

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

Z TRIM HOLDINGS, INC. (f/k/a
CIRCLE GROUP HOLDINGS,
INC.), an Illinois Corporation,

BILL OF COSTS

Plaintiff,

06-C-361-C

v.

FIBERSTAR, INC., a Minnesota
Corporation,

Defendant.

In this patent infringement suit, plaintiff Z Trim Holdings, Inc. alleged that defendant Fiberstar, Inc. had infringed United States Patent No. 5,766,662 (the ‘662 patent). The complaint was dismissed before the court reached the merits of plaintiff’s claims because plaintiff lacked standing to bring suit. (Although plaintiff’s wholly owned subsidiary holds a license to the ‘662 patent, plaintiff does not.) After the case was dismissed, plaintiff and its subsidiary, FiberGel Technologies, Inc., filed a new complaint in Case No. 07-C-161-C, re-asserting against defendant the same claims raised in this lawsuit.

Now before the court is defendant’s bill of costs in the amount of \$15,457.66.

Although defendant moved for costs under Fed. R. Civ. P. 54(d)(1) and 28 U.S.C. § 1920, it concedes that it cited those provisions in error: the controlling statute is 28 U.S.C. § 1919, which permits courts to award “just costs” when an action is dismissed “for want of jurisdiction.” Plaintiff asks the court to dismiss the bill for failure to cite the correct statutory authority; however, I am not inclined to elevate form over substance, particularly in a case such as this where the parties have briefed the applicability of the proper statute. Therefore, I will consider whether defendant’s costs should be taxed under § 1919.

Defendant has requested that the following costs be taxed:

Description	Amount
Fees for service of summons and subpoena	\$140.00
Fees for exemplification and copies of papers necessarily obtained for use in case	\$6,936.97
Other costs	
Markman hearing documents	\$8,380.69
TOTAL	\$15,457.66

Defendant’s request will be granted in part and denied in part. Because plaintiff was not justified in filing this lawsuit without joining its subsidiary as a plaintiff, it is fair to permit defendant to recover the costs it incurred procuring necessary documents, producing discovery and making reasonable numbers of photocopies at reasonable rates. However, because the documents defendant produced in connection with its anticipated Markman

hearing are ones that may be reused in the context of the parties' ongoing litigation in Case No. 07-C-161-C, and may be taxable in that case should defendant prevail, I will deny defendant's request for taxation of costs incurred in producing those documents.

Congress enacted 28 U.S.C. § 1919 to overturn the common law rule prohibiting an award of costs when a court lacked jurisdiction. Citizens for a Better Environment v. Steel Co., 230 F.3d 923, 926-27 (7th Cir. 2000). Both § 1919 and 28 U.S.C. § 1447(c) emerged from the same law and both statutes permit courts to award "just costs" in particular circumstances (although § 1447(c) permits a court to award attorney fees). Id. at 927. In the past, I have held that "because § 1447(c) and § 1919 originated in the same law and use the same 'just costs' term, it is reasonable to assume that the standard for awarding costs under either statute should be the same." Bollig v. Christian Community Homes and Services, 2003 WL 23211142, *3 (W.D. Wis. 2003). In that case, I concluded that an award of costs under § 1919 is appropriate when there is no justification for plaintiffs' pursuit of their case. Id.

Although it is impossible to assess the merits of plaintiffs' infringement claim based on the meager record before the court, it is clear that it was unreasonable for plaintiff to pursue the lawsuit once it became clear that it did not hold title to the allegedly infringed patent. Defendants' counsel questioned plaintiff early in the proceedings about its standing to bring suit; with even a modest amount of research, plaintiff should have realized that it

lacked standing and dismissed the suit voluntarily. Plaintiff did not do so. For these reasons, in addition to the reasons cited in previous opinions for finding that jurisdiction was lacking, I find that plaintiffs' lawsuit was unjustified under settled law and that recovery of some costs would be just.

The next question is which costs should be taxed. Defendant seeks costs in three categories: (1) service and subpoena-related costs; (2) exemplification costs; and (3) expenses related to producing documents for the Markman hearing that was not held because of the lawsuit's dismissal.

A. Service of Summons and Subpoena

Defendant seeks \$140 for costs incurred in serving a subpoena on the United States Department of Agriculture for documents related to the litigation and for serving a subpoena on George Inglett, the inventor of the patent at issue in this lawsuit. Plaintiff contends that defendant should not be able to recover its subpoena costs because after the document subpoena was served, plaintiff produced to defendant many of the documents defendant has sought from the Department of Agriculture and (2) the deposition for which George Inglett was subpoenaed did not take place and therefore was not necessary. Both arguments are specious.

As defendant is quick to point out, litigation in this district moves rapidly.

Defendants acted prudently by moving immediately to subpoena documents and testimony they believed were necessary to their case. Knowing that the Department of Agriculture produces documents slowly, defendants were not required to wait for plaintiff's discovery production before seeking their documents from other sources. Moreover, the fact that the case was dismissed before Inglett's deposition is a reflection on plaintiff's misfiling; not on the necessity of testimony defendant sought to procure by serving Inglett with a subpoena. The costs defendant incurred with respect to the subpoenas were modest and reasonable. They will be taxed.

B. Exemplification and Photocopying

Plaintiff requests reimbursement for exemplification and photocopying charges totaling \$6,936.97. These costs include mainly photocopies at a rate of \$.10-.15 per page and minor charges for obtaining court documents through PACER. Plaintiff challenges these costs, contending that they are excessive and that defendant failed to identify the documents with enough particularity to permit the court to reasonably assess their necessity. In addition, plaintiff argues that because the parties did not appear before the court, no exemplification was necessary.

Copying and exemplification may be necessary (and advisable) even if the parties do not set foot in the courtroom, so long as the copies are made in reasonably quantities as part

of preparation for court filings. Nevertheless, it is true that defendant's documentation leaves much to be desired. Defendant is seeking a reasonable rate on its photocopying costs, but has not provided a clear description of the copies and exemplifications or explained why the copies and exemplifications were necessary. Although defendant explains in its brief that the copying costs were related to discovery production and copying the file histories of various relevant patents, they have not indicated specifically which charges were incurred for what documents. It is reasonable to assume that some portion of these copies were relevant to the question whether plaintiff had standing to sue and therefore cannot be reused in the parties' ongoing litigation. Some amount of these documents, however, will likely be relevant and useful to the parties' ongoing litigation in Case No. 07-C-161-C.

Plaintiff concedes that some portion of defendant's exemplification and copying costs may have been necessary; the question is how much was. I agree that defendant is entitled to some, but not all, of its costs. Therefore, I will apply a 50% reduction to the exemplification and copying costs plaintiff has requested and will tax defendant in the amount of \$3,468.00 for copying and exemplification costs.

C. Markman Hearing Documents

Finally, defendant has requested \$8,380.69 for costs incurred in consulting with design experts and preparing and producing documents for the claims construction hearing.

(The case was dismissed shortly before the hearing was scheduled to begin.) There are several reasons why I am denying this motion. First, the Markman hearing materials are not wasted; they can be reused at the Markman hearing in Case No. 07-C-161-C. Second, if defendant prevails in Case No. 07-C-161-C, the costs associated with these materials may be taxable in that lawsuit. Although plaintiff erred by filing suit in this case without joining its subsidiary, the owner of the patent license, the mistake was still a technical one that did not go to the merits of the infringement claims. It would be a windfall to permit defendant to recover costs associated with producing its claims construction documents when it can use those documents to defend against the identical claims plaintiff has raised in Case No. 07-C-161-C. Therefore, I will not tax the \$8,380.69 defendants incurred in preparing documents for the claims construction hearing.

ORDER

IT IS ORDERED that the costs defendant Fiberstar, Inc.'s costs requested by plaintiff are awarded in part and denied in part pursuant to 28 U.S.C. § 1919, and are taxed

in the amount of \$3,608.00 and included in the judgment.

Entered this 23d day of May, 2007.

BY THE COURT:
/s/
BARBARA B. CRABB
District Judge