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APPELLANT'S BRIEF

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

IN RE RICOH COMPANY, LTD. PATENT LITIGATION

SYNOPSISYS, INC.,

Plaintiff-Appellee,

v.

RICOH COMPANY, LTD.

Defendant-Appellant.

FILED
U.S. COURT OF APPEALS FOR
THE FEDERAL CIRCUIT

MAY 17 2011

JAN HUNDALY
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RICOH COMPANY, LTD.,

Plaintiff-Appellant,

v.

AEROFLEX INCORPORATED, AMI SEMICONDUCTOR, INC.,
MATROX ELECTRONIC SYSTEMS, LTD., MATROX GRAPHICS, INC.,
MATROX INTERNATIONAL, INC., MATROX TECH, INC.,
and AEROFLEX COLORADO SPRINGS, INC.,

Defendants-Appellees.

Appeal from the United States District Court for the Northern District Of
California in Case No. 03-cv-2289, Judge James Ware

OPENING BRIEFING OF APPELLANT RICOH CO. LTD.

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Ricoh Company, Ltd.

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

None.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

N/A

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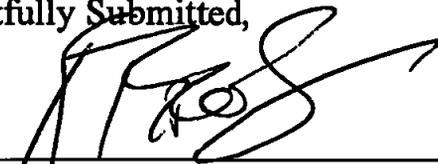
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STATEMENT OF RELATED CASES

This case concerns the taxation of \$938,957.72 in costs for a case resolved on summary judgment. In the related merits case, *Synopsys, Inc. v. Ricoh Co.*, 2010-1415, Ricoh sought to reverse the District Court's rulings on claim construction and summary judgment of divided infringement. A panel consisting of Judge Bryson, Judge Dyk and Judge Prost affirmed the District Court's judgment without opinion on March 8, 2011. *Synopsys v. Ricoh Co.*, No. 2010-1415, 2011 WL 835125 (Fed. Cir. March 8, 2011). A petition for panel rehearing was denied on April 22, 2011. Ricoh's motion for stay of mandate pending the Court's *en banc* rehearing in *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 629 F.3d 1311 (Fed. Cir. 2010), *vacated*, 2011 WL 1518909 (Fed. Cir. Apr. 20, 2011), was denied on April 29, 2011.

Counsel is not aware of any other cases pending in this or any other court that will directly affect or be directly affected by this Court's decision in this appeal.

STATEMENT OF JURISDICTION

The District Court had jurisdiction over Ricoh's patent infringement claims pursuant to 28 U.S.C. §1338(a). On November 12, 2010, the District Court entered amended final judgment under Fed. R. Civ. P. 54(b). A19-20. Ricoh timely filed this appeal on December 13, 2010. A3690-91. This Court has jurisdiction over the appeal under 28 U.S.C. §1295(a)(1).

STATEMENT OF ISSUES ON APPEAL

(1) Whether the District Court exceeded its statutory authority under 28 U.S.C. §1920(4) in overruling the Clerk and taxing Ricoh for \$234,702.43 of Synopsys's expenses relating to document review databases that the parties established for the convenience of counsel, where the taxation of such expenses are not authorized under Ninth Circuit precedent and are separate from the actual cost of production of documents from those databases; and where the parties agreed in advance to equally divide and share the document review database costs.

(2) Whether the District Court exceeded its statutory authority under §1920(4) in awarding \$322,515.71 in other copy costs for documents that were not part of Synopsys's document production or initial disclosures and thus not "necessarily obtained for use in the case" as required by the Local Rules and relevant precedent; or alternatively, where a subset of those expenses was improper because they were for Synopsys printing in hard copy documents it already had in electronic form, document preparation expenses, or expedited shipping fees.

(3) Whether the District Court exceeded its statutory authority under 28 U.S.C. §1920(2) in awarding \$131,247.28 in costs relating to unnecessary discovery depositions that were not used to obtain judgment, and where there was no evidence to show that those depositions and associated interpreter fees were necessarily obtained, reasonable, and not duplicative; or alternatively, whether the

District Court's taxation of costs for both a written transcript and a video recording of the same deposition are proper when §1920(2) permits recovery of only one or the other.

STATEMENT OF THE CASE

This appeal concerns the District Court's taxation of \$938,957.72 in costs in a case that was resolved on summary judgment – one of the highest award of costs in any case that was not tried – and whether the District Court either exceeded its statutory authority under 28 U.S.C. §1920, or abused its discretion under Rule 54(b), in shifting those costs from Appellees (Aeroflex Inc., et. al, and their indemnitor, Synopsys, Inc. – collectively “Synopsys”). Ricoh is asking this Court to reduce the taxation of costs by \$688,465.42.

On June 23, 2010, Ricoh filed a notice of appeal of the District Court's May 28, 2010 final judgment challenging the District Court's grant of summary judgment of noninfringement. That appeal concerning the merits was docketed as Appeal No. 2010-1415. Meanwhile, on June 10, 2010, Synopsys filed a Bill of Costs in the amount of \$1,375,507.35. A1311-13. Ricoh timely objected to the Bill of Costs on July 1, 2010. A2416-17; A2419. On July 9, 2010, Synopsys filed an amended Bill of Costs seeking \$1,208,616.09. A2636-38. After obtaining leave of court, Ricoh timely filed its objections on August 6, 2010. A2773. On August 17, 2010, the Clerk taxed costs in the amount of \$855,107.69. A2991. On August 24, 2010, both Ricoh and Synopsys requested review of the Clerk's taxation by the District Court. A3001; A3031. On September 29, 2010, the District Court increased the taxation to \$938,957.72. A16. The District Court

issued an amended judgment in that amount, plus any applicable post-judgment interest, on November 12, 2010. A20. Pursuant to Fed. R. App. P. 4(a)(4)(B)(ii), Ricoh timely filed an amended notice of appeal on December 13, 2010 to challenge the amended judgment of costs. A232. Thereafter, the parties moved to separate the costs issue from the merits appeal and separately docket the appeal of costs. That motion was granted on February 2, 2011, docketing the above-captioned case.

The District Court's taxation of Synopsys's Bill of Costs includes items for which there is no precedent for taxing. For example, Synopsys sought recovery of \$235,281.03 in expenses relating to document review databases established and managed by a third party named Stratify, Inc., even though the databases were established for the convenience of counsel, the parties had agreed in advance to share the costs relating to those databases, the database costs were separate from the cost of document production. The Clerk rejected Synopsys's request, finding that such expenses were outside the scope of N.D. Cal. Civ. R. 54-3(d), but the District Court reversed, ignoring the fact that there was no statutory basis for the award of those costs. The taxed Stratify costs were for Synopsys's portion of a cloned document review database; Ricoh had already paid over \$200,000 to Stratify for its share of the database expenses. Included in the Stratify costs taxed by the District Court were Stratify's hourly fees for custom work requested solely

by Synopsys, web-based training fees for Synopsys's counsel, Microsoft application user license fees for Synopsys's lawyers, courier charges, media handling fees to and from Synopsys's counsel, and data processing requested by Synopsys.

In cost-shifting \$938,957.72 of Synopsys's expenses, the District Court disregarded controlling precedent, made factual conclusions that were unsupported by or even contradicted the evidence. For example, with regard to the Stratify database costs, the District Court erroneously concluded the databases were used as the means for document production despite explicit contractual clauses and correspondences between the parties that precluded such a finding, and despite the fact that the cost of production of documents from that database were separately charged and taxed. Ricoh does not challenge the taxation of the actual cost of production of documents from those databases. The District Court also erred in concluding that the databases were created exclusively for Ricoh's benefit even though Synopsys conceded, and the evidence shows, that Synopsys used its database to review, filter, tag, and process its documents.

The District Court also exceeded its statutory authority in awarding \$322,515.71 in other copy costs incurred by Synopsys. Under Civil L.R. 54-3(d) and relevant precedent, such copy costs are permissible only for Synopsys's original discovery responses and initial disclosures. Synopsys failed to show that

those copy costs met that standard, and a review of those invoices shows that they likely were copies made for the convenience of Synopsys's counsel. The District Court abdicated its responsibility to ensure that the claimed costs were within §1920(4). In the alternative, \$57,861.01 of taxed expenses under §1920(4) clearly are beyond the scope of the statute, because they were for making hard copies of electronic copies of documents that were already produced in electronic form, or for expenses such as creating tabs or folders, or unnecessary expedited shipping fees.

Likewise, the District Court awarded \$138,816.98 in transcription costs and interpreter fees for more than 50 depositions, even though only six depositions were used as evidence in the successful motion for summary judgment. Under Ninth Circuit precedent, only depositions actually used to obtain judgment may be taxed, requiring a reduction of \$131,247.28. Alternatively, the District Court erred in taxing \$43,217.85 in costs for both a written transcript and video, when §1920(2) permits only one or the other. The District Court also taxed \$1,549.69 in fees for cancelled video services when §1920(2) does not permit recovery of such costs.

Pursuant to Federal Circuit Rule 28, the following decisions are published:

- *Ricoh Co. v. Aeroflex Inc.*, Nos. C03-04669, -02289, 2006 WL 3708069 (N.D. Cal. Dec. 14, 2006);
- *Ricoh Co. v. Aeroflex Inc.*, 219 F.R.D. 66 (S.D.N.Y. 2003);

- *Synopsys, Inc. v. Ricoh Co.*, 343 F.Supp.2d 883 (N.D. Cal. 2003); and
- *Ricoh Co. v. Aeroflex Inc.*, 279 F.Supp.2d 554 (D. Del. 2003).

STATEMENT OF THE FACTS

I. PROCEDURAL HISTORY

A. The Merits Proceeding

1. Litigation Until The Stay Was Lifted

In January 2003, Ricoh initiated this action in Delaware against Aeroflex et al. (the “Accused Infringers”). A257-58; A267. The Accused Infringers used a number of tools to help them design and manufacture certain types of semiconductor chips called Application Specific Integrated Circuits (ASICs), including software they licensed from Synopsys to describe the specifications and capabilities of the ASICs. *See* A3697.

Synopsys makes and licenses various types of software, including “Design Compiler,” which is used to assist in the design and manufacture of ASICs. A297 After Synopsys filed its declaratory judgment and Ricoh’s infringement action was transferred to the Northern District of California, the parties entered a stipulation in July 2004 that made the scope of the two actions congruent. A313-14.

On April 7, 2005, the court issued its first claim construction order. The parties thereafter engaged in merits discovery. Shortly before trial, on December 14, 2006, the District Court stayed the proceedings pending

reexamination.¹ A551-52. On April 16, 2008, after the case was reassigned to Judge Ware, the District Court lifted the stay and formally consolidated the actions. A561-63.

2. Summary Judgment Motions, Decision, And Merits Appeal

On November 3, 2008, Synopsys filed a motion for summary judgment of noninfringement, its twelfth motion for summary judgment. A217; A565. The motion turned on the construction of one limitation of claim 13, and was denied without prejudice. Following additional Markman briefing, another tutorial, and hearing, on October 23, 2009, the District Court issued a revised claim construction. A579.

On January 8, 2010, Synopsys filed what it called a “renewed” motion for summary judgment of noninfringement, even though the basis of the motion – divided infringement – was new, the law having been recently developed by this Court. A701. Synopsys cited with that motion only four depositions, and attached no bates labeled discovery documents. A591; A1233. On April 15, 2010, the District Court granted the motion on the basis of divided infringement, finding that Synopsys practiced one element of claim 13, while presuming that the Accused Infringers practiced all remaining limitations. A1298-1300. After the District

¹ On March 15, 2011, the Patent Examiner’s rejection of all claims of the ‘432 Patent was reversed by the Board of Patent Appeals and Interferences. A3705.

Court denied Ricoh's Motion for Reconsideration, Ricoh appealed the judgment to this Court. This Court affirmed, and the mandate issued on April 29, 2011.

B. Taxation Of Costs

1. Synopsys's Bill Of Costs

The District Court entered judgment on May 28, 2010. A1308-1310. Synopsys filed a Bill of Costs on June 10, 2010 seeking to tax \$1,375,507.35 of costs. A1311-13. On June 29, 2010, pursuant to N.D. Cal. Civ. R. 54-2, Ricoh's counsel conducted a telephonic meet and confer with Defendants' counsel. A3085, ¶4. In response to Ricoh's objections, Synopsys said that it would withdraw \$175,000 (or 9%) of the original costs. *See id.* Ricoh timely filed its Objections to the Bill of Costs on July 1, 2010. A2419.

On July 9, 2010, without leave of court or conferring with Ricoh, Synopsys submitted a Revised Bill of Costs with additional evidence. A2636-37. The Revised Bill of Costs sought \$1,208,616.09 in costs. *Id.* Ricoh moved to strike as untimely, which the District Court denied, and in the alternative, sought leave to respond (A2748), which the District Court granted on July 26, 2010. A2771. Ricoh filed its Objections to Defendants' Revised Bill of Costs on August 6, 2010. A2773.

2. The Clerk's Taxation Of Costs

On August 17, 2010, the Deputy Clerk of the District Court issued a taxation of costs in the amount of \$855,107.69. A2991. This included the following: \$150

for fees of the Clerk; \$4,613.95 for fees for service of summons and subpoena; \$110,242.37 for fees for printed or electronically recorded transcripts; \$11,195.49 for witness fees; \$728,880.88 for fees for exemplification and the cost of making copies; and \$25 for docket fees. *Id.*

The Clerk apparently disallowed \$112,483.75 in interpreter's fees; \$237,894.74 in costs related to Synopsys's document review database and fees for reproducing exhibits; \$1,928.10 in fees for printed or electronically recorded transcripts; and \$1,201.81 in fees for service of summons and subpoenas.² *Id.*

3. District Court's Review Of The Clerk's Taxation of Costs

On August 24, 2010, Ricoh and Synopsys both filed motions for review of the Clerk's taxation of costs. A3001; A3031. Synopsys sought reconsideration of the Clerk's refusal to award costs relating to the document review database, and interpretation and translation costs. A3032-33. Ricoh sought review of certain costs relating to service, depositions, witnesses, copy costs and printing, unused demonstrative exhibits, other costs that should be denied because they were outside the scope of §1920, as well as the overall size of the costs. A3001-02.

² The Clerk's taxation did not indicate the specific reasons or which specific costs were disallowed. Ricoh assumes that the disallowed amount of \$237,894.74 is from the disallowance of the document review database (A2657) and Synopsys costs for "Reproducing Exhibits" (A2659) because their combined cost is exactly the disallowed amount. *See* A2991. Ricoh also assumes that the disallowed amount of \$1,928.10 for deposition costs does not include the \$1,549.69 in fees Synopsys incurred for canceling depositions too late. *See infra*, Section IV.C.

On September 29, 2010, the District Court revised the Clerk's taxation of costs and taxed \$938,957.72 to Ricoh. A16. The following table sets forth the expenses requested by Synopsys, the costs allowed by the District Court, and the amount of costs that Ricoh challenges in this appeal.

Cost Category	Amount Requested by Synopsys	Amount Allowed by the District Court	Amount Disputed by Ricoh
Stratify Document Review Databases	\$235,281.03	\$235,281.03	\$234,702.43
Other Copy Costs Claimed Under §1920(4)	\$731,494.59	\$469,100.54 ³	\$322,515.71
§1920(4) SUBTOTAL	\$966,775.62	\$704,381.57	\$557,218.14
Deposition Costs Claimed Under §1920(2)	\$112,170.47	\$109,640.37 ⁴	\$102,070.67
Interpretation and Translation Costs	\$112,483.75	\$110,122.34	\$29,176.61
§1920(2) SUBTOTAL	\$224,654.22	\$219,762.71	\$131,247.28
TOTAL	\$1,191,429.84	\$924,144.28	\$688,465.42

On November 12, 2010, the District Court entered an amended final judgment. A19-20. This timely appeal followed.

³ The District Court reversed the Clerk's award of \$2,551.38 in costs for privilege review, \$32,742.61 in costs for extra copies and \$224,486.35 in costs for intellectual creation of graphics. A16. After subtracting these costs from the Clerk's taxation of \$728,880.88 in exemplification and copying costs, the copying costs, other than the Stratify expenses, amount to \$469,100.54. A2991.

⁴ The District Court reversed the Clerk's award of \$602.00 in costs for deposition summaries. A16. After subtracting this cost from the Clerk's taxation of \$110,242.37 in deposition costs, the deposition taxation equals \$109,640.37. A2991.

II. THE PARTIES AGREED TO USE THE STRATIFY DOCUMENT REVIEW DATABASES FOR THE CONVENIENCE OF COUNSEL AND DIVIDE THE COST

A. After The District Court Compelled Synopsys's Production, The Parties Agreed To Use Stratify's Document Review Databases

During discovery, Ricoh requested that the Accused Infringers produce relevant, responsive, non-privileged e-mails and other documents, but those parties refused, causing the District Court to grant Ricoh's motion to compel on September 22, 2005. A542-44. The District Court specifically required the Accused Infringers to produce e-mails that related to their deliberative process when formulating an ASIC specification. A543. The District Court directed the parties to meet and confer regarding the scope of the search. A544.

Having lost on the issue of relevance and having been ordered to produce the documents, Synopsys (which was indemnifying and representing the Accused Infringers) shifted the fight to the form of production. Claiming vague and unfounded "security concerns," and ignoring the fact that there was in place a comprehensive protective order, Synopsys refused to comply with Fed. R. Civ. P. 34 and produce the documents in native electronic format.⁵ A3722-33; A3340, ¶4; A3511, n.4; A3364; *see* A3047, ¶9. Frustrated by Synopsys's stonewalling, Ricoh proposed a number of options for the production of the e-mails, only to be

⁵ Fed. R. Civ. P. 34(b) provides that the requesting party may specify the form in which ESI is to be produced and if the party does not specify the form then the responding party must produce in native format.

repeatedly rejected by Synopsys. A3340-41, ¶¶4-5. Weeks passed with no progress, and the discovery deadline was approaching, and still Synopsys refused to produce the electronic documents in native form. A3065-66; A3068-69; A3341, ¶5.

One option Ricoh eventually identified was to have a third party vendor, Stratify, load and host the electronic documents in native format in a pair of identical secure document review databases, so each party independently could review, sort, sift, mark, and select documents for production. *See* A3069-70. Synopsys would have total and unilateral control of how, when, and what documents would be loaded into the review databases. *See* A3404-05; A3407-08. Only after Synopsys had approved the contents of the databases would those contents be made available for Ricoh to review and select documents for production. A3404-05. The Stratify review databases met Synopsys's objections, because the electronic data would be safe and secure, because the parties could verify data integrity at every stage of the process, and because the data would be loaded into "read only" databases. A3069-70.

After considerable negotiation, the parties voluntarily entered into a contractual agreement to share the costs for hosting native data using Stratify. A3341, ¶5; A3384; A3390; *see* A3048, ¶10; A3396. Synopsys agreed to proceed with the Stratify option if the parties agreed to split the costs. A3341, ¶5. Ricoh

agreed to the compromise to resolve the discovery dispute. Neither side sought a ruling from the District Court that costs associated with the document review database could be taxed. In late December of 2005, the parties executed the Stratify agreement. A3384; A3390. Under the agreement, Stratify created two independent, cloned, document review databases, one for each party. A3368. The parties agreed to split the cost for the two cloned databases. A3342, ¶6; A3396. Ricoh has already paid over \$200,000 for its share of the costs related to the Stratify document review databases. A2439.

B. The Stratify Document Review Databases Were Distinct From Document Production

Importantly, the parties agreed that the Stratify databases would be used as document *review* databases. *See* A3361. If either side selected any document to be *produced* from their respective databases as a hard copy, that party would designate it, and Stratify would physically print, bates stamp, and mark as confidential pursuant to the protective order, then simultaneously produce that hard copy document to all parties. A3361; A3370-71; A3373; A3069-70. Over the course of the litigation, the parties designated approximately 16,000 pages of documents to be produced from the Stratify review databases. A3294; A2228; A2232; A2233. Costs relating to production were separate from costs relating to the databases. A3373; n.5. Underscoring the fact that costs relating to document production were separate from costs pertaining to databases, the parties agreed

that, if Ricoh requested more than 20% of the total volume of the contents of the databases to be produced, it would be at Ricoh's expense:

The cost for production of documents shall not be covered by the cost-sharing provisions of this agreement, but will instead be governed by the terms set forth in this footnote. The costs for document production shall be split by the parties up through the production of twenty (20) percent of the total volume (measured as a percentage of total file size) of e-mail stored on the Stratify servers. Should Ricoh request that more than twenty (20) percent of the total volume of e-mail be produced, Ricoh will thereafter assume 100% of the cost of production.

Id. (emphasis added); *see* A3361. Ultimately, the parties identified and selected approximately 16,000 documents – or fewer than 2% of the volume – to be produced from the Stratify database. *See* A3294; A2228; A2232; A2233.

Included with the District Court's award of \$235,281.03 in expenses for the Stratify document review databases are \$578.60 in taxed costs (which Ricoh does not challenge) for producing approximately 16,000 documents from Stratify databases. Id. Thus, Ricoh has already been taxed for the cost of document production from the Stratify databases. A2439; A2988; A2990.⁶

⁶ *See* A2232 (2/28/2006 Stratify bill showing charges for data production of 712 pages of AMI e-mails and 4,467 pages of AMI code); A2233 (Stratify bill showing 16 pages of AMI documents, 412 pages of Synopsys documents, another 1,329 pages of Synopsys documents and 21 pages of Aeroflex and Matrox documents); A2228 (4/30/2006 Stratify bill showing 3,891 pages of Aeroflex code, 390 pages of additional Aeroflex code, 334 pages of Aeroflex documents).

C. Synopsys Used The Stratify Database For Its Own Convenience

Synopsys used its Stratify document review database to conduct a review of the data before the data was posted into Ricoh's database. A3404-05. Only after Synopsys reviewed its own data and approved the posting of that data into the Ricoh review database would it actually be made available to Ricoh. *Id.* Synopsys thus at all times had full control of what data was posted into Ricoh's database, and when that posting would take place. *Id.* Synopsys repeatedly used its Stratify database to review documents for privilege or other purposes, for its own convenience. A3415 (Ricoch's counsel noting that it should not bear the expense of Stratify's correction of Synopsys's erroneous loading of privileged documents); A3412-13 (Synopsys acknowledging that it instructed Stratify to delete privileged e-mails); A2988, A2990 (Stratify invoices showing custom work charges for removing privileged documents).

Consistent with the parties' contractual agreement, Stratify separately charged the parties for the uploading, processing and hosting of e-mail and non-e-mail data *to both databases* – one database that was used for Synopsys's convenience, and one for Ricoh's convenience. The majority of the Stratify costs are for data processing and loading for *both* databases; the Stratify agreement explicitly required that "Stratify shall process the Filtered data and load the data into two (2) SLD Databases." A3369; A3393.

The Stratify costs that Synopsys incurred (and which the District Court improperly taxed to Ricoh) include not only expenses related to data uploading, processing and hosting, but also Stratify's hourly fees for Synopsys-requested custom work, licenses for Microsoft applications, web-based training, and the like. For example, Stratify charged \$200 per hour on Feb. 28, 2006 and April 30, 2006 for custom work for removal of privileged documents from the Synopsys database – apparently Synopsys's counsel had missed allegedly privileged documents and authorized the posting of the data, and later discovered and corrected its errors.⁷ A2228; A2232; A3412-13. In one instance, Synopsys had authorized the processing and uploading of about 9 gigabytes of allegedly privileged data, which cost \$23,270 to remove. A3415. The District Court taxed all of those costs to Ricoh. Likewise, the District Court taxed Ricoh with \$7,000 in license fees, plus \$200 per hour of training costs, relating to Microsoft Office Applications that benefited Synopsys's counsel. *See* A2232. The total amount of Stratify costs that the District Court taxed to Ricoh was \$235,281.03 – which was in addition to the over \$200,000 that Ricoh already had paid to Stratify pursuant to the cost-sharing agreement. A16.

⁷ Unlike the other Stratify costs split between the parties, Ricoh did not pay half of the custom work fees. A2988; A2990; A3415. Therefore, even though Synopsys appears to have initially bore the full cost of the custom work fees, it included them in its Bill of Costs and the District Court taxed those fees to Ricoh. A2657; A2228; A2232; A14.

SUMMARY OF THE ARGUMENT

The District Court's taxation of costs is a significant and erroneous expansion of the kinds of costs allowable under 28 U.S.C. §1920. This Court reviews *de novo* the District Court's award of costs not enumerated in §1920.

There are multiple basis for reversing the District Court's taxation of (1) the majority of Synopsys's expenses for two document review databases, (2) other copying costs not authorized by §1920, or that have not been shown to be necessary to this case; and (3) Synopsys's unnecessary deposition costs and associated interpreter fees.

The Stratify Document Review Databases. The District Court exceeded its statutory authority when it reversed the Clerk and cost-shifted \$235,281.03 of Synopsys's expenses for two document review databases created for the convenience of counsel and that were not necessary for use in the case. Ricoh requested e-mails be produced in their native format in accordance with Rule 34. Synopsys made no showing why producing the e-mails on a disk drive or creating only a single database (for which Ricoh already paid) would not have been sufficient. Synopsys, not Ricoh, insisted on the creation of *two cloned* databases.

The Stratify contract and supporting documentation clearly show that Synopsys intended and actually used its database to review, filter, tag, and otherwise process its documents. Included with the Stratify expenses are expenses

for Stratify's hourly fees for custom work requested solely by Synopsys, web-based training fees for Synopsys's counsel, Microsoft application user license fees for Synopsys's lawyers, courier charges, media handling fees to and from Synopsys's counsel, and data processing requested by Synopsys. While Ricoh does not object to the taxation of \$578.60 for the physical production of approximately 16,000 pages of documents from the databases, the statute, Supreme Court, and Ninth Circuit precedent preclude cost-shifting of the remaining \$234,702.43 in Stratify expenses.

During discovery, Synopsys did not seek or obtain approval from the District Court to have these costs included in the taxation. After operating for five years under this agreement, there is no factual basis or legal authority justifying cost-shifting Synopsys's portion of the Stratify costs on Ricoh.

Other copying costs. The District Court also overstepped its statutory authority when it awarded \$469,100.54 in other copying costs, because more than two-thirds of those costs were outside the scope of §1920(4). The Local Rules and relevant precedent limit the copy costs to original discovery responses and disclosures. While Ricoh does not challenge over \$146,000 in copying costs, the District Court erred in awarding an additional \$322,477.82 in costs for copies, because those costs were not incurred for taxable purposes, but were instead additional copies of discovery made for the convenience of Synopsys's counsel

and thus outside the scope of §1920(4). Alternatively, the District Court had no statutory authority in awarding \$56,144.62 of unnecessary blowbacks copies, \$1,103.71 of unnecessary tab/foldering fees, and \$612.68 of unnecessary expedited shipping charges.

Unnecessary deposition expenses. Depositions that were not reasonably necessary cannot be taxed under §1920(2). Only six depositions were used in connection with the successful summary judgment motion. The \$102,070.67 in costs relating to the transcription of the other unnecessary depositions should be reversed, as well as \$29,176.61 in interpreter fees incurred during those unnecessary depositions. Alternatively, §1920(2) permits the taxation of either a written transcription or video, but not both. The District Court misapplied N.D. Cal. Civ. R. 54-3(c)(1) and awarded both; at least \$43,217.85 is an impermissible double award of two different forms of transcription. Finally, the District Court impermissibly taxed Ricoh \$1,549.69 for fees Synopsys incurred for canceling depositions too late.

ARGUMENT

I. STANDARD OF REVIEW

Not all costs expended by a prevailing party is taxable. The term “costs” as used in Fed. R. Civ. P. 54(d)(1) is defined and limited by 28 U.S.C. §1920, and federal courts are bound by the statutory limitations. The Supreme Court has emphasized that “Congress meant to impose rigid controls on cost-shifting in

federal courts.” *Crawford Fitting Co. v. J.T. Gibbons, Inc.*, 482 U.S. 437, 445 (1987).

Section 1920 grants the district court the authority to tax as costs the following:

- (1) Fees of the clerk and marshal;
- (2) Fees for printed or electronically recorded transcripts necessarily obtained for use in the case;
- (3) Fees and disbursements for printing and witnesses;
- (4) Fees for exemplification and the costs of making copies of any materials where the copies are necessarily obtained for use in the case;
- (5) Docket fees under [28 U.S.C. §1923] of this title;
- (6) Compensation of court appointed experts, compensation of interpreters, and salaries, fees, expenses, and costs of special interpretation services under [28 U.S.C. §1828] of this title.

A22. This appeal focuses upon the permissible costs under subsections (2) and (4).

The Court’s interpretation of §1920 is governed by the decisions of the Supreme Court and the law of the regional circuit, here, the Ninth Circuit. *See Shum v. Intel Corp.*, 629 F.3d 1360, 1370 (Fed. Cir. 2010) (applying Ninth Circuit law in reviewing the reasonableness of a costs award); *Summit Tech., Inc. v. Nidek Co.*, 435 F.3d 1371, 1374 (Fed. Cir. 2006).

Whether a particular expense is within the scope of 28 U.S.C. §1920 is subject to *de novo* review because it is an issue of statutory construction. *Id.*;

Russian River Watershed Prot. Comm. v. City of Santa Rosa, 142 F.3d 1136, 1144 (9th Cir. 1998). Because §1920 imposes “rigid controls,” a court has no discretion to award costs not explicitly authorized by the statute. *Crawford*, 482 U.S. at 444-45.

The Northern District of California is authorized to promulgate Local Rules and interpret the meaning of the items enumerated as taxable costs in §1920. *See Alfex Corp. v. Underwriters Labs., Inc.*, 914 F.2d 175, 177 (9th Cir. 1990) (stating that “*Crawford* limits judicial discretion with regard to the kind of expenses that may be recovered as costs; it does not, however, prevent courts from interpreting the meaning of the phrases used in §1920”) (internal citation omitted). The Local Rules and the district court’s interpretation of §1920, however, must be consistent with the Federal Rules and Acts of Congress. *See Crawford*, 482 U.S. at 444-45; *Marshall v. Gates*, 44 F.3d 722, 724 (9th Cir. 1995) (holding that the Federal Rules trump any conflicting local rules). “To the extent a local rule conflicts with a federal statute, . . . the local rule must be held invalid.” *Weibrecht v. S. Ill. Transfer, Inc.*, 241 F.3d 875, 879 (7th Cir. 2001); *see United States v. Mink*, 476 F.3d 558, 564 (8th Cir. 2007) (invalidating Local Rule that imposed jury costs on party because “imposition of such costs is not authorized under §1920.”).

For costs that are within §1920, a district court’s award under Fed. R. Civ. P. 54(d)(1) is reviewed for abuse of discretion. *Summit Tech.*, 435 F.3d at 1374; *see*

Romero v. City of Pomona, 883 F.2d 1418, 1428 (9th Cir. 1989) (“The discretion granted by Rule 54(d) is not a power to evade this specific congressional command. Rather, it is solely a power to decline to tax, as costs, the items enumerated in §1920.”) (internal citations omitted), *overruled in part on other grounds by Townsend v. Holman Consulting Corp.*, 929 F.2d 1358, 1363 (9th Cir. 1991) (en banc); *see also Assoc. of Mexican-American Educators v. State of California*, 231 F.3d 572, 593 (9th Cir. 2000) (en banc) (holding the district court did not abuse its discretion in refusing to award costs to the prevailing parties); *Wash. State Dep’t. of Transp. v. Wash. Natural Gas Co.*, 59 F.3d 793, 806 (9th Cir. 1995) (holding that the district court’s disallowance of deposition fees solely on the grounds that they were not used at trial is within the court’s discretion).

Costs are only taxable if they are “necessarily incurred.” *Alflex*, 914 F.2d at 177 (allowing taxation of costs of depositions only if they were necessarily obtained for the case); *see Maxwell v. Hapag-Lloyd Aktiengesellschaft, Hamburg*, 862 F.2d 767, 770 (9th Cir. 1988) (interpreting exemplification to include illustrative materials only if they were necessarily obtained for use in the case). Expenses that are incurred by a prevailing party that are for the convenience of counsel, the judge, or jury, are not “necessary” under §1920, unless the prevailing party has carried its burden of showing that the costs were essential to its case and therefore justifies shifting the costs to the non-prevailing party. *See A24; cf. Mares*

v. Credit Bureau of Raton, 801 F.2d 1197, 1208 (10th Cir. 1986) (“[T]he burden is on the prevailing plaintiffs to establish the amount of compensable costs and expenses to which they are entitled.”).

II. THE DISTRICT COURT EXCEEDED ITS STATUTORY AUTHORITY IN AWARDING COSTS FOR CREATING AND MAINTAINING SYNOPSIS’S DOCUMENT REVIEW DATABASES

In the revised Bill of Costs, Synopsis asked the Clerk to tax \$235,281.03 of expenses relating to the document review databases created by Stratify for the sole use and convenience of Synopsis’s counsel. A2657, Ex. 175. Synopsis claimed that this document review database constituted exemplification or copying costs under §1920(4). *See* A2638; A2657. The Clerk refused to tax those expenses. A2991. On Synopsis’s motion for review of costs, however, the District Court taxed *all* of the claimed Stratify expenses. A14.

The issue of whether the Stratify expenses “may be recovered under §1920 is an issue of statutory construction, subject to *de novo* review.” *Summit Tech.*, 435 F.3d at 1374. “Whether the district court has the authority to award costs . . . is a question of law reviewed *de novo*.” *Russian River*, 142 F.3d at 1144. As discussed below, a reading of the statute and Supreme Court and Ninth Circuit precedent regarding taxation of exemplification and copying costs precludes cost-

shifting \$234,702.43 of Synopsys's Stratify expenses that do not relate to actual document production.⁸

A. A Document Review Database Created For the Convenience Of Counsel And Not Necessary For Use In The Case Is Not Taxable Under §1920(4)

The Ninth Circuit never has authorized the cost-shifting of a document review database of native electronic documents created for the convenience of counsel. Such a document review database simply does not constitute “exemplification and the costs of making copies” as provided by §1920(4). The “rigid controls” established by Congress do not authorize a district court to expand the statute beyond what it expressly authorizes.⁹

The Stratify databases never exemplified any document, nor did they make a copy of any document. The Ninth Circuit has construed “exemplification” and “copies” to refer to a copy of necessary depositions, necessary illustrative materials and certified copies to prove copyright registration. *Alflex*, 914 F.2d at 177

⁸ The District Court found that Stratify was used as a means of document production. A13. Of Synopsys's \$235,281.03 Stratify expenses, \$578.60 was incurred for the actual production of documents from the document review databases. A2228; A2232; A2233. Ricoh does not object to the taxation of \$578.60 for the production of those documents in addition to the already over \$200,000 Stratify related expenses paid by Ricoh. A2439. Ricoh objects to the taxation of Synopsys's remaining \$234,702.43 of Stratify expenses not related to the actual production of documents.

⁹ Other courts have held that costs related to electronic storing information are not taxable because they are a mere “convenience.” *See, e.g., Roehrs v. Conesys, Inc.*, No. 3:05-CV-829, 2008 WL 755187, at *3 (N.D. Tex. Mar. 21, 2008) (scanning of documents into electronic format for “conveni[en]ce for counsel” was not “necessary,” and thus not a recoverable costs).

(allowing taxation of costs of deposition copy only if necessarily obtained for the case); *Maxwell*, 862 F.2d at 770 (interpreting exemplification to include illustrative materials only if necessarily obtained for use in the case); *Zuill v. Shanahan*, 80 F.3d 1366, 1371 (9th Cir. 1996) (allowing expenses of photocopying certified materials to prove Copyright registration).

The Ninth Circuit never has endorsed interpreting §1920(4) to authorize the taxation of costs for a document review database created for the convenience of counsel. In cases of paper copies, the Ninth Circuit consistently has interpreted §1920(4) to exclude costs that were not necessarily obtained for use in the case. For example, in *Haagen-Daz Co. v. Double Rainbow Gourmet Ice Creams, Inc.*, 920 F.2d 587, 588 (9th Cir. 1990), the Ninth Circuit affirmed the district court's refusal to tax half of copying costs, because half of the papers copied were not necessarily obtained for use in the case. In *Disc Golf Ass'n v. Champion Discs Inc.*, 158 F.3d 1002, 1010 (9th Cir. 1998), the Ninth Circuit reversed the taxation of copies made after the grant of summary judgment, holding that taxable copies must "have been 'necessarily obtained' in the context of the litigation."

The Ninth Circuit has made clear that copies made for the convenience of counsel are not necessary for the case under §1920(4), and thus are not taxable. For example, the Ninth Circuit has refused to tax the cost of copies in lieu of originals, or copies of depositions that were merely useful for discovery. *See*

Kemart Corp. v. Printing Arts Research Labs., 232 F.2d 897, 902 (9th Cir. 1956) (disallowing copies not necessarily incurred but for convenience of party because party chose to use copies in lieu of originals by agreement of counsel). Other circuits likewise find “charges incurred merely for the convenience of one party’s counsel should not be taxed to the other.” *Fogleman v. ARAMCO*, 920 F.2d 278, 286 (5th Cir. 1991) (emphasis original).

Although the Ninth Circuit never has approved the taxation of a document review database, its precedent denying recovery of unnecessary paper copies makes clear that “copies,” in whatever form, even electronic copies stored in a database, should not be deemed “necessarily obtained for use in the case” under §1920(4) when made for the convenience of counsel. Synopsys has not shown that its Stratify expenses were a necessary cost within the meaning of §1920. As such, the Stratify document review databases that were created for the convenience of counsel and not necessary for use in the case should not be taxed to Ricoh.

B. The District Court Erred As A Matter Of Law When It Taxed The Stratify Document Review Database Expenses

In reversing the Clerk and taxing Stratify database review expenses, the District Court found that such expenses could be shifted under §1920(4) because (i) consistent with Rule 34, Ricoh requested that e-mails be produced in native format; (ii) the Stratify database was used as a means to produce about 16,000 documents; and (iii) the Synopsys database was solely for the benefit of Ricoh

(even though Ricoh could never use it, and instead had – and paid for – its own database). *See* A13-14. The District Court relied on Synopsis’s representation that it did not use its own database to “review, filter, search, annotate or otherwise process their documents,” even though the undisputed evidence showed otherwise. A14. As shown below, the District Court erred as a matter of law in construing §1920(4) to cost-shift the Stratify database.

1. Synopsis Insisted That It Have Its Own Document Review Database For Its Own Convenience, And Agreed To Pay For It

Ricoh requested, and the District Court compelled, the production of e-mails and other electronically stored information from the Accused Infringers. A542-43. Alluding to security concerns associated with native electronically stored information (“ESI”), Synopsis refused to produce that data in native format despite the provisions of Fed. R. Civ. P. 34. A3364.¹⁰ Synopsis could easily have provided those e-mails to Ricoh, instead of to Stratify, without creating separate databases. At most, the cost of the media containing that ESI may have been taxable to Ricoh.¹¹ But Synopsis refused to produce e-mails in native format, notwithstanding the fact that the District Court had entered a sweeping protective order. A3722-33. In short, the problems regarding the documents that eventually

¹⁰ Synopsis claimed that the e-mails at issue were stored in as many as 1,000 file formats, many of them allegedly unreadable. A3511. Ricoh obviously had no control of Synopsis’s record-keeping scheme.

¹¹ Included in the \$146,000 of costs under §1920(4) that Ricoh does not challenge is the cost of media containing various Synopsis ESI productions.

were placed in the Stratify database all were problems of Synopsys's creation, and in no way were attributable to Ricoh.

After months of delays, and Ricoh's repeated attempts to find a solution that would enable it to review the documents, as set forth in Section II.A, *supra*, the parties agreed to share the expenses associated with Stratify's creation of two independent electronic document review databases. *See* A3396. The parties agreed to establish these independent review databases solely for the convenience of counsel.

Synopsys's contention before the District Court that both Stratify databases were created and maintained solely for Ricoh's benefit is inconsistent with the record and makes no sense. Synopsys offers no reason as to why Ricoh would have wanted *two cloned* databases. In fact, according to Synopsys's attorney at the time of negotiating the Stratify contract, Synopsys insisted on the creation of the separate databases, so Synopsys could conduct its own independent review of data after it was loaded, for its convenience. *See* A3396; A3404-05. Unless Synopsys had its own review database, it refused to produce e-mails as they were kept in the ordinary course of business. *See* A3396. Wrote Synopsys's attorney:

[T]he contract specifically contemplates that additional databases may be created at additional charge. I interpret your letter to say that you refuse to agree to split the additional charges associated with creating additional databases. We, however, have a serious problem with your position that will

directly impede our willingness and ability to produce e-mail to Stratify. In addition to the fact that we are under no obligation to do so, we are concerned about the ability to have party-specific prefixes for Bates numbering - which Ricoh specifically requested. Accordingly, we will not agree to the commingling, *but will split the cost, pursuant to the contract, of the additional databases.*

A3396 (emphasis added).

A week later, the parties “agreed that all of the e-mails should be put into a single database *for each side.*” A3399 (emphasis added). Section 2.1 of the Stratify agreement provided that “[t]wo (2) cloned ‘Databases’ will be established for storing data for each party designated as Customer in this Matter.” A3368. Section 2.4.1 of the agreement stated that “Stratify shall process [the] filtered data and load the same processed data into each segmented database.” A3369.

The two databases ensured each party would have autonomous access to the same electronic data while preserving the integrity of the databases. A3342, ¶6; A3069-70. The parties could independently search, view and annotate the electronic data in their respective databases for their own purposes. A3342, ¶6.

Contrary to Synopsys’s misrepresentation to the District Court that it did not use its database for “review, filter, search, annotate or otherwise process their documents,” A14, Synopsys admitted that it tagged documents in its own database. A3512. Moreover, Stratify informed Ricoh’s counsel that Synopsys had instructed it “to apply data *filters* prior to their normal data processing protocols, and in one

instance, [Synopsis] has recalled a large batch of documents and forced Stratify to manually extricate a large number of individual documents from the database.”

A3407 (emphasis added).

Even assuming Synopsis’s representation before the District Court is correct, there is no dispute that when the Stratify contract was negotiated, both parties understood that each would be able to “review, filter, search, annotate or otherwise process [the] documents” in their respective databases. A14; *see* A3069-70; A3369-72. The undisputed evidence shows that Synopsis insisted on creating and maintaining its own database with the ability to perform reviews, filtering, searches, annotating and processing – even if Synopsis did not end up using its database for such purposes. *See* A3396-97; A3369-72; A3407. Synopsis also cannot controvert that Stratify independently charged the parties for each of their respective databases. *See, e.g.*, A2988; A2990. This record evidence clearly shows that the two document review databases were created for the convenience of counsel and were not “necessary for use in the case” within the meaning of §1920(4).

2. The Cost For Production Of The Approximately 16,000 Documents Was Separate From The Cost Associated With The Document Review Database

The District Court erred as a matter of law in concluding that the cost of Synopsis database should be shifted to Ricoh because the database was the means for document production. The Stratify contract reflects the parties’ intent that the

production of documents could not occur until *after* a party had reviewed and selected documents for production from the document review database. *See* A3361. Once a party selected documents in the review databases for production from the databases, Stratify would print, bates-stamp, and produce the hard copy document to all parties. A3370-71; A3373; A3405; A3069-70. The parties also understood that the costs for doing so would be covered under a cost provision separate and apart from the Stratify contract:

The cost for production of documents shall not be covered by the cost-sharing provisions of this agreement, but will instead be governed by the terms set forth in this footnote. The costs for document production shall be split by the parties up through the production of twenty (20) percent of the total volume (measured as a percentage of total file size) of e-mail stored on the Stratify servers. Should Ricoh request that more than twenty (20) percent of the total volume of e-mail be produced, Ricoh will thereafter assume 100% of the cost of production.

A3373, n.5 (emphasis added); *see* A3370-71, section 2.6; A3361. Ricoh already has paid for its portion of document production costs, and for any document production costs that Ricoh did not bear, they were taxed to Ricoh, and are not part of this appeal.

Synopsys has tried to characterize its Stratify document review database as document production that was taxable under §1920(4). Not so. For a document to be produced, the document should have been bates labeled by the producing party and the receiving party should be able to print a copy for use in a deposition.

However, none of these characteristics could be said of the documents uploaded to Stratify for review. Ricoh was prohibited from downloading and printing anything from Stratify without first informing Synopsys and Stratify of which documents Ricoh wanted produced. *See* A3370 (“Restrict Access to Databases per individual customer” is “YES” and “Restrict Downloading” is “YES”); A3420 (“[O]n Stratify’s per-database downloading and printing limitations, we agreed, at your insistence, that all downloading and printing of email would be restricted.”). For these additional reasons, the District Court exceeded its statutory authority when it taxed the Stratify expenses related to the two document review databases created for the convenience of counsel and not necessary for use in the case.

C. Costs Not Related To The Physical Preparation Of Document Production Are Not Taxable

The Ninth Circuit has stated that “[s]ection 1920(4) speaks narrowly of ‘[f]ees for exemplification and copies of papers,’ suggesting that fees are permitted only for the physical preparation and duplication of documents, not the intellectual effort involved in their production.” *Romero*, 883 F.2d at 1428. Defendants in *Romero* urged the Ninth Circuit to tax expenses incurred in assembling and preparing the content of exhibits as “exemplification” costs under §1920(4). *Id.* at 1427. Those fees included over \$16,000 for “computer programming/data entry/ computer usage for graphics, charts and maps,” \$6500 for a “voter survey,” and approximately \$22,904 for “research assistants” and “archive assistants.” *Id.* The

Ninth Circuit affirmed the District Court's refusal to tax those costs, because fees paid for intellectual efforts in assembling and preparing content of the physical exhibits were not awardable "exemplification" costs. *Id.* at 1428; *see Zuill*, 80 F.3d. at 1371 (allowing costs for physical photocopying of certified copies to prove copyright registration and denying rest of costs as related to intellectual effort involved in that production); *Comm. Concerning Cmty. Improvement v. City of Modesto*, No. CV-F-04-6121, 2007 WL 4365584, at *5 (E.D. Cal. Dec. 11, 2007) (distinguishing between the act of "copying" and "the intellectual effort involved in the production"; the latter is "not a proper cost"), *vacated on other grounds*, 583 F.3d 690 (9th Cir. 2009).

Synopsys requested *all* of its Stratify expenses regardless of what the expenses were for. The District Court awarded *all* of those expenses in derogation of Ninth Circuit precedent that denies recovery of any intellectual effort involved in a document production. Ricoh does not dispute the taxation of the \$578.60 in fees for the actual physical production of the approximately 16,000 documents from the Stratify document review database. However, the remaining \$234,702.43 in fees incurred for the intellectual efforts in assembling and reviewing Synopsys's ESI are not recoverable under §1920(4).

1. Stratify Expenses For The Intellectual Efforts In Assembling And Preparing E-mails Or That Lack Competent Explanation Of The Expenses Are Not Taxable

Included in the Stratify expenses awarded by the District Court were Stratify's hourly fees for custom work requested solely by Synopsys, web-based training fees for Synopsys's counsel, Microsoft application user license fees for Synopsys's lawyers, courier charges, media handling fees to and from Synopsys's counsel, and data processing requested by Synopsys. *See* A2228; A2232; A2233.

These expenses were incurred for activities outside the scope of the physical preparation of any document production. A3371; A3373. These expenses were charged by Stratify for the *intellectual* assembly and preparation of electronically stored information for review by the parties' counsels and are not taxable under Ninth Circuit precedent. Whether these Stratify expenses can be shifted to Ricoh, such request must be made, if at all, under *Crawford* and Ninth Circuit law as attorneys' fees and related non-taxable expenses under Fed. R. Civ. P. 54(d)(2), not as a taxable cost under Rule 54(d)(1). *See Zuill*, 80 F.3d. at 1371 ("Whether lawyers summarize their own depositions, or hire others to do it for them, a shifting of that cost must be made, if at all, under *Crawford* and *Romero* as attorneys' fees.").¹²

¹² The Stratify expenses for "Data processing – Native format documents" at a cost of \$2,600 per GB and "Media Handling" of CDs and DVDs at a cost of \$45 per CD and \$90 per DVD are further inappropriate because Synopsys failed to provide any competent explanation of those expenses. The District Court's improper taxation of Stratify charges is similar to the items denied taxation in *Comm.*

2. The Parties' Contractual Agreement Precludes Cost-Shifting Synopsys's Portion Of The Stratify Costs

The Supreme Court has noted that §1920 can be limited by contractual agreement. *Crawford*, 482 U.S. at 445 (holding that federal courts are bound by the limitations set out in 28 U.S.C. §1821 and §1920 absent explicit statutory or contractual authorization). After contractually agreeing to split the Stratify costs, Synopsys is precluded from now having its portion of the shared costs taxed to Ricoh. *Id.*; see *Thomas v. Duralight Co.*, 524 F.2d 577, 590 (3rd Cir. 1975) (finding the district court properly excluded from costs the charges incurred for daily transcripts because the parties agreed to share the expense for the service); *El Dorado Irrigation Dist. v. Traylor Bros., Inc.*, No. S-03-949, 2007 WL 512428, at *9 (E.D. Cal. Feb. 12, 2007) (deducting the prevailing party's share of costs for producing a daily transcript in light of the parties' agreement to split the costs); *Sun Studs, Inc. v. ATA Equip. Leasing, Inc.*, No. 78-714-RE, 1990 WL 293887, at *1 (D. Or. Dec. 12, 1990) (rejecting as taxable charges incurred for daily trial transcripts when the parties agreed to share the expenses for the service).

Concerning Cmty. Improvement v. City of Modesto. 2007 WL 4365584. In that case, the prevailing party requested recovery of costs incurred for the services of an e-discovery vendor in producing e-mails pursuant to Plaintiffs' discovery requests. *Id.* at *4. The court denied recovery of "set up fees and technical time" because the items did not involve exemplification and items such as "image export set up fee" because no explanation was provided. *Id.* at *5. The court stated that it was the movants' burden of proof to provide the court with any competent explanation of the invoice. *Id.* Synopsys likewise failed to show that the Stratify expenses were within the scope of §1920.

The District Court's taxation obligates Ricoh to pay twice for the same document production, since Ricoh has already paid for its own database. Double payment is not within the bounds of §1920. *See Computer Cache Coherency Corp. v. Intel Corp.*, No. C-05-01766, 2009 WL 5114002, at *3 (N.D. Cal. Dec. 18, 2009) (precluding a prevailing party from double recovery of document production).

III. THE DISTRICT COURT'S TAXATION OF OTHER COPYING COSTS ARE BEYOND THE SCOPE OF §1920(4)

In addition to, and separate from, Synopsys's Stratify expenses discussed in Section II, more than two-thirds of the other \$469,100.54 taxed by the District Court for Synopsys's other copying expenses are beyond the scope of §1920(4). Specifically, Ricoh challenges \$322,515.71 of other copying costs awarded under §1920(4). Of that amount, \$322,477.82 were not original responses to discovery requests, as required by the statute and Ninth Circuit law. Alternatively, \$56,144.62 was improper because it was for Synopsys printing its own convenience materials previously produced electronically; \$1,103.71 was for ancillary and untaxable materials such as tabs and folders; and \$612.68 was for untaxable expedited shipping fees.

Copying costs incurred during litigation do not become taxable simply because they were incurred. Northern District of California Local Rule 54-3(d) limits the recovery of copy costs to "[t]he cost of reproducing disclosure or formal

discovery documents when used for any purpose in the case.” The taxation of “formal discovery documents” under this Local Rule is limited to “the *original responses*’ to discovery requests and Rule 26 disclosures.” *Pixion Inc. v. Placeware Inc.*, No. C-03-02909, 2005 WL 3955889, at *3 (N.D. Cal. May 26, 2005) (emphasis added).

Local Rule 54-3(d) makes clear that “[t]he cost of reproducing copies of motions, pleadings, notices, and other routine cases papers is not allowable.” A26. Such fees for exemplification and copies should not be taxed because they were not necessarily incurred, but instead incurred for the convenience of counsel. *Kemart*, 232 F.2d at 902 (affirming a district court’s disallowance of fees for exemplification and copies *used in lieu of originals* because “this item was not necessarily incurred but was permitted for convenience of the party”); *see U.S., ex rel. Meyer v. Horizon Health Corp.*, No. C 00-1303, 2007 WL 518607, at *5 (N.D. Cal. Feb. 13, 2007) (copies “necessarily obtained for use in the case” means “prepared for use in presenting evidence to the court or be prepared or tendered for the opposing party”).

A. The Bulk Of Synopsys's Copying Costs Are Not Recoverable Under §1920

1. Synopsys Failed To Show That The Majority Of The Copies Were Original Responses To Discovery Requests Necessarily Obtained For Use In The Case

N.D. Cal. Civ. R. 54-1(a) requires that “[a]ppropriate documentation to support each item claimed must be attached to the Bill of Costs.” This documentation is required for Ricoh and the Court to determine to what extent the copying costs were incurred for “original responses” that were “necessarily obtained” under §1920(4) for use in the case, as opposed to copies made for the convenience of counsel. *Pixion*, 2005 WL 3955889, at *3 (only “‘original responses’ to discovery requests and Rule 26 disclosures” are taxable); *Lopez v. S.F. Unified Sch. Dist.*, 385 F.Supp.2d 981, 1001 (N.D. Cal. 2005) (denying document reproduction costs because they have not been shown to be reasonable).

Ricoh is not challenging \$146,584.83 of Synopsys's other claimed copy costs.¹³ Aside from the contents of the document review databases, the vast majority of Synopsys's document productions (as well as Ricoh's) were in electronic format, on CD's or DVD's, in PDF or TIFF format. Ricoh has not challenged any copy cost that conceivably constitute an original production or an initial disclosure. Even if a million pieces of paper were in “the *original*

¹³ This is in addition to the over \$200,000 already paid by Ricoh for its document review database and the \$578.60 of costs Ricoh does not dispute for producing documents from that review database.

responses' to discovery requests and Rule 26 disclosures" as required under the Local Rules (and it was far less than that), at ten cents per page, the maximum taxable cost of the Synopsys document production would be \$100,000.00. 2005 WL 3955889, at *3. Any possible copy cost associated with original responses or Fed. R. Civ. P. 26 disclosures is included in the \$146,589.83 in taxed costs that Ricoh does not challenge in this appeal.

Synopsys nevertheless has attempted to justify the other \$322,477.82 of its copying costs by identifying it as "reproducing discovery" in its exhibits and Frenkel Declaration. A2670-71; A1354, ¶9. Over the history of this case, Synopsys may very well have made that many internal copies of the various document productions. But §1920(4) and the Local Rules do not permit Synopsys to cost-shift the expense of every photocopy of any discovery document. For this very reason, "conclusory statements are not sufficient for the Court to determine if the costs are reasonable." *Lopez*, 385 F.Supp.2d at 1001. In *Computer Cache*, for example, the prevailing party included invoices for expenses incurred in document production as well as its production letters detailing the Bates numbers of the documents being produced and was awarded costs. 2009 WL 5114002, at *3. Synopsys did not do that in this case.

By contrast, in *Summit Tech.*, 435 F.3d at 1378, although the prevailing party accounted for and documented the cost of every copy, that documentation

only indicated that the copies were made, but did not show their necessity. As a result, the District Court reduced the total costs by 50% to account for unnecessary copies. *Id.* The Federal Circuit affirmed the District Court's actions, reinforcing that a party seeking to cost-shift must demonstrate that the documents were "necessary" under §1920. *Id.* Similarly, in *Rice v. Sunrise Express*, 237 F.Supp.2d 962, 980-981 (N.D. Ind. 2002), generic statements made in support of taxation were found to be inadequate. The prevailing party in *Rice* failed to show "what items were copied or for what purpose they were copied" and only supplied a "generic statement showing that copies were incurred." *Id.* As a result, the court reduced the number of copies by 20% to account for the possibility of unnecessary copies. *Id.*

Synopsys's "support" that \$322,477.82 of its copy costs were within the scope of §1920(4) does not meet the standard established in *Computer Cache*, and instead resembles the inadequate attempts to cost-shift that were rejected in *Summit Tech* and *Rice*. Synopsys rarely identified Bates ranges for its claimed copies, which is necessary to correlate the documents to the original discovery productions or disclosures.¹⁴ Synopsys's revised Bill of Costs merely states that the costs were

¹⁴ For instance, many of Synopsys's invoices for copying costs do not include a Bates range, but merely make conclusory statements. *See, e.g.*, A1893 (stating only "Case: Synopsys"); A1832 (stating only "Re: Blowbacks from 10-11 folder"); A1844 (stating only "Re: Documents for priv. review prior to production"). Other invoices likewise fail to show that the documents met the standard of §1920(4). *See, e.g.*, A2000 (failing to tie the CD duplication costs to any produced documents);

for “discovery reproduction costs.” A2670-71 (*See* Defendants’ Response to “Adequate Documentation”). However, this generic statement that copies were made in connection with a “discovery production” does not show that the copies were necessary to the case and thus taxable under §1920(4). The copies could have been made to conduct a privilege review or multiple internal copy sets for the convenience copies for counsel. Without any additional information, such as a correlation of Bates ranges to the actual productions, Ricoh and the Court cannot distinguish “necessary” from “convenience” copies, or whether copies were duplicative of other documents claimed elsewhere in Synopsys’s revised Bill of Costs.

The requirement of reasonable documentation to support cost-shifting is well-established. For example, in *Fogleman*, 920 F.2d at 286, the court criticized the prevailing party for providing no itemized breakdown of the copying costs incurred, beyond distinguishing those duplicated in house and those duplicated elsewhere. “It is therefore impossible to tell to what extent copies charged to [the prevailing party] were necessarily obtained for use in the case rather than obtained simply for the convenience of counsel.” *Id.* (emphasis original). The court stated that the taxed party “should not be held responsible for multiple copies of documents, attorney correspondence, or any of the other multitude of papers that

A1883 (failing to provide an application number or any other identifying information for costs related to a Japanese patent file history).

may pass through a law firm's xerox machines." *Id.*; see *Haroco, Inc. v. Am. Nat'l Bank and Trust Co.*, 38 F.3d 1429, 1441 (7th Cir. 1994) (remanding case to the district court for a precise determination of the number of copies of discovery documents and pleadings that were unnecessary because they were for the attorney's convenience); *Competitive Techs. v. Fujitsu Ltd.*, No. C-02-1673, 2006 WL 6338914, at *8 (N.D. Cal. Aug. 23, 2006) ("[T]he invoices do not provide sufficient detail to show that the multiple copies that were made for team members were necessarily obtained for use in the case rather than for the convenience of counsel"). In the absence of documentation showing that the costs were necessary under §1920, the District Court's taxation of \$322,477.82 of costs is improper as a matter of law, because there is no basis for concluding that the costs are within the scope of the statute.

2. Synopsys's Blowback Copies Were Not Necessary

Alternatively, in the event that this Court does not wholly reject the \$322,477.82 in claimed additional copy costs, there are still additional reasons why three subsets of copy costs are outside the scope of §1920(4). The District Court taxed Ricoh \$56,144.62 in costs pertaining to Synopsys's "blowbacks."¹⁵ A2946 (See column for "Amount to Reduce for Unnecessary Blowbacks"). Under Civil

¹⁵ "Blowbacks" are "paper printouts from electronic formats such as CD-ROMs." *Competitive Techs.*, 2006 WL 6338914, at *10.

L.R. 54-1(a), Synopsys bore the burden of justifying why these costs were necessarily incurred, but Synopsys never provided any explanation.¹⁶

There is little question that the blowback of documents produced in electronic form are not original discovery responses. The documents already had been produced.¹⁷ Section 1920(4) does not permit a party to cost-shift to its opponent a decision to print on paper every document that was produced in PDF or TIFF format. *See Competitive Techs.*, 2006 WL 6338914, at *10 (citing §1920, “blowbacks” must be “necessarily obtained for use in the case”). The costs associated with blowback copies in which Synopsys provide no justification for the necessity of making those copies or a reason why they could not be “more easily manipulated and reviewed on a computer” should be denied. *Id.* at *9-10 (finding it unreasonable to cost-shift a massive print-out of “235,952 pages of electronic data” where the material would be easier to review in electronic format).

B. Shipping and Assembly Costs Are Outside The Scope of Civil L.R. 54-3(d)(2) And §1920(4)

The District Court taxed Ricoh with \$612.68 in shipping fees and \$1,103.71 in document assembly fees for tabs and folders. A2946 (*See* columns for “Amount to Reduce for Shipping” and “Amount to Reduce for Tabs/Folders/etc.”).

¹⁶ For example, some of the blowbacks were for “preproduction document blowbacks” (A1838, \$15,736.62), “reproduction review” (A1832, \$1,580.63) and “for priv review + production” (A1834, \$3,251.35).

¹⁷ Synopsys provides no information, such as Bates ranges, to determine whether the blowback documents were different from the contents of the Stratify document review databases.

Expedited shipping fees and costs associated with the assembly of copies using tabs and folders are ordinary business expenses that are outside the scope of the “physical preparation and duplication of documents.” *Computer Cache*, 2009 WL 5114002, at *4. These costs, while minor in the big picture, illustrate the District Court’s abdication of its obligation to follow §1920 and apply its own precedent. *See Avila v. Willits Env’t*, No. C 99-03941, 2009 WL 4254367, at *4 (N.D. Cal. Nov. 24, 2009) (“fees for rush delivery, shipping . . . do not fall within taxable reproduction costs under the Local Rule”); *MEMC Elec. Materials v. Mitsubishi Materials*, No. C-01-4925, 2004 WL 5361246, at *12 (N.D. Cal. Oct. 22, 2004) (interpreting the Local Rule does not authorize costs for tabs that are included on one of the invoices for copying costs).

IV. THE DISTRICT COURT’S TAXATION OF DEPOSITION COSTS IS INCONSISTENT WITH §1920(2)

As set forth in the Statement of Facts, Ricoh was taxed \$109,640.37 in Synopsys’s costs relating to the written and electronic transcription of depositions, plus an additional \$29,176.61 in interpreter fees associated with those depositions. A10, n.18; A16; A2991. This amount must be reduced for three reasons. First, consistent with Ninth Circuit precedent, only costs of the written transcripts of the six depositions that were actually used with the dispositive summary judgment

motion are taxable.¹⁸ The transcription and interpretation costs of the other depositions are not taxable as a matter of law. Second, and in the alternative, §1920(2) does not allow for the taxation of *both* video and transcription deposition costs. To the extent Civil L.R. 54-3(c)(1) is to the contrary, it improperly extends the scope of §1920(2). Third, deposition cancellation fees are outside the scope of §1920 as a matter of law. All of these issues are subject to *de novo* review, because the question is whether the costs are within the scope of §1920. *Summit Tech.*, 435 F.3d at 1374; *Russian River*, 142 F.3d at 1144.

A. Synopsys Cannot Recover Costs For Depositions That Were Not Necessarily Obtained

The Ninth Circuit long has held that “[i]f the depositions were merely useful for discovery then they were not taxable items.” *Indep. Iron Works, Inc. v. U.S. Steel Corp.*, 322 F.2d 656, 678 (9th Cir. 1963). In the Ninth Circuit, a test of whether a deposition was “useful for discovery” or “necessarily obtained for use in the case” is whether the deposition was used at trial or in the dispositive summary judgment motion. *Id.*; A22. That Circuit has affirmed decisions taxing only depositions that were used in the granting of a motion for summary judgment. *See Wash. State*, 59 F.3d at 806 (affirming the denial of “deposition costs solely on the grounds that the depositions were not used at trial”); *Garland v. City of Seattle*, 1

¹⁸ In the dispositive summary judgment motion, Synopsys cited four deposition transcripts and Ricoh cited an additional two deposition transcripts. A591; A1233; A1115. Ricoh does not challenge the use of these six transcripts.

Fed. Appx. 720, 721 (9th Cir. 2001) (affirming the district court's taxation of only depositions that were submitted as a part of the summary judgment proceeding).

1. Deposition Expenses That Were Not Necessarily Obtained For Use In the Case Are Not Recoverable

The Court should reduce the taxation of costs by \$131,247.28, and limit it to \$7,569.70 for the cost of written transcription of the six depositions that were used to obtain summary judgment.

As reflected by *Independent Iron Works*, the Ninth Circuit holds that the cost of depositions that simply are investigative or preparatory in character, rather than for the presentation of the case, are not taxable because they were not necessarily obtained for use in the case. 322 F.2d at 678 (denying recovery of deposition costs that were merely useful for discovery); *see Fogleman*, 920 F.2d at 286 (finding “charges incurred merely for the convenience of one party’s counsel should not be taxed to the other”).

Pursuant to §1920(2), costs for depositions are only taxable if they are “necessarily obtained for use in the case.” Depositions taken merely for discovery purposes are not recoverable. Synopsys only used the transcripts of two fact witnesses (Mr. Webster and Mr. Chiappini), and two experts (Drs. Soderman and Papefthymiou), in connection with its granted summary judgment motion; Ricoh cited two additional fact witnesses (Mr. Boisvert and Mr. Bourban). A591; A1233; A1115. Following Ninth Circuit law, only these depositions that were “necessarily

obtained for use in the case” are eligible for taxation. *Wash. State*, 59 F.3d at 806 (affirming the denial of “deposition costs solely on the grounds that the depositions were not used at trial”); *Garland*, 1 Fed. Appx. at 721 (affirming the district court’s determination that only depositions submitted in the summary judgment proceeding are taxable). The total cost of those transcripts is \$7,569.70. A1518; A1629; A1641; A1653; A1679; A1687. Synopsys has failed to show the necessity for the remaining \$102,070.67 in deposition transcript costs. *Id.*

Because costs for depositions that were not used in the dispositive summary judgment motion are not taxable, the Court must likewise reverse \$29,176.61 in interpreter fees associated with those unnecessary depositions, because the interpretation would not have been necessary. A2955-59 (column “Amount to Exclude for Deposition Excluded from Exhibit C”).¹⁹

2. The District Court Misapplied Civil L.R. 54-3(c)(1) To Go Beyond §1920(2)

In awarding the costs for all depositions taken in the case, the District Court relied on Civil L.R. 54-3(c)(1), which goes beyond the “necessary” requirement of the §1920(2) and allows for the recovery of depositions costs “taken for any purpose in connection with the case.” A15. To the extent that the Local Rule

¹⁹ Synopsys sought these costs under §1920(6). A3033. Ricoh’s sole basis for challenging these costs is that if the depositions where the interpreters were used were not necessary under §1920(2), then the interpreter costs likewise cannot stand.

compelled the District Court decision, the rule conflicts with the statutory requirement that the cost must be “necessarily obtained for use in the case.”

In *Alflex*, the Ninth Circuit analyzed Local Rule 16.4.6(a) of the Central District of California that permits “the cost of the original and one copy of all depositions used for any purpose in connection with the case.” 914 F.2d at 176. The Ninth Circuit limited the rule by holding that the costs awarded “must be necessarily obtained for use in the case” pursuant to §1920(2). *Id.* at 177. This Court should likewise limit the Northern District’s rule only to depositions that are actually used to obtain judgment as eligible for taxation. Otherwise, the Local Rule must be stricken as inconsistent with the law. *Mink*, 476 F.3d at 564 (invalidating a local rule that purported to shift costs beyond what was authorized under §1920); *Weibrecht*, 241 F.3d at 879 (a local rule must be held invalid if it conflicts with a federal statute).

B. Section 1920(2) Does Not Permit Cost-Shifting for Both Printed and Electronically Recorded Transcripts

Alternatively, if this Court does not exclude the costs of all depositions but the six that were cited in the successful summary judgment motion, then the taxation nonetheless should be reduced by \$43,217.85, because the District Court taxed Ricoh for costs associated with both a written transcript and the video. A9-10; A2815-31. Section 1920(2) provides that costs associated with “fees for printed *or* electronically recorded transcripts necessarily obtained for use in the

case” are taxable. A22. “Or” means one or the other. Section 1920(2) does not permit fees for both printed **and** electronically recorded transcripts. Although such a cost may be common during litigation, it does not mean that the cost is necessarily within the scope of the Rule. Synopsys should not be permitted to recover for both costs associated with videography and written transcription of depositions.

The District Court held that the scope of Civil L.R. 54-3(c)(1) allows a prevailing party to recover costs of both a videotaped *and* a transcribed deposition. A9-10. Civil L.R. 54-3(c)(1) provides that “the cost of an original and one copy of any deposition (including video taped depositions) taken for any purpose in connection with the case is allowable.” A25. The District Court’s interpretation of that Local Rule cannot be reconciled with §1920(2) because it changed a disjunctive into a conjunctive. Recognizing the potential conflict, other Northern District of California cases have correctly limited the recovery of depositions within the bounds of §1920. For example, the district court in *Pierson v. Ford Motor Co.*, No. C 06-6503, 2010 WL 431883, at *4 (N.D. Cal. Feb. 2, 2010), allowed only the cost of a written transcript or videotape, and stated that the party must choose which cost they seek. Likewise, in *Affymetrix, Inc. v. Multilyte Ltd.*, No. C 03-03779, 2005 WL 2072113, at *2 (N.D. Cal. Aug. 26, 2005), the district court held that the cost of videotaped transcripts was properly disallowed when written transcript cost were taxed. This Court should reject the District Court’s

misreading of Civil L.R. 54-3(c)(1) to go beyond the scope of §1920. If the Court has not already excluded the costs of all of the discovery depositions, then the Court at least should reduce the taxation by \$43,217.85, which is the amount that Synopsys claimed for electronic recording, over and above written transcription costs.

C. Costs Associated With The Cancellation Of Depositions Are Not Authorized By Statute And Must Be Rejected

Finally, Ricoh calls attention to another low-dollar amount primarily to illustrate the District Court's failure to ensure that Synopsys complied with §1920. The District Court obligated Ricoh to pay the cancellation fees caused *wholly* by Synopsys's inattention to detail and negligence. Those costs are not recoverable under §1920(2). For example, Dr. Kobayashi, one of the named inventors, a Japanese citizen, and a third party (he never was a Ricoh employee), voluntarily made himself available for a deposition in Japan, but his schedule permitted only two days. *See* A306; A308. Despite this knowledge, Synopsys elected to reserve a room and videographer for three days. *See id.*; A1429 (showing 75% cancellation fee for May 26, 2004). The extra day of cancellation fees cannot be taxed to Ricoh under §1920. In another example, Synopsys unilaterally had scheduled a deposition in Japan and reserved a room and reporter, then was unable to obtain the necessary order and visas, and cancelled the deposition on September 12, 2003. *See* A2986. Synopsys's counsel was charged a cancellation fee because its counsel

failed to advise the reporter of the cancellation until September 22, 2003. *See* A2683; A1442. Ricoh was taxed \$1,549.69 for these costs. A2832 (*see* column “Amount to Reduce for Cancellation Fees”); *see* A16; A2991. There is no basis whatsoever under the statute to shift those expenses to Ricoh.

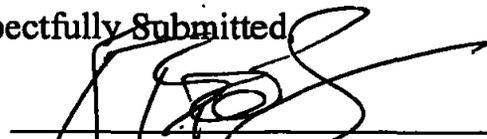
CONCLUSION AND STATEMENT OF RELIEF SOUGHT

The District Court exceeded its statutory authority in awarding costs of items not enumerated in §1920, and in the alternative, abused its discretion in awarding costs. Ricoh respectfully requests this Court to reverse the taxation of all of the following items: (1) \$234,702.43 in costs for Synopsys’s portion of the Stratify document review databases that was not related to the actual production of documents; (2) \$322,515.71 in other copying costs that were not shown to be original responses to discovery requests; and (3) \$131,247.28 in unnecessary deposition costs.

Dated: May 17, 2011

Respectfully Submitted

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LISTING OF ADDENDUM MATERIALS

Page No.	Date	Description
A1-A8	9/29/2010	Order Denying Ricoh's Motion for Stay; Granting in Part and Denying in Part Ricoh's Motion for Review of Costs; Granting Synopsys' Motion for Review of Costs; Staying Payment of Costs [D.I. 753]
A9-A21	11/12/2010	Amended Judgment [D.I. 757]
A22	10/13/2008	28 U.S.C.A. § 1920
A3-A26	12/1/2009	N.D. Cal. Civ. R. 54

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United States District Court
For the Northern District of California

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

NO. C 03-02289 JW

In Re. Ricoh Co., Ltd. Patent Litigation

**ORDER DENYING RICOH'S MOTION
FOR STAY; GRANTING IN PART AND
DENYING IN PART RICOH'S MOTION
FOR REVIEW OF COSTS; GRANTING
SYNOPSIS' MOTION FOR REVIEW OF
COSTS; STAYING PAYMENT OF COSTS**

I. INTRODUCTION

This is a patent infringement case. Plaintiff is Synopsys, Inc. ("Synopsys"). Defendant is Ricoh Company Ltd. ("Ricoh"). Ricoh is the owner of U.S. Patent No. 4,922,432 (the "'432 Patent"). Ricoh alleges that Synopsys' customers ("Customer Defendants")¹ infringe certain claims of the '432 Patent. In response, Synopsys asserts that the '432 Patent is invalid, unenforceable, and not infringed by any Synopsys product, and seeks declaratory relief.²

¹ Customer Defendants are Aeroflex Incorporated, Aeroflex Colorado Springs, Inc., AMI Semiconductor, Inc., Matrox Electronic Systems, Ltd., Matrox Graphics, Inc., Matrox International, Inc., and Matrox Tech, Inc.

² Synopsys also asserts similar claims for declaratory relief as to U.S. Patent No. 5,197,016 (the "'016 Patent"). (See Amended Complaint for Declaratory Judgment, Docket Item No. 75.)

1 Presently before the Court are: (1) Ricoh's Motion to Stay Taxation of Costs Pending Appeal
2 Before the Federal Circuit;³ (2) Ricoh's Motion for Review of the Clerk's Taxation of Costs;⁴ and
3 (3) Synopsys and Customer Defendants' Motion for Review of the Clerk's Taxation of Costs.⁵ The
4 Court finds it appropriate to take the Motions under submission without oral argument. See Civ.
5 L.R. 7-1(b). Based on the papers submitted to date, the Court DENIES Ricoh's Motion to Stay,
6 GRANTS in part and DENIES in part Ricoh's Costs Motion, and GRANTS Synopsys' Costs
7 Motion.

8 **II. BACKGROUND**

9 A more detailed outline of the facts and procedural history of this case may be found in the
10 Court's April 7, 2005 Claim Construction Order⁶ and April 15, 2010 Order Granting Synopsys and
11 Customer Defendants' Motion for Summary Judgment of Non-infringement. (Docket Item No.
12 698.) The Court reviews the relevant procedural history to the extent it implicates the present
13 Motions.

14 On January 21, 2003, Ricoh sued six of Synopsys' customers, all of whom designed and
15 manufactured computer chips using Synopsys' software, in the District of Delaware, alleging
16 infringement of process claims in the '432 Patent. On June 5, 2003, after assuming the defense of its
17 customers, Synopsys filed this declaratory judgment action, asserting non-infringement of the '432
18 and '016 Patents. (Docket Item No. 1.) The original Delaware action was then transferred to this
19 district. (Docket Item No. 37.)

20 On April 7, 2005, the Court issued its Claim Construction Order, construing the language of
21 Claim 13 of the '432 Patent. (Docket Item No. 229.) Based on the construction of a particular
22 phrase in the April 7, 2005 Claim Construction Order, Synopsys filed a Motion for Summary
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24 ³ (hereafter, "Motion to Stay," Docket Item No. 735.)

25 ⁴ (hereafter, "Ricoh's Costs Motion," Docket Item No. 737.)

26 ⁵ (hereafter, "Synopsys' Costs Motion," Docket Item No. 738.)

27 ⁶ (Docket Item No. 229.)

1 Judgment of Non-infringement of the '432 Patent. (Docket Item No. 571.) In the course of deciding
2 the Motion, the Court reconsidered the April 7, 2005 interpretation of the subject phrase and thus
3 denied Synopsys' Motion as premature. (Docket Item No. 621.) On October 23, 2009, the Court
4 issued its Revised Claim Construction Order. (hereafter, "Revised Claim Construction Order,"
5 Docket Item No. 644.)

6 On January 8, 2010, Synopsys and Customer Defendants filed a Renewed Motion for
7 Summary Judgment of Non-infringement. (Docket Item No. 655.) On April 15, 2010, the Court
8 granted Synopsys' Motion. (hereafter, "Summary Judgment Order," Docket Item No. 698.) On
9 May 28, 2010, the Court entered Judgment in favor of Synopsys and Customer Defendants.
10 (hereafter, "Judgment," Docket Item No. 709.) On June 23, 2010, Ricoh filed a Notice of Appeal
11 with the Federal Circuit. (Docket Item No. 714.) Ricoh's appeal is still pending.

12 In its Judgment, the Court awarded Synopsys and Customer Defendants their costs as the
13 prevailing parties of the litigation. (Judgment at 3.) On June 10, 2010, in accordance with the
14 Judgment, Synopsys and Customer Defendants filed a Bill of Costs for approval with the Clerk of
15 the Court ("Clerk"), seeking approximately \$1.375 million in costs. (Docket Item No. 710.) On
16 July 9, 2010, Synopsys and Customer Defendants filed a Revised Bill of Costs, withdrawing certain
17 expenses and seeking a revised amount of approximately \$1.2 million. (Docket Item No. 723.) On
18 August 17, 2010, the Clerk taxed costs in the amount of \$855,107.69. (hereafter, "Clerk's Taxation
19 of Costs," Docket Item No. 734.)

20 Presently before the Court are Ricoh's Motion to Stay and the parties' Motions regarding
21 Costs.

22 III. STANDARDS

23 A. Motion for Stay

24 In the Ninth Circuit, "[t]he standard for evaluating stays pending appeal is similar to that
25 employed by district courts in deciding whether to grant a preliminary injunction." Lopez v.
26 Heckler, 713 F.2d 1432, 1435 (9th Cir. 1983); see also Hilton v. Braunskill, 481 U.S. 770, 776
27 (1987). There are four factors governing issuance of stay pending appeal: "(1) whether the stay
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1 applicant has made a strong showing that [it] is likely to succeed on the merits; (2) whether the
2 applicant will be irreparably injured absent a stay; (3) whether issuance of the stay will substantially
3 injure the other parties interested in proceeding; and (4) where the public interest lies.” Id.

4 **B. Motion for Review of Clerk’s Taxation**

5 Under Federal Rule of Civil Procedure 54(d), a court can award costs to the prevailing party
6 of a litigation. Fed. R. Civ. P. 54(d). The burden is on the losing party to demonstrate why the costs
7 should not be awarded. Stanley v. Univ. of S. Cal., 178 F.3d 1069, 1079 (9th Cir. 1999). While the
8 rule creates a presumption in favor of awarding costs, it allows a district court full discretion to
9 refuse to award costs. Ass’n of Mexican-American Educators v. Cal., 231 F.3d 572, 591 (9th Cir.
10 2000) (citing Nat’l Info. Servs. Inc. v. TRW Inc., 51 F.3d 1470, 1471 (9th Cir. 1995)). The court’s
11 discretion, however, is not absolute; it is limited to awarding costs within the scope of 28 U.S.C. §
12 1920 (“Section 1920”). Summit Tech., Inc. v. Nidek Co., Ltd., 435 F.3d 1371, 1374 (Fed. Cir.
13 2006).

14 Section 1920, in turn, lists various categories of expenses that a federal court may award.
15 Crawford Fitting Co. v. J.T. Gibbons, Inc., 482 U.S. 437, 441-42 (1987). These costs include:

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- 17 (1) Fees of the clerk and marshal;
 - 18 (2) Fees for printed or electronically recorded transcripts necessarily obtained for use in
19 the case;
 - 20 (3) Fees and disbursements for printing and witnesses;
 - 21 (4) Fees for exemplification and the costs of making copies of any materials where the
copies are necessarily obtained for use in the case;
 - 22 (5) Docket fees under section 1923 of this title; and
 - 23 (6) Compensation of court appointed experts, compensation of interpreters, and salaries,
24 fees, expenses, and costs of special interpretation services under section 1828 of this
25 title.

26 28 U.S.C. § 1920. Rule 54 of the Civil Local Rules for the Northern District of California provides
27 further guidance for interpreting what types of costs are allowed by section 1920. Whitlock v. Pepsi
28 Ams., No. C 08-2742 SI, 2010 U.S. Dist. LEXIS 94487, at *3 (N.D. Cal. Aug. 25, 2010).

Section 1920 authorizes a clerk to tax costs. 28 U.S.C. § 1920. Upon a motion, however, the
clerk’s taxation of costs may be reviewed by a district court. Fed. R. Civ. P. 54(d)(1). A court

1 reviews a clerk's taxation *de novo*. Lopez v. San Francisco Unified School Dist., 385 F. Supp. 2d
2 981, 1001 (N.D. Cal. Aug. 16, 2005).

3 **IV. DISCUSSION**

4 **A. Ricoh's Motion to Stay**

5 Ricoh moves to stay taxation of costs pending its appeal on the grounds that: (1) Ricoh is
6 likely to succeed on the merits; (2) Ricoh will be irreparably injured absent a stay; (3) the issuance
7 of a stay will not injure Synopsys or the Customer Defendants; and (4) the public interest lies in
8 Ricoh's favor.⁷ Because the first two issues may be dispositive, the Court addresses them first.

9 **1. Likelihood of Success on the Merits**

10 Ricoh contends that the Federal Circuit's *de novo* standard of review of the Court's Revised
11 Claim Construction Order makes it likely that Ricoh will prevail on appeal. (Motion to Stay at 3.)

12 The first Hilton factor requires the moving party to "establish[] that it has a strong likelihood
13 of success." 481 U.S. at 778.

14 Here, in issuing its Revised Claim Construction Order, the Court carefully parsed through the
15 intrinsic evidence to determine the meaning of the term "storing" in Claim 13 of the '432 Patent.
16 (See generally Revised Claim Construction Order.) In its Summary Judgment Order, the Court then
17 undertook a thorough evaluation of the accused products and determined that no reasonable jury
18 could conclude that the Customer Defendants' products perform the "storing" step. (Summary
19 Judgment Order at 9): Ricoh's conclusory statements to the contrary are insufficient to meet its
20 burden to show a strong likelihood of success. (Motion to Stay at 3.)

21 Thus, the Court finds this factor does not weigh in favor of granting a stay.

22 **2. Irreparable Injury to Ricoh Absent a Stay**

23 Ricoh does not contend that it will suffer irreparable harm absent a stay, but suggests that it
24 will need to spend time and money appealing this Order regarding the parties' Costs Motions if the
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27 ⁷ (Motion to Stay at 1; see also Ricoh's Reply in Support of its Motion to Stay Taxation of
Costs Pending Appeal at 2, hereafter, "Stay Reply," Docket Item No. 749.)

1 Court fails to significantly reduce the costs that the Clerk awarded. (Motion to Stay at 4; Stay Reply
2 at 3.)

3 In evaluating irreparable harm absent a stay, a court may consider: “(1) the substantiality of
4 the injury alleged; (2) the likelihood of its occurrence; and (3) the adequacy of the proof provided.”
5 Michigan Coalition of Radioactive Material Users, Inc. v. Griepentrog, 945 F.2d 150, 153 (6th Cir.
6 1991). Speculative injury does not constitute “irreparable harm.” Goldie’s Bookstore, Inc. v.
7 Superior Court of State of Cal., 739 F.2d 466, 472 (9th Cir. 1984).

8 Here, the Court finds that the only harm that Ricoh suggests, the minimal cost associated
9 with a potential appeal of this Order, is wholly speculative. Moreover, Ricoh’s substantial assets
10 mitigate any financial harm caused by the denial of a stay.⁸ Thus, the Court finds this factor does
11 not weigh in favor of granting a stay.

12 On balance, because the Court finds that Ricoh has failed to show that it is likely to succeed
13 on the merits, or that it will be irreparably injured absent a stay, the Court need not address the other
14 conjunctive factors. Accordingly, the Court DENIES Ricoh’s Motion to Stay.

15 **B. Ricoh’s Costs Motion**

16 Ricoh moves for an Order disallowing the Clerk’s Taxation of Costs on the grounds that: (1)
17 the costs awarded are unreasonably large; and (2) the Clerk allowed specific categories of expenses
18 that are not properly taxable. (Ricoh’s Costs Motion at 4-23.) The Court addresses Ricoh’s general
19 objection first, followed by its specific contentions.

20 **1. Ricoh’s General Objection to the Taxation of Costs**

21 Ricoh contends that all taxed costs must be disallowed because the costs awarded by the
22 Clerk, \$855,107.69, are unreasonably large. (Ricoh’s Costs Motion at 4.)

23 Even if costs are allowable, a court has the discretion to deny or reduce the taxable
24 expenditures if they are “unreasonably large.” See, e.g., Shum v. Intel Corp., 682 F. Supp. 2d 992,
25 998 (N.D. Cal. 2009). The losing party has the burden of overcoming the presumption by

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27 ⁸ (See Synopsys and Customer Defendants’ Opposition to Ricoh’s Motion to Stay Taxation
of Costs Pending Appeal at 3, hereafter, “Stay Opp’n,” Docket Item No. 741.)

1 affirmatively showing that the prevailing party is not entitled to certain costs. See Save Our Valley
2 v. Sound Transit, 335 F.3d 932, 944-45 (9th Cir. 2003).

3 Here, the Court finds that Synopsys and the Customer Defendants' request for costs is not
4 excessive. Rather, their costs are understandably large given the complex nature of this patent
5 litigation which involves nine different parties, was litigated for over seven years, and almost went
6 to trial. The cases upon which Ricoh relies are inapposite. In both Shum⁹ and PostX Corp. v.
7 Secure Data in Motion, Inc.,¹⁰ the courts reduced awards because the "prevailing parties" actually
8 lost part of their cases.¹¹ This case, on the other hand, does not involve a mixed judgment. Thus, the
9 Court finds that the amount awarded by the Clerk is not unreasonably large.

10 The Court also rejects Ricoh's contention that the cost award should be stricken because
11 Synopsys and the Customer Defendants allegedly prolonged the litigation through discovery
12 misconduct. (Ricoh's Costs Motion at 5-6.) In support of its contention, Ricoh provides a truncated
13 citation to an April 2004 oral argument in which Judge Jenkins allegedly chastised Synopsys and the
14 Customer Defendants. (Id. at 6.) Upon review of the full transcript, however, it is clear that Judge
15 Jenkins cautioned all parties against unnecessary motion practice.¹² Moreover, Ricoh does not
16 present the Court with any other evidence of alleged misconduct by either Synopsys or the Customer
17 Defendants that would rise to the level of reducing the cost award as a sanction.

18 Accordingly, the Court declines Ricoh's request to disallow Clerk's Taxation of Costs in its
19 entirety.

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⁹ 682 F.Supp. 2d at 998-99.

¹⁰ No. C 02-4483, 2006 WL 2067080, at *1-2 (N.D. Cal. July 24, 2006).

¹¹ PostX did not establish, as Ricoh suggests, that any award of over \$188,000 is excessive on its face. (Ricoh's Costs Motion at 4.) Instead, the court in PostX expressly stated that the reasonableness of costs varies depending on the factors of each case. 2006 WL 2067080, at *2. As such, courts have allowed costs awards of over \$1 million dollars where appropriate. See e.g., Ortho-McNeil Pharm., Inc. v. Mylan Labs., Inc., 569 F.3d 1353, 1355 (Fed. Cir. 2009).

¹² (Declaration of Richard G. Frenkel in Support of Memorandum in Opposition to Ricoh's Motion for Review of Clerk's Taxation of Costs at Ex. 2, 3:4-13, Docket Item No. 746.)

1 **2. Ricoh's Specific Objections to the Taxation of Costs**

2 Ricoh contends that the Clerk erred in granting the following specific categories of costs to
3 Synopsis and the Customer Defendants: (1) service costs; (2) deposition costs; (3) witness costs; (4)
4 copying costs; and (5) exhibit costs.¹³ The Court addresses each of Ricoh's objections in turn.

5 **a. Service Costs**

6 Ricoh contends that the Clerk erred in allowing service costs for deposition subpoenas.
7 (Ricoh's Costs Motion at 8-11.)

8 Local Rule 54-3(a)(2) allows a prevailing party to recover certain service fees to the extent
9 reasonably required and actually incurred. Civ. L.R. 54-3(a)(2). Moreover, costs associated with
10 service of deposition subpoenas can be recoverable. Scherer v. Home Depot U.S.A., Inc., No.
11 S-04-0109, 2007 WL 1087045, at *2 (E.D. Cal. Apr. 10, 2007) (allowing recovery of costs for
12 service of deposition subpoenas). The fact that a subpoenaed witness is not deposed, or that the
13 deposition is not used to obtain judgment, does not mean that those depositions were not "reasonably
14 required and actually incurred." See Intermedics, Inc. v. Ventritex, Inc., No. C-90-20233, 1993 WL
15 515879, at *4 (N.D. Cal. Dec. 2, 1993).

16 Here, the Court rejects Ricoh's contention that service fees are not allowable if the
17 depositions were not actually taken or cited in Synopsis and the Customer Defendants' Motion for
18 Summary Judgment. Intermedics, Inc., 1993 WL 515879, at *4. The subpoenas in question were
19 necessary to determine whether potential witnesses possessed relevant information or documents
20 regarding infringement, invalidity, or unenforceability of the '432 Patent.¹⁴ Moreover, Synopsis
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23 ¹³ (Motion to Stay at 23, 24; see also Ricoh's Reply in Support of its Motion for Review of
24 Clerk's Taxation of Costs at 6, hereafter, "Reply to Ricoh's Costs Motion," Docket Item No. 751.)

25 ¹⁴ For example, one of the disputed subpoenas was issued to a prosecutor of the '432 Patent.
26 (See Opp'n to Ricoh's Costs Motion at 14.) Other subpoenas were issued to witnesses who may
27 have had relevant information regarding whether a potential contributor to the '432 Patent's
28 invention was deliberately omitted as a named inventor. (Id.; see also Declaration of Denise De
Mory in Support of Synopsis and Customer Defendants' Response to Ricoh's Objection to Bill of
Costs at ¶ 4, hereafter, "DeMory I," Docket Item No. 725.)

1 submitted invoices showing that it was charged for these service fees.¹⁵ (See Docket Item No. 723,
2 Ex. B.) Thus, Synopsys and the Customer Defendants' costs were both reasonably required and
3 actually incurred.

4 Accordingly, the Court finds that the Clerk properly allowed taxation of costs related to
5 service.¹⁶

6 **b. Deposition Costs**

7 Ricoh contends that the Clerk erred in allowing certain deposition costs. (Ricoh's Costs
8 Motion at 11-14.)

9 Local Rule 54-3(c)(1) allows a party to recover the "cost of an original and one copy of any
10 deposition (including video taped depositions) taken for any purpose in connection with the case."
11 Civ. L.R. 54-3(c)(1). The cost of videotaping includes video technician fees and their attendant
12 travel expenses. See, e.g., Hynix Semiconductor v. Rambus, Inc., 697 F. Supp. 2d 1139, 1150 (N.D.
13 Cal. 2010); see also Pixion Inc. v. PlaceWare, Inc., No. C-03-02909, 2005 WL 3955889, at *3 (N.D.
14 Cal. May 26, 2005) (allowing videotaped copies and deposition transcript copies recoverable under
15 28 U.S.C. § 1920 and Local Rule 54-3(c)). Additionally, shipping costs for deposition transcripts
16 are taxable. Ishida Co. v. Taylor, No. C-02-1617, 2004 WL 2713067, at *1 (N.D. Cal. Nov. 29,
17 2004).

18 Here, the Court rejects Ricoh's contention that the costs for video recording should not be
19 awarded if a written transcript of the same deposition is allowed. (Ricoh's Costs Motion at 11.)
20 Although there is a split in authority on this issue, the Court finds the reasoning set forth in Hynix
21 and Pixion is more persuasive than those cases which only allow recovery of one of the fees.¹⁷

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23 ¹⁵ Contrary to Ricoh's contention, there is no requirement that a party submit actual proof of
24 payment on every single invoice submitted. Invoices are sufficient.

25 ¹⁶ The Court does find it appropriate, however, to eliminate any extra fees caused by the
26 parties' mistakes. (See Declaration of Kenneth W. Brothers in Support of Ricoh's Objection to the
Revised Bill of Costs, hereafter, "Brothers Decl.," Ex. B, Docket Item No. 733.) Thus, the amount
taxed by the Clerk is reduced by \$1,171.00 from \$4613.95.

27 ¹⁷ Hynix, 697 F. Supp. 2d at 1150; Pixion, 2005 WL 3955889, at *3.

1 Allowing recovery for both of these fees is more in accord with the language of the Local Rules,
2 along with commonplace practice in patent litigation of videotaping deponents. Thus, the Court
3 finds that the costs for both a written transcript and a video copy of the deposition are taxable.

4 Accordingly, the Court finds that the Clerk properly allowed taxation of costs related to
5 depositions.¹⁸

6 c. Witness Costs

7 Ricoh contends that the Clerk erred in allowing certain witness fees. (Ricoh's Costs Motion
8 at 14-15.)

9 Section 1920 and Local Rule 54-3(e) allow for taxing of witness fees. 28 U.S.C. § 1920(3);
10 Civ. L.R. 54-3(e). A witness' reasonable travel and lodging expenses, including airfare, may be
11 reimbursed as taxable costs. 28 U.S.C. §§ 1821, 1920; see also Campbell v. Nat'l Passenger R.R.
12 Corp., No. C-05-05434, 2010 WL 625362, at *12 (N.D. Cal. Feb 18, 2010) (allowing reimbursement
13 for witness' actual travel expenses and subsistence allowance in addition to their forty dollar daily
14 attendance fee).

15 Here, Ricoh contends that the inclusion of witness fees is improper because none of the fees
16 were incurred in connection with depositions used in Defendant Synopsys and Customer
17 Defendants' motion for summary judgment. (Ricoh's Costs Motion at 14.) The Court rejects
18 Ricoh's contention, as such costs are explicitly allowed by Section 1920 and Local Rule 54-3(e).¹⁹

19 Accordingly, the Court finds that the Clerk properly allowed taxation of costs related to
20 witnesses.

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24 ¹⁸ The Clerk did, however, improperly tax Ricoh for creation of certain deposition
25 summaries. (Brothers Decl., Ex. C.) Thus, the amount taxed is reduced by \$602.00 from
\$110,242.37, the total amount awarded by the Clerk for transcript fees.

26 ¹⁹ Ricoh mischaracterizes 28 U.S.C. § 1821(2)-(3) by suggesting that subsistence allowances
27 are subject to a maximum per diem allowance as prescribed by the Administrator of General
28 Services. Sections 1821(2)-(3) specifically refer to "official travel in the area of attendance by
employees of the Federal Government," not private witnesses.

1 d. Copy Costs

2 Ricoh contends that the Clerk erred in allowing overstated copy costs. (Ricoh's Costs
3 Motion at 14-15.)

4 Section 1920 allows a court to tax costs for "copies of papers necessarily obtained for use in
5 the case." 28 U.S.C. § 1920(4). Local Rule 54-3(d)(2) operates within Section 1920, allowing "the
6 cost of reproducing disclosure or formal discovery documents when used for any purpose in the
7 case" to be taxed. Further, where storage media is required for the production of electronic
8 documents, recovery costs for electronic production are recoverable. See Computer Cache
9 Coherency Corp. v. Intel Corp., No. C-05-01766, 2009 WL 5114002, at *4 (N.D. Cal. Dec. 18,
10 2009).

11 Here, Ricoh contends that the Clerk erroneously taxed an inordinate amount of reproduction
12 costs because Synopsys failed to show that the majority of copies were necessary for use in the case.
13 (Ricoh's Costs Motion at 15.) The Court rejects Ricoh's contention because these costs were
14 primarily incurred in connection with the parties' document productions. (Opp'n to Ricoh's Costs
15 Motion at 20-21.) Moreover, Synopsys provided invoices with sufficient detail as required by the
16 Local Rules. (See Docket Item No. 723, Ex. E.)

17 Accordingly, the Court finds that the Clerk properly allowed taxation of costs related to
18 reproduction.²⁰

19 e. Exhibit Costs

20 Ricoh contends that the Clerk erred in allowing certain exhibit costs. (Ricoh's Costs Motion
21 at 14-15.)

22 Section 1920 allows a court to tax as costs expenses incurred for "exemplification and copies
23 of papers necessarily obtained for use in the case." 28 U.S.C. § 1920(4). "Only the cost of physical
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25 ²⁰ In accord with the parties' representations, the Court finds it appropriate to reduce
26 Defendants' privilege review costs in the amount of \$2,551.38, from \$728,880.88, which is the total
27 amount previously awarded by the Clerk for exemplification. (Ricoh's Costs Motion at 16; Opp'n
28 to Ricoh's Costs Motion at 21, n.7.) The Court further finds it appropriate to reduce the taxable
amount for exemplification by \$32,742.61, which is the amount associated with extra copies and
CD/DVDs that do not appear to be reasonably necessary. (Brothers Decl., Ex. E.)

1 preparation of demonstratives are recoverable under Civ. L.R. 54-3(d)(5); costs associated with the
2 intellectual effort involved in creating the content of demonstratives are not recoverable.” Computer
3 Cache, 2009 WL 5114002, at *2; see also Arcadian Fertilizer, L.P. v. MPW Indus. Servs., Inc., 249
4 F.3d 1293, 1296-97 (11th Cir. 2001) (videotaped and animated exhibits are neither copies nor
5 exemplifications within the meaning of Section 1920(4)).

6 Here, Ricoh contends that the exhibits prepared by Focal Point and Fulcrum Legal Graphics
7 do not fall within the meaning of Section 1920(4) and are therefore not taxable. (Ricoh’s Costs
8 Motion at 21-22; Reply to Ricoh’s Costs Motion at 11-12.) The costs that Synopsys and the
9 Customer Defendants seek to recover appear to be associated with the intellectual creation of
10 complex graphical reproductions. (See Brothers Decl., Ex. G.) This analytical effort is not
11 “exemplification” or “copies” within the meaning of the Local Rules.

12 Accordingly, the Court finds that the Clerk improperly allowed taxation of costs related to
13 certain exhibits. Thus, the Court finds it appropriate to reduce the taxable amount for
14 exemplification by \$224,486.35, which is the amount associated with intellectual creation that the
15 Court has found to fall outside of the scope of Section 1920, from \$728,880.88, which is the amount
16 previously awarded by the Clerk for exemplification. (See Brothers Decl., Ex. G.)

17 **f. Validity of the Local Rules**

18 Finally, Ricoh contends that nearly all of the Clerk’s taxable costs under Local Rule 54-3 are
19 not authorized by Section 1920. (Ricoh’s Costs Motion at 24.)

20 A court may only tax costs that are allowed under 28 U.S.C. § 1920. Alflex Corp. v.
21 Underwriters Labs., Inc., 914 F.2d 175, 177-78 (9th Cir. 1990). Local rules that are inconsistent
22 with acts of Congress are invalid. Colgrove v. Battin, 413 U.S. 149 (1973).

23 Here, the Court finds that the Local Rules do not expand or create new rights or remedies and
24 are consistent with Section 1920. See, e.g., Avila v. Willits Environment, No. C-99-03941, 2009
25 WL 4254367, at *2 (N.D. Cal. Nov. 24, 2009). Rather, the Local Rules simply provide additional
26 standards for the interpretation, not expansion, of Section 1920. Id. Thus, the Court rejects Ricoh’s
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1 contention that Civil Local Rule 54-3 is somehow inconsistent with Section 1920 and therefore
2 invalid.

3 In sum, the Court GRANTS in part and DENIES in part Ricoh's Costs Motion.

4 C. Synopsys' Costs Motion

5 Synopsys moves for a review of the Taxation of Costs on the grounds that the Clerk
6 improperly denied costs associated with: (1) its document production database; and (2) interpretation
7 and translation. (Synopsys' Costs Motion at 1-2.)

8 1. Database Costs

9 Synopsys contends that the Clerk erred in denying its costs associated with Stratify, a third-
10 party electronic database service. (Synopsys' Costs Motion at 3-4.)

11 Under Section 1920, costs may be taxed for "the costs of making copies of any materials
12 where the copies are necessarily obtained for use in the case." 28 U.S.C. § 1920(4). The Local
13 Rules further allow the prevailing party to recover "[t]he cost of reproducing disclosure or formal
14 discovery documents when used for any purpose in the case." Civ. L.R. 54-3(d)(2).

15 Here, it is uncontested that the Stratify database was used as a means of document production
16 in this case.²¹ It is also uncontested that Ricoh itself suggested using an electronic database as the
17 form of production, as opposed to a hard-copy production or receiving the documents electronically
18 in TIFF format. (Opp'n to Synopsys' Costs Motion at 5; see also Synopsys' Costs Motion, Ex. 4.)
19 Since the documents were produced in their native form via the database, the Clerk should have
20 allowed the Stratify costs. See, e.g., Chenault v. Dorel Indus., Inc., No. 08-354, 2010 WL 3064007,
21 at *4 (W.D. Tex. Aug. 2, 2010) (taxing costs associated with a production database).

22 Ricoh contends, however, that Synopsys cannot recover their Stratify costs because the
23 parties agreed to spilt this expense. (Opp'n to Synopsys' Costs Motion at 11.) The parties prior
24 compromise as to the method of data production for e-mails, however, is not an agreement as to the

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26 ²¹ (Synopsys' Costs Motion at 4; see also Ricoh's Opposition to Defendants' Motion for
27 Review of Clerk's Taxation of Costs at 2-4, hereafter, "Opp'n to Synopsys' Costs Motion," Docket
28 Item No. 742.)

1 taxability of data production costs. See, e.g., Thabault v. Chait, No. 85-2441, 2009 U.S. Dist.
2 LEXIS 576, at *15-16 (D.N.J. Jan. 5, 2009) (holding that the parties' prior agreement to split costs
3 of daily transcripts did not affect the ultimate taxability of the costs.) Moreover, the Stratify
4 database was set up solely for Ricoh's benefit as a means of producing certain documents natively.
5 (Opp'n to Synopsys' Costs Motion at 5; see also Synopsys' Costs Motion, Ex. 4.) Synopsys and the
6 Customer Defendants explicitly represented to the Court that they did not use the Stratify database
7 for any other purpose, such as "to review, filter, search, annotate, or otherwise process their
8 documents." (Synopsys Reply Memorandum Re. Motion for Reconsideration of Costs Taxed at 4,
9 Docket Item No. 747.)

10 Accordingly, the Court finds that the Clerk improperly denied costs for the Stratify database,
11 and awards Synopsys this cost in the amount of \$235,281.03.

12 2. Interpretation and Translation Costs

13 Synopsys contends that the Clerk improperly disallowed the taxation of interpretation and
14 translation costs. (Synopsys' Costs Motion at 5.)

15 Under Section 1920, "[a] judge or clerk of any court of the United States may tax as cost . . .
16 compensation of interpreters and salaries, fees, expenses, and costs of special interpretations
17 service." 28 U.S.C. § 1920(6).

18 Here, the Clerk disallowed the entire request for compensation of interpreters and special
19 interpretation services with out explanation. (See Docket Item No. 734.) Although Ricoh concedes
20 that some of these costs are actually recoverable, Ricoh responds that it should not be taxed for: (1)
21 interpreter costs for unnecessary depositions; and (2) travels costs that were unnecessary or
22 unreasonable.²² (Opp'n to Synopsys' Costs Motion at 12-18.)

23 _____
24 ²² Contrary to Ricoh's contentions that Synopsys' translation costs are unknown and
25 undocumented, Synopsys provided invoices for its translation costs. (See Docket Item Nos. 710,
26 711, 723, 725.) The Court also rejects Ricoh's contention that expedited translation costs should not
27 be allowed. (Opp'n to Synopsys' Costs Motion at 17.) Synopsys established that rush service was
28 necessary, because the documents at issue were produced after the close of discovery and translation
was urgently needed for a deposition. (Declaration of Denise De Mory in Support of Synopsys' and
Customer Defendant's Motion for Review of Clerk's Taxation of Costs ¶¶ 46-50, hereafter, "De

1 The Court addresses each of Ricoh's contentions in turn.

2 **a. Depositions**

3 Synopsys and the Customer Defendants contend that the Clerk improperly disallowed
4 taxation for translation costs associated with depositions. (Synopsys' Costs Motion at 6.)

5 Deposition costs are taxable when a deposition is "taken for any purpose in connection with
6 the case." Civ. L.R. 54-3(c)(1). A party need not cite a deposition in a summary judgment motion
7 to allow the cost of interpretation of such deposition. See Gordon v. Prudential Financial Inc., No.
8 06-2304, 2009 WL 188886, at *3 (S.D. Cal. Jan. 23, 2009).

9 Upon review, it appears that these depositions were taken in connection with several relevant
10 aspects of the case, from validity to damage issues. (See Docket Item Nos. 710, 711, 725.) As such,
11 at the time the depositions were taken, it was reasonable to expect that they were for the purpose of
12 trial preparation.

13 Accordingly, the Clerk improperly disallowed the costs associated with translating the
14 depositions.

15 **b. Interpreters' Travel Costs**

16 Synopsys and the Customer Defendants contend that the Clerk improperly disallowed certain
17 travel and subsistence costs for interpreters. (Synopsys' Costs Motion at 7.)

18 "[C]ompensation of interpreters includes all of the expenses billed by the interpreter and paid
19 by the party for the interpreter's services, including reasonable travel expenses, parking, and meals
20 that were reasonably necessary in connection with the provision of services." Hynix, 697 F. Supp.
21 2d at 1155.

22 Here, there were a limited number of interpreters who were qualified and willing to handle
23 these technical depositions. (Synopsys' Costs Motion at 8; see also De Mory Decl. ¶ 39.) Synopsys
24 submitted invoices for these interpreters' reasonable expenses.

25 Accordingly, the Clerk improperly disallowed the costs associated with the interpreter's

26 _____
27 Mory II," Docket Item No. 739.)

28

1 travel costs and expenses. Thus, the Court awards Synopsys and the Customer Defendants an
 2 additional \$110,122.34²³ for interpretation and translation services.

3 **V. CONCLUSION**

4 The Court DENIES Ricoh's Motion to Stay, GRANTS in part and DENIES in part Ricoh's
 5 Costs Motion, and GRANTS Synopsys' Costs Motion.

6 Pursuant to Federal Rule of Civil Procedure 54(d)(1) and consistent with this Order, the
 7 Court modifies the Clerk's Taxation of Costs as follows:

8 Amount Allowed by Clerk in Taxation of Costs	\$855,107.69
9	
10 Deposition Summaries	- \$602.00
11 Privilege Review	- \$2,551.38
12 Extra Copies	- \$32,742.61
13 Intellectual Creation of Graphics	- \$224,486.35
14 Extra Fees Associated with Service of Deposition Subpoenas	- \$1,171.00
15 Stratify Database	+ \$235,281.03
16 Interpretation and Translation Services	+ \$110,122.34
17 Total Amount Allowed	\$938,957.72

18
 19 Notwithstanding the Court's denial of Ricoh's Motion to Stay adjudication of the parties'
 20 Costs Motions, the Court finds good cause to stay Ricoh's payment of the taxed costs to Synopsys
 21 and the Customer Defendants pending the Federal Circuit's decision on appeal. Accordingly,
 22 Ricoh's payment of costs in the amount of \$938,957.72 is STAYED.

23
 24
 25
 26 ²³ Previously, Synopsys and the Customer Defendants sought \$112,483.75 for translation
 27 services. (Docket Item No. 723.) Subsequently, they have agreed to withdraw certain costs
 28 associated with exhibit translation, interpreter hotel fees, and cancellation fees, reducing the amount
 to \$110,122.34. (See, e.g., Synopsys' Costs Motion at 7 n.2, 8 n.3, 9 n.5.)

1 Within ten (10) days from the date of the Federal Circuit's mandate, Synopsys may move to
2 lift the stay and seek an order from the Court for immediate payment.

3
4 Dated: September 29, 2010



JAMES WARE
United States District Judge

United States District Court
For the Northern District of California

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26 **Dated: September 29, 2010**

Richard W. Wicking, Clerk

27 **By: /s/ JW Chambers**
28 **Elizabeth Garcia**
Courtroom Deputy

United States District Court
For the Northern District of California

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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

In re Ricoh Company Ltd. Patent Litigation NO. C 03-02289 JW
AMENDED JUDGMENT

This action involves consolidated cases related to Ricoh's U.S. Patent No. 4,922,432 ("the '432 Patent"). In January 2003, Ricoh filed a patent infringement action in the District of Delaware against defendants Aeroflex, Inc., AMI Semiconductor, Inc., Matrox Electronics Systems, Ltd., Matrox Graphics, Inc., Matrox International Corp., Matrox Tech., Inc. and Aeroflex Colorado Springs, Inc. (hereinafter collectively, "the Customer Defendants") for infringement of the '432 Patent. In May 2003, Synopsys filed a declaratory judgment action against Ricoh in the Northern District of California on behalf of its customers, seeking a declaratory judgment of noninfringement, invalidity and unenforceability of the '432 Patent (No. C 03-02289). Subsequently, the Delaware action was transferred to the Northern District of California (No. C 03-04669). This Court consolidated the two actions into 5:03-cv-02289-JW.

Pursuant to the Court's April 15, 2010 Order Granting Synopsys' Motion for Summary Judgment of Noninfringement ("April 15 Order," Docket Item No. 698), and pursuant to the Court's May 12, 2010 Order Denying Defendant Ricoh Company Ltd.'s Motion for Leave to File a Motion for Reconsideration (Docket Item No. 707), there has now been an adjudication of all of the infringement claims asserted by Ricoh against the Customer Defendants in this consolidated action,

United States District Court
For the Northern District of California

1 and of Synopsys' declaratory judgment claim and the Customer Defendant's counterclaims for a
2 declaratory judgment of noninfringement.

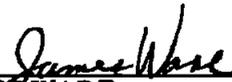
3 First, for the reasons set forth in the April 15 Order, judgment is entered in favor of Synopsys
4 and the Customer Defendants and against Ricoh. The Court declares that the asserted claims of the
5 '432 Patent are not infringed by Synopsys or the Customer Defendants.

6 Second, Synopsys' remaining declaratory judgment claims of invalidity and unenforceability
7 of the '432 Patent, and the Customer Defendants' remaining counterclaims of invalidity and
8 unenforceability of the '432 Patent, are dismissed without prejudice under Federal Rule of Civil
9 Procedure 54(b), pursuant to the agreement of the parties that these other claims and counterclaims
10 should be dismissed without prejudice.¹

11 The Court declares that Synopsys and the Customer Defendants are the prevailing parties.
12 Pursuant to the Court's November 29, 2010 Order,² Synopsys and the Customer Defendants are
13 awarded \$938,957.72 in costs, plus any applicable post-judgment interest, for which payment is
14 stayed pursuant to the instructions set forth in the Modification Order. Given the dismissal without
15 prejudice of the declaratory judgment claims and counterclaims as set forth above, this is
16 accordingly a full and final adjudication of all issues before this Court in these consolidated actions.

17 The Clerk shall close this file and the member case, C 03-4669 JW.

18
19 Dated: November 12, 2010



JAMES WARE
United States District Judge

20
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23
24 ¹ On November 2, 2006, the Court granted Ricoh's Motion for Summary Judgment on
25 Defendants Aeroflex and Aeroflex Colorado, Inc.'s Affirmative Defense of Authorization and
Consent (D.I. 535), and ordered the Clerk to enter partial judgment on that affirmative defense.

26 ² (Order Denying Ricoh's Motion for Stay; Granting in Part and Denying in Part Ricoh's
27 Motion for Review of Costs; Granting Synopsys' Motion for Review of Costs; Staying Payment of
Costs, hereafter, "Modification Order," Docket Item No. 753.)

28

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15 **Dated: November 12, 2010**

Richard W. Wieking, Clerk

By: /s/ JW Chambers
Elizabeth Garcia
Courtroom Deputy

United States District Court
For the Northern District of California

C

Effective: October 13, 2008

United States Code Annotated CurrentnessTitle 28. Judiciary and Judicial Procedure (Refs & Annos)Part V. ProcedureChapter 123. Fees and Costs (Refs & Annos)

→ § 1920. Taxation of costs

A judge or clerk of any court of the United States may tax as costs the following:

- (1) Fees of the clerk and marshal;
- (2) Fees for printed or electronically recorded transcripts necessarily obtained for use in the case;
- (3) Fees and disbursements for printing and witnesses;
- (4) Fees for exemplification and the costs of making copies of any materials where the copies are necessarily obtained for use in the case;
- (5) Docket fees under section 1923 of this title;
- (6) Compensation of court appointed experts, compensation of interpreters, and salaries, fees, expenses, and costs of special interpretation services under section 1828 of this title.

A bill of costs shall be filed in the case and, upon allowance, included in the judgment or decree.

CREDIT(S)

(June 25, 1948, c. 646, 62 Stat. 955; Oct. 28, 1978, Pub.L. 95-539, § 7, 92 Stat. 2044; Oct. 13, 2008, Pub.L. 110-406, § 6, 122 Stat. 4292.)

Current through P.L. 112-9 approved 4-14-11

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UNITED STATES DISTRICT COURT
FOR THE
NORTHERN DISTRICT OF CALIFORNIA



LOCAL RULES

A000023

54. COSTS

54-1. Filing of Bill of Costs.

(a) **Time for Filing and Content.** No later than 14 days after entry of judgment or order under which costs may be claimed, a prevailing party claiming taxable costs must serve and file a bill of costs. The bill must state separately and specifically each item of taxable costs claimed. It must be supported by an affidavit, pursuant to 28 U.S.C. §1924, that the costs are correctly stated, were necessarily incurred, and are allowable by law. Appropriate documentation to support each item claimed must be attached to the bill of costs.

Cross Reference

See Civil L. R. 5-5 "*Manner of Service*," regarding time and methods for service of pleadings and papers.

(b) **Effect of Service.** Service of bill of costs shall constitute notice pursuant to FRCP 54(d), of a request for taxation of costs by the Clerk.

(c) **Waiver of Costs.** Any party who fails to file a bill of costs within the time period provided by this rule will be deemed to have waived costs.

Commentary

The 14-day time period set by this rule is inapplicable where the statute authorizing costs establishes a different time deadline, (e.g., 28 U.S.C. § 2412(d)(1)(B) setting 30 days from final judgment as time limit to file for fees under Equal Access to Justice Act).

54-2. Objections to Bill of Costs.

(a) **Time for Filing Objections.** Within 14 days after service by any party of its bill of costs, the party against whom costs are claimed must serve and file any specific objections to any item of cost claimed in the bill, succinctly setting forth the grounds of each objection.

(b) **Meet and Confer Requirement.** Any objections filed under this Local Rule must contain a representation that counsel met and conferred in an effort to resolve disagreement about the taxable costs claimed in the bill, or that the objecting party made a good faith effort to arrange such a conference.

54-3. Standards for Taxing Costs.

(a) Fees for Filing and Service of Process.

(1) The Clerk's filing fee is allowable if paid by the claimant.

Civil Local Rules

(2) Fees of the marshal as set forth in 28 U.S.C. § 1921 are allowable to the extent actually incurred. Fees for service of process by someone other than the marshal acting pursuant to FRCivP 4(c), are allowable to the extent reasonably required and actually incurred.

(b) Reporters' Transcripts.

(1) The cost of transcripts necessarily obtained for an appeal is allowable.

(2) The cost of a transcript of a statement by a Judge from the bench which is to be reduced to a formal order prepared by counsel is allowable.

(3) The cost of other transcripts is not normally allowable unless, before it is incurred, it is approved by a Judge or stipulated to be recoverable by counsel.

(c) Depositions.

(1) The cost of an original and one copy of any deposition (including video taped depositions) taken for any purpose in connection with the case is allowable.

(2) The expenses of counsel for attending depositions are not allowable.

(3) The cost of reproducing exhibits to depositions is allowable if the cost of the deposition is allowable.

(4) Notary fees incurred in connection with taking depositions are allowable.

(5) The attendance fee of a reporter when a witness fails to appear is allowable if the claimant made use of available process to compel the attendance of the witness.

(d) Reproduction and Exemplification.

(1) The cost of reproducing and certifying or exemplifying government records used for any purpose in the case is allowable.

(2) The cost of reproducing disclosure or formal discovery documents when used for any purpose in the case is allowable.

Civil Local Rules

(3) The cost of reproducing copies of motions, pleadings, notices, and other routine case papers is not allowable.

(4) The cost of reproducing trial exhibits is allowable to the extent that a Judge requires copies to be provided.

(5) The cost of preparing charts, diagrams, videotapes and other visual aids to be used as exhibits is allowable if such exhibits are reasonably necessary to assist the jury or the Court in understanding the issues at the trial.

(e) **Witness Expenses.** *Per diem*, subsistence and mileage payments for witnesses are allowable to the extent reasonably necessary and provided for by 28 U.S.C. § 1821. No other witness expenses, including fees for expert witnesses, are allowable.

(f) **Fees for Masters and Receivers.** Fees to masters and receivers are allowable.

(g) **Costs on Appeal.** Such other costs, not heretofore provided for, authorized under Rule 39, Federal Rules of Appellate Procedure, are allowable.

(h) **Costs of Bonds and Security.** Premiums on undertaking bonds and costs of providing security required by law, by order of a Judge, or otherwise necessarily incurred are allowable.

54-4. Determination of Taxable Costs.

(a) **Supplemental Documentation.** The Clerk may require and consider further affidavits and documentation as necessary to determine allowable costs.

(b) **Taxation of Costs.** No sooner than 14 days after a bill of costs has been filed, the Clerk shall tax costs after considering any objections filed pursuant to Civil L.R. 54-2. Costs shall be taxed in conformity with 28 U.S.C. §§ 1920 and 1923, Civil L.R. 54-3, and all other applicable statutes. On the bill of costs or in a separate notice, the Clerk shall indicate which, if any of the claimed costs are allowed and against whom such costs are allowed. The Clerk shall serve copies of the notice taxing costs on all parties on the day in which costs are taxed.

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of May, 2011, copies of the foregoing OPENING BRIEF OF APPELLANT RICOH COMPANY, LTD. were served via email and two (2) bound copies were served via Federal Express on the below identified attorneys:

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Attorneys for Defendant-Appelles AMI Semiconductor, Inc.; Aeroflex Colorado Springs, Inc.; Aeroflex, Incorporated; Matrox Electronic Systems, Ltd.; Matrox Graphics, Inc.; Matrox International, Inc.; Matrox Tech, Inc.; and for Plaintiff-Appellee Synopsys, Inc.

I further certify that on this 17th day of May, 2011, the original and eleven (11) copies of the OPENING BRIEF OF APPELLANT RICOH COMPANY, LTD. were hand-filed at the Office of the Clerk, United States Court of Appeals for the Federal Circuit.



Jon Baitlon

**CERTIFICATE OF COMPLIANCE WITH
FEDERAL RULE OF APPELLATE PROCEDURE 32(A)**

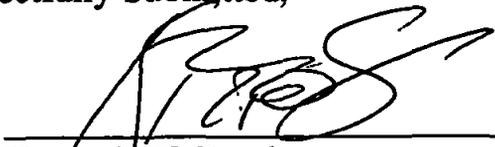
Counsel for Appellants, Ricoh Company, Ltd. hereby certifies that:

1. This Brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a)(7)(B). The Brief contains 12,246 words (as calculated by the word processing system used to prepare this brief), excluding the parts of the Brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii).

2. This Brief complies with the type face requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6). The Brief has been prepared in proportionally spaced typeface using Microsoft Word in 14 point Times New Roman style font.

Dated: May 17, 2011

Respectfully Submitted,

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