

**IN THE UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF NORTH CAROLINA**

OPTOLUM, INC.,

Plaintiff,

v.

CREE, INC.,

Defendant.

1:17CV687

**TAXATION OF COSTS**

**I. Procedural Background**

Defendant Cree, Inc. prevailing in this matter upon jury verdict filed a Bill of Costs in the amount of \$88,978.10 on August 11, 2023. Plaintiff filed a Motion and Memorandum for Disallowance of Costs on August 25, 2023. Defendant filed a Response to Plaintiff's Motion for Disallowance of Costs on September 1, 2023. On October 3, 2023, the undersigned Clerk of Court requested Defendant provide the details of copying charges requested in the Bill of Costs, and Defendant filed an Affidavit in Support of Defendant's Bill of Costs on October 11, 2023.

**II. Analysis**

**A. Equitable Challenges**

Plaintiff objects to the bill of costs on the basis that it would be unjust and inequitable to award any costs because Plaintiff ceased its operations, liquidated its assets, and does not have the ability to pay the costs. This argument raises equitable concerns that go beyond a clerk's authority in ruling on a motion for bill of costs. See

*Taniguchi v. Kan Pacific Saipan, Ltd.*, 566 U.S. 566, 573 (2012) (describing the taxation of costs by the clerk as a “clerical matter”). The bill of costs will be reviewed with the understanding that Defendant is a prevailing party and is entitled to seek taxation of costs. Plaintiff can raise its equitable issues by filing a motion for review of taxation of costs pursuant to LR 54.1(b)(2).

### **B. Hearing and Trial Transcript Costs**

Defendant seeks taxation of an expedited transcript in the amount of \$332.45 for a Motion to Strike Second Amended Infringement Contention hearing held on July 8, 2019. Defendant also requests taxation of transcripts in the amount of \$5,208.20 for pretrial motion hearings (3-day and expedited rates), opening statements (daily rate), and trial Realtime rough drafts.

When requesting costs for expedited transcripts, the requesting party should have a sufficient explanation or a demonstrated need for expediting the transcripts. *Hill v. BASF Wyandotte Corp.*, 547 F. Supp. 348, 352 (E.D. Mich. 1982); *Alexander v. CIT Tech. Fin. Serv., Inc.*, 222 F. Supp. 2d 1087, 1091 (N.D. Ill. 2002); *Pan Am. Grain Mfg.*, 193 F.R.D. at 40; *Harrisburg Coalition Against Ruining the Env’t v. Volpe*, 65 F.R.D. 608, 611 (M.D. Pa.1974). Defendant has not provided any explanation for why the expedited transcripts were needed. As such, the charges for expedited and 3-day transcripts will not be allowed.

Daily copies of trial transcripts are not normally taxable unless the court has given prior approval. L.R. 54.1(c)(2)(ii). Defendant has not shown court approval for obtaining

the daily transcripts for the opening statements. The daily transcripts of the opening statements will not be taxed.

Realtime services are not listed as taxable items under 28 U.S.C. § 1920 or L.R. 54.1. Without further explanation, the Realtime rough drafts look to be for the convenience of counsel. These charges are not taxable.

In summary, none of the \$5,540.65 of hearing, trial transcript, and Realtime services will be taxed.

### **C. Deposition Transcripts**

Defendant requests taxation of \$51,928.62 for the costs of twenty-three depositions. Plaintiff objects to eight depositions where the deponents did not testify or their depositions were not entered into evidence or used as evidence in support of a motion that was case dispositive (depositions of Watson, Edmond, Vollers, Athalye, Baldwin, Hill, Lenkszus, and Nelson). D.E. 392. Defendant replied to the objection by noting that five of the depositions (Watson, Edmond, Vollers, Athalye, and Baldwin) were noticed by Plaintiff and three depositions (Hill, Lenkszus, and Nelson) were reasonably necessary “to evaluate the veracity of the inventor’s claim of inventorship.” D.E. 393.

Copies of transcripts reasonably necessary for use in the case are allowable. 28 U.S.C. § 1920(2). In assessing whether transcript costs should be billed, the decision should be based upon whether the transcripts were “reasonably necessary for preparation for trial at the time they were taken.” *LaVay Corp. v. Dominion Fed. Sav. & Loan Ass’n.*,

830 F.2d 522, 528 (4th Cir. 1987). Defendant's reply sufficiently explains why all eight depositions were reasonably necessary. Plaintiff's objection to the eight transcripts will not reduce the taxation of costs.

Defendant provided supporting invoices for all transcript charges except for Michael Watson. In lieu of an invoice, Defendant submitted a bank record showing electronic payment to a court reporting firm in the amount of \$1,182.25. Because this record is not sufficient for review, the taxable costs will be reduced by \$1,182.25.

All depositions include costs of transcripts and videography. Plaintiff objected to the videography costs, and Defendant has not explained why videography was required in addition to the transcripts. A prevailing party can recover the costs of transcripts or videotaping depositions. *Cherry v. Champion Int'l Corp.*, 186 F.3d 442, 448 (4th Cir. 1999). To recover the costs of both transcripts and video, the prevailing party must show that both were necessary. *Id.* at 449. Defendant has not shown why transcripts and videography were necessary. Accordingly, all videography invoices will be disallowed, except for that of Michael Watson whose transcript was previously disallowed. The videography invoices total \$15,284.97 and will be offset by the Watson video of \$330.00, which results in a \$14,954.97 reduction in the bill of costs.

The invoices include several other charges in addition to the cost of the deposition transcripts and videography. The costs incident to the taking of depositions (when allowable as necessarily obtained for use in the litigation) normally include only the reporter's attendance fee and charge for one transcript of the deposition. L.R.

54.1(c)(1)(i). The following charges are not allowable:

Rough Draft ASCII	\$6,922.65
Adobe PDF Bundle	25.00
Shipping and Handling	565.34
Total Transcript D-Ea-STD	355.00
Electronic Files/Mini-Index	270.00
Condensed Transcript	175.00
Digital Transcript	300.00
Processing & Compliance	325.00
Conference Room Rental	317.69
Production and Archiving	7.50
Total	\$9,263.18

The Bill of Costs will be reduced by \$14,954.97 of videography charges and \$9,263.18 of disallowable transcript related costs.

#### **D. Fees and Disbursements for Printing**

The Bill of Costs includes an invoice for \$830.43 billed to the Sage Patent Group from Total Laser Care of NC, Inc. for 12,330 black and white and 7,011 copies. Plaintiff objected to the costs as being unidentified. Defendant responded that its request was “narrowly tailored specifically to those arising from trial, including the printing of trial exhibits that Cree submitted to the Court’s staff as requested when the exhibits were admitted into the record.” D.E. 393. However, Defendant did not provide further details. Copying costs can be taxed if they were “necessarily obtained for use in the case.” 28 U.S.C. § 1920(4). However, copies “obtained merely for the convenience of counsel” are not. *Scallet v. Rosenblum*, 176 F.R.D. 522, 524 (W.D. Va. 1997). Whether copies “are properly reimbursable rather than incurred simply as a ‘convenience’ to counsel” needs to

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