includes the hours spent preparing Home Depot's application for fees and related reply. Contrary to Plaintiffs' assertion, time spent litigating fee petitions is compensable. See Anderson v. Dir., Office of Workers Comp. Programs, 91 F.3d 1322, 1325 (9th Cir. 1996) (compensation for time spent litigating a fee petition "must be included in calculating a reasonable fee because uncompensated time spent on petitioning for a fee automatically diminishes the value of the fee eventually received"); <u>U.S. v. City</u> of San Diego, 18 F. Supp. 2d 1090, 1101-1102 (S.D. Cal. 1998) (same); Sure Safe Indus. Inc. v. C & R Pier Mfg., 152 F.R.D. 625, 627 (S.D. Cal. 1993) ("Attorneys' fees in preparation of requests for attorneys' fees sanctions are recoverable under Rule 37").

Final Loadstar Amounts

Based on the Court's findings above, the Court finds it reasonable to award \$31,333.753 in attorneys' fees to Lowe's and

The Standish Declaration contained the following chart demonstrating the fees incurred by Lowe's (last column omitted):

Professional	Hourly Rate	Hours Billed for Meeting & Conferring	Hours Billed Drafting Motion to Compel
Gail J. Standish	\$630.00	in excess of 2.0	in excess of 10.5
Daniel C. Whang	\$455.00	in excess of 5.0	in excess of 40.0
Robert F. Gookin \$280.00		in excess of 8.5	in excess of 46.5
Total		in excess of 15.5	in excess of 97.0

In calculating the final lodestar figure, the Court multiplied the hourly rate by the hours spent meeting and conferring for each attorney and then reduced each

This award results in a deduction of the hours Home Depot attributes to meet and confer efforts (from 5/18/08 to 7/2/08) from 8.3 hours to 4.5 hours. The Court considered the percentage of this deduction in making its determination to reduce Lowe's hours spent meeting and conferring by fifty percent.

 $$8,980.50^4$ to Home Depot.

C. <u>Paralegal Fees</u>

Home Depot seeks to recover \$87.50 billed by a paralegal assigned to the case. <u>See</u> Bahler Decl., Ex. A. According to the billing records in this case, the paralegal downloaded, distributed and calendared the deadlines set by this Court in its briefing schedule for the motion to compel. <u>Id.</u> While fees incurred for paralegal work may be recoverable in some circumstances, <u>see Sure Safe Indus.</u>, 152 F.R.D. at 626-627 ("Properly included in an award of attorneys' fees [under Rule 37] are costs and fees for paralegals..."), the Court does not find that the paralegal's work in this case was attributable to Plaintiffs' stonewalling misconduct. The Court, therefore, denies Home Depot's request for these fees.

D. <u>Electronic Research Fees</u>

Lowe's seeks to recover \$670.00 in costs it incurred conducting computerized research in preparing its motion to compel. Standish Decl. ¶ 10; Lowe's Reply at 9. "[R]easonable charges for computerized research may be recovered as "attorney's fees" ... if

figure by 50% and added up the three reduced amounts. For hours billed for drafting the motion to compel, the Court employed the same procedure but reduced each figure by 25% instead of 50%. The total for the hours spent meeting and conferring and the hours billed for drafting the motion to compel was \$31,333.75.

Exhibit A of the Bahler Declaration contains the billing records for Home Depot. In calculating the final lodestar figure for Home Depot, the Court started with the total fees charged, \$8,402.00, subtracted out the first two time entries (pre-July 1, 2008) for \$660.00 and \$100.00, and then subtracted out the \$87.50 attributable to the paralegal's time (as his time will be addressed separately in this order). The Court then added to this figure the additional \$1,426.00 incurred by Home Depot in preparing its reply brief. See Green Decl. ¶ 4. This yielded a total of \$8,980.50.

separate billing for such expenses is 'the prevailing practice in the local community.'" Trustees of Const. Indus. and Laborers Health and Welfare Trust v. Redland Ins. Co., 460 F.3d 1253, 1259 (9th Cir. 2006); see also Sure Safe Indus., 152 F.R.D. at 626 (holding in reference to an award under Rule 37 that "[p]roperly included in an award of attorneys' fees are ... out-of-pocket expenses, including ... computerized legal research expenses") . Counsel for Lowe's did, in fact, bill Lowe's for these legal research costs and Plaintiffs have offered no evidence suggesting that this is contrary to the prevailing practice in this community. Moreover, given the unique attorney-client privilege issue in this case, the Court accepts' Lowe's representation that significant legal research was necessary. Accordingly, the Court awards Lowe's this cost.

E. <u>Attorney Service Costs</u>

Lowe's also seeks to recover \$279.30 in attorney service costs that resulted from its delivery of a courtesy copy of the motion to compel to chambers. Standish Decl. ¶ 10; Lowe's Reply at 10. Section 2(e) of the Electronic Case Filing Administrative Policies and Procedures Manual for the Southern District of California ("ECF Manual") requires parties to deliver or mail a courtesy copy of any filing exceeding twenty pages in length to chambers within twenty-four hours after filing. Lowe's motion to compel and attachments significantly exceeded twenty pages and so deliver of a courtesy copy to chambers was required. Messenger service fees are compensable in a fee award, see e.g. Harris v. Marhoefer, 24 F.3d 16, 19-20 (9th Cir. 1994) (finding that messenger fees may be recovered); see also Sure Safe Indus., 152 F.R.D. at 626

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(holding that an award of attorneys' fees under Rule 37 properly includes out-of-pocket expenses including mailing, copying and travel), and the Court grants Lowe's request in this case for its messenger fees.⁵

CONCLUSION

For the foregoing reasons, Lowe's and Home Depot's applications for attorneys' fees are GRANTED IN PART AND DENIED IN PART. Plaintiffs and their counsel are hereby ordered to reimburse Lowe's in the amount of $$32,283.05^6$ on or before November 10, 2008, and Plaintiffs' counsel is ordered to file a declaration verifying said payment by November 14, 2008. Plaintiffs and their counsel are hereby ordered to reimburse Home Depot in the amount of \$8,980.50 on or before November 10, 2008, and Plaintiffs' counsel is ordered to file a declaration verifying said payment by November 14, 2008. Failure to comply with this Order may result in the imposition of additional sanctions.

IT IS SO ORDERED.

DATED: October 27, 2008

BARBARA L. MAJOR

United States Magistrate Judge

COPY TO:

While other delivery methods may have proven less expensive than Lowe's messenger fees, Lowe's is permitted to utilize either method authorized in the ECF Manual. In addition, Plaintiffs did not provide this Court with any alternative evidence on which to rely so this Court grants the amount requested.

^{\$31,333.75 (}attorneys' fees) + \$670.00 (electronic research fees) + \$279.30 (messenger costs) = \$32,283.05.

HONORABLE DANA M. SABRAW U.S. DISTRICT JUDGE

ALL COUNSEL

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07cv1994-DMS (BLM)