**UNITED STATES DISTRICT COURT**
**EASTERN DISTRICT OF MISSOURI**
**EASTERN DIVISION**

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| HOFFMANN BROTHERS HEATING AND AIR CONDITIONING, LLC, | ) | |
| Plaintiffs, | ) | |
| v. | ) | |
| HOFFMANN AIR CONDITIONING AND HEATING, LLC, et al., | ) | |
| | ) | Case No. 4:19-cv-00200-SEP |
| Defendants, | ) | |
| v. | ) | |
| HOFFMANNN BROTHERS HEATING AND AIR CONDITIONING, INC., ROBERT J. HOFFMANNN, CHRIS HOFFMANNN, AND ROBERT JOSEPH HOFFMANNN, JR. | ) | |
| Counterclaim Defendants. | ) | |

**MEMORANDUM AND ORDER**

Before the Court are Defendants/Counterclaimants Thomas E. Hoffmann and Hoffmann Air Conditioning & Heating, LLC's Motion for Attorneys' Fees, Doc. [489], and Counter Defendant Robert J. Hoffmann's Motion for Attorneys' Fees, Doc. [491]. The motions have been fully briefed. For the reasons set forth below, both motions are denied.

**BACKGROUND**

This matter comes before the Court after more than a decade of contention and litigation among the parties. The procedural history of this case is set forth at length in the prior opinions of this Court issued at summary judgment and post-trial, which are incorporated by reference. *See* Docs. [314], [362], [530]. The Court will not repeat that lengthy history except to the extent relevant to the competing motions for attorneys' fees now before it.

In 1988, Defendant Thomas E. Hoffmann (Tom), and his older brother, Counterclaim Defendant Robert J. Hoffmann (Robert), purchased what would eventually become Hoffmann Brothers Heating and Air Conditioning, Inc. ("Hoffmann Brothers"). Doc. [252] at 2. In 2010,

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Robert made plans to buy Tom out of the family business, Doc. [278] ¶ 1 *SEALED*, and a lawsuit between the brothers ensued in the Circuit Court of St. Louis County. *See* Doc. [285] ¶ 2. On July 14, 2011, the parties entered into a Settlement Agreement. *Id*. The 2011 Settlement Agreement included, among other things, a non-disparagement clause, non-solicitation agreements, and a provision that provided for Tom to receive a payment in exchange for his agreement to not use the "Hoffmann" name in connection with an HVAC business for the four years following the settlement. *See* Doc. [251-2] *SEALED* (Copy of the 2011 Settlement Agreement).

After executing the Settlement Agreement, Tom created a new HVAC company, and in the summer of 2017, began using the business name "Hoffmann Air Conditioning & Heating" and operating the website hoffmannairconditioning.com. *See* Doc. [59] ¶ 23. On February 8, 2019, Plaintiff Hoffmann Brothers filed this suit against Tom and Hoffmann Air Conditioning & Heating, bringing various claims relating to trademark and copyright infringement, cyberpiracy, and breach of contract. *See* Docs. [1], [55]. Defendants filed counterclaims against Plaintiff Hoffmann Brothers as well as Robert J. Hoffmann, Robert J. Hoffmann, Jr., and Chris Hoffmann. Doc. [59].

At summary judgment, Defendants prevailed on the merits of Plaintiff's claims for copyright infringement, as the Court found that while Defendants admitted using images of Hoffmann Brothers employees taken from Plaintiff's advertisements to promote Hoffmann AC, Plaintiff failed to demonstrate a causal nexus between Defendants' use of the photos and Defendants' profits. *See* Docs. [314], [362]. Plaintiff prevailed on Count II of Defendants' counterclaim for breach of contract, and Counterclaim Defendants prevailed on Defendants' counterclaims for defamation and tortious interference. *Id*. The parties proceeded to trial on Plaintiff's remaining trademark-related claims, the breach of contract claims, and Defendants' claim for prima facie tort against Joe Hoffmann.[1]

On June 17, 2022, after an eight-day trial, the jury found in favor of Defendants on Plaintiff's primary claims of trademark infringement and unfair competition. *See* Doc. [460]. The jury also found in favor of Defendants on their counterclaim of prima facie tort against

[1] Tom also sought a declaratory judgment that Defendants' actions had not violated Plaintiff's statutory or common law trademark rights, which claim was rendered moot by the jury's verdict in Tom's favor on Plaintiff's trademark claims. *See* Docs. [59], [460].



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Counterclaim Defendant Joe Hoffmann, awarding $800 in actual damages and $5,000 in punitive damages. *Id*. The jury found in favor of Tom on Hoffmann Brothers' claim that Tom breached the 2011 Settlement Agreement by using the name "Hoffmann" in an HVAC business name between 2011 and 2015, and it found in favor of Hoffmann Brothers on its claim that Tom had breached the 2011 Settlement Agreement by failing to return or destroy all Hoffmann Brothers materials in his possession. The jury awarded Hoffmann Brothers nominal damages of $1 for the breach. *See* Doc. [460]. Finally, the jury found in favor of Counterclaim Defendant Robert on Tom's claim that Robert had breached the non-disparagement clause of the 2011 Settlement Agreement. *Id*.

Defendants maintain that, because they prevailed on Plaintiff's copyright, trademark infringement, and unfair competition claims, they are entitled to attorneys' fees pursuant to Section 505 of the Copyright Act, 17 U.S.C. § 505, and Section 1117(a) of the Lanham Act, 15 U.S.C. § 1117(a). Doc. [489]. Meanwhile, Robert Hoffmann asserts that he is entitled to attorneys' fees pursuant to the fee-shifting clause in the 2011 Settlement Agreement. Doc. [491].

## LEGAL STANDARDS

In a copyright action, a district court "in its discretion may . . . award a reasonable attorney's fee to the prevailing party." 17 U.S.C. § 505. "[A] district court may not award attorney's fees as a matter of course," but instead must make a case-by-case assessment. *Kirtsaeng v. John Wiley & Sons, Inc.*, 579 U.S. 197, 202 (2016) (citing *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 533 (1994)). Regardless of whether the prevailing party is a plaintiff or a defendant, a court should treat the prevailing party the same, as "defendants should be encouraged to litigate meritorious copyright defenses to the same extent that plaintiffs are encouraged to litigate meritorious claims of infringement." *Id.* In deciding whether to make an award, a court has to "giv[e] substantial weight to the reasonableness of [the losing party's] litigating position [and] . . . tak[e] into account all other relevant factors," *Designworks Homes, Inc. v. Thomson Sailors Homes, L.L.C.*, 9 F.4th 961, 964 (8th Cir. 2021) (quoting *Kirtsaeng,* 579 U.S. at 210), such as "whether the lawsuit was frivolous or unreasonable, the losing litigant's motivations, the need in a particular case to compensate or deter, and the purposes[2] of the Copyright Act," *Killer Joe Nevada, LLC v. Does 1-20*, 807 F.3d 908, 911 (8th Cir. 2015) (citing

[2] The "primary objective" of the Copyright Act is "[t]o promote the Progress of Science and useful Arts." *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 526 (1994); U.S. Const., Art. I, § 8, cl. 8.



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*Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 n.19 (1994)). "There is no precise rule or formula for making these determinations"; rather, "equitable discretion should be exercised in light of the considerations [that have been] identified." *Fogerty*, 510 U.S. at 534.

The Lanham Act permits courts to award attorney fees to "the prevailing party" in "exceptional" cases. 15 U.S.C. § 1117(a). An "exceptional" case stands out from others with respect to "(1) the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or (2) the unreasonable manner in which the case was litigated." *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014) (applying similar language to the patent statutes); *Safeway Transit LLC v. Disc. Party Bus, Inc.*, 954 F.3d 1171, 1182 (8th Cir. 2020) (applying the *Octane Fitness* analysis to Lanham Act claims); *Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc.*, 908 F.3d 313, 346 (8th Cir. 2018). District courts determine whether a case is "exceptional" in the case-by-case exercise of their discretion, considering the totality of the circumstances. *Octane Fitness*, 572 U.S. at 554. The factors a court may consider include, but are not limited to, "frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence." *Id.* at n.6 (citations omitted). A case that presents "either subjective bad faith or exceptionally meritless claims may sufficiently set itself apart from mine-run cases" to warrant a fee award. *Octane Fitness*, 572 U.S. at 555. But there is no requirement that a case be "groundless, unreasonable, vexatious or pursued in bad faith" in order to be "exceptional." *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 912 F.3d 445, 454 (8th Cir. 2018).

## DISCUSSION

### I. <u>Defendants are not entitled to attorneys' fees on Plaintiff's copyright claims</u>.

Defendants claim to be entitled to fees and costs under the Copyright Act due to the Court's grant of summary judgment in their favor on Plaintiffs' copyright infringement claim. Doc. [489] at 5. Defendants assert that such fees are "routinely" awarded to prevailing copyright litigants, and that all relevant factors militate in favor of the Court exercising its discretion to grant them here. *Id*. They cite several grounds for finding that Plaintiff's claim for copyright infringement was factually and legally unreasonable from the outset, for example: Plaintiff failed to register the photographs with the Copyright Office until the eve of litigation, even though the photographs had been taken years before; the photos are mere stock photographs

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showing two men in Hoffmann Brothers uniforms working on HVAC equipment; and while Defendants admit that the photos were used in connection with advertising their business, they claim it was without Defendants' knowledge or consent, as they were posted on their website by a third-party advertising agency that found the photos on the internet. *Id*. at 2, 6-7. Moreover, Defendants contend, they used the photographs only briefly, ceased use of the photos before this litigation commenced, and never sold the photos or otherwise profited from their use *Id*. at 7-8. Defendants believe that context shows that Plaintiff's copyrights claim was brought for the improper purpose of imposing unwarranted litigation costs on Defendants. *Id*. They assert that Plaintiff "must be deterred" from bringing such baseless copyright claims, and that they should be compensated for their fees to further such deterrence. *Id*. at 8-9.

Plaintiff denies that the copyright claim was either legally or factually unreasonable, and notes to the contrary the undisputed facts that the photos were subject to a valid copyright owned by Plaintiff and that Defendants used the photos without permission. Doc. [516] at 11. Plaintiff notes that, contrary to Defendants claim that the photos were used without their "knowledge or consent," Nick Hoffmann, Tom's son, admitted that he approved of the photos being posted. *Id*. Plaintiff argues that its copyright claim was brought not to multiply fees but rather to vindicate the undisputed illegal use of its photos. *Id*. Plaintiff also argues that its damages claim, while ultimately found wanting by this Court, was not unreasonable, and courts have long recognized that solid proof of financial harm caused by an infringer is difficult to prove or quantify. *Id*. at 13. Plaintiff also argues that an award of fees is not necessary to deter frivolous claims, as Plaintiff does not have a history of filing numerous or unreasonably aggressive copyright suits. *Id*. Finally, Plaintiff rejects Defendants' argument that attorneys' fees are "routinely awarded" to prevailing parties under the Copyright Act, noting that the Eighth Circuit has repeatedly held that such fees should not be awarded as a matter of course. *Id*. at 14.

After considering the overall reasonableness of Plaintiff's litigating position and taking into account the relevant factors under *Kirtsaeng*, 579 U.S. at 210, the Court finds that this is not a case in which an award of attorneys' fees is justified under the Copyright Act. As an initial matter, Defendants' claim to be "entitled" to attorneys' fees because such fees are "routinely" awarded to prevailing parties in copyright cases is mistaken. Doc. [489] at 5-6. In fact, the Eighth Circuit has cautioned district courts not to award such fees "routinely" or as "the rule rather than the exception." *Designworks Homes, Inc. v. Thomson Sailors Homes, L.L.C.*, 9 F.4th

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