

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 14-0341 JVS (DFMx) Date November 6, 2015

Title TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget
LM Ericsson et al.

Present: The Honorable James V. Selna

Nancy Boehme
Deputy Clerk

Sharon Seffens
Court Reporter

Attorneys Present for Plaintiffs:

Matthew Holder
Stephen Korniczky

Attorneys Present for Defendants:

John Gibson
Laurie Fitzgerald
Theodore Stevenson, III

Proceedings: Defendants' and Counterclaim Plaintiffs Motion for Order Regarding the Scope of the Court's Frand Adjudication, or, Alternatively for Leave to Amend Pleadings (Fld 9-16-15)

Defendants' and Counterclaim Plaintiffs Motion for Order for Case Management Order to Identify Disputed Issues for Adjudication in the October 2016 Trial (fld 9-28-15, Dkt 412)

Plaintiff's Motion for Review of September 17, 2015 Ruling re Improper Contention Questions re Docket 382 (Fld 10-1-15, Dkt 421)

Cause called and counsel make their appearances. The Court's tentative ruling is issued. Counsel argue. The Court hereby rules in accordances with the tentative ruling as follows:

The above-titled action is a licensing dispute between Plaintiff and Counter-defendant TCL Communication Technology Holdings, Ltd. ("TCL"), Defendant Telefonaktienbolaget LM Ericsson, and Defendant and Counter-claimant Ericsson, Inc. (collectively, "Ericsson"). TCL alleges that Ericsson breached a contract under which TCL is a third-party beneficiary because Ericsson failed to offer a license on fair, reasonable, and non-discriminatory ("FRAND") terms. Before the Court are three motions.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 14-0341 JVS (DFMx) Date November 6, 2015

Title TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget
LM Ericsson et al.

Ericsson moves the Court for a ruling regarding whether the FRAND adjudication should cover the terms of a cross-license rather than a one-way license. (Docket Nos. 381, 389.) In the alternative, Ericsson moves for leave to amend its pleadings to specify that it seeks adjudication of FRAND terms for a cross-license covering both parties' essential patent portfolios. (*Id.*) TCL opposes. (Docket Nos. 434, 457, 462.) Ericsson has replied. (Docket Nos. 456, 468.)

Ericsson also moves the Court to issue a case management order regarding disputed terms for adjudication. (Docket Nos. 412, 427.) TCL opposes. (Docket Nos. 437, 443, 458.) Ericsson has replied. (Docket Nos. 450, 465.)

Finally, TCL moves the court to review portions of Magistrate Judge Douglas F. McCormick's September 17, 2015 Order ("Magistrate Judge McCormick's Order"), (Docket No. 382), as it pertains to whether to prohibit Ericsson's counsel from asking contention questions at the resumed 30(b)(6) deposition. (Docket Nos. 421, 422, 441.) Ericsson opposes. (Docket Nos. 447, 470.) TCL has replied. (Docket Nos. 481, 482.)

As set forth below, the Court (1) DENIES Ericsson's motion to confirm the scope of the FRAND trial and DENIES Ericsson's motion in the alternative to amend the pleadings; (2) GRANTS Ericsson's motion for a case management order; and (3) GRANTS TCL's motion for modification of Magistrate Judge McCormick's September 17, 2015 order.

I. BACKGROUND

The background of this dispute is discussed in the Court's June, 29 2015 ORDER re Motions. (Docket No. 279-1.)

Briefly, TCL initiated this action on March 5, 2014 claiming third-party beneficiary status to Ericsson's obligations under Ericsson's contract with the European Telecommunications Standards Institute ("ETSI"). (Second Am. Compl. ¶¶ 11-12,

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 14-0341 JVS (DFMx) Date November 6, 2015

Title TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget
LM Ericsson et al.

Docket No. 31.) TCL's Second Amended Complaint alleges claims for breach of Ericsson's obligations under that contract to offer licenses to standard-essential patents under FRAND terms.

Ericsson answered — and filed counterclaims — alleging that TCL had not acted in good faith during negotiations, but did not mention TCL's patents or TCL's licensing activity in its Answer, except to raise defenses to TCL's patent infringement claims. (Docket No. 59.) TCL's patent infringement claims, and Ericsson's corresponding affirmative defenses, have since been dismissed without prejudice from this suit. (Docket No. 289.)

The deadline for amending the pleadings was 60 days after this Court's May 1, 2015 Scheduling Order, or June 30, 2015. (Order for Jury Trial 1-2, Docket No. 179.)

II. MOTION TO ADJUDICATE FRAND TERMS FOR A CROSS-LICENSE

Ericsson moves the Court to issue a ruling that the Court's FRAND adjudication will result in a cross-license to the standard-essential patents of both Ericsson and TCL. (Ericsson Memo. re Scope 1-2, Docket Nos. 381, 389.) Ericsson contends that the pleadings already put TCL's standard-essential patents at issue in this case. (Id. 5.)

In support of this contention Ericsson claims its Answer puts a license to TCL's patents at issue and cites to two affirmative defenses. Ericsson argues that its eleventh affirmative defense refers to a license to TCL's patents because it contains the allegation that TCL violated FRAND commitments. (Id.) Ericsson also argues that its twelfth affirmative defense refers to a license to TCL's standard-essential patents because Ericsson alleged that TCL failed to act in good faith during its negotiations. (Id. 5-6.)

TCL responds that it has consistently claimed that it did not regard a license to its patents to be part of this dispute. Specifically, counsel for TCL declares that on February 10, 2015 he stated on a phone call that "a FRAND rate for a license to TCL's patents was

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 14-0341 JVS (DFMx) Date November 6, 2015

Title TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget
LM Ericsson et al.

not at issue in the case,” and counsel for Ericsson responded with an alternate theory that Ericsson was entitled to knowledge about how TCL calculates the FRAND rates of its own patents in order to impeach TCL’s contentions about an appropriate approach for valuing Ericsson’s patents. (TCL Opp. re Scope 4.) TCL’s counsel followed up this conversation on February 26, 2015. (*Id.*) Although TCL’s position is not itself indicative of whether a license to TCL’s patents are at issue in the pleadings, this position and the accompanying declaration precludes Ericsson from arguing that it believed the parties were in agreement about whether this litigation was going to result in a cross-license.

The Court concludes that the pleadings do not contemplate a license to TCL’s patents or a cross-license. Neither of Ericsson’s affirmative defenses asserted in the answer suffice to raise such a license into a matter to be adjudicated. With regard to the eleventh affirmative defense, Ericsson’s answer states, “TCL has failed to negotiate with Ericsson over the terms of a license in good faith and/or has failed to satisfy its obligations under FRAND.” (Answer 23.) Read in isolation, it is impossible to determine whether “a license” refers to a license to Ericsson’s patents, or a license to TCL’s patents, or a cross-license. But when read in conjunction with the rest of Ericsson’s Answer, including its counterclaims, it is plain to the Court that within the pleadings Ericsson considered TCL’s failure to negotiate in good faith to be part of a negotiation “to license Ericsson’s Essential Patents to TCL.” (See, e.g., Answer 27 ¶ 18.) Ericsson’s twelfth affirmative defense is no more helpful to Ericsson, and in fact specifically says “TCL has forfeited its status as a third-party beneficiary . . . by failing to negotiate with Ericsson in good faith after commencing negotiations for a license under Ericsson’s standard essential patents.” (*Id.* 23.) This reading of Ericsson’s Answer is also consistent with the fact that these statements are affirmative defenses, rather than counterclaims. Had Ericsson been seeking a FRAND license to TCL’s patents, the Court would expect the counterclaims to assert a claim for positive relief.¹

Alternatively, Ericsson contends that TCL’s own pleadings put a license to TCL’s standard-essential patents at issue in the case. Ericsson’s argument proceeds as follows:

¹ Ericsson also cites to its preliminary contentions and a complaint filed in Texas. (Ericsson Memo. re Scope 5-6.) These are not the parties’ formal pleadings in the present case, nor are they incorporated by reference in the parties’ pleadings.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 14-0341 JVS (DFMx) Date November 6, 2015

Title TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget
LM Ericsson et al.

Every offer Ericsson made in the course of the dealings between the parties was for a cross-license and such a cross-license would be consistent with the parties' licensing practices. (Ericsson Memo. re Scope 2-3.) Further, the rates in the offers forming the basis for this suit could be affected by potential grant-back valuations to Ericsson of licenses to TCL's standard-essential patents, thereby requiring the fact finder to evaluate a FRAND rate to TCL's standard-essential patents in order to determine the correct FRAND rate for a license. (*Id.* 5.) Also, Ericsson's obligations to ETSI, the basis of TCL's suit, can be made subject to the condition that those who seek licenses agree to reciprocate. (*Id.* 3.) Ericsson argues that because this conduct was the precursor to TCL filing a complaint, this conduct is incorporated into TCL's pleadings where they refer to Ericsson's non-FRAND offers.

In response, TCL asks the Court to simply look at the Complaint because it is the pleadings that define the scope of this case. (TCL Opp. re Scope 9.) The Court observes that the Complaint makes no mention of a cross-license and does not request that the Court adjudicate a FRAND royalty rate for a license to TCL's patents. (SAC ¶¶ 77-102.) Relying on what the pleadings state is consistent with the rules of procedure, and Ericsson cites no authority to oppose this point.

Ericsson finally argues that the parties' negotiating conduct and TCL's obligation of reciprocity make a license to TCL's patents a necessary part of this litigation. To support its position that the parties' previous negotiating positions and TCL's reciprocity obligation evidences an intent to license TCL's patents, Ericsson cites to Apple Inc. v. Motorola Mobility, Inc., No. 11-cv-178, 2012 U.S. Dist. LEXIS 181854 (W.D. Wis., October 29, 2012) and Microsoft Corp. v. Motorola, Inc., No. 10-1823, 2013 WL 2111217, at *3 n.3 (W.D. Wash. Apr. 25, 2013). Neither case supports Ericsson's position.

In Apple Inc. v. Motorola Mobility the court acknowledged that an offer cannot be considered unreasonable or discriminatory under ETSI's policies solely because it contained a condition of reciprocity. 2012 U.S. Dist. Lexis 181854, at *35. The case, however, does not hold that by virtue of this obligation a cross-license is a necessary part of any claim asserted under those policies. And the Court declines to rule that way, in

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 14-0341 JVS (DFMx) Date November 6, 2015

Title TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget
LM Ericsson et al.

part because the licensee's obligation of reciprocity might not be triggered by all potential licensors. For example, a licensor may decline to take a reciprocal license to the licensee's patents, even a FRAND license, if that licensor would prefer to argue solely that the licensee's patents are invalid. It remains up to the litigants to craft their pleadings to assert which patents or patent portfolios they contend are subject to a FRAND adjudication.

Microsoft Corp. v. Motorola, Inc. is also unhelpful for Ericsson's ultimate contention. Ericsson states that this case stands for the proposition that the trier of fact eventually must take into account the value of the potential licensee's own patent portfolio. (Ericsson Memo. re Scope 4.) But the case stands for just the opposite. The court instead said that because the pleadings did not implicate the value of Microsoft's patents, "[i]nsofar as Motorola seeks to insert the value of Microsoft's patents into the trial to determine the value of Motorola's patents, it is outside the scope of this action." Microsoft Corp., 2013 WL 2111217, at *3 n.3. The court went on to say that it would look at patents owned by Microsoft *solely* for their ability to provide an *analogous* point of comparison to the value of Motorola's own patents — the ones that were at issue. Id. That case had nothing to do with evaluating Microsoft's patents in order to determine how a license-back affects a FRAND rate let alone how determining that license-back rate is necessary in a FRAND adjudication.

To conclude, the pleadings in this case do not contemplate an adjudication to decide FRAND terms of a license to TCL's patents. Therefore, Ericsson's motion for an order to confirm that the trial will result in an adjudication of FRAND terms for a cross-license to both parties' standard-essential patents is DENIED.

III. MOTION TO GRANT ERICSSON LEAVE TO AMEND ITS PLEADINGS

A party seeking to amend pleadings after a scheduling deadline must satisfy the standard for modifying the scheduling order under Rule 16(b) of the Federal Rules of Civil Procedure. Johnson v. Mammoth Recreations, Inc., 975 F.2d 604, 607–08 (9th Cir. 1992). A party must show "good cause" for relief from a scheduling order. Fed. R. Civ. P. 16(b)(4). The good cause standard "primarily considers the diligence of the party

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 14-0341 JVS (DFMx) Date November 6, 2015

Title TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget
LM Ericsson et al.

seeking the amendment.” Johnson, 975 F.2d at 609. The court may grant relief from a scheduling deadline if the deadline could not “reasonably be met despite the diligence of the party seeking the extension.” Id. While a court may consider prejudice to the opposing party, “the focus of the inquiry is upon the moving party’s reasons for seeking modification.” Id. If that standard is met, the moving party must still meet the general limitations on the filing of amended pleadings.

The facts in this case seem clear — Ericsson was apprised of TCL’s position that FRAND licensing of TCL’s patents was not part of this litigation long before the June 30, 2015 deadline to amend the pleadings and in fact knew of TCL’s position for as long as there was a deadline at all. For example, in February communications TCL’s counsel unambiguously argued that “a FRAND rate for a license to TCL’s patents was not at issue in the case.” (TCL’s Opp. re Scope 4.) Ericsson cannot, and does not, dispute that they knew this was a potential ambiguity that Ericsson could have clarified long before the June 30 deadline.

Ericsson claims that they diligently raised the issue with the Court before June 30. In fact, however, they raised the issue orally at hearing the day before the June 30 deadline. (Docket No. 381-5.) If an appropriate motion was filed and served on or before June 30, consistent with the Court’s May 1 Scheduling Order, then the Court could consider the issue to have been diligently raised.

Ericsson’s contentions that any delay is the fault of TCL stonewalling discovery about its patent portfolio are incorrect. Instead, Ericsson has argued that it sought a cross-license from TCL from the very beginning of negotiations, and yet Ericsson own Answer makes no mention of this fact. Instead, both TCL and Ericsson’s pleadings refer specifically to licensing Ericsson’s — and only Ericsson’s — patent portfolio. The Court can perceive no basis for concluding that Ericsson was not reasonably able to meet the June 30, 2015 deadline, and Ericsson offers none.

As early as February 2015, when Ericsson was put on notice that TCL disputed whether a license to TCL’s patents were part of this action, Ericsson could have filed for leave to amend its answer and add appropriate counterclaims. Ericsson did not do so. It

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 14-0341 JVS (DFMx) Date November 6, 2015
Title TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget
LM Ericsson et al.

is not plausible that Ericsson could not have filed a motion to amend its pleadings before the June 30 deadline or believed that a FRAND adjudication to TCL's standard-essential patents was already unambiguously part of this suit.

The Court concludes Ericsson was simply not diligent in seeking leave to amend its pleadings. Ericsson does not put forth a valid reason for its lack of diligence. Therefore, the 'good cause' inquiry should end. Johnson, 975 F.2d at 609. Consequently, Ericsson's motion for leave to amend the pleadings is DENIED.

IV. MOTION TO ENTER A CASE MANAGEMENT ORDER

Ericsson's second motion concerns a case management order that will set a procedure and timetable for identifying the terms that the jury will consider when evaluating breach of contract claims. Ericsson's submission is that all issues that form the basis of TCL's breach of contract allegations must be submitted to the jury and that all terms and conditions necessary for implementation of a binding licensing arrangement must now be adjudicated – except those that the parties agree upon. Essentially, for purposes of efficiency and to ensure that this adjudication results in a binding, enforceable FRAND license agreement, Ericsson argues that TCL should now identify which terms in Ericsson's offer are not FRAND.

In contrast, TCL argues that this adjudication should only address terms and conditions that are material to FRAND. TCL states that the terms it lists are the ones that are necessary to create a binding payment obligation, and that additional terms Ericsson has listed, such as audit terms, dispute resolution, and choice of law are not. (TCL's Opp. re Case Mgmt. Order 1.)

At this point, Ericsson has the better of this dispute because it has at least declared that the remaining terms are material to Ericsson. Moreover, the very fact that TCL is, as yet, unwilling to accept many of the terms that TCL characterizes as boilerplate indicates that these terms remain live issues in dispute for both parties. The result of this case will be a determination whether Ericsson's offers comply with FRAND, and a complete,

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 14-0341 JVS (DFMx) Date November 6, 2015

Title TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget
LM Ericsson et al.

integrated, and enforceable relationship between TCL and Ericsson. While TCL is correct that logically these “boilerplate terms” may not be necessary to create a binding payment obligation, the Court does not consider it fair to either party that the result of this adjudication could be a license or injunction that is simply silent as to terms that are material to such a license or injunction. Although the Court agrees generally with TCL that it may be disadvantageous to have a jury determine whether competing terms such as choice of law are “fair” and “reasonable” terms, the alternative where Ericsson is deprived of its right to a jury trial on this issue is worse.

Therefore, on or before December 4, 2015, TCL shall identify which of the terms listed in Exhibit D of the Fitzgerald declaration form a basis for their claim of breach of Ericsson’s FRAND obligations. For terms that TCL does not so identify, TCL shall indicate for each term whether TCL concedes the term is fair and reasonable, even if those terms are not TCL’s preferred terms. In this manner, the Court GRANTS Ericsson’s motion for a case management order. Either party may request a status conference to discuss the results of this procedure.

Further, consistent with TCL’s suggestion raised at the June 29, 2015 hearing, for any of the terms listed in Exhibit D of the Fitzgerald declaration, if TCL can contend there is no genuine dispute of material fact, or no reasonable jury could find the term to be material to a FRAND offer, then TCL may move for summary adjudication of the materiality of the term or terms.

V. MOTION FOR REVIEW OF MAGISTRATE JUDGE’S ORDER

A. Background

On August 13, 2015 TCL produced its general counsel, Stephen Chiang, as its corporate witness to testify regarding TCL’s response to Ericsson’s Interrogatory No. 7 for Topic Nos. 1 and 2. (Ericsson Opp. Mot. Review 4.) At this deposition, TCL’s counsel repeatedly instructed Mr. Chiang not to answer particular questions. (*Id.*) TCL contends that the questions were improper “contention” questions, better suited for

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 14-0341 JVS (DFMx) Date November 6, 2015
Title TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget
LM Ericsson et al.

interrogatory and not permitted to be asked at deposition. (TCL’s Memo. Mot. Review 1.)

The parties sought and received guidance from Magistrate Judge Douglas F. McCormick in the middle of the deposition, and Magistrate Judge McCormick invited the parties to brief the issue. (Ericsson Opp. Mot. Review 4-5.) The parties briefed their positions and oral argument took place on September 2, 2015. (Ericsson Opp. Mot. Review 5, TCL Memo. Mot. Review 1.) Magistrate Judge McCormick issued the court’s order on September 17, 2015 (“Magistrate Judge’s Order”). (Docket No. 382.)

The Magistrate Judge’s Order contains two principles. First, the Court had concerns about many of the questions asked by Ericsson’s counsel. (Magistrate Judge’s Order 2.) Second, the remedy that TCL utilized in instructing its witness not to answer was impracticable. (Id.)

TCL filed this motion to modify Magistrate Judge McCormick’s order insofar as once TCL re-produces its Rule 30(b)(6) witness, counsel for the parties shall refrain from asking improper contention questions and TCL’s representative witness need not answer any improper contention questions. (TCL Memo. re Mot. Review 1.) TCL represents, however, that if a contention question is asked, counsel for TCL will comply with the Magistrate Judge’s Order and not instruct the witness not to answer the question. (Id.)

B. Standard

A magistrate judge may resolve and issue orders on nondispositive matters. 28 U.S.C. § 636(b)(1)(A); Fed. R. Civ. P. 72(a); L.R. 72-2.1. A district court may review a nondispositive order by the magistrate judge, but the magistrate judge’s order may be set aside only if it is found to be “clearly erroneous” or “contrary to law.” Fed. R. Civ. P. 72(a). The order is “not subject to de novo determination . . . [and t]he reviewing court may not simply substitute its judgment for that of the deciding court.” Grimes v. City & Cnty. of San Francisco, 951 F.2d 236, 241 (9th Cir. 1991) (citations omitted). Rather, the district court must affirm the magistrate judge’s order

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 14-0341 JVS (DFMx) Date November 6, 2015

Title TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget LM Ericsson et al.

unless the district court is left with the “definite and firm conviction that a mistake has been committed.” Burdick v. Comm’r, 979 F.2d 1369, 1370 (9th Cir. 1992).

C. Discussion

TCL requests a modification of the District Court’s order that does not seek to set aside any portion of the order. In compliance with the Magistrate Judge’s Order, TCL will re-produce its Rule 30(b)(6) witness and TCL’s counsel will refrain from instructing the witness not to answer any improper-contention question. TCL instead requests that the Court further instruct the parties not to ask improper-contention questions and TCL asks the Court to rule on the objections TCL already made to these improper-contention questions.

In support of this request, TCL cites numerous cases for the impropriety of asking contention questions via deposition. In particular, TCL relies on McCormick-Morgan, Inc. v. Teledyne Indus., Inc., 134 F.R.D. 275 (N.D. Cal. 1991)² and the Court agrees with the concern that “no one human being can be expected to set forth, especially orally in deposition, a fully reliable and sufficiently complete account of all the bases for the contentions made and positions taken” by the party it has been deposed to represent. McCormick-Morgan, Inc., 134 F.R.D. at 286. Contention questions are more appropriately raised via interrogatory, and it is unfair to make a single Rule 30(b)(6) witness, the representative of the party, attempt a response to questions about the position of the party that usually require entire teams of lawyers and experts to adequately answer. See also Memory Integrity, LLC v. Intel Corp., 15-cv-0262, 308 F.R.D. 656 (D. Or. July 29, 2015) (“In particular, when the proposed deposition topics [. . .] involve legal issues that require the assistance of an attorney, the interrogatory is the preferred device.”).

² Ericsson argues that pre-1993 caselaw is irrelevant to TCL’s position because in 1993 there was an update to Rule 30(c)(2) further stating the very narrow range of instances where counsel can instruct deponents not to answer. However, here TCL is not relitigating whether or not its counsel will instruct deponents not to *answer* contention questions – TCL disclaims any intention to do so. Instead, the pre-1993 case law remains instructive on the issue of whether a deposition is an appropriate place to *ask* contention questions, which is what TCL requests the Court prohibit counsel from doing at the next deposition.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 14-0341 JVS (DFMx) Date November 6, 2015

Title TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget
LM Ericsson et al.

Ericsson argues that an Order from this Court instructing counsel not to ask improper contention questions would mean setting aside the Magistrate Judge's Order. Ericsson argues that the remedy for TCL's violation of Rule 30(c)(2) is a court order to re-produce the 30(b)(6) witness and direction that the witness must answer the same questions to which the improper instructions were made. Ericsson further argues that the Magistrate Judge's Order is precisely that remedy. (Ericsson Opp. re Mot. Review 7.) Ericsson is incorrect. The Court does not construe the Magistrate Judge's Order as giving Ericsson carte blanche permission to re-ask improper questions.

Ericsson appears to argue that because some judges have ordered witnesses redeposed and directed to answer questions that counsel had previously, erroneously objected to, e.g. Pilates, Inc. v. Georgetown Bodyworks Deep Muscle Massage Centers, Inc., 201 F.R.D. 261, 262 (D.D.C. 2000); Universal Trading & Investment Co. v. Kiritchenko, No. 99-03073, 2007 WL 2300740 (N.D. Cal. Aug. 2, 2007), then the Magistrate Judge's Order is also such an order. (Ericsson Opp. re Review 7.) This is not the case. Instead, the Magistrate Judge's Order states that cases provide support for TCL's argument, that the court had concerns about many of the questions asked by Ericsson's counsel, and that TCL's position was substantially justified. Unlike in Pilates, Inc. and Universal Trading & Investment Co., Magistrate Judge McCormick did not disagree with the substance of TCL's objection, but instead solely directed TCL to re-produce the witness and ordered TCL's counsel not to instruct its witness not to answer. An order from this Court further clarifying that at the second deposition of Mr. Chiang, counsel is to avoid improper contention questions is consistent with the Magistrate Judge's Order. To the extent there is further disagreement about new questions that TCL contends are improper contention questions, TCL has already stated its intention to comply with Magistrate Judge McCormick's order and therefore the impracticability concern raised by both the Magistrate Judge's Order and Ericsson's opposition should be satisfied. (TCL Reply re Review 1-2.)

Finally, the fact that TCL did not seek a protective order before the Rule 30(b)(6) deposition does not decide this case. The Court concludes TCL was led to reasonably believe that Ericsson would not consider any such procedural default to waive TCL's objections, including the objection that the deposition topics could improperly veer into contention questions.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. SACV 14-0341 JVS (DFMx) Date November 6, 2015

Title TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget
LM Ericsson et al.

Therefore, the Court GRANTS TCL's motion insofar as it seeks to modify the Magistrate Judge's Order. The Attachment to this Order contains the Court's determination of which questions were improper and should not be re-asked at Mr. Chiang's deposition. It also contains the Court's determinations of which questions were not improper contention questions. Those questions may be re-asked.

IT IS SO ORDERED.

Initials of Preparer : 52
nkb

Attachment to Court's Order re: Motions

Questions Addressed in TCL's Motion ¹	Improper Contention Question? (Yes/No) ²
22:11 — What does “FRAND” mean?	Y
23:4 — Mr. Chiang, what does “FRAND” mean to you?	Y
90:6-8 — Do you believe that a royalty of [REDACTED]	Y
90:16-22 — Mr. Chiang, I'm not asking for any – for you to disclose any privileged communications you've had with your counsel. Putting aside privileged communications, sitting here today, do you have a belief as to whether or not a royalty rate of [REDACTED]	Y
91:9-11 — Sitting here today, do you have a belief as to whether a royalty of [REDACTED]	Y

¹ These are the questions where the witness was instructed not to answer because the question was an improper contention question. The page and line references are based on the final transcript. (See Dkt. 359, Ex. C for the full transcript.)

² This column asks whether the question is an improper contention question, and hence cannot be re-asked in deposition. If the answer is “yes,” the question is improper and cannot be re-asked. If the answer is “no,” the question can be re-asked.

Questions Addressed in TCL's Motion ¹	Improper Contention Question? (Yes/No) ²
[REDACTED]	
93:3-5 — Does TCL believe that looking at approved contributions to ETSI is a relevant methodology for determining a FRAND rate?	Y
94:5-9 — Mr. Chiang, if TCL was to calculate a FRAND royalty rate for any patents owned by TCL that it believes to be essential to a standard, would looking to approved contributions to work groups within ETSI be a relevant consideration in that calculation?	Y
104:11-15 — From a business standpoint, does TCL have a position as to whether [REDACTED]	Y
115:13-15 — What is TCL's one-way rate for a license under its [REDACTED]	Y
119:15-16 — Does TCL have a position as to what this condition of reciprocity means?	Y
119:21-23 — As TCL's representative, does TCL believe that it needs to offer Ericsson a license under any essential patents that TCL owns?	Y
120:21-23 — As TCL's representative, what is TCL's position as to how a party should calculate a FRAND rate?	Y
122:4-7 — Mr. Chiang, on behalf of TCL, is it your testimony that TCL does not know whether [REDACTED]	Y

Questions Addressed in TCL's Motion ¹	Improper Contention Question? (Yes/No) ²
122:17-19 — Mr. Chiang, on behalf of TCL, is it your testimony that TCL does not know what rate would be FRAND for a license under [REDACTED]	Y
123:1-3 — On behalf of TCL, please tell me whether TCL considers any of its [REDACTED]	Y
162:11-15 — As TCL's corporate representative on [REDACTED] sitting here today, are you able to tell me with non-privileged information whether or not TCL considers the terms of this agreement to be fair, reasonable and non-discriminatory?	Y
223:13-15 — As TCL's corporate representative, can you tell me whether TCL believes that any of its [REDACTED]	Y
224:5-10 — So I'm going to ask you a "yes" or "no" or "I don't know" question, and I'm not asking for any privileged information at all. As TCL's corporate representative, can you tell me whether TCL believes that any of its declared patents are essential to the LTE standard?	Y
226:23-24 — Does TCL have a view on what term of years is appropriate for a license concerning declared patents?	Y
230:20-25 — Does TCL have a position on whether or not arbitration is an appropriate way to resolve a dispute over FRAND terms? . . . For a license under TCL's patents?	Y
233:22-24 — Does TCL agree that a usual first step in a valuation of a portfolio of patents is a technical review of representative patents?	Y

Questions Addressed in TCL's Motion ¹	Improper Contention Question? (Yes/No) ²
234:9-12 — Mr. Chiang, I'm not asking for any contentions or for any privileged information. I'm simply asking, does TCL — what does TCL think the first step in valuing a portfolio of patents should be?	N
234:16-17 — Can you tell me what TCL believes the first step in valuing a portfolio of patents would be?	N
234:21-25 — As TCL's representative on the topics in today's deposition notice, can you tell me what TCL would do if it was going to value a portfolio of patents? What would be the first step in that analysis?	N
235:10-12 — Do you think a technical review of representative patents is — is one way to value a patent portfolio?	N
235: 23-25; 236:1 — As TCL's representative, can you tell me TCL's position on whether or not a technical review of [REDACTED] would be one way to determine the value of those patents?	Y
236:15-18 — As TCL's representative, can you tell me whether or not the terms on which [REDACTED] is relevant to the valuation of those patents?	N
237:11-12 — Mr. Chiang, does TCL consider licensing history to be relevant to valuing a patent portfolio?	N
238:11-14 — Mr. Chiang, does TCL consider contributions that have been accepted into the	N

Questions Addressed in TCL's Motion ¹	Improper Contention Question? (Yes/No) ²
relevant standard to be a metric relevant to evaluating a company's patent portfolio?	
239:1-3 — Sir, does TCL consider the number of declared patents and patent families in a portfolio relevant to the value of that portfolio?	N