

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

FRANK T. SHUM,	)	No. C02-3262-DLJ
	)	
Plaintiff,	)	
	)	
v.	)	ORDER RE: TAXATION OF COSTS
	)	
INTEL CORPORATION, JEAN-MARC,	)	
VERDIELL, and LIGHTLOGIC, INC	)	
Defendants.	)	
_____	)	

On September 25, 2009, the Court heard arguments on Plaintiff's Motion Challenging Clerk's Taxation of the Parties' Bills of Costs. Paul Kirsch appeared on behalf of the plaintiff; Steve Taylor appeared for the defendants. Having considered the arguments of counsel, the papers submitted as well as any supplements thereto, the applicable law, and the record in this case, the Court grants the motion in part as outlined below.

**Procedural background**

Plaintiff Frank Shum (Shum) and defendant Jean-Marc Verdiell (Verdiell) are optoelectric engineers who worked in the field of fiberoptic telecommunications. In April 1997 they formed a corporation called Radiance Design. Pursuant to a Plan of Liquidation, that company ceased to exist in January 1998. Thereafter Verdiell filed and obtained seven different patents, related to optoelectronic technology, which were owned by a company he had formed called LightLogic. In June 2001

1 Verdiell sold LightLogic and its patents to Intel Corporation.  
2 In May 2002 Shum filed this lawsuit in which Shum claimed that  
3 he was defrauded by Verdiell and the other defendants; that  
4 there was a breach of contract committed; and that the  
5 defendants have been unjustly enriched under California law.  
6 Several months later Shum amended his complaint to add a  
7 federal claim contending that he was the sole inventor, or at  
8 least a joint inventor, on each of the seven patents, and that  
9 the patents should be amended to show his inventorship.

10 The Court decided that the federal inventorship claims and  
11 state law claims should be bifurcated, and a bench trial as to  
12 the inventorship claims only was held in January 2005. At the  
13 conclusion of the trial this Court found that Shum had failed  
14 to meet his burden of proof on the inventorship claims and  
15 entered judgment in defendants' favor. In 2006, the Court  
16 granted summary judgment on Shum's remaining state law claims.  
17 See Docket Item Nos. 453, 663.

18 On Shum's appeal, the Federal Circuit found that the issue  
19 of inventorship was integral to the factual basis of the state  
20 law claims such that it had to be decided by a jury pursuant to  
21 the seventh amendment. The Federal Circuit reversed and  
22 remanded the inventorship and state law claims to this Court.  
23 The case was set for re-trial.

24 In November and December 2008 the case was retried before  
25 a jury. In the second trial Shum presented two sets of claims,  
26 one as to the fraud and fraud related claims under state law,  
27 and the other as to his inventorship status as the sole

1 inventor or as the co-inventor of each patent under federal  
2 law. On the state law claims he sought verdicts for liability  
3 and for damages in the approximate amount of 400 million  
4 dollars. On the inventorship claims he sought verdicts  
5 establishing him as either the sole inventor or co-inventor of  
6 the seven patents.

7 Just before the second trial began, Shum withdrew all  
8 claims of inventorship as to the "dual enclosure" patent (U.S.  
9 Patent No. 6,252,726). In the course of trial Shum changed his  
10 claims with respect to the remaining patents to one of  
11 co-inventorship only. The consequence of this decision is that  
12 Shum has implicitly conceded that defendant Jean-Marc Verdiell  
13 was at least a co-inventor of each of the six remaining  
14 patents-in-suit. See, e.g., 2008 Trial Tr. 732:6-20 (Shum);  
15 734:24-735:5 (Shum); 736:19-737:1 (Shum).

16 The jury returned verdicts finding that plaintiff had  
17 established his co-inventor status with respect to one or more  
18 patent claims in five of the six patents still at issue. A  
19 mistrial was declared as to all other claims as the jury was  
20 unable to reach a decision on Shum's remaining claims for  
21 inventorship, and as to any of the state law claims for  
22 intentional misrepresentation, breach of contract, and unjust  
23 enrichment. Subsequently, after post-trial motions, the Court  
24 granted judgment for Shum as a co-inventor on five of the  
25 patents, and for defendant on the remaining claims, holding  
26 that Shum had failed to introduce sufficient evidence to permit  
27 a finding of co-inventorship on the sixth patent, or for

1 liability or damages on any of the state law claims. See Docket  
2 Item Nos. 978, 979 & 980.

3 On May 13, 2009, both defendants and Shum submitted bills  
4 of costs to the Clerk of the Court. On June 29, 2009, the  
5 Clerk taxed costs in defendants' favor in the amount of  
6 \$507,644.82, and in Shum's favor in the amount of \$195,523.27.  
7 Defendants have not objected to the costs which the clerk  
8 assessed against them. When the costs are offset against each  
9 other, Shum would be responsible to defendants for \$312,121.55.  
10 Shum filed the instant motion challenging the Clerk's taxation  
11 of the parties' costs both on the overall issue of who was the  
12 prevailing party and also on the appropriateness of particular  
13 costs.

14 **Discussion.**

15 I. Who is the Prevailing Party?

16 Shum and defendants each assert that they are the  
17 prevailing party and that they therefore are entitled to an  
18 award of costs. Shum uses this argument to ask the Court to  
19 award costs only to Shum. While defendants argue in rebuttal  
20 that they have prevailed, they did not separately file a motion  
21 seeking to deny Shum the costs awarded to him.

22 Federal Rule of Civil Procedure 54(d) provides that  
23 "[u]nless a federal statute, these rules, or a court order  
24 provides otherwise, costs--other than attorney's fees--should  
25 be allowed to the prevailing party." Fed. R. Civ. P. 54(d)(1).  
26 In a patent case, Federal Circuit law governs the determination  
27 of which party has prevailed. Manildra Milling Corp. v. Ogilvie

1 Mills, Inc., 76 F.3d 1178, 1182 (Fed. Cir. 1996). See also  
2 Inland Steel Co. v. LTV Steel Co., 364 F.3d 1318, 1320 (Fed.  
3 Cir. 2004) (stating that the Federal Circuit has "made it  
4 clear" that its own law, rather than that of the regional  
5 circuits, defines the meaning of prevailing party in patent  
6 litigation).

7 Shum relies on the Manildra case to support his  
8 argument that, although he won no monetary damages in his  
9 lawsuit, he was still the prevailing party.

10 The plaintiff in Manildra filed suit seeking a declaration  
11 that the defendant's patents were invalid and, additionally,  
12 sought monetary damages for the defendant's alleged violation  
13 of the Lanham Act, Kansas common law, and federal antitrust  
14 laws. Id. at 1180. The Manildra plaintiff obtained a judgment  
15 that defendant's patent was invalid. On appeal the court  
16 upheld the invalidity decision but reversed the remaining  
17 causes of action, which had been the source of a monetary  
18 judgment. Nonetheless, the Federal Circuit concluded that the  
19 plaintiff was the prevailing party. The basis for the court's  
20 determination was that a "plaintiff 'prevails' when actual  
21 relief on the merits of his claim materially alters the legal  
22 relationship between the parties by modifying the defendants'  
23 behavior in a way that directly benefits the plaintiff." Id.  
24 (quoting Farrar v. Hobby, 506 U.S. 103, 113 S. Ct. 566, 573  
25 (1992)).

26 The Manildra court went on to find that winning a  
27 declaration of invalidity permitted the plaintiff to use its  
28

1 production process free from risk of an infringement suit and  
2 without the necessity of obtaining a license.

3 As a result, although Manildra's suit ultimately  
4 produced no money judgment, it . . . stripped  
5 [defendant] of a competitive edge vis-à-vis  
6 Manildra." Since "a patentee receives the right to  
7 exclude all others from making, using and selling the  
8 patented invention, . . . a judicial declaration that  
9 one is free from another's right to exclude alters  
10 the legal relationship between the parties.

11 Id. See also Kemin Foods, L.C. v. Catholic University of  
12 America, 464 F.3d 1339, 1347 (Fed. Cir. 2006).

13 Shum asserts that when the reasoning of Manildra is  
14 applied to his situation, he is the prevailing party. Shum did  
15 obtain a judgment that he is a co-inventor of five patents.  
16 However, the Court looks at the case as a whole to determine  
17 the effect of that jury finding.

18 In the first action, Shum asserted that he was the sole  
19 inventor or a co-inventor of the patents. He did not prevail  
20 on either claim. The Federal Circuit sent the case back to this  
21 Court on procedural grounds holding that the matter of fraud  
22 had to go the jury. In the second action Shum again asserted  
23 that he was either the sole inventor or a co-inventor. During  
24 cross-examination by defendant during the trial, plaintiff  
25 abandoned his claim of sole-inventorship. Therefore he did not  
26 prevail on that part of his claim. He did prevail in part on  
27 the remaining aspect of the inventorship claim, namely that he  
28 was a co-inventor of the patents. He now looks to this, at  
best, partial victory to allege that he is the prevailing  
party, ignoring that defendant clearly prevailed on the sole

1 inventorship aspect of this claim. Nonetheless, giving  
2 plaintiff the benefit of the doubt, the Court will analyze the  
3 effect of his partial victory to determine if it fits the  
4 "prevailing party" analysis set out in Manildra Mining.

5 The Court begins by noting that the jury's finding of co-  
6 inventorship status for Shum did not materially alter the legal  
7 relationship of plaintiff Shum and defendant Verdiell in any  
8 way. First, unlike in Manildra, Shum did not win a judgment  
9 which excluded Verdiell from the market - Shum was only found  
10 to be a co-inventor of the patents, not the sole inventor.  
11 This finding then did not give Shum a competitive edge over  
12 Verdiell in the marketplace. Moreover, under the Plan of  
13 Liquidation, Shum had always had the rights to exploit the  
14 technology underlying the patents without having to financially  
15 account to Verdiell. So Shum's co-inventorship status, while  
16 perhaps conferring some additional benefits to Shum, does not  
17 at all change Shum's market posture vis-a-vis Verdiell. In  
18 Manildra terms, Shum's favorable verdict did not materially  
19 alter the legal relationship between Shum and Verdiell.  
20 Moreover, even if it can be argued that there was some change  
21 in the relationship, any such change clearly did not cause the  
22 benefit Shum obtained at trial of a declaration of the PTO that  
23 he was a co-inventor.

24 Shum argues in the alternative that he prevailed on the  
25 "central issue" of the case. To bolster this claim he points  
26 to the language in the Federal Circuit's decision that "the  
27 factual issue of inventorship is a central issue in the

1 determination of fraud," and that "Shum's inventorship claim is  
2 'inextricably intertwined' with" his state law claims. Shum v.  
3 Intel, 499 F.3d 1272, 1278 (Fed. Cir. 2007) (citing District  
4 Court's bifurcation order). This Court does not find the  
5 language of the Federal Court order to be dispositive of who  
6 prevailed in the action, as the Federal Circuit's opinion  
7 regarded the proper procedure for resolving the claims, and was  
8 not an opinion on the merits of the action. As a matter of  
9 fact, Shum lost his fraud claim, and his favorable inventorship  
10 verdict can stand only because it is wholly independent of the  
11 fraud claim.

12 The Court does not believe that the law holds that there  
13 can only be one "prevailing" party per case. See, e.g. K-S-H  
14 Plastics, Inc. V. Carolite, Inc., 408 F.2d 54, 60 (9<sup>th</sup> Cir.)  
15 cert. denied, 90 S.Ct. 69 (1969)(court did not abuse its  
16 discretion in awarding partial costs to prevailing party who  
17 was only partially successful); Bell v. Board of County Com'rs  
18 of Jefferson County, 2007 WL 1411613 (D.Kan.,2007)([I]n cases  
19 in which the prevailing party has been only partially  
20 successful, some courts have chosen to apportion costs among  
21 the parties or to reduce the size of the prevailing party's  
22 award to reflect the partial success).

23 If the Court were required to choose only one "prevailing  
24 party", the Court does not believe that the decision would be a  
25 close one -Verdiell would be the "prevailing" party. Rather  
26 than being ordered to pay \$400 million to Shum, Verdiell owes  
27 nothing to Shum. Rather than losing seven patents, Verdiell



1 retains his inventorship rights and his ability to commercially  
2 exploit the technology. Shum gains the legal title of being a  
3 co-inventor of certain patents but no right to commercially  
4 exploit the technology that he did not already have.

5 Nevertheless, the Court will find that each party prevailed on  
6 some aspects of the action, a finding which is consistent with  
7 the costs methodology adopted by the Clerk's office in taxing  
8 costs and one which has already been implicitly accepted by  
9 Defendant. The Court therefore turns to the issue of the  
10 specific costs contested by Shum.

## 11 II. Should Specific Costs Be Reduced or Disallowed?

12 Shum argues that the Court can reduce Shum's award or  
13 require the party's to pay their own costs. A district court  
14 may reduce costs which are unreasonably large or which are not  
15 supported by adequate documentation. See White & White v.  
16 American Hosp. Supply Corp. 786 F.2d 728, 730 (6th Cir. 1986);  
17 In re Butcher, 200 B.R. 675, 681 (C.D. CA 1996); N.D. Cal.  
18 Local Rule 54-1. The Court also has discretion to award  
19 partial costs or to require the parties to pay their own costs.  
20 See, K-S-H Plastics, Inc. V. Carolite, Inc., 408 F.2d 54, 60  
21 (9<sup>th</sup> Cir.) cert. denied, 90 S.Ct. 69 (1969); Johnson v.  
22 Nordstrom-Larpenteur Agcy, Inc., 623 F.2d 1279, 1282 (8<sup>th</sup> Cir.  
23 1980).

### 24 A. Costs Awarded at the First Trial

25 Following the inventorship bench trial the Court awarded  
26 Defendants \$154,400 in costs, then stayed execution on that  
27 costs award while the appeal was pending. (See Defendants' Bill  
28

1 of Costs Exhibit D, p. 1.)

2 As already described, the Federal Circuit reversed the  
3 judgments of this Court as to the inventorship trial and  
4 remanded the matter for further proceedings. Shum v. Intel, 499  
5 F.3d 1272, 1278 (Fed. Cir. 2007). Shum argues that the Federal  
6 Circuit's reversal of the earlier judgment in this case vacates  
7 the award of costs to Defendants. Shum looks to Furman v.  
8 Cirrito, 782 F.2d 353, 355 (2d Cir. 1986) for support. The  
9 Furman case holds that reversal or substantial modification on  
10 appeal vacates an award of costs to the prevailing party at the  
11 district court level. In Furman, the district court dismissed  
12 plaintiff's civil RICO action and awarded costs to defendants.  
13 The Court of Appeal affirmed, and ordered costs be awarded to  
14 defendants-appellees. The Supreme Court reversed (Joel v.  
15 Cirrito, 473 U.S. 922 (1985)) and vacated the appellate  
16 decision. On remand, the appellate court stated that when a  
17 district court judgment is reversed or substantially modified  
18 on appeal, any costs awarded to the previously prevailing party  
19 are automatically vacated. Id., citing 10 Wright, Miller &  
20 Kane, Federal Practice and Procedure, § 2668 at 213-14

21 Shum argues that this language means defendants are not  
22 entitled to any costs from the first trial. However, the  
23 Furman court goes on to state that "[i]t is often sound policy,  
24 of course, to wait until a controversy is finally decided on  
25 the merits before awarding costs, and to then determine who is  
26 the 'prevailing party', instead of judging that issue piecemeal  
27 at each stage of the litigation." Id.

1 Defendants argue that they are entitled to these costs  
2 since they were awarded to defendants for defeating Shum's  
3 claims for sole inventorship at the bench trial and prevailing  
4 on his remaining claims on a motion for summary judgment.  
5 Defendants assert that this is the same result they obtained in  
6 the 2009 jury trial, and therefore the 2006 award of costs was  
7 attributable to an earlier phase of the successful defense of  
8 claims on which defendants wholly prevailed, so that it was  
9 properly taxed. See 10 Charles A. Wright, et al., Federal  
11 Practice and Procedure § 2667 ("Further, the prevailing party  
12 at a second trial is usually awarded the costs of both  
13 trials"). But this ignores the fact that co-inventorship was  
14 also an issue at the bench trial and that this issue was  
15 decided in Shum's favor at the jury trial. After the bench  
16 trial the verdict against Shum was reversed on appeal.

17 The effect of the Federal Circuit decision was to return  
18 the parties to the beginning of the case. As a result of the  
19 second trial, the plaintiff prevailed substantively on one of  
20 the inventorship issues presented to the jury - the co-  
21 inventorship claim. The defendant prevailed on the other  
22 inventorship issue presented to the jury --the sole  
23 inventorship claim.

24 In the Court's view the defendant is entitled to costs of  
25 the bench trial attributable to the sole inventorship issue,  
26 but he is not entitled to costs attributable to the co-  
27 inventorship issue. The record currently before the Court is  
28 insufficient for the Court to make a precise allocation of the

1 exact amounts expended at the first trial attributable to  
2 defending sole versus co-inventorship, were such a division  
3 even possible. The Court exercises its discretion to award to  
4 defendants half of the fees they seek to be reimbursed for from  
5 the first trial, as they prevailed on only one of the two  
6 inventorship claims in the second trial.

7 B. Costs on Appeal

8 Defendants have now withdrawn their claim under Rule 54(d)  
9 to recover \$1,239.40 in transcript, printing and binding costs  
10 incurred in opposing Shum's appeal in 2006.

11 C. Claims for "Other Costs" For Demonstratives Regarding  
12 the Inventorship Claims

13 Defendants obtained reimbursement for over \$130,000 in  
14 costs from four different companies (Focal Point, Verdict  
15 Media, Gemmiti Model Art and FTI Consulting) for "demonstrative  
16 exhibits," "graphics" and "models" used at trial. Shum argues  
17 that Defendants have failed to meet their burden of showing why  
18 each of their presentation and exemplification costs were  
19 necessary, reasonable, and proper recoverable costs under the  
20 circumstances of this case. Shum makes several arguments in  
21 this regard. First, he asserts that Defendants' invoices do  
22 not provide sufficient detail to determine that all of these  
23 "exhibits, graphics and models" were actually used at trial  
24 rather than in preparation for trial. Shum also claims that  
25 there is insufficient documentation for him to determine  
26 whether the work was duplicative. Shum then argues that  
27

1 defendants' claimed costs are too high as they would still have  
2 had their demonstratives and graphics from the initial  
3 inventorship bench trial. (See e.g., invoice dated 9/9/2008 on  
4 Defendants' Bill of Costs Exhibit D). Finally, Shum claims  
5 that defendants may not be reimbursed for these costs because  
6 they did not prevail on the inventorship claims which are the  
7 subject of all or virtually all of these exhibits, graphics and  
8 models.

9 To the extent that Shum argues that the demonstratives  
10 were related to issues on which Shum ultimately prevailed, the  
11 Court finds that defendants could not have anticipated that  
12 Shum would change his position on inventorship issues right  
13 before and during trial; and that understanding the history and  
14 creation of the patents was integrally related to the claims on  
15 which defendant did prevail.

16 Local Rule 54-3(d) provides that reimbursement for "[t]he  
17 costs of preparing charts, diagrams, videotapes and other  
18 visual aids to be used as exhibits is allowable *if such*  
19 *exhibits are reasonably necessary to assist the jury or the*  
20 *Court* in understanding the issues at the trial." Local Rule 54-  
21 3(d)(emphasis added).

22 Shum's further objection that there should be no recovery  
23 for demonstratives that are not proven to have been used at  
24 trial is incorrect as a matter of law. The Local Rule allows  
25 recovery for materials "to be used" at trial. It does not  
26 require actual use of each item so prepared. See also Haagen-  
27 Dazs Co. v. Double Rainbow Gourmet Ice Creams, Inc., 920 F.2d

1 587, 588 (9th Cir. 1990) (costs of exemplification made in  
2 anticipation of trial, but not used at trial, are recoverable).  
3 The Court concurs with defendants that the case presented  
4 complex technical issues and that the jury benefitted at trial  
5 from the use of demonstrative evidence.

6 The Court rejects defendants' argument that Shum should be  
7 required to pay for the time defense counsel spent in "close  
8 collaboration" with their consultants, especially as it related  
9 to strategic planning for the trial as opposed to costs for  
10 production of the demonstratives. Review of the invoices  
11 submitted indicate that there are charges for work well beyond  
12 the preparation of the demonstratives themselves. The Court  
13 finds that the invoices from Verdict Media are replete with  
14 references to trial preparation including meeting with  
15 attorneys to go over openings and closings statements; to  
16 preparation for a mock trial; and to organizing documents. See  
17 Verdict Media Invoices dated 9/15/08; 12/9/08 and 1/10/09. The  
18 Court has reviewed each of the submitted invoices and will not  
19 tax costs for work done beyond what appears to be related to  
20 the creation or presentation of demonstrative exhibits.

21 The Court will disallow in its entirety the Verdict Media  
22 invoice of 9/15/2008 in the amount of \$3,350. As to the  
23 invoice of 12/09/08, the Court acknowledges that the  
24 demonstratives could not have been presented without the  
25 appropriate technical resources. The in-court technician time  
26 and the equipment costs associated therewith are therefore  
27 permitted. This amount totals \$10,605. (Thus the total bill

1 is to be reduced by \$19,571.96). Similarly, the Verdict Media  
2 invoice of 1/10/09 is reduced to cover only in-court technical  
3 personnel and equipment for a total of \$13,359.50. (This bill  
4 is reduced by \$14,265).

5 The Focal Point invoices also contain charges for services  
6 referred to as "strategy" and "case management". The Court  
7 disallows these amounts. The 9/30/08 invoice of Focal Point  
8 therefore is reduced to \$9,250 (thus the total bill is reduced  
9 by \$11,367.69). The Focal Point bill of 10/31/08 is reduced to  
10 \$7,810.50 (this bill is reduced by \$13,062.73).

11 The FTI invoice of November 10, 2008 is more difficult to  
12 parse. Much of the work involved appears to be in preparation  
13 for a mock trial, which cost would not be taxed. The  
14 Declaration from counsel Stephen Taylor states that while "some  
15 of the 2008 demonstrative exhibits were prepared in advance and  
16 used at a mock trial, those same demonstratives were expressly  
17 prepared with the jury in mind and were later used or modified  
18 for use with the jury." Taylor Declaration filed 8/21/09 at  
19 ¶ 6.

20 This declaration does not give the Court much guidance as  
21 to what percentage of the exhibits constitute "some." Given  
22 the overall cost and variety of exhibits created, and that the  
23 burden is on defendants to demonstrate that the taxation of  
24 costs is appropriate, the Court will allow only half of the  
25 total cost and only permit \$20,490 of the requested \$40,979.90.

26  
27 D. Copying Charges

1 Shum argues that the \$77,322.40 taxed in costs for  
2 photocopying covered copies beyond what was necessary for  
3 discovery and for trial presentation. Specifically, § 1920(4)  
4 provides that a judge or clerk may tax fees paid for the  
5 "exemplification and copies of papers necessarily obtained for  
6 the use in the case." The party seeking to recover these costs  
7 must show that the copies were necessary and provided either to  
8 the court or the opposing party. Grady v. Bunzl Packaging  
9 Supply Co., 161 F.R.D. 477, 479 (N.D. Ga. 1995).

10 Shum further argues that Defendants have not offered an  
11 apportionment of which copies were made in support of the state  
12 law claims and which in support of the inventorship claims, on  
13 which they did not prevail. Shum therefore contends that at  
14 least half of these costs, or \$33,392.43, should not have been  
15 taxed as costs.

16 Defendants counter that their copying costs are reasonable  
17 and taxable and that they are entitled to recover costs for  
18 reasonably necessary duplication of documents, regardless of  
19 whether the copied documents were all offered into evidence. 28  
20 U.S.C. § 1920(4); L.R. 54-3(d)(2); Haagen-Dazs Co., 920 F.2d at  
21 588. Counsel for defendants claims that oversized and color  
22 copies were necessary to demonstrate the technology and that in  
23 part the large number of copies were needed to be exchanged  
24 with counsel as part of the discovery process. Taylor Decl.,  
25 ¶¶ 8-10. The Court finds that although the copying charge seems  
26 high, given the number of documents in the case, the Court will  
27 reduce the amount by 20% in light of the co-inventorship



1 verdicts and allow the remainder to stand. The result is an  
2 allowance to defendants of \$61,857.92.

3  
4 E. Witness Fees

5 According to Shum, the clerk erroneously taxed all of the  
6 witness fees submitted by Defendants in the amount of  
7 \$12,301.63 when the clerk should have only taxed \$1,730.14  
8 (\$12,301.63 - \$10,571.49).

9 The prevailing party is entitled to recover fees and  
10 disbursements for witnesses. See 28 U.S.C. § 1920(3); see also  
11 L.R. 54-3(e). Local Rule 54-3(e) provides that *per diem*,  
12 subsistence and mileage payments for witnesses are allowable to  
13 the extent reasonably necessary and provided for by 28 U.S.C.  
14 § 1821. No other witness expenses, including fees for expert  
15 witnesses, are allowable.

16 Shum makes several different arguments about certain of  
17 the witness fees. First, Shum wants to strike witness fees  
18 totaling \$585.52 apportioned to witnesses the Defendants  
19 subpoenaed but did not call at trial. However, the physical  
20 presence of a witness at trial is not necessary to recover a  
21 subpoenaed witness's costs "when it was reasonably expected  
22 that [the witness'] attendance would be necessary and he had  
23 held himself in readiness to attend." Spanish Action Committee  
24 v. Chicago, 811 F.2d 1129, 1138 (7th Cir. 1986); see also  
25 Hurtado v. United States, 410 U.S. 578, 584-87 (1973) (finding  
26 that 28 U.S.C. § 1821 compensates for availability to testify).  
27 Defendants contend, and the Court concurs, that the testimony  
28

1 of each of the three witnesses was reasonably expected to be  
2 necessary given the scope of the issues Shum potentially could  
3 have raised in his case-in-chief. Taylor Decl., ¶ 11.

4 Therefore the Court finds that the \$585.52 cost is appropriate.

5 Shum next seeks to disallow witness fees totaling  
6 \$3,484.23 related to defendants' witness, Ramamurthy Sivakumar  
7 ("Sivakumar") because according to Shum, Sivakumar was  
8 traveling to the United States from India on a business trip,  
9 not for trial.

10 The record on this issue is not completely clear. Shum  
11 contends that this witness was called when he was to  
12 accommodate his travel schedule. However, counsel for  
13 defendants states that Sivakumar did not have plans to be in  
14 the United States and that counsel is "informed and believes  
15 that [Sivakumar's] business schedule was rearranged" so that he  
16 could travel to California to testify. There is no evidence  
17 before the Court that Sivakumar came to the United States for  
18 any reason other than to testify at trial. Therefore the Court  
19 will not disallow his witness fee. While the Court is  
20 sympathetic to the toll this travel may have taken on  
21 Sivakumar, it does not believe that plaintiff should have to  
22 reimburse Sivakumar for the costs of a first-class ticket,  
23 especially when counsel for defendants states that it is  
24 Intel's general rule that its employees are to fly coach.  
25 Moreover, 28 U.S.C. § 1821(c)(1) states that a witness "shall  
26 use a common carrier at the most economical rate reasonably  
27 available." Shum argues that this entry should at least be

1 disallowed because it constitutes unnecessary flight charges  
2 for a first class ticket. There is, however, no evidence in the  
3 record as to the actual cost of a coach versus a first-class  
4 ticket, thus the Court will reduce reimbursement for this cost  
5 by half.

6 Shum also argues that witness fees totaling \$6,501.74  
7 should not be allowed because they constitute charges for  
8 Defendants' technical experts on inventorship - and Defendants  
9 did not prevail on the majority of those claims. Shum contends  
10 that the certain costs of travel and lodging for expert  
11 witnesses Dr. Thomas L. Koch, Randy Heyler, Jim Timmins and Dr.  
12 Yung-Cheng Lee during the 2008 trial are not taxable because  
13 they related to technical issues upon which Shum prevailed.  
14 Motion, pp. 12:22-13:12.

15 Defendants contend that these witness fees should still be  
16 reimbursed because the "anticipated testimony of Dr. Koch, Dr.  
17 Lee and Mr. Heyler" caused Shum to abandon all of his claims of  
18 sole inventorship, as well as any claim of inventorship status  
19 with respect to the "dual enclosure" patent.

20 Dr. Koch, Dr. Lee and Mr. Heyler's testimony may have been  
21 part of what caused Shum to abandon his claim of sole  
22 inventorship and without Shum having changed his position they  
23 might well have been called as witnesses. Moreover, their  
24 testimony contributed to defendants' success in maintaining  
25 sole inventorship status with respect to the '427 Patent.  
26 Taylor Decl., ¶ 14. Finally, Jim Timmins did not testify on  
27 inventorship issues. Instead, he gave expert testimony relating  
28

1 to Shum's state law claims, as to which the Court entered  
 2 judgment in favor of all defendants. Taylor Decl., ¶ 15.  
 3 Accordingly the travel expenses for each of these witnesses  
 4 were reasonably necessary and properly taxed by the Clerk in  
 5 defendants' favor.

6 III. Conclusion

7 The Court GRANTS IN PART AND DENIES IN PART plaintiff's  
 8 Motion Challenging the Clerk's Taxation of Costs reducing the  
 9 costs taxed against Shum by \$177,753.27 as set out in detail  
 10 below. As the initial amount of costs taxed against Shum was  
 11 \$507,644.82 the new amount owed would be \$329,891.55.

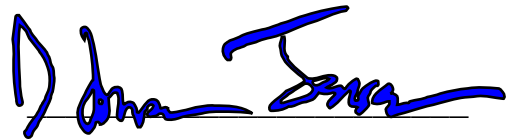
Category	Amount permitted in Clerks Taxation of Costs	Amount Now Permitted by Court Order
Costs from First Trial	\$154,400	\$77,200
Costs on Appeal	\$1,239.40	\$0
<b>Costs for Demonstratives and Graphics by Company</b>		
Verdict Media invoice of 9/15/2008	\$3,350	\$0
Verdict Media invoice of 12/09/08	\$30,176.96	\$10,605
Verdict Media invoice of 1/10/09	\$27,624.50	\$13,359.50
The Focal Point invoice of 9/30/08	\$20,617.69	\$9,250
The Focal Point bill of 10/31/08	\$20,873.23	\$7,810.50

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

FTI Consulting	\$40,979.90	\$20,490
Copying Charges	\$77,322.40	\$61,857.92
Witness Fees (subpoenaed but uncalled witnesses)	\$585.52	\$585.52
Witness Fees: Mr. Sivakumar	\$3,484.23	\$1,742.12
Witness Fees: Defendants' technical experts on inventorship	\$6,501.74	\$6,501.74
TOTALS	\$387,155.57	\$209,402.30

IT IS SO ORDERED.

Date: October 23, 2009



D. Lowell Jensen  
United States District Judge