

PUBLIC VERSION

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
TEXARKANA DIVISION**

MAXELL, LTD.,

*Plaintiff,*

v.

APPLE INC.,

*Defendant.*

Case No. 5:19-cv-00036-RWS

**LEAD CASE**

**JURY TRIAL DEMANDED**

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**MAXELL, LTD.'S OPPOSITION TO APPLE'S MOTION TO COMPEL LICENSING  
AND NEGOTIATION DOCUMENTS**

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Apple has repeatedly withheld and delayed discovery throughout this litigation. Maxell, on the other hand, has complied with its obligations, including substantially completing its production early in discovery. Apple now claims Maxell withheld materials, despite those materials not being in Maxell's possession, custody or control. In fact, Maxell personnel are not able even to see these materials because they are Apple's CBI and review is limited by the Protective Order in this case. Still, to try to facilitate the materials' production and aid Apple in discovery, Maxell requested these materials from Hitachi directly, a request that was essentially ignored. Nevertheless, perhaps believing that Maxell operates as Apple does—withholding and delaying relevant discovery—Apple moves to compel these materials.<sup>1</sup> Apple's motion is baseless and founded on a grossly misleading recitation of "facts" and suggestions, and it should be denied in its entirety.

## I. BACKGROUND

Because Apple so grossly mischaracterizes the history underlying Maxell's relationship with Hitachi, an accurate explanation is necessary. For many years, Hitachi and Hitachi Maxell, Ltd. ("HMX") enjoyed a close relationship. HMX was a wholly owned subsidiary of Hitachi, and the companies developed, manufactured and sold a wide array of consumer electronic devices. In 2013, HMX purchased the consumer electronics business from Hitachi. As part of the purchase, HMX obtained Hitachi's smartphone patent portfolio, which was previously held by Hitachi Consumer Electronics Co., Ltd. ("HCE"), one of Hitachi's wholly owned subsidiaries.

At that time, HCE transferred to HMX its files related to the assigned patents, which included prosecution materials, prior licenses, and licensing negotiation materials. The materials

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<sup>1</sup> Apple has been aware of Hitachi's refusal to respond since at least September 20, 2019. Yet, Apple did not move for issuance of letters of request for international judicial assistance to obtain materials from Hitachi until over two months later, on November 27, 2019. D.I. 146. To the extent Apple claims there is insufficient time to obtain discovery from Hitachi in this way, the timing issue is of Apple's own making.

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were later assigned to Maxell.<sup>2</sup> Hitachi/HCE identified the relevant materials to be transferred as part of the assignment. There was incentive for the parties to work together at that time to ensure a smooth transition, including with respect to ongoing business negotiations initiated by Hitachi/HCE. To that end, Hitachi appointed an employee, Mr. Matsuo, to work with HMX for a time following the assignment, and to assist HMX's efforts in licensing the smartphone portfolio. Maxell had no reason to doubt that all relevant materials had been provided by Hitachi/HCE.

Ultimately, Hitachi sold its shares in HMX, reducing its ownership stake from 100% down to about 3%. Thereafter, HMX reorganized and dropped Hitachi from its name, Mr. Matsuo's work with HMX ended, and the parties operated entirely independently of one another. At no time since the companies parted ways has Maxell been able to demand documents from Hitachi. Even in connection with its prior litigations, where additional information regarding early license agreements could have supported Maxell's case, Maxell could not, and did not, obtain such information from Hitachi.

## II. ARGUMENT

Maxell is not attempting to get the best of both worlds. Maxell received documents from Hitachi in 2013, and that is what it produced in this case. Maxell has no ability to demand additional documents from Hitachi, regardless of whether they may be helpful or hurtful to Maxell's positions.

### A. Hitachi Documents Are Not Within Maxell's Possession, Custody, or Control.

Maxell has never disputed that a party's discovery obligations extend beyond materials in its physical possession to those also within its control. Rather, Maxell disputes Apple's assertion

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<sup>2</sup> In 2017, through reorganization and to better reflect its relationship with Hitachi, HMX became Maxell Holdings, Ltd. by way of a name change. HMX assigned, transferred, and conveyed assets to plaintiff Maxell (a wholly owned subsidiary of Maxell Holdings, Ltd.), including the portfolio and related materials. The dispute before the Court relates to the 2013 transfer of materials from Hitachi to HMX/Maxell, not the 2017 transfer from HMX to Maxell.

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that Hitachi documents are somehow within Maxell's control. The documents Apple seeks are **outside** of Maxell's control. No fact demonstrates this more clearly than that Maxell has already requested materials from Hitachi on Apple's behalf in this case. Ex. A. Maxell directed the letter to Mr. Matsuo, who was familiar with the subject patent portfolio, to ensure that the request was immediately directed to the correct persons within Hitachi. *Id.* Hitachi, however, never responded. Miller Decl. at ¶2.

Hitachi's non-response is not surprising. Though Hitachi and Maxell previously enjoyed a close relationship, that relationship has disintegrated. Whereas Maxell's predecessor (HMX) was a wholly owned subsidiary of Hitachi, Hitachi now owns only 3% of Maxell's parent's stock. And whereas Hitachi previously appointed Mr. Matsuo to assist Maxell in the transition, that relationship has ended and Mr. Matsuo no longer performs work with Maxell. While the prior relationship between the companies may have supported a finding of control in the past, the current facts do not. The question before the Court is whether the requested materials are within Maxell's control **now**, not years ago.

Maxell and Hitachi are separate companies. Apple has not shown otherwise. Apple instead argues control is evident because Hitachi owns 3% of Maxell's parent's stock. That is not evidence of control. Maxell's 2019 Integrated Report shows that the following entities held more Maxell stock than Hitachi as of April 1, 2019: Japan Trustee Services Bank (12.9%), Master Trust Bank of Japan (6.72%), BNP Paribas Securities Services Singapore (5.8%), Minami Aoyama Real Estate (5.6%), SSBTC Client Omnibus Account (4.92%), Taiyo Hanei Fund, L.P. (3.79%), Nichi Corp. (3.79%), and State Street Bank and Trust Company (3.65%). Miller Decl. ¶4. Under Apple's logic, Maxell has control over all documents held by any of these entities, and Apple could demand Maxell produce materials even from Japan Trustee Services Bank.

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Apple has not identified any currently overlapping directors, officers, or employees. Indeed, the two companies do not share any directors or executive officers. *See* Miller Decl. ¶8 (comparing Maxell and Hitachi IR Reports). The only overlapping employee Apple identified is Mr. Matsuo, whose work with HMX terminated prior to the complaint in this case. *Id.* at ¶3. Even if ongoing, this prior appointment would not give Maxell complete control over Hitachi, particularly not in perpetuity.

Apple has not shown any exchange of documents between Hitachi and Maxell in the ordinary course of business that bear any relation whatsoever to the requested materials. The press release Apple cites states only that Hitachi Europe Ltd. has announced that its Digital Media Group will partner with Maxell to distribute Maxell's new range of maintenance-free Laser and LED light source projectors."<sup>3</sup> <https://www.displaydaily.com/article/press-releases/maxell-appoints-hitachi-to-launch-its-new-projectors-in-spring-2019>. The press release does not establish the free exchange of documents between Hitachi and Maxell, and it certainly does not establish an exchange of documents related to Maxell's smartphone portfolio. If this gives Maxell control over all Hitachi documents, then any joint effort between two entities would confer such rights. Apple would then have control over all documents of any of its business partners—something Apple obviously disputes for itself as it refuses to produce documents even from its suppliers. Apple also has not shown that the MOU supports the exchange of documents. The portions cited by Apple refer to provision of sublicensing rights or personnel support.

Although Hitachi was involved in the prosecution and licensing of several asserted patents, Apple has not shown that Hitachi has participated in licensing negotiations with Apple regarding the smartphone patent. Nor has Apple shown that Hitachi stands to benefit from this

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<sup>3</sup> This press release does **not** state the projectors would be sold under the Hitachi brand name, as Apple represents.

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