



August 11, 2020

**VIA E-FILING**

The Honorable Sherry R. Fallon  
J. Caleb Boggs Federal Building  
844 N. King Street  
Wilmington, DE 19801-3568

**RE: *University of Massachusetts, et al. v. L'Oréal U.S.A., Inc.*  
(C.A. No. 17-cv-868-CFC-SRF)**

Dear Magistrate Judge Fallon,

At the June 12, 2020 deposition of Dr. Angelike Galdi—L'Oréal's 30(b)(6) witness on topics regarding the testing of the Accused Products—L'Oréal revealed, for the first time, that it tests, develops, and manufactures products containing adenosine in the United States for final sale outside of the United States. L'Oréal was required by the Scheduling Order and its discovery responses to produce this information, but L'Oréal did not do so.

Accordingly, Plaintiffs request that the Court order L'Oréal to produce—for the Accused Products that were tested, developed, and/or manufactured in the United States—the same categories of data that L'Oréal produced for domestic sales of the Accused Products from 2011-2018. Plaintiffs also request that the Court order L'Oréal to produce documents sufficient to show the details of any sale of such products between L'Oréal USA and any other L'Oréal entity, and that L'Oréal designate a 30(b)(6) witness to provide testimony on these topics. As explained in the attached Declaration from Plaintiffs' damages expert, this missing information is important to Plaintiffs' damages case. *See Exhibit A at ¶¶ 8-11.*

**Documents Regarding Foreign Sales of the Accused Products Requested by RFPs 38, 39, and 48 and required by Paragraph 6 of the Scheduling Order.**

**A. L'Oréal Has Not Produced Foreign Sales Data.**

L'Oréal has not produced foreign sales data for the Accused Products that are tested, developed, or manufactured in the United States for abroad, despite L'Oréal's obligation to produce that information.

The Scheduling Order required L'Oréal to produce “[d]ocuments sufficient to show the sales, revenue, cost, and profits for the Accused Instrumentalities identified” in Plaintiffs’ Infringement Contentions. D.I. 46 at ¶6. Plaintiffs’ Infringement Contentions listed the Accused Products at issue in this action and disclosed that “Plaintiffs hereby accuse, not only the products specified in the list and each chart, but also all of Defendant’s products that contain adenosine that reaches the dermal layer . . . including but not limited to products that are comprised of the same or substantially similar combinations of ingredients and/or with the same or substantially similar formulations as the products identified in the accompanying charts.” **Exhibit B at 3.** The claim charts Plaintiffs disclosed with their Infringement Contentions further stated that the Accused Product “includes but is not limited to the product listed . . . as well as other substantially identical products sold under other names with substantially identical ingredients,

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formulations, and marketing and/or advertising and/or website materials that L'Oréal designs, produces, sells and disseminates.” **Exhibit C.** L'Oréal should have produced any foreign sales data for any such products pursuant to Paragraph 6(d) of the Scheduling Order, but did not do so.

L'Oréal similarly did not produce this data even though it was responsive to Plaintiffs' discovery requests. Plaintiffs' Request for Production 38 asked for documents sufficient to show “all sales, cost, and revenue information, by number of units sold and by dollars of revenue, for the Accused Products . . . .” **Exhibit D.** L'Oréal agreed to produce “non-privileged documents reflecting the sales, cost, and revenue information for the Accused Products in its possession, custody, or control that L'Oréal USA has been able to locate after a reasonably diligent search.” **Id.** Plaintiffs requested—and L'Oréal agreed to produce—related sales information in Requests for Production 39 and 48. **Id.** Nothing in Plaintiffs' Requests for Production excluded foreign sales information from the Requests, and L'Oréal did not object to producing any such information in its Responses and Objections to those specific Requests. The only objection to producing foreign sales information that L'Oréal did raise was in response to Plaintiffs' Interrogatories that requested information regarding “sales made in any other country”. **Exhibit E.** L'Oréal did not explain at that time that it had relevant foreign sales information but refused to produce it: instead, L'Oréal lodged a rote objection stating that it would not provide information regarding international sales because “[w]ith respect to method patents, actionable patent infringement cannot occur outside the United States.” **Id.**

It was not until Dr. Galdi revealed that L'Oréal tests, develops, and manufactures the Accused Products in the United States for sale abroad that Plaintiffs became aware that foreign sales of the Accused Products were the result of domestic infringement.<sup>1</sup> Plaintiffs promptly raised this issue upon that discovery.<sup>2</sup>

#### **B. L'Oréal Tests, Develops, and Manufactures the Accused Products in the United States for Sale Abroad.**

Dr. Galdi testified that L'Oréal tests, develops, and manufactures the Accused Products in the United States, including for those products that are sold outside of United States. **Exhibit H at 289:18-290:11.** Testing of the Accused Products in a way that practices the asserted patents constitutes infringement under 25 U.S.C. § 271(a). *See also Roche Products, Inc. v. Bolar Pharmaceuticals Co., Inc.*, 733 F.2d 858, 863 (Fed. Cir. 1984) (“[U]nlicensed experiments conducted with a view to the adaption of the patented invention to the experimenter's business is a violation of the rights of the patentee . . . .”) Likewise, any use of the asserted patents during the development or manufacturing of the Accused Products would constitute infringement under 35 U.S.C. § 271(a). Any such use of products containing adenosine within the United States

<sup>1</sup> L'Oréal's foreign parent, L'Oréal S.A., further threw Plaintiffs off the scent of relevant foreign sales by representing in its Motion to Dismiss briefing that “[u]nlike L'Oréal S.A., L'Oréal USA is active in the United States”. D.I. 24 at 3-4.

<sup>2</sup> Promptly after the Court's June 23 Discovery Hearing, the parties exchanged email correspondence on these issues and met and conferred on June 29. **Exhibit F.** Following that meet and confer, L'Oréal requested additional information to consider Plaintiffs' position, which Plaintiff provided on June 30. **Id.** The parties further met and conferred on July 9 but reached an impasse. **Exhibit G.**

would constitute domestic infringement under 35 U.S.C. § 271(a), even if those products were ultimately sold abroad, because the infringing use took place within the United States.

### C. Foreign Sales of Accused Products Can Be Recoverable as Damages.

Any foreign sales of the Accused Products that resulted from L'Oréal's use of the asserted patents within the United States are recoverable as damages in this action. In *WesternGeco L.L.C. v. Ion Geophysical Corp.*, the Supreme Court held that worldwide patent damages may be awarded for acts of domestic infringement under 35 U.S.C. § 271(f) because “the damages themselves are merely the means by which [the Patent Act] achieves its end of remedying infringements”. 138 S.Ct. 2129, 2138 (2018). Courts in this jurisdiction and elsewhere have applied *WesternGeco*'s reasoning to claims—like the ones in this case—alleging infringement under § 271(a) and have allowed recovery for worldwide patent damages when those damages resulted from domestic acts of infringement. *See, e.g., Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, 2018 WL 4804685, at \*1 (D. Del. 2018 Oct. 4, 2018); *Plastronics Socket Partners, Ltd. v. Don Weon Hwang*, 2019 WL 4392525, at \*4-5 (E.D. Tex. June 11, 2019) (“[D]omestic infringement under § 271(a) is compensable even if the damages occurred abroad.”).

Although *WesternGeco* involved a claim to recover lost profits, courts have extended *WesternGeco*'s holding to cases, like this one, where patent holders sought a reasonable royalty. *See SIMO Holdings, Inc. v. Hong Kong uCloudlink Network Technology Ltd.*, 396 F.Supp.3d 323, 350-51 (S.D.N.Y. 2019); *ABS Global, Inc. v. Inguran, LLC*, 2020 WL 2405380, at \*9 (W.D. Wis. May 12, 2020). And courts have allowed such discovery for method claims, like the claims in this case. *See W.H. Wall Family Holdings LLLP v. CeloNova Biosciences, Inc.*, 2020 WL 1644003, \*2-\*3 (W.D. Tex. 2020) (“[C]ourts have found that information regarding foreign sales activity is discoverable in infringement cases brought under § 271(a).”).

It is thus well established that foreign sales that result from domestic infringement are recoverable as damages. As Dr. Galdi and other L'Oréal witnesses have testified, L'Oréal USA does not sell products without testing them, and L'Oréal USA tests its products in the United States. *See Exhibit H at 251:14-17 and Exhibit I 66:17-23; see also Exhibit J at 35:8-16* (confirming that L'Oréal tests its products before sale); *Exhibit K at 76:14-16* (same); *Exhibit L at 73:8-10* (same); *Exhibit M at 18:10-11* (same); *Exhibit N (Expert Report of Dr. Michniak-Kohn)*. Any sale of such products outside of the United States would be the direct result of their testing within the United States, so their foreign sale would be the result of the asserted patents' domestic infringement. To the extent that the development and manufacturing of those products involved the use of the asserted patents, the foreign sale of those products would also be the result of domestic infringement. Because these sales can be recovered as damages in this action, they are a proper source of discovery. *See Elm 3DS Innovations LLC v. Micron Technology, Inc. et al*, No. 14-cv-1431 (D. Del. Oct. 30, 2019) D.I. 204 (ordering alleged infringer to produce “worldwide revenue information”, in part because “Plaintiff has [ ] pled facts that support its claim for damages when Defendant's domestic activities result in foreign sales”) at *Exhibit O*.

#### D. Foreign Sales Data Should Be Produced.

L'Oréal's foreign sales data regarding Accused Products that are tested, developed, or manufactured in the United States for sale abroad are thus directly relevant to Plaintiffs' damages in this case and should have been produced. *See* J. Davis Decl. at ¶¶8-11. Accordingly, Plaintiffs request that the Court order L'Oréal to produce the same categories of foreign sales data that L'Oréal has produced for domestic sales of the Accused Products. Plaintiffs request that this information apply to products that have the same or substantially similar formula, even if they are tested, developed, manufactured or sold within the United States under one product name but later sold abroad under a different product name. L'Oréal witnesses have testified that L'Oréal generally uses one formulation for its products, whether those products are sold in the United States or abroad. *See Exhibit H at 479:4-9* [REDACTED] *see also Exhibit I at 30:21-25* [REDACTED]

Plaintiffs also request that L'Oréal produce documents sufficient to show the details of any sale between L'Oréal USA and any other L'Oréal entity, a transaction referred to by Diego Balo—L'Oréal's 30(b)(6) witness on finance issues—as a “group” sale. **Exhibit P at 63:4-6**. This request includes profit or revenue information from other L'Oréal entities on any resale of the product to non-affiliated buyers. This information is needed to calculate an appropriate base for Plaintiffs' damages expert's calculation for products tested, developed, or manufactured within the United States for sale abroad. *See Exhibit A at ¶¶ 8-11*.

#### 30(b)(6) Witness On Related Issues

Immediately upon discovering that L'Oréal tests, develops, and manufactures the Accused Products in the United States for sale abroad, Plaintiffs issued a 30(b)(6) deposition notice on those topics. *See Exhibit Q*. This discovery is relevant to further establish the nexus between L'Oréal's testing, development, and manufacturing of products within the United States and the sale of such products abroad. Testimony on these topics—limited to the Accused Products tested, developed, or manufactured in the United States for sale abroad—will also allow Plaintiffs to confirm whether the testing, development, and manufacturing of Accused Products sold abroad constitutes infringement under § 271(a).<sup>3</sup>

Respectfully submitted,

/s/ Brian E. Farnan

Brian E. Farnan

cc: Counsel of Record (Via E-Mail)

<sup>3</sup> Plaintiffs offered to forego a deposition on manufacturing topics if L'Oréal could stipulate that, for any product containing adenosine made in the United States, it does not topically apply the product to any mammal in manufacturing process, including in any quality control after the product is made but before the product is shipped. **Exhibit R**. L'Oréal refused to provide that stipulation. *Id.*