



Spotlight on Intellectual Property Damages

A newsletter covering recent court decisions addressing intellectual property damages

Excerpt from Issue 1 – April 2019

Northern California Court Denies Discovery of Foreign Customers and Sales Data on Non-Accused Products in Reasonable Royalty Case

MLC Intellectual Property LLC v. Micron Technology, Inc., Case No. 14-cv-03657 (N.D. Cal.), Order Denying Plaintiff's Motion to Compel, January 14, 2019

Executive Summary

MLC Intellectual Property LLC filed a motion to compel against Micron Technology, Inc. Among the issues presented to the court were: (1) whether Micron should be compelled to identify its customers for foreign sales for which damages can be sought under *Power Integrations*; and (2) whether Micron should be compelled to provide sales data and other discovery regarding products that MLC did not accuse of infringement.

As to the first issue, the court determined that *Power Integrations* did not support MLC's request for Micron to identify its foreign customers. As to the second issue, the court found that MLC's complaint and infringement contentions did not accuse all of Micron's MLC/TLC NAND flash products or exemplary products. Therefore, the court denied MLC's motion to reopen discovery. The court, however, did not address whether MLC may seek damages on the broader group of products and left that issue for another day.

...

On August 12, 2014, MLC filed a complaint against Micron in the Northern District of California for infringement of U.S. Patent No. 5,764,571 ("the '571 patent").¹ The '571 patented invention generally relates to non-volatile memory devices and in particular involves "an apparatus and method for programming multi-level memory cells that may be programmed to multiple states and reliable ways to program and correctly read cells for multiple programmed states."² MLC alleged that certain of Micron's flash memory products, which may be used in consumer products such as tablet computers, personal music players, smart phones, and other wireless devices, infringed the '571 patent.³

On December 19, 2018, after the close of fact discovery, MLC filed a motion to compel seeking to compel Micron 1) to identify its customers for foreign sales for which damages can be sought under *Power Integrations*; and 2) to provide sales data and other discovery regarding products that MLC did not accuse of infringement.⁴ After a hearing, the court denied MLC's motion to compel.⁵

Identification of Micron's Customers of Foreign Sales

MLC moved the court to order Micron to "identify customers for [products involved in foreign sales] and produce all necessary information to identify all foreign sales for which damages can be sought" under *Power Integrations*.⁶ MLC stated, "In its November 26 Order, the Court recognized that some courts have found worldwide sales information to be relevant to reasonable royalty calculations" and "[t]he Court further recognized that although the 'case law



regarding the relevance of foreign sales to the calculation of damages is developing' ... these cases compel discovery of foreign sales."⁷

In its order, the court acknowledged that its prior order "directed Micron to produce foreign sales information," however, the court was not persuaded that MLC was "also entitled to know the identities of Micron's customers for those foreign sales under *Power Integrations*."⁸ The court explained that in *Power Integrations*, the plaintiff and defendant were competitors, and the court in that case held that the plaintiff could seek damages for lost foreign sales which the plaintiff would have made but for the defendant's domestic infringement.⁹ The court went on to state, "Here, [MLC] is a non-practicing entity, and is seeking a reasonable royalty and not lost profits as damages."¹⁰ Accordingly, the court determined that *Power Integrations* does not support MLC's request for Micron to identify its foreign customers.¹¹

Sales Data and Other Discovery Re: Micron's Unaccused Products

MLC also moved the court for discovery to be reopened on the grounds that Micron had not met its discovery obligations by withholding discovery regarding certain MLC/TLC products that correspond to other Design IDs aside from the 13 Design IDs that had already been produced through discovery.¹² Micron responded that it had produced discovery for all accused products and a broader group of covered products and that MLC was improperly requesting discovery on products that it did not accuse of infringement in its complaint or infringement contentions.¹³ Micron also asserted that MLC was not diligent in pursuing discovery, arguing that Micron had earlier notified MLC "as early as 2017 that the 174 Accused Products (or larger group of products covered by the 13 Design IDs) did not constitute the entire universe of Micron's MLC/TLC NAND flash products."¹⁴

The court held that Micron met its discovery obligations on the accused devices, finding that the "complaint and the infringement contentions did not accuse 'all' of Micron's MLC/TLC NAND flash products, nor did the complaint and infringement contentions accuse exemplary products."¹⁵ The court cited generally to Patent L.R. 3-4 "requiring production of '[d]ocuments sufficient to show the sales, revenue, cost, and profits for accused instrumentalities ... for any period of alleged infringement,'" and to cases "denying motion to compel discovery related to products that were not specifically identified as accused products in the plaintiff's preliminary infringement contentions."¹⁶

The court noted that Micron's discovery responses "may have led MLC to believe that the 174 MPNs and the 13 Design IDs covered the exact same group of products."¹⁷ The court's order reads: "The Court leaves for another day whether MLC may seek damages for the broader group of products covered by the 13 Design IDs."¹⁸ However, the court determined that MLC's interrogatories and Micron's responses, and the parties' meet and confer e-mails, show that MLC and Micron distinguished between the Accused Products and the larger universe of Micron's MLC and TLC NAND flash products.¹⁹ Accordingly, the court denied MLC's motion to reopen discovery on Micron's unaccused products.²⁰

Author(s): Armando C. Chavez

Editor(s): Barry L. Bell

Cases Referenced:

Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.,
No. CV 04-1371 LPS, 2018 WL 4804685 (D. Del. Oct. 4, 2018)
Power Integrations, Inc. v. Fairchild Semiconductor Int'l Inc.,



711 F.3d 1348, 1371-72 (Fed. Cir. 2013)

¹ Complaint for Patent Infringement, *MLC Intellectual Property LLC v. Micron Technology, Inc.*, Case No. 14-cv-03657 (N.D. Cal.), August 12, 2014; Order Denying Defendant's Motion for Leave to Amend Invalidity Contentions, *MLC Intellectual Property LLC v. Micron Technology, Inc.*, Case No. 14-cv-03657 (N.D. Cal.), November 19, 2018, at 1.

² *Id.* at 1.

³ *Id.* at 2-4.

⁴ The Court also addressed the issue of "has Micron complied with the Court's November 26, 2018 discovery order and related discovery orders." Order Denying Plaintiff's Motion to Compel, *MLC Intellectual Property LLC v. Micron Technology, Inc.*, Case No. 14-cv-03657 (N.D. Cal.), January 14, 2019, at 1.

⁵ *Id.*

⁶ *Id.* at 1.

⁷ *Id.* at 17.

⁸ Order Denying Plaintiff's Motion to Compel, *MLC Intellectual Property LLC v. Micron Technology, Inc.*, Case No. 14-cv-03657 (N.D. Cal.), January 14, 2019, at 4.

⁹ *Id.* at 4.

¹⁰ *Id.* at 5.

¹¹ *Id.* at 5.

¹² *Id.* at 2.

¹³ *Id.* at 2.

¹⁴ *Id.* at 2.

¹⁵ *Id.* at 2-4.

¹⁶ *Id.* at 4.

¹⁷ *Id.* at 3.

¹⁸ *Id.* at 3.

¹⁹ *Id.* at 3.

²⁰ *Id.* at 4.

Echelon Analytics is a nationally recognized consulting firm comprised of proven leaders in the areas of economic and financial analysis, financial forensics and investigation, and expert witness services. We assist clients involved in commercial disputes and high-stakes litigation, as well as those needing help assessing value and risk in the context of pre-litigation, mergers and acquisitions, joint ventures, licensing, and sales.

DALLAS HOUSTON LOS ANGELES SALT LAKE CITY
1717 Main Street, Suite 3380 | Dallas, Texas 75201
214-965-8530 (p) | 214-965-8540 (f) | ea-us.com

*These materials have been prepared solely for educational purposes. These materials are not legal advice. Each case is fact specific, and the appropriate damages scope and methodology will vary depending on the unique facts.

Copyright © 2019 Echelon Analytics. All rights reserved.