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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

ASETEK DANMARK A/S,
Plaintiff,
v.
CMI USA, INC.,
Defendant.

Case No. 13-cv-00457-JST

**ORDER DENYING MOTION TO
REVIEW CLERK'S DECISION NOT TO
TAX COSTS**

Re: ECF No. 309

Before the Court is Defendant CMI USA, Inc.'s Motion to Review the Clerk's Decision Not to Tax Costs. ECF No. 309. For the reasons set forth below, the motion is denied.

I. BACKGROUND

This is a patent infringement case brought by plaintiff Asetek Danmark A/S ("Asetek") against defendant CMI USA, Inc. ("CMI"). On December 17, 2014, the jury returned a verdict in favor of Asetek, finding that CMI's products infringed two Asetek patents. ECF No. 218. On June 2, 2015, the Court entered judgment. ECF No. 261. Asetek, as the prevailing party, submitted a bill of costs. ECF No. 262. CMI also submitted a bill of costs, seeking to tax \$28,840 of expert deposition fees as costs. ECF No. 263. Asetek filed an objection, arguing that CMI could not recover those costs under Federal Rule of Civil Procedure 54(d). ECF No. 268. On July 22, 2015, the Clerk of the Court informed CMI that because it was not the prevailing party, its bill of costs could not be taxed. ECF No. 302.

CMI's present motion asks the Court to review the Clerk's decision not to task costs. ECF No. 309. CMI wants Asetek to pay for the time CMI's experts spent preparing for, traveling to and from, and attending their depositions, although it has now reduced its request to \$8,167.50 in expert fees. *Id.* CMI bases its request on Rule 26(b)(4)(E) of the Federal Rules of Civil Procedure. ECF No. 309 at 4.

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1 **II. LEGAL STANDARD**

2 Federal Rule of Civil Procedure 54(d)(1) states: “Unless a federal statute, these rules, or a
3 court order provides otherwise, costs—other than attorney’s fees—should be allowed to the
4 prevailing party.” This rule creates a presumption that the prevailing party will be awarded its
5 taxable costs. Delta Airlines, Inc. v. August, 450 U.S. 346, 352 (1981). Unless authorized by
6 contract or some other statute, recoverable costs are limited to the costs defined in 28 U.S.C.
7 section 1920. Crawford Fitting Co. v. J.T. Gibbons, Inc., 482 U.S. 437, 445 (1987). Thus, section
8 1920 provides which fees may be taxed as costs, and Rule 54(d) provides that the costs “shall be
9 taxed against the losing party unless the court otherwise directs.” Id. at 441.

10 Federal Rule of Civil Procedure 26(b)(4)(E) provides that “[u]nless manifest injustice
11 would result, the court must require that the party seeking discovery . . . pay the expert a
12 reasonable fee for time spent in responding to discovery” The purpose of the rule is to have
13 the party seeking expert discovery bear the costs associated with that discovery. See Advisory
14 Committee Notes to 1970 amendment to Fed. R. Civ. Pro. 26 (“These provisions for fees and
15 expenses meet the objection that it is unfair to permit one side to obtain without cost the benefit of
16 an expert’s work for which the other side has paid, often a substantial sum.”). Pursuant to Rule
17 24, a party is entitled to recover the reasonable fees it advances to its expert for responding to an
18 opponent’s subpoena, regardless of whether that party ultimately prevails in the litigation.

19 **III. DISCUSSION**

20 CMI acknowledges that under Rule 54(d), “recovery is only available to the ‘prevailing
21 party’ in many situations involving taxation of costs.” ECF No. 309 at 2. However, CMI
22 contends that because its bill of costs is based on Rule 26(b)(4)(E), CMI is entitled to recover the
23 expenses it incurred when Asetek deposed its experts. Id. Asetek responds that CMI cannot
24 conflate Rule 54, which allows only for a limited set of costs to be taxed, with Rule 26, which
25 provides a separate mechanism to recover expert fees. ECF No. 315 at 1. Asetek points out that
26 CMI should have filed a motion for fees rather than file a bill of costs. Id. at 2.

27 CMI cites to a number of cases to support its argument that CMI is entitled to recover
28 reasonable expenses that it incurred for its experts’ time spent preparing for, traveling to, and

1 attending depositions. See ECF No. 309. The Court agrees that recovery under Rule 26(b)(4)(E)
 2 does not turn on prevailing party status. In the cases cited by CMI, however, the courts ordered
 3 expert witness fees in the context of motions to compel payment, and not through bills of costs
 4 submitted by non-prevailing parties. See S.E.C. v. Berry, No. C07-04431 RMW HRL, 2011 WL
 5 2149088 (N.D. Cal. June 1, 2011) (denying plaintiff's motion that requested that each party should
 6 bear the costs of its own experts); Rock River Commc'ns, Inc. v. Universal Music Grp., 276
 7 F.R.D. 633, 637 (C.D. Cal. 2011) (granting in part plaintiff's motion to recover expert deposition
 8 costs); All Cities Realty, Inc. v. CF Real Estate Loans, Inc., No. SA CV 05-615 AHS, 2008 WL
 9 10594412 (C.D. Cal. Mar. 14, 2008) (granting in part plaintiff's motion to compel payment of
 10 expert witness fees); Granite Rock Co. v. Int'l Bhd. of Teamsters, No. C 04-2767 JW (RS), 2008
 11 WL 618897 (N.D. Cal. Mar. 3, 2008) (granting defendant's motion to compel costs for deposition
 12 preparation); AMCO Ins. Co. v. Madera Quality Nut LLC, No. 1:04-CV-06456-SMS, 2006 WL
 13 6849050 (E.D. Cal. July 31, 2006) (granting in part plaintiff's motion to compel payment of expert
 14 witness fees).

15 Although Rule 26(b)(4)(E) permits CMI (or Asetek for that matter) to recover the costs
 16 expended in connection with the depositions of its experts, it is improper for CMI to include Rule
 17 26 expert witness fees in a Rule 54(d) bill of costs.¹ Rule 54(d) makes clear that costs are awarded
 18 to *prevailing parties*. The federal court's discretion under Rule 54 is in either in taxing or refusing
 19 to tax costs in favor of the prevailing party. Crawford Fitting, 482 U.S. at 442. Accordingly, the
 20 Court cannot tax CMI's expert deposition fees as costs.

21 As to the proper form for requesting expert deposition fees, "[t]he better practice . . . is to
 22 attempt to negotiate agreement regarding expert deposition fees, in order to avoid the necessity of

24 ¹ CMI cites to United States v. City of Twin Falls, 806 F.2d 862 (9th Cir.1986), overruled on other
 25 grounds as recognized by Ass'n of Flight Attendants v. Horizon Air Indus., Inc., 976 F.2d 541,
 26 551-52 (9th Cir. 1992), and Posnanski v. Gibney, No. 03-16418, 03-16477, 03-17235, 2005 U.S.
 27 App. LEXIS 19003 (9th Cir. Aug. 30, 2005) to support the argument that non-prevailing parties
 28 can submit its expert deposition fees through a bill of costs. These cases are inapposite, however;
 in both of them the parties that sought expert fees were prevailing parties. Twin Falls, 608 F.2d at
 879; Posnanski, 2005 U.S. App. LEXIS 19003, *7. While reimbursement of an expert's
 reasonable fees does not turn on prevailing party status, the mechanism for a non-prevailing party
 to seek reimbursement for expert fees is not through a bill of costs.

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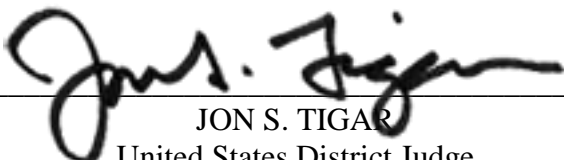
1 making or responding to a later motion.” William W. Schwarzer, A. Wallace Tashima & James
2 M. Wagstaffe, Cal. Prac. Guide: Fed. Civ. Pro. Before Trial § 11:458.1 (The Rutter Group 2013).
3 Should the parties be unable to reach agreement after good faith negotiation, then they should
4 follow the Court’s normal procedures for the resolution of such a dispute.² See Standing Orders
5 for All Civil Cases Before District Judge Jon S. Tigar, available at
6 http://www.cand.uscourts.gov/jstorders. If they are not able to reach a resolution, the parties can
7 then file a joint letter brief describing the disputed issue. Id. Alternatively, either party may seek
8 leave of court to file a motion regarding the dispute.³ Id.

9 **CONCLUSION**

10 For the foregoing reasons, CMI’s motion is denied.

11 IT IS SO ORDERED.

12 Dated: September 16, 2015

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15 JON S. TIGAR
16 United States District Judge

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22 ² Of course, this observation applies equally to both parties’ expert fees. The parties may conclude
23 from their discussions that the fees to be paid by each side would likely offset each other and that
24 common sense suggests that each side bear its own expert costs. For example, in this case, Asetek
25 states that by applying the same cost methodology as CMI, the fees it paid for its experts would
26 total \$8,325, ECF 315-1, Smyth Decl. ¶ 4, compared to the \$8,617.50 CMI requests. ECF No. 309
27 at 4.

28 ³ The Court expresses no view at this juncture whether such a motion would be timely. Compare
Ellis v. United Airlines, Inc., 73 F.3d 999 (10th Cir. 1996) (district court properly denied plaintiff’s
request for fees and expenses pursuant to Rule 26(b)(4)(C) where the motion for fees was filed
four and one-half months after final judgment) with Ndubizu v. Drexel Univ., No. CIV.A. 07-
3068, 2011 WL 6046816, at *4 (E.D. Pa. Nov. 16, 2011) (request for fees deemed timely when
filed two weeks after entry of judgment), report and recommendation adopted, No. CIV.A. 07-
3068, 2011 WL 6058009 (E.D. Pa. Dec. 6, 2011).