FILED
United States Court of Appeals
Tenth Circuit

October 29, 2021

Christopher M. Wolpert
Clerk of Court

UNITED STATES COURT OF APPEALS

FOR THE TENTH CIRCUIT

HETRONIC INTERNATIONAL, INC.,

Plaintiff - Appellee,

v.

HETRONIC GERMANY GMBH; HYDRONIC-STEUERSYSTEME GMBH; ABI HOLDING GMBH; ABITRON GERMANY GMBH; ABITRON AUSTRIA GMBH; ALBERT FUCHS,

Defendants - Appellants.

No. 21-6019
(D.C. No. 5:14-CV-00650-F)
(W.D. Okla.)

ORDER AND JUDGMENT*

Before **HARTZ**, **McHUGH**, and **CARSON**, Circuit Judges.

Hetronic International, Inc. (Hetronic) sued Defendants asserting Lanham Act and other claims after Defendants began manufacturing products identical to Hetronic's products and selling them under the Hetronic brand. A jury awarded Hetronic over $100 million in damages and enjoined Defendants from selling their

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* After examining the briefs and appellate record, this panel has determined unanimously to honor the parties' request for a decision on the briefs without oral argument. *See* Fed. R. App. P. 34(f); 10th Cir. R. 34.1(G). The case is therefore submitted without oral argument. This order and judgment is not binding precedent, except under the doctrines of law of the case, res judicata, and collateral estoppel. It may be cited, however, for its persuasive value consistent with Fed. R. App. P. 32.1 and 10th Cir. R. 32.1.

infringing products.[1] Following entry of the district court's judgment, Hetronic sought an award of costs under Federal Rule of Civil Procedure 54(d) and 28 U.S.C. § 1920. The district court ultimately awarded Hetronic $297,326.46 in costs. Defendants filed a timely appeal. Exercising jurisdiction under 28 U.S.C. § 1291, we affirm the district court's cost award.

I. Background

Hetronic submitted a bill of costs seeking over $500,000. After Defendants responded and the district court clerk held a hearing, the clerk issued an order indicating her intent to disallow certain costs and ordering Hetronic to submit a supplemental brief. Hetronic then filed a revised bill of costs seeking a total of $426,942.67.

The clerk taxed costs in the amount of $297,326.46 in favor of Hetronic. In a supplemental filing, the clerk explained her rulings on Defendants' objections. As relevant to this appeal, she overruled their objection to certain costs for deposition transcripts, concluding that Hetronic had "adequately explained the necessity of each of the depositions for which costs were sought." Aplt. App., Vol. III at 718. As to copy costs, the clerk stated that Hetronic had not identified the number of trial-exhibit copies or how witness preparation materials differed from those exhibits. She also concluded that Hetronic did not justify the need for color copies. Rather

[1] In a separate appeal, we narrowed the injunction entered by the district court but otherwise affirmed its judgment. *See Hetronic Int'l, Inc. v. Hetronic Ger. GmbH*, 10 F.4th 1016, 1047, 1055 (10th Cir. 2021).

than disallowing copy costs in their entirety, the clerk instead "calculated all of [Hetronic's] copying costs at the rate for black-and-white prints ($0.15/page)." *Id.* at 719. The clerk sustained, in part, Defendants' objection to Hetronic's claimed trial technology costs, concluding that costs related to preparing video depositions for use at trial were taxable, but disallowing recovery for time spent by a consultant at trial.

Defendants moved for review of the clerk's bill of costs under Rule 54(d)(1). They argued that some of the copy costs claimed by Hetronic are not recoverable under § 1920(4) and that Hetronic's invoice did not sufficiently identify the purpose for the copies. Noting that (1) the burden for justifying copy costs is not high, (2) copies need only be reasonably necessary for use in the case, and (3) a party need not describe each copy made, the district court found that Hetronic had satisfied its burden. It stated it was "satisfied that the assessment of costs for all copies made, at the rate of black and white prints . . . was proper." *Id.* at 729. The district court next overruled Defendants' objection to the award of costs related to eleven deposition transcripts that were not used at the trial, finding that Hetronic sufficiently demonstrated these transcripts were necessarily obtained for use in the case. Lastly, the court addressed Defendants' objection that certain "Other costs" for "trial technology" were not recoverable under § 1920. *Id.* at 731 (internal quotation marks omitted). It overruled this objection, concluding that costs incurred to edit video depositions for use at trial are taxable. Having rejected all of Defendants' objections, the court denied their motion and upheld the clerk's bill of costs awarding Hetronic $297,326.46.

II. Discussion

We review a cost award for an abuse of discretion. *In re Williams Securities Litigation*, 558 F.3d 1144, 1148 (10th Cir. 2009). "A district court abuses its discretion where it (1) commits legal error, (2) relies on clearly erroneous factual findings, or (3) where no rational basis exists in the evidence to support its ruling." *Id.* As they did in the district court, Defendants argue error in the award of costs to Hetronic for copies, deposition transcripts, and editing of video depositions.

A. Copy Costs

Hetronic represented in the district court that the vast majority of its copy costs were for trial exhibits and the remainder were for "trial notebooks, witness prep materials, jury instructions and other papers related to trial—all needed for trial." Aplt. App., Vol. III at 728 (internal quotation marks omitted). Defendants argue that copy costs for "witness prep materials" and "other papers related to trial" are not recoverable under § 1920(4). That section permits the court to tax "the costs of making copies of any materials where the copies are necessarily obtained for use in the case." 28 U.S.C. § 1920(4). "Whether materials are necessarily obtained for use in the case is a question of fact that we review only for clear error." *In re Williams*, 558 F.3d at 1149 (internal quotation marks omitted). Defendants assert that copy costs for witness prep materials and other papers related to trial are not recoverable because neither of these types of materials "are listed in § 1920(4)." Aplt. Opening Br. at 5. But that section does not specify any particular type of material; rather, it includes "copies of any materials" based upon the necessity of their use in the case.

§ 1920(4). And Defendants fail to explain why copies of witness prep materials and other papers related to trial, by their very nature, cannot meet the "necessarily obtained for use in the case" requirement. They fail to show the district court clearly erred in holding that Hetronic sufficiently demonstrated that the copies it made were recoverable under § 1920(4).[2]

Defendants next argue that Hetronic did not provide sufficient evidentiary detail supporting its copy costs. "[T]he burden of justifying copy costs is not a high one . . . [and a] prevailing party need not justify each copy it makes." *In re Williams*, 558 F.3d at 1149 (internal quotation marks omitted). Defendants contend Hetronic failed to satisfy its burden because its invoice lumped together recoverable and unrecoverable costs. But we have rejected Defendants' contention regarding unrecoverable costs.

Defendants fail to show that the district court abused its discretion in concluding that Hetronic's claimed copy costs were both recoverable and sufficiently supported.

B. Deposition Transcript Costs

Section 1920(2) permits the recovery of costs related to "[f]ees for printed or electronically recorded transcripts necessarily obtained for use in the case."

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[2] Contrary to Defendants' assertion, the district court did rule on their objection regarding unrecoverable copy costs. *See* Aplt. App., Vol. III at 729 (concluding that the copy costs taxed "are recoverable" and that Hetronic "has sufficiently demonstrated the copies made were reasonably necessary for use in the case.").

Defendants challenge the taxation of costs related to eleven transcripts that were not ultimately used at trial. Seven of these transcripts were from the depositions of witnesses who testified live at trial. Four were from the depositions of Hetronic employees that were taken by Defendants, and Defendants included these employees on their final witness list. The district court found that Hetronic sufficiently demonstrated these eleven deposition transcripts were necessarily obtained for use in the case.

Defendants assert that "some[] actual use [of transcripts] must be shown" for their cost to be recoverable. Aplt. Opening Br. at 9. We assume they mean actual use in the trial, but the only case Defendants cite for that proposition does not support it. In *Tilton v. Cap. Cities/ABC, Inc.*, 115 F.3d 1471, 1474 (10th Cir. 1997), we held the district court did not abuse its discretion by awarding transcription costs for depositions the parties submitted in support of summary judgment motions. But we declined to consider whether the court abused its discretion in awarding costs for additional depositions that were not submitted with the motions because the plaintiff failed to include them in the appellant's appendix. *See id.* ("[W]hen challenging the taxation of costs associated with a particular deposition because it was not necessarily obtained, the appellant's appendix must include the challenged deposition."). Defendants, likewise, have not included the eleven deposition transcripts at issue in their appellant's appendix. For that reason alone, their contention fails.

Moreover, Defendant's "actual use" theory lacks merit. In *In re Williams*, 558 F.3d at 1149, the plaintiffs similarly asserted "that a district court may only award costs for depositions the district court actually used in deciding summary judgment, or for depositions that were, at the very least, designated for trial." We rejected that contention as "surely flawed," noting that "all § 1920 requires is that the generation of taxable materials be reasonably necessary for use in the case at the time the expenses were incurred." *Id.* (internal quotation marks omitted). Certainly "the most direct evidence of 'necessity' is the actual use of materials," but if they "are reasonably necessary for use in the case although not used at trial, the court is nonetheless empowered to find necessity and award costs." *Callicrate v. Farmland Indus., Inc.*, 139 F.3d 1336, 1340 (10th Cir. 1998) (internal quotation marks omitted).

Defendants fail to show that the district court abused its discretion in concluding that Hetronic's claimed deposition costs were all recoverable.

C. Video Deposition Editing Costs

The district court awarded Hetronic costs related to the editing of video depositions for presentation at trial. Defendants assert that Hetronic did not identify any basis for recovery and they argue that such costs are not recoverable because trial technology is not a cost category listed in § 1920.[3] Hetronic counters that it consistently asserted these costs are recoverable under § 1920(4) as fees for

[3] Defendants also argue in their opening brief that the district court erred in awarding costs related to trial preparation and trial attendance by Hetronic's video editing consultant. But they withdraw that contention in their reply brief, acknowledging it is not supported by the record.

"exemplification." Defendants do not address, much less demonstrate any error, in that contention. We will not construct an argument for them.

Defendants fail to show that the district court abused its discretion in awarding costs to Hetronic for the editing of video depositions for use at trial.

III. Conclusion

We affirm the district court's award of $297,326.46 in costs to Hetronic.

Entered for the Court

Carolyn B. McHugh
Circuit Judge