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11
12 **UNITED STATES DISTRICT COURT**
13 **NORTHERN DISTRICT OF CALIFORNIA**
14 **SAN JOSE DIVISION**

15 ACER, INC., ACER AMERICA
16 CORPORATION and GATEWAY, INC.,

17 Plaintiffs,

18 v.

19 TECHNOLOGY PROPERTIES LIMITED,
20 PATRIOT SCIENTIFIC CORPORATION,
21 and ALLIACENSE LIMITED,

22 Defendants.

Case No. 3:08-cv-00887 PSG

**PLAINTIFFS ACER, INC., ACER
AMERICA CORPORATION, AND
GATEWAY, INC.'S NOTICE OF MOTION
AND MOTION TO COMPEL
DEFENDANTS TO PRODUCE A 30(B)(6)
WITNESS FOR CERTAIN TOPICS**

Judge: Hon. Paul S. Grewal
Date: March 12, 2013
Time: 10:00 a.m.
Courtroom: 4, 5th Floor

Complaint Filed: February 8, 2008
Trial Date: None

(Requesting February 12, 2013 Hearing Date)

1 TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

2 PLEASE TAKE NOTICE that on March 12, 2013 at 10:00 a.m., or as soon thereafter as the
3 matter may be heard by the Honorable Paul S. Grewal in Courtroom 4, 5th Floor of the, located at
4 280 South 1st Street, San Jose, CA 95113, Plaintiffs Acer Inc., Acer America Corporation and
5 Gateway, Inc. (collectively “Plaintiffs” or “Acer”) will, and hereby does move this Court pursuant to
6 Federal Rules of Civil Procedure 30 and 37 and N.D. Civ. Local Rule 37-1 to compel Defendants
7 Technology Properties Limited, Patriot Scientific Corporation, and Alliacense Limited (collectively
8 “Defendants”) to provide a 30(b)(6) witness for Topics 31, 55, 56, and 62 contained in Plaintiffs
9 Rule 30(b)(6) Deposition notice to Defendants.

10 This Motion is made on the grounds that the deposition topics seek highly relevant
11 information pursuant to Defendants’ damages claims, in particular should they advance a lost sales
12 and lost profits theory, and relate to their document retention related to the products they allege
13 practice the asserted claims. Defendants have refused to nominate a witness for these topics.

14 Plaintiffs certify, pursuant to Fed. R. Civ. P. 37(a)(1), that they have attempted to meet and
15 conferred with Defendants in good faith in an effort to resolve this dispute before filing this motion.
16 Defendants, however, have failed to adequately respond to Defendants request for a meet-and-confer
17 and have refused to identify a witness for deposition on the four disputed topics.

18 This Motion is based on this Notice, the Memorandum of Points and Authorities in support
19 thereof, a Rule 37-2 Statement therein, the Declaration of Harold H. Davis in support thereof, as well
20 as any further materials, evidence or arguments to be presented either at or before the hearing on this
21 Motion, and any other materials or evidence the Court deems proper.

22 Dated: February 4, 2013

K&L GATES LLP

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By: /s/ Harold H. Davis /s/

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AMERICA CORPORATION and GATEWAY, INC.

MEMORANDUM OF POINTS AND AUTHORITIES**I. INTRODUCTION**

This motion concerns Defendants failure to nominate a witness for four 30(b)(6) deposition topics: Topics 31, 55, 56, and 62. TPL has contended that it has sold “millions of dollars” in products that practice the asserted claims. Deposition topics 31, 55 and 62 directly relate to that issue.

Further, Topic 62 is relevant to understand the facts of TPL's investigation of Acer's products, including where and how the products were tested, the results of those tests, and any information TPL learned in its examination of Acer products. Moreover, TPL has accused Acer products that were never sold by Acer in the United States. Acer is entitled, per topic 62, to understand TPL’s acquisition of Acer’s accused products and offer evidence that TPL did not in fact purchase these products from the Plaintiffs or any Plaintiff authorized seller.

Finally, topic 56 relates to the document retention of OnSpec files. Dan Leckrone, a principle of Defendant TPL, acquired OnSpec in 2008. There is at least one former OnSpec employee who is a current TPL executive (Nicholas Antonopoulos) who likely has information regarding this topic. Defendants are entitled to understand Plaintiffs’ knowledge of how OnSpec retained documents, TPL’s knowledge of that document retention likely gained by TPL’s CEO Dan Leckrone through his due diligence when acquiring OnSpec. TPL also has contended that it is a sole supplier of OnSpec branded products. Thus, there should be a TPL witness that has knowledge concerning OnSpec documentation.

Counsel for Acer certify, pursuant to Fed. R. Civ. P. 37(a)(1), that they have attempted to schedule a meet and confer with Defendants’ Counsel in good faith in an effort to resolve this dispute before filing this motion. *See* Declaration of Harold H. Davis in Support of Plaintiffs’ Motion to Compel (“Davis Decl.”) ¶¶ (11-12) and Exhibit 8 (1/29/2013 Correspondence). Plaintiffs’ Counsel emailed Defendants’ counsel in order to discuss the issues in this motion. *Id.* After Defendants’ Counsel failed to respond to Plaintiffs’ request for a meet and confer and in light of the impending close of fact discovery, however, Plaintiffs had no other option but to file this motion in order to seek appropriate relief.

1 **II. ISSUES PRESENTED**

2 Acer submits the following issue is to be decided by the Court:

3 1. Whether the Court should overrule Defendants' various boilerplate objections to
4 Acer's deposition topics seeking relevant testimony related to Defendants' damages claims and
5 OnSpec document retention and should be compelled to produce a witness on four 30(b)(6) topics
6 (Topics 31, 55, 56, and 62).

7 **III. FACTS**

8 Defendants have asserted that they have "sold millions of dollars of products implementing
9 the MMP Portfolio technology, including the asserted claims of the patents-in-suit." Davis Decl. Ex.
10 1 (TPL's Revised Patent Local Rule 3-1 Disclosure of Asserted Claims and Preliminary
11 Infringement Contentions, February 11, 2009) and Ex. 2 (TPL's Corrected Amended Patent Local
12 Rule 3-1 Preliminary Infringement Contentions, June 24, 2010). TPL ultimately identified 17
13 products, including from OnSpec and Intellasys entities, that purportedly incorporate or reflect the
14 Asserted Claims. Ex. 2 at pgs. 5-6.

15 Acer served a 30(b)(6) Deposition Notice on January 8, 2013. Davis Decl. ¶ 5, Ex. 3.
16 Several deposition topics sought, *inter alia*, a witness concerning the purported basis of Defendants'
17 damages claims and OnSpec's document retention policies. These topics cover, in part, TPL's claim
18 regarding its sales of products that TPL alleges practice asserted claims of the patents-in-suit. On
19 January 18, 2013, Defendants served objections to these topics. Davis Decl. Ex. 4. Defendants
20 included boilerplate objections to topics, 31, 55, 56, and 62 and refused to state that they would
21 produce a witness. *Id.* at p. 17, 27, 28, 30:

22 **Topic No. 31:**

23 The identity, name, design, features, function, structure, and operation of any products
24 (including, without limitation, any product, apparatus, method, invention, system, service,
25 prototype, drawing, design, schematic, invention, embodiment or item), covered by any of the
26 subject matter disclosed or claimed in the Asserted Patents.

27 **Objections and Response to Topic No. 31:**

28 In addition to its General Objections, TPL objects to this Topic as vague, ambiguous,
overbroad and unduly burdensome.

1 **Topic No. 55:**

2 Facts related to OnSpec Electronic, Inc. ("OnSpec") and its products, including but
3 without limitation:

- 4 a. OnSpec's ownership and organizational structure;
- 5 b. OnSpec's related companies and entities;
- 6 c. OnSpec's past and present business(es), operation(s), and
7 activities;
- 8 d. OnSpec's products and product lines;
- 9 e. The operation of OnSpec's products;
- 10 f. The facts and circumstances regarding TPL's acquisition of
11 OnSpec, including the amount paid in any agreements or
12 valuations relating to the acquisition.

13 **Objections and Response to Topic No. 55:**

14 In addition to its General Objections, TPL objects to this Topic as vague, ambiguous,
15 overbroad and unduly burdensome. TPL further objects to this Topic as duplicative of other
16 topics.

17 **Topic No. 56:**

18 Information relating to the receipt, retention, and location of OnSpec files and documents
19 that existed prior to TPL's acquisition of OnSpec.

20 **Objections and Response to Topic No. 56:**

21 In addition to its General Objections, TPL objects to this Topic as vague, ambiguous,
22 overbroad and unduly burdensome. TPL further objects to this Topic as duplicative of other
23 topics.
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Topic No. 62:

Any and all facts related to the research, development, testing, and manufacturing of any product and/or technology incorporating the alleged inventions claimed in the Asserted Patents, including but not limited to the number, location, and identity of all employees involved in such research, development, testing, and manufacturing, and the amounts invested in this research, development, testing, and manufacturing.

Objections and Response to Topic No. 62:

In addition to its General Objections, TPL objects to this Topic as vague, ambiguous, overbroad, unduly burdensome, and seeking information not likely to lead to the discovery of admissible evidence. TPL further objects to this Topic as duplicative of other topics.

Davis Decl. Ex. 4.

The parties subsequently met and conferred over the identity of TPL's witnesses, the topics for those witnesses and the location and timing of the depositions. Davis Decl. ¶ 5. On January 28, 2013, TPL's counsel sent three separate e-mails indicating which topics its witnesses would testify on. Davis Decl. Ex. 5 (Dan Leckrone topics); Ex. 6 (Dwayne Hannah topics); and Ex. 7 (Mac Leckrone topics). None of these witnesses were nominated for topics 31, 55, 56, or 62.

On January 29, 2013, Acer's counsel identified to TPL that it had not nominated a witness for topics 31, 55, 56, and 62 and requested a meet-and-confer on the issue. Davis Decl. ¶11, Ex. 8. TPL never responded to the request for a meet and confer. *Id.* ¶ 12.

IV. ARGUMENT

Acer's requested deposition topics reasonably relate to TPL's claims that it has sold millions of dollars of products that practice the patents. These topics also relate to TPL's allegations concerning Acer's products including where and how TPL obtained products that Acer products that Acer contends were not sold in the US by Plaintiffs.

TPL's improperly asserted boilerplate objections based on relevancy, vagueness and ambiguity, relevancy, and burden to the requested deposition topics. In particular, Defendants' refusal to produce a witness in response the topics on the grounds of scope, burden and relevancy is without merit. The Federal Rules of Civil Procedure are clear: "Relevancy is broadly construed at the discovery stage of the litigation and a request for discovery should be considered relevant if there

1 is any possibility that the information sought may be relevant to the subject matter of the action.”
2 *Smith v. MCI Telecomm. Corp.*, 137 F.R.D. 25, 27 (D. Kan. 1991); accord *Miller v. Pancucci*, 141
3 F.R.D. 292, 296 (C.D.Cal. 1992); see also Fed. R. Civ. P. 26(b)(1) (“[p]arties may obtain discovery
4 regarding any matter, not privileged, that is relevant to the claim or defense of any party”). These
5 deposition topics are tailored to seek the factual basis of Defendants’ damages theories, including
6 information pertaining to Defendants’ alleged the profits lost (if any), the retention of relevant
7 documents by OnSpec, and its testing and acquisition of Acer products.

8 Defendants’ objections to Acer’s discovery requests as being vague and ambiguous are also
9 not an acceptable basis to refuse to comply. Under the Federal Rules, the party responding to a
10 discovery request must exercise reason and common sense to attribute ordinary definitions to terms
11 and phrases utilized in the requests. *Pulsecard, Inc. v. Discovery Card Serv., Inc.*, 168 F.R.D. 295,
12 310 (D. Kan. 1996); accord *Santana Row Hotel Partners, L.P. v. Zurich American Ins. Co.*, 2007
13 WL 1168677 *3 (N.D.Cal. Apr. 18, 2007) (citing same). At no time have defendants identified any
14 specific request or term therein that they do not understand or that otherwise renders it impossible
15 for Defendants to respond.

16 Defendants have known (or should have known) as early as February 2009 when they filed
17 their counterclaims alleging that they suffered damages from Acer’s infringement of the patents-in-
18 suit, that they would have to produce information and witnesses relating to that claim. See Dkt. Nos.
19 60, 99. Certainly, Defendants knew that they would be required to produce a witness to discuss sales
20 and revenue information related to the sale of all products practicing the patents-in-suit when they
21 identified such products in their infringement contentions in February 2009 and served purported
22 amended contentions in 2010. Davis Decl. Exs. 1 and 2.

23 It is well-established that to recover lost profit damages, a patent holder must demonstrate
24 that there was a reasonable probability that, but for the infringement, it would have made the
25 infringer's sales. *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1577 (Fed. Cir. 1989);
26 accord *King Instruments Corp. v. Perego*, 65 F.3d 941, 952 (Fed. Cir. 1995). Information that
27 assists in proving the amount of lost profits is therefore discoverable. See, e.g., *Dipietro v. Jefferson*
28 *Bank*, 144 F.R.D. 279, 280-81 (E.D. Pa. 1992) (granting a defendant’s motion to compel the

1 plaintiffs to identify how damages were calculated in order to provide the defendant with “a
2 reasonable opportunity to rebut” plaintiffs’ damages claims).

3 In particular, an accused infringer is entitled to discover a patent holder’s sales and costs
4 (including manufacturing) in order to ascertain the basis of a claim for lost profits. *See*
5 *Greenkeepers, Inc. v. Nike, Inc.*, 2009 WL 3581817 (E.D. Pa. Oct. 29, 2009) (requiring production
6 of underlying records which may be relevant on the topic of amount of damages, such as sales
7 records and financial statements); *see also Ristvedt-Johnson, Inc. v. Brandt, Inc.*, 805 F. Supp. 557
8 (N.D. Ill. 1992) (a patent owner must provide sufficient evidence for computation of the profit loss
9 which may take the form of lost sales, price erosion, or increased expenses). Consequently, if
10 Defendants are asserting lost sales and lost profits as a damages theory, Acer is entitled to testimony
11 relating to its products that it alleges practice the asserted claims of the patents-in-suit.

12 Defendants have now had years to get its witnesses in order. Acer should not have to wait
13 any longer for Defendants to provide a witness on these topics. Accordingly, the Court should
14 compel Defendants to comply with these requests without further delay on their part. Conversely, if
15 Defendants do not produce a witness, the Court should require them to forego their lost profits and
16 lost sales damages claims.

17 **V. Conclusion**

18 For the foregoing reasons, Acer respectfully requests that the Court grant the Plaintiffs
19 Motion in its entirety.

20
21 Dated: February 4, 2013

K&L GATES LLP

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23 By: /s/ Harold H. Davis /s/
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25 Timothy P. Walker (SBN 105001)
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15 AMERICA CORPORATION and
16 GATEWAY, INC.

16 UNITED STATES DISTRICT COURT
17 NORTHERN DISTRICT OF CALIFORNIA
18 SAN JOSE DIVISION

20 ACER, INC., ACER AMERICA
21 CORPORATION and GATEWAY, INC.,

22 Plaintiffs,

23 v.

24 TECHNOLOGY PROPERTIES
25 LIMITED, PATRIOT SCIENTIFIC
26 CORPORATION, and ALLIACENSE
27 LIMITED,

27 Defendants.

Case No. 5:08-cv-00877 PSG

**[PROPOSED] ORDER GRANTING
PLAINTIFFS' MOTION TO COMPEL
DEFENDANTS TO PRODUCE A 30(B)(6)
WITNESS FOR CERTAIN TOPICS**

Date: March 12, 2013
Time: 10:00 a.m.
Dept: Courtroom 4, 5th Floor
Before: Hon. Paul S. Grewal

(Requesting February 12, 2013 Hearing Date)

1 The Court having considered the Plaintiffs' Motion to Compel Defendants to Produce a
2 30(b)(6) Witness for Certain Topics ("Motion for Order Shortening Time") and good cause
3 appearing, the Court hereby grants the motion.

4 IT IS HEREBY ORDERED THAT the Plaintiffs' Motion To Compel is GRANTED.

5 IT IS HEREBY FURTHER ORDERED THAT Defendants shall produce a witness or
6 witnesses to testify as to Defendants' knowledge of Topics 31, 55, 56, and 62 on or before February
7 15, 2013 or at a time mutually agreed to by the parties. All costs of the deposition, including Court
8 Reporter fees, should be born by the Defendants.

9
10 **IT IS SO ORDERED.**

11
12 Dated: _____

Honorable Judge Paul S. Grewal