

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

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<b>IMAPIZZA, LLC,</b>	)	
	)	
<b>Plaintiff,</b>	)	
	)	
<b>v.</b>	)	<b>Case No. 17-cv-2327 (TJK/GMH)</b>
	)	
<b>AT PIZZA LIMITED, et al,</b>	)	
	)	
<b>Defendants.</b>	)	

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**MAGISTRATE JUDGE’S  
REPORT AND RECOMMENDATION**

In this case, Plaintiff IMAPIZZA, LLC, a restaurant chain based in Washington, D.C., filed a complaint alleging that Defendants—At Pizza, Ltd., a Scottish restaurant, and Bhasker Dhir and Rupert Lyle, At Pizza’s owners and directors—infringed on Plaintiff’s copyrights and trademarks in the United Kingdom, committed trespass under District of Columbia law, and committed the tort of “passing-off” under the common law of the United Kingdom. Defendants succeeded in having the federal and District of Columbia claims dismissed, and Judge Kelly ordered Plaintiff to produce evidence to prove diversity jurisdiction over the remaining tort claim of passing-off. When Plaintiff failed to submit such evidence, the Court dismissed that claim as well. Plaintiff appealed Judge Kelly’s orders and the D.C. Circuit affirmed the dismissal of all claims. Defendants then filed the instant motion for attorney’s fees under 28 U.S.C. § 1927, the Copyright Act, the Lanham Act, and Rule 11 of the Federal Rules of Civil Procedure seeking \$463,000.12 in attorney’s fees and costs. Judge Kelly referred the motion to the undersigned for a Report and

Recommendation. After reviewing the entire record, the undersigned recommends awarding Defendants attorney’s fees in the amount of \$201,670.66.<sup>1</sup>

## I. BACKGROUND

Judge Kelly’s opinion dismissing Plaintiff’s federal and District of Columbia claims ably sets out the relevant factual background of this case, *IMAPizza, LLC v. At Pizza Ltd.*, 334 F. Supp. 3d 95, 105–106 (D.D.C. 2018), as does the D.C. Circuit’s decision affirming that dismissal, *IMAPizza LLC v. At Pizza Ltd.*, 965 F.3d 871 (D.C. Cir. 2020). This section therefore borrows heavily from those narratives.

Plaintiff operates a restaurant chain called &pizza, a trademarked name, in the District of Columbia and other locations in the Eastern United States. ECF No. 1 at. 2–3. According to Plaintiff, its &pizza business has certain distinctive features, such as “an elongated oval skinny pizza design,” “elongated rectangular skinny boxes,” “slogans that include ‘LOVE&pizza’ and ‘YOU&pizza,’” and employees that are referred to as its “Tribe.” *Id.* at 3–4. Plaintiff also submitted copyright applications for the “architectural and interior design plans” of its restaurants, “including the layout, and look and feel of its locations.” *Id.* at 9.

Defendants Lyle and Dhir reside in, and are citizens of, the United Kingdom and operate a pizza restaurant, called @pizza,<sup>2</sup> in Scotland. *Id.* at 2–3. According to Plaintiff, after “tour[ing] a number of &pizza locations in Washington, D.C.,” Defendants Lyle and Dhir allegedly “[r]ealiz[ed] the uniqueness of &pizza’s restaurant chain” and decided to copy it. *Id.* at 4–5. In October 2015, Defendant Lyle incorporated a private limited company called “& Pizza Limited”

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<sup>1</sup> The following docket entries are relevant to the resolution of this dispute: (1) Defendants’ motion for attorney’s fees and exhibits (ECF No 62 through 62-34); (2) Plaintiff’s opposition to Defendants’ motion for attorney’s fees and exhibits (ECF No. 63 through 63-5); (3) Defendants’ reply in support of their motion for attorney’s fees and exhibits (ECF No. 64 through 64-11). The page numbers cited herein are those assigned by the Court’s CM/ECF system.

<sup>2</sup> This Report and Recommendation uses “At Pizza” to refer to the defendant in this case, the private limited company (ECF No. 1 at 2), and uses “@pizza” to refer to Defendants’ restaurant in Scotland (ECF No. 1 at 5).

under the laws of the United Kingdom, later renaming the business “At Pizza.” ECF No. 23 at 11–12. Plaintiff also claimed that Defendants Lyle and Dhir “entered into &pizza’s Washington, D.C. locations masquerading as customers, took extensive pictures (not identifying themselves as the competition), accessed all parts of the restaurant that they could to observe its design, and returned to Scotland with this copyrighted information.” ECF No. 1 at 6–7. Defendants, of course, disagree with that characterization of their visits to &pizza restaurants. Defendant Lyle contends that he has visited an &pizza restaurant only once and it was by happenstance during a family vacation in July 2015 (ECF No. 20 at 2) and Defendant Dhir states that, although he did visit the United States as part of his research for opening @pizza, he visited many different pizza restaurants during the trip and was not fixated on &pizza (ECF No. 19 at 3–4). According to the Complaint, in addition to visiting &pizza restaurants, Defendants downloaded photographs of &pizza restaurants from websites operating on servers located in the United States, including “yelp.com” and “flydulles.com.” ECF No. 1 at 9–10. Plaintiff claims that is owns the copyrights to at least three of the downloaded photographs. *Id.*

In November 2017, Defendants opened a single @pizza restaurant in Edinburgh, Scotland.<sup>3</sup> *Id.* at 2, 4–5. Plaintiff contends that the @pizza restaurant has many of the same distinctive features as Plaintiff’s &pizza restaurants. For example, @pizza uses oval shaped pizza, elongated pizza boxes, slogans including “LOVE@pizza” and “YOU@pizza,” and promotion of its staff as “the Squad” and “the Pack.” *Id.* at 5–6. In addition, Plaintiff claims that @pizza has a similar architectural design as &pizza, that Defendants’ name “@pizza” is extremely similar to Plaintiff’s trademarked name “&pizza,” and that Defendants used three copyrighted photographs of &pizza for marketing. *Id.* at 5–9. After learning of Defendants’ allegedly copycat restaurant, Plaintiff

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<sup>3</sup> Since this case began, Defendants have opened two additional @pizza restaurants in the U.K. See Locations, @pizza, <https://www.atpizza.com/> (last visited June 3, 2021).

sent a cease and desist letter. *Id.* at 8. Defendants apparently refused to cooperate and instead responded that they “would be personally escorting their general manager to Washington, D.C. so he or she could also carefully observe &pizza’s design, operation and marketing.” *Id.* at 8–9.

Plaintiff filed a complaint in this Court on November 3, 2017 bringing five causes of action alleging that (1) Defendants violated the Copyright Act by “infring[ing] [Plaintiff’s] copyrights in the architectural works and three photographs mentioned above”; (2) Defendants violated the U.K. common law tort of passing-off<sup>4</sup> by “improperly trad[ing] on the goodwill associated with [Plaintiff’s] distinctive trademark and other features, thereby harming [Plaintiff]”; (3) Defendants violated the Lanham Act by infringing on Plaintiff’s “&pizza” trademark; (4) Defendants violated the Lanham Act by committing acts of unfair competition; and (5) “Defendants committed trespass under District of Columbia law when they entered &pizza restaurants without permission for the purpose of stealing [Plaintiff’s] intellectual property.” *IMAPizza*, 334 F. Supp. 3d at 107. But Plaintiff brought their suit in the wrong forum, attempting to apply United States law to allegedly infringing conduct that occurred entirely within the United Kingdom. As both Judge Kelly and the D.C. Circuit recognized, it is well established that United States copyright and trademark law cannot apply to conduct overseas absent some act of domestic infringement or some effect on United States commerce. *IMAPizza*, 334 F. Supp. 3d at 116–17, 121–22; *IMAPizza*, 965 F.3d at 876, 879–80. Plaintiff argued that extraterritorial application of copyright law was appropriate because Defendants had visited Plaintiff’s restaurants in the United States, taken photographs of Plaintiff’s restaurants in the United States, and downloaded photographs of Plaintiff’s restaurants from U.S. servers. *IMAPizza*, 334 F. Supp. 3d at 118–19. Plaintiff also argued that extraterritorial

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<sup>4</sup> Passing-off under U.K. law may be used to prevent an individual or entity from “passing-off” their own goods as those of another, in turn capitalizing on the other individual’s or entity’s goodwill in the market. *See Starbucks (HK) Ltd. v. British Sky Broadcasting Group PLC* at 5 (2015) (U.K. Sup. Ct. 31).

application of trademark law was appropriate because American students visit Scotland and may be confused by the similarities between the two restaurants and one potential business partner of Defendants was confused by the similarity between the two restaurants. *Id.* at 123. Judge Kelly and the D.C. Circuit firmly rejected each argument.

In granting Defendants' motion to dismiss Plaintiff's Copyright Act claim, Judge Kelly concluded that Plaintiff's theories for extraterritorial application of U.S. copyright law were "meritless" and "ma[d]e no sense" because Plaintiff had failed to allege any actions that could "plausibly constitute[ ] infringement within the United States." *IMAPizza*, 334 F. Supp. 3d at 118–19. He explained that Plaintiff cited no case suggesting that accessing copyrighted work alone—that is, visiting Plaintiff's restaurants—could constitute infringement and that taking photographs of an architectural work cannot, as a matter of law constitute infringement, "if the building in which the work is embodied is located in or ordinarily visible from a public place." *Id.* (quoting 17 U.S.C. § 120(a)). In rejecting Plaintiff's theory that downloads from U.S. servers constitute domestic infringement, Judge Kelly explained that it "[was] not hard to" conclude that downloading a photograph creates a "copy" "where the receiving computer assembles the [downloaded] information," not where the image is initially hosted. *Id.* at 119–20. Thus, downloading a photograph to a computer in the United Kingdom could not constitute domestic infringement. *Id.* In dismissing Plaintiff's trademark claims, Judge Kelly found that Plaintiff's theories were speculative, at best, and that Plaintiff "provide[d] no concrete facts suggesting an effect on U.S. commerce, only supposition drawn from the unremarkable fact that U.S. tourists and university students . . . visit[ ] Edinburgh, Scotland." *Id.* at 123. Judge Kelly explained that "Defendants' 'operations and their effects' [were] entirely 'confined within the limits of a foreign nation[,]'" that Plaintiff had failed to make any "allegation that Defendants [had] made any

purchases of supplies or sales of pizza in the United States, or even that their products or advertisements [had] entered the United States through the stream of commerce[;]” thus, Plaintiffs had failed allege any plausible effect on United States commerce, as is required for extraterritorial application of the Lanham Act. *Id.* at 121–22 (quoting *Steele v. Bulova Watch Co.*, 344 U.S. 280, 286 (1952)).

On appeal, the D.C. Circuit agreed with Judge Kelly. The Court of Appeals rejected Plaintiff’s argument that Defendants committed domestic copyright infringement by downloading photographs hosted on U.S. servers, noting that Plaintiff “provide[d] no technical, legal, or other support [ ] for the proposition that downloading a picture from a server located in the U.S. creates a copy of that picture in the U.S. in addition to the copy where the receiving device is located.” *IMAPizza*, 965 F.3d at 877–78. The Court of Appeals also rejected Plaintiff’s argument that Defendants committed domestic copyright infringement by taking photographs of its restaurants, agreeing with Judge Kelly that that argument failed as a matter of law “because the Copyright Act does not create a right to prevent the taking of pictures of an architectural work ‘if the building in which the work is embodied is located in or ordinarily visible from a public place.’” *Id.* at 878 (quoting 17 U.S.C. § 120(a)). Thus, the Court of Appeals concluded that Plaintiff failed to “allege any act of copyright infringement in the United States.” *Id.* With respect to Plaintiff’s trademark infringement arguments, the Court of Appeals firmly rejected each of Plaintiff’s theories of some effect on U.S. commerce. *Id.* at 880–81. The D.C. Circuit explained that “to apply the Lanham Act based upon U.S. students and tourists buying food while in Edinburgh would . . . ‘extend [the Act] to all commercial conduct occurring anywhere in the world that American tourists visit in significant numbers,’” and that Plaintiff’s other theories failed to establish the type of “domestic reputational harm” necessary to apply the Lanham Act. *Id.* at 880 (second alteration in original)

(quoting *IMAPizza*, 334 F. Supp. 3d at 123). Accordingly, the Court of Appeals concluded that Plaintiff “failed to allege some plausible effect—let alone a significant or substantial effect—upon U.S. commerce.” *Id.* at 881.

Following the D.C. Circuit’s decision, Defendants filed the instant motion for attorney’s fees.<sup>5</sup> ECF No. 62. Briefing was complete on November 30, 2020, and Defendants’ motion is currently ripe for resolution.

## II. DISCUSSION

For the reasons that follow, the undersigned recommends awarding Defendants \$201,670.66 in attorney’s fees. Defendants are not entitled to recover costs incurred on appeal or attorney’s fees under 28 U.S.C. § 1927 or Rule 11 of the Federal Rules of Civil Procedure; however, they are entitled to recover reasonable attorney’s fees under both the Copyright Act and the Lanham Act. Defendants are also entitled to recover reasonable attorney’s fees for time spent briefing the successful parts of their November 2018 motion for attorney’s fees. Having reviewed Defendants’ fee petition, the undersigned finds that an award of \$201,670.66 appropriately compensates Defendants in proportion to the claims for which they are entitled to recover attorney’s fees.

### A. 28 U.S.C. 1927

Defendants first seek a fee award pursuant to 28 U.S.C. § 1927. Under that statute, a court may award attorney’s fees against an attorney who “multiplies the proceedings in any case unreasonably and vexatiously.” 28 U.S.C. § 1927. To justify such an award, an attorney’s conduct

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<sup>5</sup> Defendants filed a nearly identical motion for attorney’s fees on November 6, 2018. ECF No. 48. That motion was fully briefed by November 27, 2018 (ECF No. 51); however, due to the pending appeal, Judge Kelly stayed the district court proceedings pending resolution of Plaintiff’s appeal (Minute Order dated July 19, 2019). Following resolution of Plaintiff’s appeal, Judge Kelly lifted the stay, denied without prejudice Defendants’ then-pending motion for attorney’s fees, and directed the parties to attempt to reach an agreement on the fee issue. Minute Order dated Sept. 10, 2020. The parties were unable to reach an agreement (ECF No. 61) and Defendants filed the instant motion for attorney’s fees on October 30, 2020 (ECF No. 62).

must show “evidence of recklessness, bad faith, or improper motive” in filings or proceedings that are deemed to be unreasonable and vexatious. *LaPrade v. Kidder Peabody & Co.*, 146 F.3d 899, 906 (D.C. Cir. 1998) (quoting *Travelers Ins. v. St. Jude Hosp. of Kenner, La., Inc.*, 38 F.3d 1414, 1416–17 (5th Cir. 1994)). Thus, courts use section 1927 to sanction attorneys who abuse the judicial process with “repeated or singularly egregious” misbehavior. *United States v. Wallace*, 964 F.2d 1214, 1220 (D.C. Cir. 1992).

Defendants argue that fees are warranted under section 1927 because (1) Plaintiff recklessly pursued its Lanham Act claim, despite admitting that there is no risk of confusion between the “@pizza” and “&pizza” trademarks, (2) Plaintiff’s Copyright Act, trespass, and passing-off claims were frivolous, and (3) Plaintiff unreasonably prolonged litigation by forcing Defendants to mediate and by requesting multiple, unwarranted extensions of time. ECF No. 62-1 at 21–25. None of those contentions demonstrate the type of repeated misbehavior or singularly egregious misconduct necessary to justify fees under section 1927.

Defendants first argue that Plaintiff recklessly pursued its Lanham Act claim before the Court because Plaintiff “abandoned its primary basis for bringing suit.” ECF No. 62-1 at 22. In support, Defendants point to Plaintiff’s allegedly inconsistent arguments regarding the likelihood of confusion between the names “&pizza” and “@pizza” in proceedings before the United Kingdom Intellectual Property Office (“UKIPO”) and this Court.<sup>6</sup> *Id.* at 22–23. Defendants claim that Plaintiff “admitted” before the UKIPO that there was no likelihood of confusion between the two trademarks and thus had no basis for pursuing its Lanham Act claim before this Court. *Id.* Defendants’ argument is unavailing. Defendants have cited nothing to suggest that the U.K. law

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<sup>6</sup> “The Lanham Act protects trademarks against their ‘use in commerce . . . likely to cause confusion,’ and reaches ‘all commerce which may lawfully be regulated by Congress.’” *IMAPizza, LLC, v. At Pizza*, 965 F.3d 871, 879 (D.C. Cir. 2020) (quoting 15 U.S.C. §§ 1114(1)(a), 1127).



governing what constitutes “a likelihood of confusion” is the same as the Lanham Act standard that governs in the United States. Indeed, as Plaintiff points out, “[w]hen [trademark] rights within the United States are being litigated in an American court, the decisions of foreign courts concerning the respective [trademark] rights of the parties are irrelevant. . . .” ECF No. 63 at 22 (quoting *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 599-600 (5th Cir. 1985)). Given that Plaintiff’s arguments regarding likelihood of confusion occurred in two different proceedings, governed by the laws of two different countries, the undersigned cannot conclude that Plaintiff did in fact take inconsistent positions and thus Defendants have not shown that Plaintiff “recklessly pursued” its Lanham Act claim in violation of section 1927.

Defendants next argue that Plaintiff unreasonably prolonged the litigation by pursuing its Copyright Act, trespass, and passing-off claims because those claims had no merit. ECF No. 62-1 at 23–24. With respect to Plaintiff’s copyright claim, Defendants argue that the claim was “suspect” from the start but that, at a minimum, it should have been withdrawn following the Supreme Court’s decision in *Fourth Estate Public Corp. v. Wall-Street.com, LLC*, \_\_ U.S. \_\_, 139 S. Ct. 881 (2019), which was decided when this case was on appeal and which Defendants argue foreclosed any chance of success for Plaintiff’s copyright claim.<sup>7</sup> ECF No. 62-1 at 24; ECF No. 63 at 24–25. This argument is unpersuasive. As Plaintiff points out, some courts have simply dismissed claims foreclosed by *Fourth Estate* without prejudice, allowing those plaintiffs to refile their complaint once the copyright has been registered. ECF No. 63 at 25; see *Buchanan v. Sony Music Entertainment*, No. 18-cv-3028, 2020 WL 2735592, at \*5, 9 (D.D.C. May 26, 2020)

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<sup>7</sup> *Fourth Estate* held that registration of a copyright, which is required prior to filing suit under the Copyright Act, occurs not “as soon as the claimant delivers the required application, copies of the work, and fee to the Copyright Office[.]” but “when the Copyright Office [actually] registers a copyright.” \_\_ U.S. at \_\_, 139 S. Ct. at 886. Here, Plaintiff filed its copyright claim before the Copyright Office had registered the copyright. ECF 63 at 25.

(dismissing without prejudice claims based on copyrights that had not been registered with the Copyright Office prior to filing the complaint); *Malibu Media, LLC v. Doe*, No. 18-CV-10956, 2019 WL 1454317, at \*2, 4 (S.D.N.Y. Apr. 2, 2019) (dismissing without prejudice to filing a new action a copyright claim premised on an unregistered copyright and noting that *Fourth Estate* explained that registration is “akin to an administrative exhaustion requirement” and that “dismissal for failure to exhaust is usually without prejudice”). So, it is possible that had Plaintiff voluntarily dismissed its copyright claim without prejudice, and then filed another complaint, litigation in this case would have lasted even longer. Defendants’ claim that refiling may have “affected Plaintiff’s claim to statutory damages” (ECF No. 64 at 11), but they do not elaborate on what they mean by that or cite anything to explain how an effect on statutory damages would have prevented Plaintiff from refiling or unreasonably prolonged this litigation. Defendants also claim that refiling might have violated Rule 11 given that Plaintiff now knows that Defendants are located in the U.K. (*id.*), but it is not clear that Plaintiff would have refiled an identical complaint, based on identical facts. So, the undersigned cannot assume a refiled copyright claim would necessarily have violated Rule 11.

Even if Plaintiff could not have refiled its complaint, its conduct here still does not rise to the level necessary for awarding fees under section 1927 for pursuit of meritless claims. *See Robertson v. Cartinhour*, 883 F. Supp. 2d 121, 126–29 (D.D.C. 2012) (awarding section 1927 fees for continued prosecution of meritless claims where plaintiff filed a second suit, asserting claims “flatly inconsistent with” his earlier suit and that were without “basis in law or fact” given a jury verdict in his prior case); *see also Jolly Grp., Ltd. v. Medline Indus., Inc.*, 435 F.3d 717, 720–21 (7th Cir. 2006) (upholding an award of fees where a plaintiff filed an amended complaint, after his first complaint was dismissed with prejudice, in “an effort . . . to abandon an unsuccessful legal

theory and substitute a new one”); *see also Kapco Mfg. Co., Inc. v. C & O Enters., Inc.*, 886 F.2d 1485, 1492 (7th Cir. 1989) (upholding an award of fees under section 1927 where the plaintiff filed a second complaint, after the first complaint was dismissed with prejudice, “for the express purpose of avoiding the district court’s order and shopping for a different forum”); *cf. Hall v. DHS*, 219 F. Supp. 3d 112, 120 (D.D.C. 2016) (awarding section 1927 fees where party’s filings “did not merely seek the advancement of meritless positions, but they were also composed of largely irrelevant diatribes against [the other party] that ‘utterly’ lacked any ‘colorable basis’” (quoting *Patton Boggs, LLP v. Chevron Corp.*, 825 F. Supp. 2d 35, 42 (D.D.C. 2011))).

As for the trespass and passing-off claims, Defendants do not elaborate on what made those claims meritless aside from pointing to their successful motion to dismiss and emails they sent to Plaintiff’s counsel informing them that the claims were frivolous. ECF No. 62-1 at 23–24. Without more, Defendants have shown neither repeated misbehavior by Plaintiff’s counsel nor singularly egregious misconduct rising to the level of recklessness or bad faith that would warrant awarding attorney’s fees under section 1927. *See, e.g., Patton Boggs*, 825 F. Supp. 2d at 42 (denying attorney’s fees under section 1927 after dismissing complaint for failure to state a claim and recognizing that “the imposition of fees and costs under [section] 1927 is extremely high”); *Kassatly v. Dynaco Acquisition Corp.*, No. 96-2419, 1997 WL 31104, \*3 (D.D.C. Jan. 22, 1997) (noting that “[t]he advancement of meritless positions ... unless it is utterly without colorable basis, will not support a finding of bad faith”); *cf. LaPrade v. Kidder Peabody & Co., Inc.*, 146 F.3d 899, 905–06 (D.C. Cir. 1998) (awarding attorney’s fees against a law firm that used an unknowing state court to obtain an *ex parte* order staying arbitration ordered by a federal court); *Fritz v. Honda Motor Co.*, 818 F.2d 924, 925–26 (D.C. Cir. 1987) (awarding attorney’s fees against

a lawyer who “repeatedly took actions which required [the defendant] to expend unnecessary time and money, even though he had no intention of pursuing this litigation”).

Finally, Defendants argue that Plaintiff’s counsel unreasonably prolonged this litigation by requesting multiple, unwarranted extensions of time throughout the proceedings.<sup>8</sup> ECF No. 62-1 at 25. The record reflects that Plaintiff’s counsel sought four extensions of time while the case was on appeal and requested to reschedule the oral argument date. *See* Motion to Extend Time to File Brief, *IMAPizza*, 965 F.3d 871 (No. 18-7168), Motion to Suspend Briefing or Extend Time to File Brief, *IMAPizza*, 965 F.3d 871 (No. 18-7168), Motion to Suspend Briefing Schedule or to Extend Time to File Brief, *IMAPizza*, 965 F.3d 871 (No. 18-7168), Motion to Extend Time to File Response, *IMAPizza*, 965 F.3d 871 (No. 18-7168), Motion to Reschedule Oral Argument, *IMAPizza*, 965 F.3d 871 (No. 18-7168). Review of those requests shows that Plaintiff’s counsel sought extensions because the parties were attempting to settle the case, because Defendants’ November 2018 fee motion was pending before the district court and Plaintiff’s counsel believed that any appeal from a decision on the fee motion should be consolidated with the substantive appeal, because Plaintiff’s counsel needed additional time, and because Plaintiff’s lead counsel had preplanned vacations that conflicted with the original opening brief deadline and the oral argument date. The undersigned need not determine whether each of those requests was entirely reasonable; it is enough to note that all but one of the requests were granted or granted in part by the Court of Appeals and none rise to the level of conduct that would justify attorney’s fees under section 1927. *See e.g. Julien v. Zeringue*, 864 F.2d 1572, 1575–76 (Fed. Cir. 1989) (awarding

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<sup>8</sup> Defendants also ask the Court to draw a negative inference against Plaintiff regarding the good faith and sincerity with which they approached settlement discussions, which was one reason Plaintiff sought an extension of time. ECF No. 62-1 at 25. But Defendants have provided no evidence of bad faith by Plaintiff other than that Defendants did not believe Plaintiff’s settlement offers were reasonable. *Id.*

attorney's fees under section 1927 where counsel "continually missed deadlines, requested at least 10 extensions of time to file his briefs," and "requested a six-week extension of time to file a brief because he did not realize the brief was already overdue"); *Steinert v. Winn Group, Inc.*, 440 F.3d 1214, 1217–18 (10th Cir. 2006) (awarding fees where counsel "embarked on a five-month extension-seeking campaign" during which he sought thirty extensions of time and most of the requests were made after the deadline counsel sought to extend had already passed).

Accordingly, the undersigned recommends denying Defendants' request for attorney's fees under 28 U.S.C. § 1927.

**B. 17 U.S.C. § 505 (Copyright Act) and 15 U.S.C. § 1117(a) (Lanham Act)**

Defendants also seek attorney's fees for Plaintiff's three federal causes of action: one under the Copyright Act and two under the Lanham Act. *See* ECF No. 62-1 at 25–26. Section 505 of the Copyright Act authorizes a district court, "in its discretion," to award "a reasonable attorney's fee to the prevailing party as part of the costs." 17 U.S.C. § 505. Under the Lanham Act, the court "in exceptional cases may award reasonable attorney fees to the prevailing party." 15 U.S.C. § 1117(a). The undersigned finds that Defendants are entitled to a fee award under both acts. As detailed below, Defendants are prevailing parties as to Plaintiff's copyright and trademark claims. Further, Defendants are entitled to fees under both the Copyright Act's factor-based test and the Lanham Act's "exceptional case" test.

1. Prevailing Party Status

Although courts apply different tests to determine whether fee awards are appropriate under the Copyright Act and the Lanham Act, both statutes permit fee awards only to prevailing parties. The D.C. Circuit has developed a three-part test for determining prevailing party status, which applies to both Acts: "(1) there must be a court-ordered change in the legal relationship of the parties; (2) the judgment must be in favor of the party seeking the fees; and (3) the judicial

pronouncement must be accompanied by judicial relief.” *Green Aviation Mgmt. Co. v. FAA*, 676 F.3d 200, 203 (D.C. Cir. 2012) (quoting *Turner v. Nat’l Transp. Safety Bd.*, 608 F.3d 12, 15 (D.C. Cir. 2010)). Defendants seeking to recover attorney’s fees need only prove the latter two requirements. See *District of Columbia v. Straus*, 590 F.3d 898, 901 (D.C. Cir. 2010) (applying the second and third prongs to analyze whether a defendant seeking fees was a prevailing party); *Green Aviation*, 676 F.3d at 204 (same).

A defendant who successfully defends against a plaintiff’s claims leading to their dismissal obtains prevailing party status because it is both a judgment in the party’s favor and it is accompanied by judicial relief in the form of *res judicata* protection against relitigating the plaintiff’s claims. *Green Aviation.*, 676 F.3d at 201; see also *CRST Van Expedited, Inc. v. EEOC*, \_\_\_ U.S. \_\_\_, \_\_\_, 136 S. Ct. 1642, 1651 (2016) (“The defendant has . . . fulfilled its primary objective whenever the plaintiff’s challenge is rebuffed, irrespective of the precise reason for the court’s decision.”); *Noxell Corp. v. Firehouse No. 1 Bar-B-Que Rest.*, 771 F.2d 521, 526 (D.C. Cir. 1985) (“[I]n obtaining dismissal of the proceeding [for improper venue], [defendants] qualify as ‘prevailing parties’ under the Lanham Act fee award provision.”); cf. *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 520 (1994) (awarding fees under the Lanham Act to a prevailing defendant “after his successful defense of the action”).

Here, Plaintiff does not dispute that Defendants are prevailing parties as to the copyright and trademark claims. See ECF No. 63 at 38 (recognizing Defendants as a prevailing party). Indeed, by obtaining dismissal of those claims, Defendants obtained judgment in their favor and judicial relief in the form of *res judicata* protection against relitigating those claims. See *Green Aviation*, 676 F.3d at 201. Defendants also prevailed on appeal because the D.C. Circuit affirmed the district court order dismissing those claims. Defendants are therefore prevailing parties.

## 2. The Copyright Act

Under the Copyright Act, fee awards are available to prevailing defendants as well as prevailing plaintiffs. “[D]efendants should be ‘encouraged to litigate [meritorious copyright defenses] to the same extent that plaintiffs are encouraged to litigate meritorious claims of infringement.’” *Kirtsaeng v. John Wiley & Sons, Inc.*, \_\_\_ U.S. \_\_\_, \_\_\_, 136 S. Ct. 1979, 1985 (2016) (second alteration in original) (quoting *Fogerty*, 510 U.S. at 527). While the language of section 505 of the Copyright Act “eschews any ‘precise rule or formula’ for awarding fees,” *id.* (quoting *Fogerty*, 510 U.S. at 533), courts should give “‘substantial weight’ to the reasonableness of a losing party’s litigating positions while also considering other relevant circumstances,” *id.* at 1989. Courts should also consider other factors, including: “frivolousness, motivation . . . and the need in particular circumstances to advance considerations of compensation and deterrence.” *Fogerty*, 510 U.S. at 534 & n.19; *see also Prunty v. Vivendi*, 195 F. Supp. 3d 107, 111–13 (D.D.C. 2016) (applying the *Fogerty* factors to analyze defendants’ motion for fees under the Copyright Act); *ZilYen, Inc. v. Rubber Mfrs. Ass’n*, 958 F. Supp. 2d 215, 218–22 (D.D.C. 2013) (same).

Defendants argue that the Court should award fees in this case because Plaintiff’s copyright claim was objectively unreasonable and such an award will deter similarly meritless claims in the future by this plaintiff and others. ECF No. 62-1 at 26. Having considered the factors discussed above, the undersigned agrees. Although Plaintiff’s copyright claim may not have been frivolous, it was objectively unreasonable.

### *a. Objective Unreasonableness*

Defendants argue that Plaintiff’s copyright claim was objectively unreasonable because it failed to allege “any act of infringement within the United States, making its claim clearly without merit and devoid of factual basis.” ECF No. 62-1 at 27. For its part, Plaintiff contends that

Defendants' argument amounts to no more than arguing that their success on the motion to dismiss and on appeal are "synonymous with objective unreasonableness." ECF No. 63 at 27. Although "assess[ing] whether a losing party advanced an unreasonable claim" is "closely related to what the court has already done" in deciding the merits of the case, courts considering fee motions under the Copyright Act should take care not to "confuse[ ] the issue of liability with that of reasonableness." *Kirtsaeng*, \_\_\_ U.S. at \_\_\_, 136 S. Ct. at 1987–88. As the Supreme Court explained in *Kirtsaeng*, "[c]ourts every day see reasonable [arguments] that ultimately fail" and determining whether a claim or defense was objectively unreasonable requires courts to "distinguish[ ] between those [reasonable] defenses (or claims) and the objectively unreasonable variety." *Id.* Thus, a successful motion to dismiss and appeal, alone, does not warrant fees under the Copyright Act. Instead, courts must consider whether the plaintiff's claims were devoid of legal or factual basis.

Courts have awarded fees under the Copyright Act where a plaintiff's copyright claims were clearly contradicted by the record or devoid of legal basis. In *Scott-Blanton v. Universal City Studios Productions LLLP*, for example, this Court concluded that plaintiff's copyright claims were objectively unreasonable where the plaintiff's arguments had "no factual grounding" and her claims were "flatly contradicted by the facts and 'so implausible as to lie outside the realm of reason'" given that the alleged infringing work was created *before* the plaintiff's work. 593 F. Supp. 2d. 171, 175 (D.D.C. 2009) (quoting *Scott-Blanton v. Universal City Studios Productions LLLP*, 246 F.R.D. 344, 348 (D.D.C. 2007)). On the other hand, courts have found that unsuccessful claims and defenses were not objectively unreasonable where the parties were able to point to case law supporting their arguments. For example, in *ZilYen*, this Court concluded that the plaintiff's copyright claims were not objectively unreasonable, despite the defendant's successful motion to dismiss, because "[t]here was a reasonable possibility that the Court would



reach a different outcome on the merits . . . in light of the lack of controlling authority in [the] Circuit.” 958 F. Supp. 2d at 220. The Court continued by noting that plaintiff was able to “point to [out of Circuit] case authority in support of its position,” which “demonstrate[d] that the plaintiff’s copyright infringement claim [was] not ‘clearly without merit’ or ‘patently devoid of legal or factual basis.’” *Id.* Similarly, in *Spanski Enterprises, Inc. v. Telewizja Polska, S.A.*, this Court concluded that defendant’s unsuccessful defenses were not objectively unreasonable because “both parties [ ] presented serious defenses and arguments for [the] court to adjudicate” and “[t]he mere fact that the court determined that [the plaintiff] carried its burden of proof and that [the defendant’s] defenses were insufficiently meritorious [did] not establish unreasonableness.” 278 F. Supp. 3d 210, 215 (D.D.C. 2017).

Here, the undersigned finds that Plaintiff’s copyright claims were “devoid of legal basis” because Plaintiff improperly attempted to apply U.S. copyright law to actors and actions entirely abroad and did not cite any case law, in this Circuit or otherwise, that could support its arguments. As Judge Kelly’s decision explained, “[i]t is axiomatic that United States copyright law does not apply extraterritorially.” *IMAPizza*, 334 F. Supp. 3d at 116–17 (quoting *Yount v. Acuff Rose-Opryland*, 103 F.3d 830, 835 (9th Cir. 1996)); see also *Rundquist v. Vapiano SE*, 798 F. Supp. 2d 102, 123 (D.D.C. 2011) (collecting cases). Yet Plaintiff’s complaint failed to allege any “acts [that] plausibly constituted infringement within the United States.” *IMAPizza*, 334 F. Supp. 3d at 118. The only actions that occurred in the United States were Defendants’ visits to Plaintiff’s restaurants, where they allegedly took photographs of those restaurants. *Id.* Judge Kelly found Plaintiff’s copyright claim premised on those actions to be “meritless” and explained that it went against “the obvious and inescapable inference that [Plaintiff’s] restaurants were and are open to the public” and thus cannot be a basis for copyright infringement as a matter of law. *Id.* at 118–

19. The D.C. Circuit agreed, concluding that Plaintiff’s argument “fail[ed] because the Copyright Act does not create a right to prevent the taking of pictures of an architectural work ‘if the building in which the work is embodied is located in or ordinarily visible from a public space.’” *IMAPizza*, 965 F.3d at 878 (quoting 17 U.S.C. § 120(a)). Plaintiff also argued that downloading images hosted on U.S. servers constituted infringement within the United States. *IMAPizza*, 334 F. Supp. 3d at 119. Judge Kelly rejected that argument, as well, explaining that it was not hard to conclude that the alleged infringing act—downloading—occurred in the U.K. where Defendants were located, not the U.S. *Id.* Again, the D.C. Circuit agreed, noting that Plaintiff provided “no technical, legal, or other support . . . for the proposition that downloading a picture from a server located in the U.S. creates a copy of that picture in the U.S.” *IMAPizza*, 965 F.3d at 877–78. Thus, Plaintiff’s copyright claim was “devoid of legal basis” and there was not a “reasonable possibility” that this Court or the Court of Appeals could have concluded otherwise.

Nevertheless, Plaintiff advances three arguments for why its copyright claim was not unreasonable. First, it argues that the extraterritorial copyright claim was reasonable because under international intellectual property law conventions, “a U.S. copyright holder may, without any need for copyright registration in the U.K., enforce infringement under U.K. copyright law to the same extent as a U.K. national.” ECF No. 63 at 28. Second, Plaintiff argues that its copyright claim was reasonable because “a number of authorities” support “the legal proposition that a download from a U.S. server constitutes a U.S. predicate act.”<sup>9</sup> *Id.* at 28. Finally, Plaintiff argues that at the time it filed its complaint, existing case law in other districts supported its contention

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<sup>9</sup> As Judge Kelly’s decision explained, the predicate act doctrine, adopted in several circuits, holds that “if the defendant has committed a domestic act of copyright infringement, and that act has enabled further acts of infringement abroad, then the plaintiff may recover damages for the foreign conduct.” *IMAPizza*, 334 F. Supp. 3d at 117 (citing *Tire Eng’g & Distribution, LLC v. Shandong Linglong Rubber Co.*, 682 F.3d 292, 306-07 (4th Cir. 2012)).

that plaintiffs may advance U.S. copyright claims where “part of an act of infringement” is committed in the United States, and that its claims cannot therefore have been unreasonable. *Id.* at 30. Taking each of these arguments in turn, as Judge Kelly’s and the D.C. Circuit’s opinions made clear, Plaintiff’s copyright claim was objectively unreasonable because Plaintiff failed to allege any infringing act that “plausibly constituted infringement within the United States.” *IMAPizza*, 334 F. Supp. 3d at 118; *IMAPizza*, 965 F.3d at 879. None of the arguments Plaintiff advances here changes that conclusion.

i. International Agreements

Plaintiff’s invocation of the Berne Convention for the Protection of Literary and Artistic Works and the World Intellectual Property Organization Copyright Treaty are unavailing. As a preliminary matter, Plaintiff did not make this argument before Judge Kelly or the Court of Appeals (*see* ECF No. 23; Appellant Brief, *IMAPizza*, 956 F.3d. 817 (No. 18-7168)) and thus Plaintiff cannot now use the argument as a post hoc rationale to make its earlier copyright arguments objectively reasonable. In any event, neither treaty provides for the extraterritorial application of United States copyright law.

The Berne Convention, “which took effect in 1886, is the principal accord governing international copyright relations. Latecomer to the international copyright regime launched by Berne, the United States joined the Convention in 1989.” *Golan v. Holder*, 565 U.S. 302, 306–07 (2012). Among other things, the Berne Convention provides that “[a]uthors shall enjoy . . . in [signatory countries] other than the country of origin, the rights which their respective laws do now or may hereafter grant to their nationals.” Berne Convention for the Protection of Literary and Artistic Works, Art. 5, § 1, Sept. 9, 1886 (as amended on Sept. 28, 1979), S. Treaty Doc. No. 99-27 (1986) [hereinafter, Berne Convention]. However, the Berne Convention does not

provide for extraterritorial application of member states' copyright laws. To the contrary, it states that "the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed." Berne Convention, Art. 5, § 2. That is, the Berne Convention's "central thrust . . . is the principle of 'national treatment.' A work of an American national first generated in America will receive the same protection in a foreign nation as that country accords to the works of its own nationals." *Subafilms, Ltd. v. MGM-Pathe Commc'ns Co.*, 24 F.3d 1088, 1097 (9th Cir. 1994); *see also Golan v. Holder*, 609 F.3d 1076, 1080 (10th Cir. 2010), *aff'd*, 565 U.S. 302 (2012) ("The Berne Convention requires each signatory to provide the same copyright protections to authors in other member countries that it provides to its own authors.").

The World Intellectual Property Organization Copyright Treaty is "a special agreement under the Berne Convention which deals with the protection of works and the rights of their authors in the digital environment." *See* WIPO Copyright Treaty, World Intellectual Property Organization, <https://www.wipo.int/treaties/en/ip/wct/> (last visited June 4, 2021). Like the Berne Convention, it does not provide for extraterritorial application of a country's copyright laws but contemplates domestic enforcement. *See* World Intellectual Property Organization Copyright Treaty, Art. 14, Dec. 20, 1996, S. Treaty Doc. No 105-17 (1997) [hereinafter, WCT] (providing that signatory countries are to "undertake to adopt, *in accordance with their legal systems*, the measures necessary to ensure the application of this Treaty" and that they "shall ensure that enforcement procedures are available *under their law* so as to permit effective action against any act of infringement of rights covered by this Treaty" (emphasis added)).

Plaintiff does not explain why either of these treaties should render its extraterritorial copyright claim objectively reasonable. If anything, these agreements might do the opposite. As

another court has observed, “[e]xtraterritorial application of American law would be contrary to the spirit of the Berne Convention, and might offend other member nations by effectively displacing their law in circumstances in which previously it was assumed to govern.” *Subafilms*, 24 F.3d at 1097. Accordingly, neither the Berne Convention nor the WCT provides support for Plaintiff’s extraterritorial copyright claim here.

ii. Downloads as Predicate Acts

“Under the predicate act test, a court may apply the Copyright Act to foreign acts of infringement provided there was an initial infringing act in the U.S.” *IMAPizza*, 965 F.3d at 878. Plaintiff argues that extant legal authority applying the predicate act doctrine supported its copyright claim that “a download from a U.S. server is enough to access U.S. copyright law.” ECF No. 63 at 29. But Plaintiff’s allegation that Defendants downloaded pictures of its restaurants was inadequate to save its claims not because downloads qua downloads cannot constitute predicate infringing acts but because the specific downloads Plaintiff cited involved no allegation of infringement within the United States. As Judge Kelly explained, under the predicate act doctrine, “where both the uploading and the downloading are unlawful (as in the many cases of illegal file-sharing that have come before the federal courts), ‘Plaintiff[ ] need only show that United States users either uploaded or downloaded copyrighted works; Plaintiff[ ] need not show that a particular file was both uploaded and downloaded entirely within the United States.’” *IMAPizza.*, 334 F. Supp. 3d at 119 (quoting *Columbia Pictures Indus., Inc. v. Fung*, No. CV 06-5578, 2009 WL 6355911, at \*8 (C.D. Cal. Dec. 21, 2009)). Here, Plaintiff alleged neither that the pictures were uploaded unlawfully to the websites hosting the images, nor that “Defendants downloaded the images at issue to computers located in the United States, merely that the pictures were downloaded from U.S. servers.” *IMAPizza.*, 334 F. Supp. 3d at 120. The D.C. Circuit agreed,

noting that Plaintiff provided “no technical, legal, or other support . . . for the proposition that downloading a picture from a server located in the U.S. creates a copy of that picture in the U.S.” *IMAPizza*, 965 F.3d at 877–78.

Both Judge Kelly’s and the D.C. Circuit’s decisions also rejected the cases that Plaintiff claims identified a server in the United States “as the link (or at least a link) to the U.S. that supported application of U.S. copyright law.” ECF No. 63 at 28 (citing *Liberty Media Holdings, LLC v. Vinigay.com*, No. 11-cv-280, 2011 WL 7430062 (D. Ariz. Dec. 28, 2011), *report and recommendation adopted*, 2012 WL 641579 (D. Ariz. Feb. 28, 2012); *Elsevier Ltd. v. Chitika, Inc.*, 826 F.Supp.2d 398 (D. Mass. 2011); *Synopsys, Inc. v. Ubiquiti Networks, Inc.*, No. 17-cv-00561, 2017 WL 3485881 (N.D. Cal. Aug. 15, 2017); *see IMAPizza*, 334 F. Supp. 3d at 120–21 (distinguishing *Liberty*, *Elsevier*, and *Synopsys*); *IMAPizza*, 965 F.3d at 878 n.2 (same). As Judge Kelly and the Court of Appeals explained, none of the cases supported Plaintiff’s position. Two involved foreign defendants who, unlike Defendants here, allegedly “distributed infringing works into the United States, where they were downloaded.” *IMAPizza*, 334 F. Supp. 3d at 120 (citing *Liberty*, 2011 WL 7430062, at \*5; *Elsevier*, 826 F.Supp.2d at 402–03). That is, they involved downloads that occurred in the United States and were thus domestic acts of infringement. *See also IMAPizza*, 965 F.3d at 878 n.2 (distinguishing *Liberty Media Holding* by noting that it involved “display, distribution, and copying by Internet users *in the United States*” and distinguishing *Elsevier* by noting that it involved “a person *in the U.S.* download[ing] infringing copies from a website in India” (internal quotation marks omitted) (first quoting *Liberty*, 2011 WL 7430062 at \*5, then quoting *Elsevier*, 826 F. Supp. 2d at 402–03)). The third case cited by Plaintiff is also inapposite because, as Judge Kelly explained, it “did not involve a traditional copyright claim, but claims for circumvention of copyright protection systems under the Digital Millennium

Copyright Act,” *IMAPizza*, 334 F. Supp. 3d at 121, and, as the D.C. Circuit explained, it involved “unauthorized reproduction of copyrighted files across ‘communications networks, file repositories, email servers, IP addresses, and website domains hosted *in the United States*’ and [ ] importation of counterfeit access keys from Taiwan that were used on computers based *in the U.S.*,” *IMAPizza*, 965 F.3d at 878 n.2 (quoting *Synopses*, 2017 WL 3485881 at \*3–5).<sup>10</sup>

Similarly unpersuasive is Plaintiff’s assertion that the law on when a copy is made within the context of downloading images is not settled and thus its argument that an infringing copy was made the instant the download from U.S. servers occurred—rather than when the image was reproduced onto Defendants’ devices in Scotland—was not objectively unreasonable. ECF No. 63 at 29. In support, Plaintiff notes that Judge Kelly used a “cf.”<sup>11</sup> citation to an unpublished case to support his conclusion that the copy occurred when the image was reproduced on Defendants’ devices in Scotland. *Id.* Plaintiff argues that that shows the issue was an open question not resolved by existing case law. *Id.* Not so. Judge Kelly cited more than a single, unpublished case to support his conclusion that a “copy” occurs when the image is reproduced and concluded that “[that] answer [was] not hard to find.” *IMAPizza*, 334 F. Supp. 3d at 119–120 (citing the language of the Copyright Act, a decision by the United States Court of Appeals for the Second Circuit, and a legal treatise on copyright law to support conclusion regarding when a copy is made). Plaintiff, on the other hand, provided no authority for its position, as the D.C. Circuit recognized when it

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<sup>10</sup> Plaintiff contends that “[a] contrary rule would mean that an illegal video download company could purchase legitimate copies of U.S. movies, and distribute them to the entire world (other than the U.S.) from a U.S. server without liability under U.S. copyright law, with the U.S. movie company powerless to pursue complete relief unless it did so under the copyright laws of the 194 countries in the world *other* than the U.S.” ECF No. 63 at 29. Plaintiff made this exact argument, word-for-word, to the D.C. Circuit and the court rejected it. *See IMAPizza*, 965 F.3d at 879 (re-stating Plaintiff’s argument and concluding that Plaintiff’s fears were incorrect because the hypothetical described “[t]he unauthorized upload of a video to a server in the U.S. for unauthorized distribution abroad[,] [which] would be an act of infringement in the U.S”).

<sup>11</sup> The “cf.” signal is used when “[t]he authority is different from the main proposition but sufficiently analogous to lend support.” *The Bluebook: A Uniform System of Citation* R. 1.2(a) (Columbia L. Rev. Ass’n et al. eds., 21st ed. 2020).

agreed with Judge Kelly and observed that Plaintiff “provide[d] *no* technical, legal, or other support . . . for the proposition that downloading a picture from a server located in the U.S. creates a copy of that picture in the U.S. in addition to the copy where the receiving device is located.” *IMAPizza*, 965 F.3d at 878–79 (emphasis added).

Accordingly, the predicate act theory provided no reasonable basis for Plaintiff’s extraterritorial copyright claim.

iii. Plaintiff’s “Not Entirely Abroad” Theory

Plaintiff’s third attempt to justify the reasonableness of its copyright claims fares no better. It argues that the complaint “state[d] a claim for a scheme that began in the U.S. and culminated with the opening of an infringing restaurant in Scotland” and that the Copyright Act applies where “‘even *part* of an act of infringement’ was in the U.S.” ECF No. 63 at 30, 32 (quoting *IMAPizza*, 334 F. Supp. 3d at 121). As a preliminary matter, Plaintiff contends the Court should assess this argument independent of the D.C. Circuit’s decision in *Spanski* (upon which Judge Kelly relied “in determining how to apply principles of extraterritoriality), because the Circuit issued that decision “a year after the Complaint was filed and well after the [motion to dismiss] [o]pposition was filed,” and Plaintiff’s invocation of the Copyright Act was therefore “objectively reasonable under existing law.” ECF No. 63 at 31. Plaintiff’s argument fails. First, the *Spanski* court’s decision is consistent with the Copyright Act’s preexisting extraterritoriality case law. *See Spanski*, 883 F.3d at 916 (“[The parties] point to multiple district court decisions holding, as do we, that an infringing performance that originates abroad but terminates in the United States constitutes a domestic Copyright Act violation.”). Second, as discussed below, the pre-*Spanski* authority cited by Plaintiff also did not support its copyright claim. So, *Spanski* did not work a



change in law that rendered Plaintiff's copyright claim objectively unreasonable; it was objectively unreasonable under pre-*Spanski* law.

In any event, the D.C. Circuit rejected Plaintiff's "not entirely abroad" argument as flawed as it "conflate[d] the 'predicate act' test . . . with [Plaintiff's] own novel 'partial-act' theory." *IMAPizza*, 965 F.3d at 878. Judge Kelly's decision also rejected the argument, finding that "th[e] principle, assuming it is correct, is irrelevant" because, again, Plaintiff did not allege *any* domestic infringement. *IMAPizza*, 334 F. Supp. 3d at 121. As Judge Kelly explained, cases that could support Plaintiff's argument involve "exclusive rights to distribute, display or perform copyrighted works," and they involve acts by at least two people, one of whom distributes, displays, or performs the work, and another who receives it. *Id.*; *see also Shropshire v. Canning*, 809 F. Supp. 2d 1139, 1145–46 (N.D. Cal. 2011) (collecting cases and explaining that the transmission of an infringing video from Canada to third-party servers in California that made the video "accessible and viewed by those within the United States" was not extraterritorial even though the infringing video was created in Canada and the transmission originated in that country); *L.A. News Serv. v. Reuters Television Int'l, Ltd.*, 149 F.3d 987, 992 (9th Cir. 1998), *as amended on denial of reh'g and reh'g en banc* (Aug. 25, 1998) (finding that extraterritoriality did not bar the plaintiff from recovering damages for international distribution of works unlawfully reproduced in the United States).

That is, for Plaintiff's claims to have been cognizable, they would have needed to allege something more than that Defendants undertook a series of non-infringing actions in the United States before engaging in infringement overseas. They needed to have alleged that Defendants took some sort of unlawful action—making, transmitting, or downloading infringing materials—in the United States. Plaintiff's Complaint alleged nothing of the sort. It alleged only that Defendants visited Plaintiff's restaurants, took pictures in those restaurants, and downloaded

images from servers in the United States. ECF No. 1 at 9–12. As both Judge Kelly and the D.C. Circuit explained, none of those alleged actions amount to infringement. *IMAPizza*, 334 F. Supp. 3d at 117–21; *IMAPizza*, 965 F.3d at 876–79. Plaintiff’s theory that accessing its restaurants “and then returning to the United Kingdom to copy” their design elements is, as Judge Kelly held, “meritless” because the law is clear that infringement occurs where the defendant “reproduces, adapts, distributes, performs, or displays the copyrighted work,” not where the defendant accessed it. *IMAPizza*, 334 F. Supp. 3d at 118. The D.C. Circuit agreed, explaining that “even [Plaintiff] must recognized it has alleged an act of potential infringement that culminated where the infringing building was constructed, that is, in the U.K., not in the U.S.” *IMAPizza*, 956 F.3d at 878. Likewise, as Judge Kelly held, Plaintiff’s allegation that Defendants took pictures in its restaurant “cannot be infringing as a matter of law” because “[b]y statute, taking photographs of an architectural work is not infringement ‘if the building in which the work is embodied is located in or ordinarily visible from a public place.’” *Id.* at 118–19 (quoting 17 U.S.C. § 120(a)). Again, the D.C. Circuit agreed, explaining that “the Copyright Act does not create a right to prevent the taking of pictures of an architectural work ‘if the building in which the work is embodied is located in or ordinarily visible from a public place.’” *IMAPizza*, 965 F.3d at 878 (quoting 17 U.S.C. § 120(a)). Finally, as discussed above, Plaintiff’s allegation that Defendants downloaded images from servers in the United States failed to state a claim under the Copyright Act because Plaintiff alleged neither that the images were uploaded unlawfully to United States servers, nor that the images were downloaded in the United States. *See IMAPizza*, 334 F. Supp. 3d at 119–21; *IMAPizza*, 965 F.3d at 878–79. And “in view of [Defendant’s] being located in the U.K.” when they downloaded the images, “[Plaintiff’s] allegations were insufficient to ‘support a plausible inference of domestic infringement.’” *IMAPizza*, 965 F.3d at 877–78 (quoting *IMAPizza.*, 334 F. Supp. 3d at 120). Thus,

Judge Kelly and the D.C. Circuit did not, as Plaintiff suggests, simply reject application of an otherwise relevant “lower standard” applied by other courts in lieu of a higher standard, they instead rejected Plaintiff’s argument under any standard. *See IMAPizza*, 334 F. Supp. 3d at 121; *IMAPizza*, 965 F.3d at 878–79.

For these reasons, the undersigned finds that this was not a case where there was a “reasonable possibility” that the courts could have found Plaintiff’s arguments persuasive or where Plaintiff’s claims were an open question in the Circuit, with support from out-of-Circuit case law. Instead, Plaintiff’s attempt to apply U.S. copyright law to conduct that occurred entirely abroad was devoid of legal and factual basis.

*b. Frivolousness*

While Defendants successfully argue that Plaintiff’s copyright claims were objectively unreasonable, Defendants do not argue that Plaintiff’s copyright claims were frivolous. Despite using the heading “An Award of Fees Will Deter the Filing of Other Frivolous Claims,” Defendants go on to describe those claims as “unreasonable,” “flawed,” “inappropriate,” “legally unsupported,” and “*near-frivolous*,” but stop short of arguing that they were frivolous. ECF No. 62-1 at 29–31 (emphasis added). The undersigned agrees. Plaintiff’s arguments in support of its claims were unreasonable and legally meritless, but they were not frivolous. This factor therefore weighs against an award of fees.

*c. Motivation*

On the issue of Plaintiff’s motivation, Defendants argue that Plaintiff’s motive in filing its copyright claim in the United States was to avoid the U.K.’s default rule that the losing party pays attorney’s fees of the prevailing party. ECF No. 62-1 at 32–33; ECF No. 64 at 18–20; *cf. Alyeska Pipeline Serv. Co. v. Wilderness Soc’y*, 421 U.S. 240, 247 (1975) (“[F]or centuries in England

there has been statutory authorization to award costs, including attorneys' fees. Although the matter is in the discretion of the court, counsel fees are regularly allowed to the prevailing party.”). That is, Defendants allege Plaintiff was forum shopping. *See In re Herald, Primeo, & Thema Sec. Litig.*, No. 09 Civ. 289, 2011 WL 5928952, at \*12 (S.D.N.Y. Nov. 29, 2011) (finding that a plaintiff's decision to sue in the United States to avoid other countries' default fee shifting rules “suggests forum shopping”), *aff'd sub nom. In re Herald*, 730 F.3d 112 (2d Cir. 2013); *see also Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 252 & n.18 (1981) (opining that the default American practice of “not tax[ing] losing parties with their opponents' attorney's fees” is one of several factors that make courts in the United States attractive even when a foreign forum would be more appropriate).

There are two problems with Defendants' argument. First, it is unclear whether seeking tactical advantage is the sort of improper motivation this *Fogerty* factor contemplates. Instead, courts assessing the motivation factor generally consider whether the plaintiff brought their action in bad faith. *See ZilYen*, 958 F. Supp. 2d at 221 (considering the plaintiff's motivation and finding that there was no evidence suggesting “plaintiff's actions were taken solely to harass the defendant or without the belief that its copyright infringement claim rested on solid legal ground”); *Choyce v. SF Bay Area Indep. Media Ctr.*, No. 13-cv-01842, 2014 WL 5597274, at \*5 (N.D. Cal. Nov. 3, 2014) (finding the motivation prong did not weigh in favor of awarding fees where there was no evidence that the plaintiff's pursuit of an unreasonable copyright claim was “motivated to harass [the defendants], or to pursue the lawsuit for anticompetitive reasons” but was instead motivated by his desire “to stop the publication of defamatory content” on defendants' website), *aff'd*, 669 F. App'x 863 (9th Cir. 2016); *Agee v. Paramount Commc'ns, Inc.*, 869 F. Supp. 209, 211–12

(S.D.N.Y. 1994) (finding that the plaintiff’s motivation was to harass the defendant and awarding fees as a result).

Defendants have also not introduced any evidence suggesting that Plaintiff’s reason for bringing its claims here—in its home district—was forum shopping or to avoid an award of fees under U.K. law; rather, Defendants offer only speculation as to Plaintiff’s motivation. *See ZilYen*, 958 F. Supp. 2d at 221 (“On the record here, the Court would have to speculate to reach the conclusion that the plaintiff had an inappropriate motivation in bringing this litigation or acted in bad faith in conducting it. That the Court cannot do.”); *see also Philipp v. Fed. Republic of Germany*, 248 F. Supp. 3d 59, 87 (D.D.C. 2017) (“[T]he Court finds no support for Defendants’ claim that Plaintiffs engaged in forum shopping when they brought their claims in the home forum of two of the three Plaintiffs.”), *aff’d and remanded*, 894 F.3d 406 (D.C. Cir. 2018), *and vacated on other grounds*, \_\_\_ U.S. \_\_\_, 141 S. Ct. 703 (2021). Accordingly, this *Fogerty* factor weighs against awarding attorney’s fees.

*d. Considerations of Compensation and Deterrence*

Defendants argue that a fee award is warranted to deter future unreasonable extraterritorial copyright claims by these and other plaintiffs.<sup>12</sup> *See* ECF No. 62-1 at 29–31; ECF No. 64 at 20. Plaintiff argues that a fee award here would deter good faith claims and would fail to advance the Copyright Act’s policy goals. *See* ECF No. 63 at 32–36. Plaintiff further contends that an award

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<sup>12</sup> Defendants also argue that fees are appropriate under the Copyright Act to deter “Plaintiff’s overly aggressive and unreasonable positions during litigation, as well as Plaintiff’s disregard for this Court’s rules.” ECF No. 62-1 at 31. Plaintiff’s disagree, and instead argue that *Defendants’* “litigation misconduct . . . warrants denial of a fee award.” ECF No. 63 at 38. Each party cites the other’s alleged failure to meet and confer, refusal to agree to extensions, and failure to follow court rules. ECF No. 61-2 at 31–32; ECF No. 63 at 38–39. While both parties clearly struggled to get along with the other side during these proceedings, neither points to the type of egregious litigation misconduct that would weigh in favor or against awarding fees under the Copyright Act. *See, e.g., Kirtseng*, \_\_\_, U.S. at \_\_\_, 136 S. Ct. at 1988–89 (noting that litigation misconduct could be a reason to order fee-shifting under the *Fogerty* factors and pointing to a case where a court awarded fees after the plaintiff filed a forged affidavit and a case where fees were awarded after the “copyright holder . . . filed *hundreds of suits* on an overbroad legal theory”).

of attorney's fees here would not serve the purposes of the Copyright Act because "[a] dismissal on the basis of extraterritoriality does not promote or deter original authorship—it is neutral." ECF No. 63 at 34.

However, in evaluating this factor, courts look to the extent to which a fee award would deter not only infringement, but also improvident litigation. As the Supreme Court explained in *Kirtsaeng*, fee awards are appropriate and advance the purposes of the Copyright Act where they discourage plaintiffs from bringing unreasonable claims or encourage defendants to defend against such claims:

The copyright holder with no reasonable infringement claim has good reason not to bring suit in the first instance (knowing he cannot force a settlement and will have to proceed to judgment); and the infringer with no reasonable defense has every reason to give in quickly, before each side's litigation costs mount. All of those results promote the Copyright Act's purposes, by enhancing the probability that both creators and users (*i.e.*, potential plaintiffs and defendants) will enjoy the substantive rights the statute provides.

*Kirtsaeng*, \_\_\_ U.S. at \_\_\_, 136 S. Ct. at 1987; *accord Prunty*, 195 F. Supp. 3d at 112 (finding attorney's fees promote the purposes of the Copyright Act by deterring meritless claims because "when a plaintiff pursues a meritless copyright claim without consequence, it invites others to do the same"); *Scott-Blanton v. Universal City Studios Prods. LLP*, 593 F. Supp. 2d 171, 176 (D.D.C. 2009) ("[T]he underlying purposes of the Copyright Act are served by awarding attorneys' fees to deter unnecessary and protracted proceedings, thereby encouraging objectively reasonable claims."). Or, as the Supreme Court observed in *Fogerty*, "defendants who seek to advance a variety of meritorious copyright defenses should be encouraged to litigate them to the same extent that plaintiffs are encouraged to litigate meritorious claims of infringement." 510 U.S. at 527. In that case, the Court found that by prevailing, the defendant had "increased public exposure to a musical work that could, as a result, lead to further creative pieces." *Id.* Therefore, the Court explained that "a successful defense of a copyright infringement action may further the policies of

the Copyright Act every bit as much as a successful prosecution of an infringement claim by the holder of a copyright.” *Id.*

Here, as discussed above, Defendants successfully defended against Plaintiff’s copyright claims, which were objectively unreasonable. An award of fees to Defendants would discourage plaintiffs from bringing such baseless, extraterritorial claims in the future. More generally, Plaintiff sought to punish Defendants for a variety of non-infringing activities in the U.S., including visiting restaurants, observing their design details, and taking photographs within the restaurants. If copyright plaintiffs were routinely permitted to hale members of the public into court on the basis of these sorts of non-infringing activities, that would chill the public’s enjoyment of creative works. Copyright Law does not countenance such a result. An award of fees is therefore consistent with the purposes of the Copyright Act in this case. Accordingly, this factor weighs in favor of awarding fees to Defendants.

*e. Weighing the Factors*

As noted above, in determining whether fees are appropriate under the Copyright Act, courts should give “‘substantial weight’ to the reasonableness of a losing party’s litigating positions while also considering other relevant circumstances.” *Kirtsaeng*, 133 S. Ct. at 1989. Here, the objective unreasonableness of Plaintiff’s extraterritorial copyright claim weighs heavily in favor of awarding fees. So too do considerations of compensation and deterrence since an award of attorney’s fees would serve to deter future unreasonable copyright claims. While Defendants do not argue that Plaintiff’s claims were frivolous and they have not introduced evidence suggesting Plaintiff undertook this litigation out of bad faith, these factors are outweighed by the objective unreasonableness of Plaintiff’s claims and the deterrent effect of a fee award. ECF No. 62-1 at 33; *see also Budget Cinema, Inc. v. Watertown Assocs.*, 81 F.3d 729, 732 (7th Cir. 1996)

(finding attorney’s fees were appropriate under the Copyright Act despite there being “little indication of actual bad faith” on the plaintiff’s part because “the record demonstrates quite clearly that [the plaintiff’s] case against defendants was objectively unreasonable”); *TCA Television Corp. v. McCollum*, No. 15 Civ. 4325, 2017 WL 2418751, at \*13–14 (S.D.N.Y. June 5, 2017), *report and recommendation adopted*, 2018 WL 2932724 (S.D.N.Y. June 12, 2018) (awarding attorney’s fees despite finding no evidence of bad faith because the plaintiff’s copyright claims were objectively unreasonable—though mostly not frivolous—and considerations of compensation and deterrence counseled an award); *Sofa Entm’t, Inc. v. Dodger Prods., Inc.*, No. CV 08-02616, 2010 WL 6397558, at \*4 (C.D. Cal. Nov. 29, 2010) (awarding attorney’s fees after finding the plaintiff’s copyright claim was not frivolous or made in bad faith, but that the claim was objectively unreasonable deterring similar claims would promote the Copyright Act), *aff’d*, 709 F.3d 1273 (9th Cir. 2013); .

Accordingly, the undersigned recommends awarding Defendants with reasonable attorney’s fees for their success defending against Plaintiff’s copyright claim.

### 3. The Lanham Act

Under the Lanham Act, courts have discretion “in exceptional cases [to] award reasonable attorney fees to the prevailing party.” 15 U.S.C. § 1117(a). The D.C. Circuit explained in *Noxell Corp. v. Firehouse No. 1 Bar-B-Que Restaurant* that the requirement that a case be “exceptional” in this context is satisfied by “something less than ‘bad faith’” and is “most reasonably read to mean what the word is generally understood to indicate—uncommon, not run-of-the-mill.” 771 F.2d 521, 526 (D.C. Cir. 1985); *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 971 (D.C. Cir. 1990) (reversing a fee award where the court made no finding that the plaintiff acted willfully or in bad faith or that the case was otherwise exceptional in any respect). The Supreme



Court has endorsed *Noxell*'s interpretation of the Lanham Act's use of "exceptional," extending it to the Patent Act's identical fee-shifting provision, 35 U.S.C. § 285. See *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014) (endorsing *Noxell* and holding "an 'exceptional' case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated"). District courts should "determine whether a case is 'exceptional' in the case-by-case exercise of their discretion, considering the totality of the circumstances," including the *Fogerty* factors. *Id.* & n.6.

The facts of *Noxell* are instructive to the Court's analysis here. In that case, a Maryland corporation initiated a trademark infringement lawsuit in this district against the operator of "two modest barbeque restaurants, both in San Francisco." *Noxell*, 771 F.2d at 523. The plaintiff alleged that the defendant's "use of ALARM terms at the bottom portion of [ ] labels to denote the 'hotness' of the barbeque infringed upon [the plaintiff's] registered ALARM marks placed conspicuously on chili mixes and other spicy products." *Id.* The defendant had no office or employees outside of the San Francisco area, and no more than 200 cases of its barbeque sauce—1.5 percent of its total sales—had been sold in the District of Columbia, while 40% of its sales occurred in California. *Id.* The defendant moved to dismiss the action for improper venue under 28 U.S.C. § 1406(a), and the D.C. Circuit ultimately ordered the case dismissed on those grounds. *Id.* at 523–524. The Court of Appeals observed that the defendant had decided to file suit in the District of Columbia "simply to suit its own convenience," that its choice of forum was "barely plausible in terms of the accessibility of relevant evidence," and that a trial in this district would convenience plaintiffs but would "in no way serve the convenience of the defendants." *Id.* at 524 (quoting *Noxell Corp. v. Firehouse No. 1 Bar-B-Que Rest.*, 760 F.2d 312, 317 (D.C. Cir. 1985)).

The defendant moved for attorney’s fees under section 1117(a), and the D.C. Circuit granted the motion, explaining that it “regard[ed] as ‘exceptional’ [the plaintiff’s] decision to locate in the District of Columbia its suit against . . . the fledgling San Francisco barbeque business.” *Id.* at 526. The Court of Appeals observed that it found “more than a hint of ‘economic coercion’ in [the plaintiff’s] choice of a distant forum and its mode of proceeding,” noting “most critically” that “litigating in the District of Columbia entailed not merely inconvenience but hardship for [the defendant].” *Id.* (citations omitted) (first quoting *Comidas Exquisitos, Inc. v. Carlos McGee’s Mexican Café*, 602 F. Supp. 191, 199 (S.D. Iowa 1985), then quoting *Noxell*, 760 F.3d at 317).

Like the plaintiff in *Noxell*, Plaintiff in this case is also an industry incumbent that unjustifiably brought trademark claims against an out-of-district defendant, that, at the time, operated a single pizza restaurant thousands of miles away in Edinburgh, Scotland. *See IMAPizza*, 334 F. Supp. 3d at 122 (noting that Defendants’ business “operates solely in Scotland” and that “[a]s a single pizza restaurant, it is a quintessentially local business”). While there are a variety of tests for determining when the Lanham Act might apply to extraterritorial conduct, Judge Kelly found that Plaintiff’s claims were “obviously deficient under any test” because Plaintiff had failed to allege that Defendants’ business had any plausible effect on commerce in the United States. *Id.* at 122–23. Plaintiff “provide[d] no concrete facts suggesting an effect on U.S. commerce, only supposition drawn from the unremarkable fact that U.S. tourists and university students—some of whom may live in markets where [Plaintiff] operates—visit[ ] Edinburgh, Scotland.” *IMAPizza*, 334 F. Supp. 3d at 123. Judge Kelly further explained that “[i]f that were enough to state a claim, then the Lanham Act would extend to all commercial conduct occurring anywhere in the world that American tourists visit in significant numbers.” *Id.* On appeal, the D.C. Circuit agreed with Judge Kelly and rejected all of Plaintiff’s arguments in support of its claim that there was some

effect on U.S. commerce. See *IMAPizza*, 965 F.3d at 880–81 (addressing effects on U.S. commerce arguments and concluding that Plaintiff “failed to allege some plausible effect—let alone a significant or substantial effect—upon U.S. commerce”). While the claims in *Noxell* were dismissed for improper venue and the claims here were dismissed for seeking to apply the Lanham Act impermissibly extraterritorially, in both cases the plaintiff sought, without justification, to hale an out-of-district defendant, with little to no connection to the District of Columbia, into this Court. Thus, as in that case, Plaintiff’s “decision to locate in the District of Columbia its suit against . . . the [ ] [Scottish] [pizza] business,” *Noxell*, 771 F.2d at 526, was exceptional, and Defendants should be entitled to recover reasonable attorney’s fees for defending Plaintiff’s Lanham Act claims.

The *Fogerty* factors do not counsel a different result. Cf. *Octane Fitness*, 572 U.S. at 554 & n.6 (explaining that courts should “determine whether a case is ‘exceptional’ in the case-by-case exercise of their discretion, considering the totality of the circumstances,” including the *Fogerty* factors). The analysis of those factors as to Plaintiff’s Lanham Act claims mirrors that for its Copyright claim above. While Plaintiff’s claims may not have been frivolous or brought in bad faith, they were objectively unreasonable, and that factor weighs heavily in favor of awarding fees. As noted above, Judge Kelly found Plaintiff’s claims “obviously deficient” regardless of the extraterritoriality test the Court applied because they failed to allege any plausible effect on United States commerce and the D.C. Circuit agreed. *IMAPizza*, 334 F. Supp. 3d at 122; *IMAPizza*, 965 F.3d at 880–81. As to the deterrence and compensation factor, the *Noxell* court observed that “Congress intended to authorize fees for defendants subjected to ‘harassment’ by trademark owners” and found that the defendant in that case, “haled before a court some 3000 miles from the place of their activity, ha[d] encountered ‘harassment’ of the kind Congress meant to deter.”

*Noxell*, 771 F.2d at 525–26. That reasoning applies equally to the claims in this case, and the deterrence factor therefore weighs in favor of awarding fees. Accordingly, the *Fogerty* factors also support awarding Defendants reasonable attorney’s fees for their defense of Plaintiff’s extraterritorial trademark claims.

Accordingly, the undersigned recommends awarding Defendants reasonable attorney’s fees for their success defending against Plaintiff’s Lanham Act claims.

### **C. Rule 11 Sanctions**

Defendants seek Rule 11 sanctions because they argue that Plaintiff’s U.K. passing-off claim was frivolous. ECF No. 62-1 at 40–44; ECF No. 64 at 21–25. Pursuant to Rule 11 of the Federal Rules of Civil Procedure, sanctions may be imposed “‘where a party files a pleading, motion[, ] or other paper with the court for an improper purpose, that is unwarranted by existing law, [ ] that is lacking evidentiary support,’ or that is not ‘reasonably based on belief or a lack of information.’” *Ahuruonye v. U.S. Dep’t of Interior*, 312 F. Supp. 3d 1, 9 (D.D.C. 2018) (alterations in original) (internal citations omitted) (first quoting *Henok v. Chase Home Fin., LLC*, 926 F. Supp. 2d 100, 104 (D.D.C. 2013), then quoting Fed. R. Civ. P. 11(b)(4)). “Rule 11 sanctions are an extreme punishment for filing pleadings that frustrate judicial proceedings.” *Id.* (quoting *Brown v. FBI*, 873 F. Supp. 2d 388, 408 (D.D.C. 2012)); *see also Naegele v. Albers*, 355 F. Supp. 2d 129, 144 (D.D.C. 2005) (“The imposition of Rule 11 sanctions is not something the court takes lightly; Rule 11 sanctions are an extreme punishment for filing pleadings that frustrate judicial proceedings.”).

“A motion for sanctions must be made separately from any other motion.” Fed. R. Civ. P. 11(c)(2). The party seeking sanctions must not file its motion until 21 days after serving it on the opposing party to provide the nonmoving party an opportunity to withdraw or correct the challenged pleading. *Id.* This procedural safe harbor rule “must be satisfied before the Court

considers the substantive aspects of [a] [party's] motion.” *Brown*, 873 F. Supp. 2d at 408. Where a party moving for Rule 11 sanctions fails to comply with the safe harbor rule, its motion should be denied. *See id.* (denying Rule 11 sanctions where the moving party served its motion only 6 days before filing it); *see also Phillips v. Mabus*, 319 F.R.D. 36, 40 (D.D.C. 2016) (denying plaintiffs’ request for Rule 11 sanctions because they were “not stand-alone motions but rather are tacked on to their briefs in opposition to [ ] motions to strike, and the requests were not served on [the defendants] 21 days (prior to the requests being presented to the Court”); *Henok, LLC*, 926 F. Supp. 2d at 105 (denying a motion for sanctions served on opposing party the same day it was filed on the public docket); *McManus v. District of Columbia*, 530 F. Supp. 2d 46, 82 n.29 (D.D.C. 2007) (declining to consider a fee request based on Rule 11 made at the end of a motion to dismiss because it was not made “separately from any other motion”).

Here, Defendants’ request for attorney’s fees under Rule 11 is plainly deficient for two reasons. First, their request is not “separate[] from any other motion,” Fed. R. Civ. P. 11(c)(2), but is instead integrated into their broader motion for attorney’s fees. *Cf. Philips*, 319 F.R.D. at 40; *McManus*, 530 F. Supp. 2d at 82. Second, there is no evidence that Defendants served the motion on Plaintiff 21 days prior to filing, as is required by Rule 11’s safe harbor provision. *Cf. ECF No. 62 at 3* (certifying that the motion was served on Plaintiff’s counsel on October 30, 2020, the same day that it was filed); *see also Henok*, 926 F. Supp. 2d at 105.

Pointing to this Court’s decision in *Prunty v. Vivendi*, which considered a motion for attorney’s fees under Federal Rule of Civil Procedure 54, the Copyright Act, and 42 U.S.C. § 1988, Defendants argue that “[w]hile a violation of Rule 11 is normally assessed in response to a motion, an award of fees pursuant to 54(d) can be based on a violation of Rule 11.” *ECF No. 62-1 at 41*. But unlike the defendants in *Prunty*, who sought fees under Rule 54, Defendants do not seek fees

pursuant to Rule 54, they seek fees pursuant to Rule 11. *See* ECF No. 62-1 at 8–10. So, this Court’s holding in *Prunty* that “Rule 54 contains no requirements that, as a precursor to seeking fees [under Rule 54], a party must first file a motion under Rule 11” is irrelevant. 195 F. Supp. 3d at 111. Accordingly, Defendants’ request for fees based on Rule 11 should be denied.

#### **D. Calculation of Reasonable Attorney’s Fees**

In determining the amount of attorney’s fees to which a litigant is entitled, “[t]he ‘lodestar approach’ has become the dominant method used by federal courts . . . . Under that approach, the attorney’s fee is calculated by multiplying the number of hours reasonably expended on the litigation by a reasonable hourly rate.” *Harvey v. Mohammed*, 951 F. Supp. 2d 47, 54 (D.D.C. 2013) (internal citations omitted) (quoting *Perdue v. Kenny A. ex rel Wynn*, 559 U.S. 542, 551 (2010)). When considering whether the hours expended were reasonable “court[s] may exercise discretion to reduce a fee award by particular amounts ‘in response to specific objections’ or ‘by a reasonable amount without providing an item-by-item account[.]’” *Id.* (internal citation omitted) (first quoting *DL v. Dist. of Columbia*, 256 F.R.D. 239, 243 (D.D.C. 2009), then quoting *Role Models America, Inc. v. Brownlee*, 353 F.3d 962, 973 (D.C. Cir. 2004)). Where a court awards fees under the Copyright Act and Lanham Act, it should “‘separately determine the amount of fees attributable to copyright and trademark claims’ and award fees only for work performed in defense of [those claims].” *Newborn v. Yahoo! Inc.*, 437 F. Supp. 2d 1, 11 n.14, 12 (D.D.C. 2006) (quoting *Invision Media Servs., Inc. v. Glen J. Lerner*, 175 F. App’x 904, 907 (9th Cir. 2006)). However, as the Supreme Court has repeatedly emphasized, “the determination of fees ‘should not result in a second major litigation.’” *Fox v. Vice*, 563 U.S. 826, 838 (2011) (quoting *Hensley v. Eckerhart*, 461 U.S. 424, 437 (1983)). “[T]rial courts need not, and indeed should not, become green-

eyeshade accountants. The essential goal in shifting fees (to either party) is to do rough justice, not to achieve auditing perfection.” *Id.*

Defendants request \$463,000.12 in fees and costs<sup>13</sup> for litigation before this Court and the D.C. Circuit.<sup>14</sup> ECF No. 62-2 at 2. Defendants request encompasses all hours they expended litigating this case. *Id.* As explained below, the undersigned recommends granting Defendants \$201,670.66 in attorney’s fees, which reflects the time and work spent litigating the copyright and trademark claims before this Court and the Court of Appeals, time spent on the original November 2018 fee motion.

#### 1. Hourly Rates

Defendants bear the initial burden of establishing that the rates billed were reasonable. Defendants must present evidence regarding “(1) ‘the attorneys’ billing practices’; (2) ‘the attorneys’ skills, experience, and reputation’; and (3) ‘the prevailing market rates in the relevant community.’” *Salazar v. Dist. of Columbia*, 809 F.3d 58, 62 (D.C. Cir. 2015) (quoting *Covington v. District of Columbia*, 57 F.3d 1101, 1107 (D.C. Cir. 1995)). “[A]n attorney’s usual billing rate

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<sup>13</sup> Although Defendants’ state that they seek “\$463,000.12 in attorney’s fees, . . . plus costs of \$358.02” (ECF No. 62-2 at 2), a review of Defendants’ invoice shows they incurred \$462,641.50 in attorney’s fees and \$358.62 in costs for a total of \$463,000.12 (ECF No. 62-12 at 19, 34 (showing \$212,529.00 in attorney’s fees before this Court and \$250,112.50 in attorney’s fees before Court of Appeals, for a total of \$462,641.50 in attorney’s fees); *id.* at 19, 35 (\$0.60 in costs incurred before this Court and \$358.02 in costs incurred before Court of Appeals). So, Defendants’ attorney’s fee request is actually \$462,641.50, plus costs of \$358.02.

<sup>14</sup> It is not clear whether Defendants also seek to recover the fees charged by attorneys with Sheridan Ross, who represented Defendants at the beginning of the litigation. In a single sentence buried in a section of their motion discussing the work experience of Patricia Ho, an attorney with Sheridan Ross, Defendants state “[t]he total fees sought for this work of Sheridan Ross prior to withdrawal is \$25,020.00.” ECF No. 62-1 at 47. Defendants also attach Ms. Ho’s bio, as well as a Sheridan Ross invoice. ECF No. 62-33 at 3–24. But it is not clear, upon review of those documents, how Defendants reached the \$25,020.00 figure and Defendants have not provided any other information or explanation for the undersigned to determine whether that figure is reasonable. More, in multiple places, Defendants state, seemingly unequivocally, that they “seek an initial award of \$463,000.12,” which presumably encompasses only the work of Dowd Scheffel attorneys because that is the precise amount included at the end of Dowd Scheffel’s invoice. ECF No. 62-12 at 35; ECF No. 62-2 at 2; *see also* ECF No. 64 at 27 (“Defendants seek a total award of fees of \$463,000.12). To the extent Defendants actually seek a total award of fees of \$488,020.12, the undersigned finds that Defendants have not met their burden of showing they are entitled to the additional \$25,020.00 in fees.

is presumptively the reasonable rate, provided that th[e] rate is ‘in line with those prevailing in the community for similar services. . . .’” *Kattan ex rel. Thomas v. District of Columbia*, 995 F.2d 274, 278 (D.C. Cir. 1993) (quoting *Blum v. Stenson*, 465 U.S. 886, 895–96 (1984)). “To establish the prevailing market rate, a [party] must ‘produce satisfactory evidence—in addition to the attorney’s own affidavits—that the requested rates are in line with those prevailing in the community for similar services by lawyers of reasonably comparable skill, experience, and reputation.’” *Urban Air Initiative, Inc. v. EPA*, 442 F. Supp. 3d 301, 321–22 (D.D.C. 2020) (quoting *Eley v. District of Columbia*, 793 F.3d 97, 100 (D.C. Cir. 2015)).

In support of their fee motion, Defendants provide an affidavit from Matthew Dowd, a partner at Dowd Scheffel PLLC, attesting to the attorneys’ billing practices, and the education, skills, and experience of the attorneys who worked on this matter. ECF No. 62-2. Mr. Dowd avers that he graduated from law school in 2008 and that his partner, Robert Scheffel, graduated from law school in 1999. *Id.* at 6–7. According to each attorney’s biography, attached to the motion, both Mr. Dowd and Mr. Scheffel have extensive experience litigating intellectual property cases in federal courts. ECF Nos. 62-19, 62-20. With respect to their billing practices, Mr. Dowd explains that he and Mr. Scheffel typically charge \$650 per hour, but pursuant to a negotiated rate, he charged Defendants \$575 per hour and Mr. Scheffel charged Defendants \$540 per hour. ECF No. 62-2 at 6–7. Defendants were also charged \$125 per hour and \$150 per hour for work done by law clerks. ECF No. 64 at 29–30; *see, e.g.*, ECF No. 62-12 at 24, 26 (charging \$125 for “LC” entry and \$150 for another “LC” entry). Defendants have submitted detailed records indicating the tasks performed and time billed during this case. *See* ECF No. 62-12. To support the contention that their rates were at or below the prevailing market rate for similar services, Defendants note that their rates are well-below those included in the LSI *Laffey* Matrix. ECF No.



62-1 at 47–48. Specifically, Mr. Dowd charged \$575, while the LSI *Laffey* Matrix provides for rates between \$636 to \$742 for an attorney with 8 to 12 years of post-law school experience. *See* ECF No. 62-2 at 6. And Mr. Scheffel, who had 18 to 21 years of experience during these proceedings, charged \$540 per hour, while the LSI *Laffey* Matrix provides for rates between \$717 and \$742 for an attorney with 11-19 years of post-law school experience. *Id.* at 7. As discussed below, Plaintiff does not challenge Defendants’ use of LSI *Laffey* Matrix as evidence that their hourly rates were reasonable. *See generally* ECF No. 63 at 49–56. Last, Defendants cite a case in this district where the Court approved similar rates in a copyright case. *See Spanski Enters.*, 278 F. Supp. 3d at 219 (approving hourly rates that were “at or below the average hourly rate indicated by the LSI *Laffey* matrix”). The undersigned finds that, taken together, this evidence is sufficient to meet Defendant’s burden of establishing that their hourly rates are reasonable. *Id.* at 218–19 (finding party met its burden of demonstrating reasonableness of rate with submission of affidavit, attorney bios, and invoices detailing tasks performed and time billed for each attorney, and where rates were at or below those included in the LSI *Laffey* Matrix).

Plaintiff, for its part, challenges only the law clerk’s hourly rate of \$150, arguing that Defendants provided no basis for why a law clerk should charge \$150 per hour. ECF No. 63 at 55–56. Plaintiff does not suggest what an appropriate rate for a law clerk would be. *Id.* In reply, Defendants explain that their firm hires law clerks from George Washington University School of Law with 1 to 2 years of legal education. ECF No. 30. Although Defendants do not provide much explanation as to why \$150 is a reasonable hourly rate for a law clerk, the undersigned nonetheless concludes that \$150 is reasonable because it is well below the LSI *Laffey* Matrix rate, which provides for rates between \$196 and \$202 for law clerks. ECF No. 62-33 at 26.

Accordingly, the undersigned recommends finding Defendants' hourly rates are reasonable.

## 2. Hours Reasonably Expended

Having arrived at a reasonable rate for Defendants' work, the hours reasonably expended must be determined. Defendants "ha[ve] the burden of establishing the reasonableness of [their] fee request [with] '[s]upporting documentation [that] must be of sufficient detail and probative value to enable the court to determine with a high degree of certainty that such hours were actually and reasonably expended.'" *Role Models Am.*, 353 F.3d at 970 (fourth alteration in original) (internal citations omitted) (quoting *In re Olson*, 884 F.2d 1415, 1428 (D.C. Cir. 1989)). Here, Defendants seek fees for all hours expended litigating this case, as detailed in the invoice attached to Defendants' motion. *See* ECF No. 62-12 (invoice). Plaintiff responds by identifying certain billing and staffing practices that it considers unreasonable and that it argues warrants an overall reduction in Defendants' fee award. ECF No. 63 at 49–50, 54–56. Plaintiff also identifies a number of specific pleadings and proceedings for which it argues Defendants are not entitled to recover fees and in turn suggests specific monetary reductions, roughly calculated from Defendants' invoice entries detailing work on those items.<sup>15</sup> *Id.* at 51–54, 56. The undersigned will address each objection below, by category, and will recommend appropriate reductions to the extent they are warranted.

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<sup>15</sup> In its reply, Defendants agreed to withdraw a number of fee categories, including fees incurred advising Defendants about the withdrawal of Sheridan Ross and hours billed as "NO CHARGE," two categories of fees that Plaintiff argued should not be recoverable. ECF No. 64 at 30. Defendants stated that withdrawal amounted to a reduction of \$15,757.37. *Id.* Accordingly, the undersigned recommends reducing Defendants' fee award by \$15,757.37.

a. *Reduction for Exceptionally High and Unwarranted Fees*

Plaintiff first argues that \$463,000.12 is “exceptionally high and unwarranted” and that this Court may deny such an outrageous request in its entirety. ECF No. 63 at 50. Plaintiff points to a number of cases where courts have recognized that outrageous requests may be denied, “lest claimants feel free to make ‘unreasonable demands, knowing that the only unfavorable consequence of such misconduct would be reduction of their fee to what they should have asked for in the first place.’” *Envtl. Def. Fund, Inc. v. Reilly*, 1 F.3d 1254, 1258 (D.C. Cir. 1993) (quoting *Brown v. Stackler*, 612 F.2d 1057, 1059 (7th Cir. 1980)). Courts have on occasion denied awarding fees outright or denying fees billed by particular attorneys, but those instances involved particularly egregious overbilling. For example, in *Environmental Defense Fund*, an attorney spent nearly an entire work week drafting a one-and-one-half page letter and 3.5 hours completing a Notice of Appearance. *Envtl. Def. Fund*, 1 F.3d at 1259. After reviewing a number of these “most egregious examples” the court concluded that those specific entries “cast a fatal doubt upon the efficiency of [the attorney’s] work” and thus denied all fees associated with that attorney’s work. *Id.*; see also *Brown*, 612 F.2d at 1059 (affirming the district court’s outright denial of an “intolerably inflated” fee request that claimed over 800 hours of billable time spent on a six-page complaint and a few motions for extension of time); *Young v. Smith*, 269 F. Supp. 3d 251, 272–72 (M.D. Pa. 2017) (denying a fee request in full where the attorney “submitted an unprocessed fee bill, [and] request[ed] to be compensated for every billable increment that she . . . ever entered in [the] matter[,]” despite the fact that “her misconduct conditioned a new trial, she did not prevail whatsoever at the second trial, and several of [the] entries [had] no connection whatsoever to the [relevant] defendant or claim”). Plaintiff has not pointed to any similarly “intolerably inflated” entries to support its argument that an outright denial is warranted in this case, nor has it pointed

to case law suggesting \$463,000 would be an outrageous amount compared to fee and cost awards in similar copyright cases successful before a trial court and court of appeals. More, in *Jordan v. United States Department of Justice*, a case Plaintiff cites, the D.C. Circuit explained that “[t]otal denial of requested fees as a purely prophylactic measure . . . is a stringent sanction, to be reserved for only the most severe of situations, and appropriately invoked only in very limited circumstances,” such as “when the party seeking fees declines to proffer any substantiation in the form of affidavits, timesheets, or the like, or when the application is grossly and intolerably inflated, or manifestly filed in bad faith.” 691 F.2d 514, 518 (D.C. Cir. 1982) (footnotes omitted). Plaintiff has not shown that Defendants’ fee request falls into the “most severe of situations” justifying an outright denial of the motion in full.

*b. Reduction for Block Billing*

Next, Plaintiff argues that because Defendants used block billing,<sup>16</sup> an overall percentage reduction in the fee award is necessary. ECF No. 63 at 50. Plaintiff again does not point to any specific time entries to support its argument that Defendants included an unreasonable number of tasks in each entry or a description so vague it would be impossible to determine for what work Defendants were billing. To be sure, “block billing is disfavored in this jurisdiction . . . because it makes review of the reasonableness of an attorney’s hours difficult,” *Cobell v. Jewell*, 234 F. Supp. 3d 126, 173 (D.D.C. 2017), and Defendants did block bill a few entries. *See, e.g.*, ECF No. 62-12 at 10 (including time spent on letter regarding settlement discussions, as well as research on *forum non conveniens* and reviewing letter regarding request for extension to file jurisdictional affidavit); *id.* at 21 (including time spent on call regarding settlement discussions, as well as drafting motion

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<sup>16</sup> Block billing is when multiple activities are “lumped together in a single entry with no indication how much time was spent on each task.” *Cobell v. Norton*, 407 F. Supp. 2d 140, 159 (D.D.C. 2005). Block billing time entries leaves courts “left to approximate the amount of time which should be allocated to each task.” *Id.*

for sanctions); *id.* at 22 (including time spent drafting sanctions motions, as well as time spent reviewing and revising appeal brief). But a review of Defendants’ invoice shows the vast majority of time entries are reasonably detailed and separated by task, “provid[ing] sufficient information to assess the particular tasks performed and the reasonableness of the time expended on those tasks.” *Spanski*, 278 F. Supp. 3d at 220. Indeed, a review of Defendants’ invoice suggests approximately 20 entries were arguably block billed, out of approximately 350 entries. *See generally* ECF No. 62-12. Accordingly, the undersigned does not believe an overall reduction in the fee award is warranted simply because Defendants block billed some time entries. *See Tridico v. District of Columbia*, 235 F. Supp. 3d 100, 109 (D.D.C. 2017) (noting that “[w]here block billing is used infrequently . . . a reduction may not be warranted”); *Spanski*, 278 F. Supp. 3d at 220–21 (declining to reduce a fee award on the basis of block billing where “[a]lthough some entries may have been vague or more crowded with tasks than others, the court [was] not of the view that [those] entries were so numerous and/or unintelligible as to preclude the court’s ability to assess the reasonableness of the time expended”); *Fitts v. Unum Life Ins. Co. of Am.*, 680 F. Supp 2d 38, 42 (D.D.C. 2010) (declining to reduce fee award where block billing was used in a “relatively small fraction of entries”).

*c. Fees Billed for D.C. Circuit Sanctions Motion*

Plaintiff next argues that Defendants should not recover fees expended on the motion for sanctions filed before the D.C. Circuit because it was unsuccessful. ECF No. 63 at 51. This argument is more persuasive than Plaintiff’s first two arguments.

Defendants filed their unsuccessful motion for sanctions before the D.C. Circuit. Motion for Sanctions, *IMAPizza*, 956 F.3d 871. Their motion argued that sanctions were warranted because Plaintiff’s opening brief advanced a meritless argument; specifically, that the District

Court erred in dismissing Plaintiff's complaint without leave to amend. *Id.* at 8. Defendants argued that Plaintiff failed to inform the Court of Appeals that it had never sought leave to amend from the District Court, failed to cite "binding adverse precedent" establishing that Plaintiff was required to file a Rule 59 motion seeking leave to amend, and raised new arguments for the first time on appeal. *Id.* at 8–9. The Court of Appeals denied Defendants motion for sanctions. *IMAPizza*, 956 F.3d 871 (per curiam order denying motion for sanctions).

Courts in this Circuit have held that "a court should deny fees for time unsuccessfully expended when 'the [party] has failed to prevail on a claim that is distinct in all respects from [its] successful claims.'" *Elec. Priv. Info. Ctr. v. U.S. DHS*, 811 F. Supp. 2d 216, 237–38 (D.D.C. 2011) (second alteration in original) (quoting *Hensley*, 461 U.S. at 440); *see also Nat'l Ass'n of Concerned Veterans v. Sec'y of Def.*, 675 F.2d 1319, 1327 & n.13 (D.C. Cir. 1982) (recognizing that courts should exclude fees expended on "truly fractionable" issues on which parties did not prevail); *Copeland v. Marshall*, 641 F.2d 880, 891–92 (D.C. Cir. 1980) (noting that "no compensation should be paid for time spent litigating claims upon which the party seeking the fee did not ultimately prevail"). Here, Defendants' motion for sanctions before the D.C. Circuit was "distinct in all respects from" the successful Copyright Act and Lanham Act defenses for which Defendants are entitled to fees. It focused on Plaintiff's argument, raised in its opening brief, that the District Court should have allowed it to amend its Complaint prior to dismissal. Defendants argue that the sanctions motion was "necessary to explain the lack of merit of Plaintiff's appeal." ECF No. 64 at 26. But Defendants do not explain why a sanctions motion was the necessary or appropriate vehicle to explain the lack of merit of Plaintiff's opening brief; that is the obvious purpose of a response brief. And, indeed, Defendants' response brief, which was filed on the same day as the sanctions motion, did in fact raise the arguments include in the sanctions motion. *See*

Response Brief at 16–26, *IMAPizza*, 956 F.3d 871 (explaining why Plaintiff’s arguments regarding leave to amend were meritless). Defendants further contend that the D.C. Circuit “ultimately adopted the . . . arguments” included in their sanctions motion about Plaintiff’s leave to amend argument and so they should still be awarded fees for hours expended on the motion. ECF No. 64 at 26. But Defendants do not point to any part of the D.C. Circuit’s opinion referencing their sanctions motion or point to a single case where a court awarded attorney’s fees for an unsuccessful motion simply because a court later reached the same conclusions presented in that unsuccessful motion. *Id.* at 26–27. In any event, the undersigned finds it more likely that the D.C. Circuit adopted the arguments to the extent they were included in Defendants’ response brief, rather than their sanctions motion—which, after all, the court *denied*. Accordingly, the undersigned recommends reducing the fee award by \$52,000, which is a rough estimate of the fees billed related to that unsuccessful motion.<sup>17</sup>

*d. Fees Billed for United Kingdom Proceedings*

Plaintiff similarly argues that Defendants should not be awarded fees based on work that pertained to proceedings in the U.K., as those are unrelated to the claims that were before this Court. ECF No. 63 at 52. Again, the undersigned agrees. Neither party explains what the U.K. trademark proceedings are. *See* ECF No. 63 at 52, ECF No. 64 at 30. But the undersigned assumes they refer to the proceedings before the UKIPO discussed in Part II.A. *See* text accompanying note 6, *supra*. Regardless, Defendants have not shown that fees are warranted for any proceedings occurring in the U.K. Defendants’ only response is to say that the U.K. proceedings were “part and parcel” with the litigation before this Court, including settlement discussions. ECF No. 64 at

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<sup>17</sup> Defendants do not take issue with the \$52,000 estimate provided by Plaintiff and the undersigned finds, based on a rough calculation of Defendants’ invoice entries that mention the sanctions motion, that \$52,000 is a reasonable estimate.

30. But Defendants do not elaborate on how trademark proceedings in a different court, controlled by the laws of a different country, are “part and parcel” with the claims before this Court such that an award of fees under the United States Copyright Act and Lanham Act should encompass time spent pursuing litigation in a different country. Defendants also do not cite any cases—nor could the undersigned find any—suggesting that where other proceedings in a different court are “part and parcel” with Lanham Act or Copyright Act claims that they should be included in a fee award under those statutes. Indeed, the most relevant case law suggests that the appropriate standard would be whether the claims are “so intertwined that it is *impossible to differentiate* between work done on claims.” *Gracie v. Gracie*, 217 F.3d 1060, 1069 (9th Cir. 2000); *Pearson Educ., Inc. v. Tjiptowidjojo*, No. 06 Civ. 6071, 2007 WL 2872439, \*1 (S.D.N.Y. Sept. 28, 2007) (authorizing recovery for non-Copyright claims that were “inextricably intertwined, both legally and factually”). But even those cases dealt with claims in a single lawsuit, before a single court. At any rate, Defendants have not argued that the claims in the U.K. were legally and factually “inextricably intertwined” with the claims before this Court. Accordingly, the undersigned recommends reducing the fee award by \$6,842.50, which is a rough estimate of the fees billed related to those proceedings.<sup>18</sup>

*e. Claim-Counting vs. Page-Counting for Apportioning Fees*

Recall that Defendants request \$463,000.12 in fees and costs only to the extent they are entitled to fees under section 1927, Rule 11, the Copyright Act, and the Lanham Act. Because the undersigned recommends finding that Defendants are not entitled to fees pursuant to section 1927

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<sup>18</sup> Plaintiff points to the specific time entries that they argue billed time for matters related to the U.K. proceedings. ECF No. 63 at 52 n.24. Defendants do not argue that those entries are not related to the U.K. proceedings (ECF No. 64 at 30), and review of the time entries that Plaintiff cites confirms that all but one relate to the U.K. proceedings. The 6/8/2020 time entry, specifically, bills time spent to “[r]eview the new Federal Circuit copyright case on attorney’s fees; send same to RJS,” not the U.K. proceedings. ECF No. 62-12 at 33. Subtracting the \$172.50 billed on 6/8/2020 from Plaintiff’s estimate of \$7,015 equals \$6,842.50.



or Rule 11, a reduction in the overall fee request is warranted to limit fees to only those hours expended defending against the Copyright Act and Lanham Act claims. Both parties agree on that point. ECF No. 62-1 at 49–50; ECF No. 63 at 52–54. The parties disagree on how to determine the percentage reduction that is warranted.

Defendants propose a “claim-counting” methodology for determining the appropriate reduction. Applying this methodology, Defendants explain that the Court should take the total number of causes of actions Defendants had to defend against and divide that by the number of claims for which Defendants are entitled to fees. ECF No. 62-1 at 49–50; ECF No. 64 at 27–28. The resulting percentage is the percentage of fees to which Defendants claim they are entitled. Here, Defendants explain that there were 3 copyright and trademark claims out of 5 claims total, so they are entitled to 60 percent of the overall fee request, or a 40 percent reduction—3 divided by 5 is 0.6, or 60 percent. *Id.* Plaintiff, on the other hand, proposes a “page-counting” methodology. ECF No. 63 at 52–54. Applying this methodology, Plaintiff explains that the Court should take the number of pages in the key documents—here, according to Plaintiff, that is the motion to dismiss, declarations included with the motion to dismiss, reply in support of the motion to dismiss, and response brief before the D.C. Circuit—devoted to the copyright and trademark arguments (versus the passing-off and trespass arguments) and divide that by the total number of argument pages in those documents. *Id.* The resulting percentage is the percentage of fees to which Defendants are entitled. *Id.* According to Plaintiff, Defendants devoted 43.25 pages to their Lanham Act and Copyright Act defenses in the abovementioned pleadings, out of a total of 85.5 pages, which would entitle Defendants to 51 percent of the fees incurred, or a 49 percent reduction—43.25 divided by 85.5 is approximately .51, or 51 percent. *Id.* at 54. Each party cites courts in this Circuit that have adopted its preferred approach. *See, e.g., Prunty*, 195 F. Supp. 3d

at 117 (reducing total fees by 40 percent where there were 5 claims and only 3 were asserted under statutes with fee-shifting provisions); *Turner v. D.C. Bd. of Elec. & Ethics*, 354 F.3d 890, 894 (D.C. Cir. 2004) (approving apportionment methodology based on pages directed at each successful claim).

Whether to apportion fees based on the percentage of successful defenses or the portion of successful pages is a close call because both approaches can be reasonable. On balance, though, the undersigned finds that Defendants have made more persuasive arguments in favor of the claim-counting methodology. First, as Defendants correctly point out, “fewer words generally means more time” and thus fewer pages does not necessarily mean counsel spent less time briefing that issue. ECF No. 64 at 28. Second, Defendants note that the “key issues” in this case were the copyright and trademark claims on which they prevailed and are now entitled to seek fees. *Id.* Last, Defendants point out that Plaintiff, without explanation, did not include the fact and background sections of any of the briefs in their page count; however, those pages were necessary for their copyright and trademark defenses. *Id.* Plaintiff responds that “not all claims take up equal time” (ECF No. 63 at 53), which may be true, but Plaintiff does not go as far as to suggest that the copyright and trademark claims in this case took up less, let alone far less, time than the trespass and passing-off claims such that treating the five claims as equal would be unfair.

Plaintiff also argued, under its page-counting proposal, that pages devoted to Defendants’ personal jurisdiction argument should be excluded. ECF No. 63 at 52–53. That may be appropriate under the page-counting methodology because, as Plaintiff points out, the personal jurisdiction argument was not successful. *Id.* However, Plaintiff does not argue that, should the Court adopt the claim-counting methodology, that personal jurisdiction should be treated as a sixth claim. So, because the undersigned recommends apportioning fees based on the percentage of

Defendants' success defending against the causes of action for which it is entitled to fees, there is no reason to omit a percentage of fees based on Defendants' unsuccessful personal jurisdiction argument. The undersigned is, however, persuaded by Plaintiff's argument that the unfair competition and infringement claims, two separate causes of action under the Lanham Act, were so similar that treating them as a single claim would be more reasonable. ECF No. 63 at 53. Even Defendants' motion to dismiss recognized that the trademark infringement claim and unfair competition claim "ha[ve] nearly identical elements" (ECF 18 at 20–21) and the relevant question for either Lanham Act claim was whether Plaintiff had alleged a substantial effect on U.S. commerce (*id.* (addressing both Lanham Act claims in a single section arguing no effect on U.S. commerce)). Treating those two claims as a single Lanham Act claim would mean four claims total—the Copyright Act claim, the Lanham Act claim, the D.C. trespass claim, and the U.K. passing-off claim. *See* ECF No. 1. On that basis, Defendants are entitled to fees for their successful defense of two of those claims—the Copyright Act and Lanham Act claims. *See* Part II.B.1, 2. So, a 50 percent reduction is warranted to limit the award to those claims for which Defendants are entitled to fees.

*f. Reduction for "Top-Heavy" Staffing*

Plaintiff argues that Defendants' fee award should be reduced by an additional 50 percent for inefficient "top-heavy" staffing because most time was billed by attorneys who were partners at the law firm. ECF No. 63 at 54. Plaintiff claims, without support, that "[m]ost of the entries for partners' fees necessarily included 'clerical and administrative services.'" *Id.* at 55. Defendants respond that they staffed the case efficiently as a small, boutique law firm and that it is simply not true that the entries for partners' fees included clerical and administrative services because their firm does not bill for that type of work. ECF No. 64 at 28–29.

Courts recognize that “solo practitioners or [ ] small firms[ ] often lack the resources to retain a large staff of junior lawyers who [can] handle [certain] tasks more economically” and that “[d]enying [attorneys] compensation for [those] tasks would unfairly punish [attorneys] . . . for not staffing [ ] case[s] as if they had the manpower of a major law firm.” *Bailey v. District of Columbia*, 839 F. Supp. 888, 891 (D.D.C. 1993), *abrogated on other grounds as recognized in Fisher ex rel. Fisher v. District of Columbia*, 517 F.3d 570 (D.C. Cir. 2008); *see also In re Vitamin C Antitrust Litig.*, Nos. 06–md–1738, 05–cv–453, 2013 WL 6858853, at \*5 (E.D.N.Y. Dec. 30, 2013) (“It is also well known that [smaller] law firms frequently follow a different model than large mega-firms in terms of the allocation of work between partners and associates, placing much more responsibility at higher levels. I see no general infirmity in using this model.”); *Cardiac Pacemakers, Inc. v. St. Jude Med., Inc.*, No. IP–96–1718, 2002 WL 1801647, at \*6 (S.D. Ind. July 5, 2002) (objection to top-heavy billing was “misguided,” “reflect[ed] a persistent but not always accurate caricature of law practice in which senior partners do relatively little hands-on work while more junior minions do the bulk of the work”). The undersigned also sees no reason to reduce Defendants’ otherwise reasonable fee award simply because they have not hired more junior attorneys at their firm. More, the cases Plaintiff cites in support of its argument all involved larger firms with varying levels of attorneys and specific instances of unreasonable, clerical work billed at the partner level. *Daiwa Special Asset Corp. v. Desnick*, No. 00 Civ. 3856, 2002 WL 31767817, \*4 (S.D.N.Y. 2002) (noting specific entries where associate attorneys billed for clerical tasks, such as filing papers and bates labeling documents and where paralegals billed for non-legal tasks, such as moving boxes); *Bridgeport Music, Inc. v. WB Music Corp.*, 520 F.3d 588, 596 (6th Cir. 2008) (noting that district court reduced fee award by 25 percent “to account for top-heavy billing by partners for work that could have been performed by associates”). Neither case supports Plaintiff’s

argument here because, as discussed above, Plaintiff has not pointed to any specific instances where counsel billed for inappropriate tasks, such as clerical work, and Defendants' counsel are part of a small, boutique law firm without junior-level staff. Accordingly, no reduction for inefficient staffing is warranted.

*g. Fees-on-Fee Motion*

Defendants request fees for hours expended drafting the original fee motion filed in November 2018. ECF No. 62-1 at 50–51. Plaintiff does not challenge Defendants' request for fees on that first motion and both parties agree that any fee award for work on the fee motion should be limited to successful arguments only. ECF No. 63 at 56; ECF No. 64 at 30. The undersigned agrees. *See Prunty*, 195 F. Supp. 3d at 117 (awarding fees incurred in preparing motion for attorney's fees and reducing the award "to reflect [d]efendants' degree of success on their fee petition"); *Noxell*, 771 F.2d at 528 (noting that "the propriety of awarding compensation for time spent in preparing [a] fee petition . . . is settled in this circuit [and] [h]ours reasonably devoted to a request for fees are compensable").

Applying the claim-counting methodology discussed above in Part II.D.2.e., Defendants should be awarded 66 percent of their total fees billed for work on the November 2018 motion for fees. Defendants' November 2018 fee motion asserted three bases for fees: (1) the Copyright Act; (2) the Lanham Act; and (3) Rule 11 of the Federal Rules of Civil Procedure. ECF No. 48-1. The arguments with respect to each basis for fees included in Defendants' November 2018 fee motion were virtually identical to the arguments in their renewed, October 2020 motion for fees. *Compare* ECF No. 48-1, *with* ECF No. 62-1. As explained in Part II.B. and C, Defendants have shown that they are entitled to fees under the Copyright Act and Lanham Act, but not under Rule 11. So, success on two out of three bases for fees means Defendants are entitled to 66 percent of fees billed

for work on their November 2018 fee motion. Accordingly, the undersigned recommends reducing the total fees billed for time spent on the original fee motion by 34 percent. As Plaintiff's note, and as a brief review of Defendants' invoices confirms, Defendants incurred approximately \$47,811.50 in fees briefing the November 2018 motion for attorney's fees.<sup>19</sup> ECF No. 63 at 56. A reduction of 34 percent would mean reducing the fees incurred briefing the November 2018 motion for attorney's fees by \$16,255.91.

Defendants also request leave to supplement the instant motion with the hours spent drafting the renewed October 2020 fee motion currently before the Court. ECF No. 62-1 at 50–51. Plaintiff responds by asking the Court to preemptively disallow Defendants from filing additional requests for fees incurred drafting the renewed motion because it would be akin to double recovery given the significant overlap between the two motions. ECF No. 63 at 56. The undersigned does not—and cannot—determine at this time whether Defendants are entitled to additional fees incurred in drafting the renewed fee motion.<sup>20</sup> That dispute will be properly before the Court should the parties fail to settle any remaining fee disputes and Defendants decide to file a third fee motion seeking fees for hours expended on the instant motion. At that time, Plaintiff is free to make any arguments it believes justifies a denial of that request, including that the fee sought is unreasonable in light of the award granted here and the fact that the November 2018 fee motion and the October 2020 fee motion are virtually identical, except for the new argument made under 28 U.S.C. § 1927 in the instant motion, which was not successful. *Compare* ECF No. 48-1, *with* ECF No. 62-1. Only after those issues have been briefed by the parties will they be ripe for

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<sup>19</sup> Defendants do not take issue with the \$47,811.50 estimate provided by Plaintiff and the undersigned finds, based on a rough calculation of Defendants' invoice entries that mention the original fee motion, that \$47,811.50 is a reasonable estimate.

<sup>20</sup> The parties are encouraged to settle any remaining disputes regarding fees, using the Court's decision on Defendants' present motion for fees as a guide.

consideration by the Court. To make that potential, future decision simpler, the undersigned will separately calculate the fees awarded to Defendants for their successful defense against the Copyright Act and Lanham Act claims in this case and the fees awarded to Defendants for the successful parts of their November 2018 fee motion.

**E. Costs**

Defendants seek \$358.02 in costs. ECF No. 62-2 at 2. Those costs were incurred during the period that the district court's judgment was on appeal and include printing, mailing, and delivering briefs to the D.C. Circuit and to Plaintiff. ECF No. 62-12 at 34–35. Because Defendants incurred those costs on appeal, recovery of the costs is governed by Federal Rule of Appellate Procedure 39. Rule 39(d) states that “[a] party who wants costs taxed must—within 14 days after entry of judgment—file with the circuit clerk and serve an itemized and verified bill of costs.” Fed. R. App. P. 39(d); *Nat’l Sec. Couns. v. CIA*, 189 F. Supp. 3d 73, 84 (D.D.C. 2016) (explaining that “[g]enerally, the prevailing party on appeal is entitled to costs taxed by the Circuit under [Rule 39]” and “[the] party who seeks [appellate] costs is required to file a request to the Circuit Clerk’s office within 14 days after a judgment”). Although Rule 39(e) authorizes certain appellate costs to be taxed by the district court, none include the printing, mailing, or delivery costs that Defendants seek to recover. *See* Fed. R. App. P. 39(e) (“[C]osts on appeal [ ] taxable in the [d]istrict [c]ourt” include “(1) the preparation and transmission of the record; (2) the reporter’s transcript, if needed to determine the appeal; (3) premiums paid for a bond of other security to preserve rights pending appeal; and (4) the fee for filing the notice of appeal.”). Accordingly, Defendants should have filed their request for printing, mailing, and delivery costs in the Court of Appeals pursuant to subsection (d) and the undersigned recommends denying Defendants’ request for costs. *See Nat’l Sec. Couns.*, 189 F. Supp. 3d at 84 (denying recovery of the cost of binding

the joint appendix because the request was filed “in district court when it should have [been] filed [ ] in the Circuit [court]” pursuant to Rule 39(d)); *Flythe v. District of Columbia*, 317 F.R.D. 596, 599–600 (D.D.C. 2016) (denying recovery of appellate copying costs because “a party’s copying costs are not listed in Rule 39(e) among the categories of costs incurred on appeal that are ‘taxable in the district court’” (quoting Fed. R. App. P. 39(e))).

#### F. Calculation

For the foregoing reasons, the undersigned recommends an award to Defendants of \$201,670.66 in attorney’s fees (which includes \$31,555.59 for fees incurred briefing the November 2018 motion for fees), as reflected in the following charts:

#### Fees Awarded for Defendants’ Successful Defense against Plaintiff’s Copyright Act and Lanham Act Claims

<b>Total Fees Sought</b> (excluding fees for November 2018 motion for attorney’s fees)	<b>\$414,830.00</b>
<b>Fees Excluded</b> (D.C. Circuit Sanctions Motion) (U.K. Proceedings)	<b>\$58,842.50</b> (\$52,000.00) (\$6,842.50)
<b>Fees Withdrawn by Defendants</b>	<b>\$15,757.37</b>
<b>Subtotal after subtracting Excluded/Withdrawn Fees</b>	<b>\$340,230.13</b>
<b>50% Reduction</b> (to limit fees to those incurred defending against Copyright Act and Lanham Act claims)	<b>\$170,115.07</b>
<b>Compensation (with Additional 50% Reduction)</b>	<b>\$170,115.07</b>

#### Fees Awarded for Defendants’ November 2018 Motion for Attorney’s Fees

<b>Total Fees Incurred</b>	<b>\$47,811.50</b>
<b>34% Reduction</b> (to limit fees to those awarded pursuant to the Copyright Act and Lanham Act, but not Rule 11)	<b>\$16,255.91</b>
<b>Compensation (with 34% Reduction)</b>	<b>\$31,555.59</b>



### III. RECOMMENDATION

For the foregoing reasons, the undersigned **RECOMMENDS** Defendants be **AWARDED** \$201,670.66 in attorney's fees (which includes \$31,555.59 for fees incurred briefing the November 2018 motion for fees). The undersigned further **RECOMMENDS** that Defendants' request for costs incurred on appeal and request to impose sanctions pursuant to Rule 11 of the Federal Rules of Civil Procedure and 28 U.S.C. § 1927 be **DENIED**.

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The parties are hereby advised that under the provisions of Local Rule 72.3(b) of the United States District Court for the District of Columbia, any party who objects to the Report and Recommendation must file a written objection thereto with the Clerk of this Court within 14 days of the party's receipt of this Report and Recommendation. The written objections must specifically identify the portion of the report and/or recommendation to which objection is made, and the basis for such objections. The parties are further advised that failure to file timely objections to the findings and recommendations set forth in this report may waive their right of appeal from an order of the District Court that adopts such findings and recommendation. *See Thomas v. Arn*, 474 U.S. 140 (1985).

Date: June 8, 2021

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G. MICHAEL HARVEY  
UNITED STATES MAGISTRATE JUDGE