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

MAXELL, LTD.	§	
	§	
V.	§	**No. 5:19CV36-RWS**
	§	**SEALED**
APPLE INC.	§	

ORDER ON MOTION TO COMPEL

The following motion has been referred to the undersigned United States Magistrate Judge for decision in accordance with 28 U.S.C. § 636:

Maxell, Ltd.'s Opposed Motion to Compel (Docket Entry # 197).

The Court, having carefully considered the relevant briefing, is of the opinion the motion should be **GRANTED IN PART and DENIED IN PART**. Apple's request for costs and fees is denied.

I. BACKGROUND

Plaintiff Maxell, Ltd. ("Maxell") filed its complaint for patent infringement against Apple Inc. ("Apple") on March 15, 2019. The First Amended Complaint for Patent Infringement ("FAC") alleges Apple infringes ten patents related to mobile device technology under theories of direct infringement, induced infringement, willful infringement, and contributory infringement. Docket Entry # 111. Maxell alleges that various aspects of Apple's iPhone, iPad and Mac products infringe the asserted patents, including: cameras; navigation capabilities; authentication systems; telecommunications techniques; video streaming; "do not disturb" functionality; power management technologies; and smartwatch integration. *See* Docket Entry # 171 at p. 1.

The FAC alleges that since at least June 2013, Apple has been aware of Maxell's patents and has had "numerous meetings and interactions regarding its infringement of these patents." Docket

Entry # 111, ¶ 5. According to the FAC, these meetings included Apple's representatives being provided with detailed information regarding Maxell's patents, the developed technology, and "Apple's ongoing use of the patented technology." *Id.* The FAC alleges Maxell believed the parties "could reach a mutually beneficial solution and to that end considered a potential business transaction and continued to answer multiple inquiries from Apple over the course of several years, including communicating with Apple as recently as late 2018." *Id.* Maxell alleges Apple elected not to enter into an agreement and did not license Maxell's patents; rather, Apples continued, and continues today, to make, use, sell, and offer for sale Maxell's patented technology without license. *Id*. For each patent, the FAC further states "Apple will thus have known and intended (since receiving such notice) that its continued actions would actively induce and contribute to actual infringement" of certain claims of each patent. *See, e.g., id.*, ¶¶ 30, 44, 59, 72, 89, 102, 115, 132, 145, 160.

On March 16, 2020, District Judge Schroeder entered an order extending the deadline to complete all fact depositions to April 21, 2020 and the deadline for initial expert reports to April 28, 2020. Docket Entry # 232. The dispositive motions deadline is currently June 30, 2020, and jury selection and trial are scheduled October 26, 2020. *Id.*

II. MAXELL'S MOTION TO COMPEL

Maxell filed its opposed motion to compel on February 14, 2020, requesting the Court order Apple to 1) produce all relevant technical documents related to the accused features and functionalities of the accused products, 2) produce all non-source code documents made available on the source code computers, 3) provide a fulsome response to Maxell Interrogatory No. 9, 4) produce the eleven additional license agreements requested by Maxell, 5) produce all relevant buyer

surveys, owner surveys, and owner studies, and 6) produce the prior litigation documents requested by Maxell.

Pursuant to the parties' agreement, Apple filed an expedited "preliminary response" on February 20, 2020. Docket Entry # 199. District Judge Schroeder referred the motion to the undersigned on February 26, 2020. Two days later, Apple filed its response to Maxell's motion to compel, combining its preliminary response and the "present supplement in a single document." Docket Entry # 205 at n. 1.

Maxell filed its opposed motion for sanctions on March 5, 2020, wherein it requests the Court preclude Apple from using the discovery it failed to timely produce, including discovery produced after January 31, 2020; deem certain accused products/components and source code to be representative of all versions of that product as detailed in the chart contained in the motion; and assess monetary sanctions. Docket Entry # 210 at p. 1. According to Maxell, in the final stages of discovery, it is "having to work through documents and source code that *continue* to be produced instead of preparing for depositions and expert reports."[1] *Id*. (emphasis in original).

Noting it is not clear from the motion for sanctions which documents addressed in Maxell's motion to compel are still at issue, in its March 19, 2020 Order Denying Hearing on Motion to Compel and Reserving Ruling on Motion for Sanctions to Later Date, the Court ordered Maxell to file a reply to Apple's response to Maxell's motion to compel, clearly setting forth the documents still at issue. Docket Entry # 236 at pp. 2, 5. On March 26, 2020, Maxell filed its reply as ordered.

[1] Both parties have informed the Court they believe a hearing would be helpful to the resolution of the motion for sanctions. Maxell requests the Court hold a telephonic hearing. Given the seriousness of the relief requested in the motion for sanctions, Apple requests that motion be heard by the Court in person. The Court has previously indicated its agreement with Apple that, to the extent warranted after a review of all of the relevant briefing, an in-person hearing could be scheduled later in the case without impacting the overall case schedule and without any prejudice to Maxell. *See* Docket Entry # 236 at p. 5. As this time, the Court intends to schedule an in-person hearing when safe to do so.

Docket Entry # 244. Apple filed a surreply on March 31, 2020. Docket Entry # 258.

According to Maxell's April 6, 2020 "Report Regarding Maxell Ltd.'s Motion to Compel" ("supplemental report"), which the Court received as it was preparing to enter this order, Maxell and Apple held an additional meet and confer on April 2 to discuss the status of each issue raised in Maxell's motion and were able to resolve some of the issues raised therein. Docket Entry # 266. Apple filed its "Responsive Report" on April 7, 2020, addressing the status of certain issues which Apple asserts Maxell "mischaracterized" in its report. Docket Entry # 268. On April 8, Maxell filed a supplement to its supplemental report. Docket Entry # 270.

III. APPLICABLE LEGAL STANDARDS GOVERNING DISCOVERY

"The goal of discovery is to maximize relevant, nonprivileged matter while avoiding excess, non-relevant or privileged information." *Drake v. Capital One, National Association*, No. 4:16-CV-00497, 2017 WL 1319560, at *1 (E.D. Tex. April 10, 2017). Federal Rule of Civil Procedure 26(b) provides that the permissible scope of discovery includes "any nonprivileged matter that is relevant to any party's claim or defense and proportional to the needs of the case, considering the importance of the issues at stake in the action, the amount in controversy, the parties' relative access to relevant information, the parties' resources, the importance of the discovery in resolving the issues, and whether the burden or expense of the proposed discovery outweighs its likely benefit. Information within this scope of discovery need not be admissible in evidence to be discoverable." *Matter of AET, Inc., Ltd.*, No. 1:10-CV-51, 2018 WL 4201264, at *2 (E.D. Tex. June 8, 2018) (quoting FED. R. CIV. P. 26(b)(1)).

The Court's Discovery Order for Patent Cases requires the parties, without waiting discovery requests, "produce or permit the inspection of all documents, electronically stored information, and

tangible things in the possession, custody, or control of the party that are relevant to the pleaded claims or defenses involved in this action, except to the extent these disclosures are affected by the time limits set forth in the Patent Rules for the Eastern District of Texas."[2] Docket Entry # 42 at pp. 2-3. Here, the Initial and Additional Disclosures deadline was July 10, 2019. Docket Entry # 46 at p. 8.

In the Eastern District of Texas, Local Rule CV-26 also provides guidance in considering whether information is relevant for discovery. The rule provides information is relevant if:

> (1) it includes information that would not support the disclosing parties' contentions;
>
> (2) it includes those persons who, if their potential testimony were known, might reasonably be expected to be deposed or called as a witness by any of the parties;
>
> (3) it is information that is likely to have an influence on or affect the outcome of a claim or defense;
>
> (4) it is information that deserves to be considered in the preparation, evaluation or trial of a claim or defense; and
>
> (5) it is information that reasonable and competent counsel would consider reasonably necessary to prepare, evaluate, or try a claim or defense.

Matter of AET, 2018 WL 4201264, at *2 (quoting E.D. Tex. Civ. R. CV-26(d)). Relevance "has been construed broadly to encompass any matter that bears on, or that reasonably could lead to other matters that could bear on, any issue that is or may be in the case." *Matter of AET*, 2018 WL 4201264, at *2 (quoting *Oppenheimer Fund, Inc. v. Sanders*, 437 U.S. 340, 351 (1978) (citing *Hickman v. Taylor*, 329 U.S. 495, 501 (1947))). Nonetheless, "Rule 26 vests the trial judge

[2] After disclosure is made pursuant to the Discovery Order for Patent Cases, each party is under a duty to supplement or correct its disclosures immediately if the party obtains information on the basis of which it knows that the information disclosed was either incomplete or incorrect when made, or is no longer complete or true. Docket Entry # 42 at p. 6.

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