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 **JURY TRIAL DEMANDED** PUBLIC VERSION

MAXELL, LTD.'S SUR-REPLY IN OPPOSITION TO APPLE INC.'S RENEWED MOTION TO COMPEL LICENSING AND NEGOTIATION DOCUMENTS AND FOR SANCTIONS

Maxell has no control over Hitachi, Ltd. ("Hitachi"). Maxell already requested Hitachi provide the documents sought in Apple's motion, but Hitachi chose not to respond. And Maxell raised no objection and presented no obstacle to Apple's own attempts to obtain materials directly from Hitachi. However, Apple failed to follow-up on that process and there is simply nothing more Maxell can do to obtain the information Apple believes Hitachi may possibly possess.

Whether one company has control over another is a fact-specific inquiry, as evidenced by the number of factors Courts are directed to consider when evaluating the issue. Control cannot be deemed to exist based on unsupported assertions or extrapolations. Yet that is precisely what Apple has requested of this Court. Apple cites Maxell's past relationship with Hitachi, current business dealings with Hitachi subsidiaries that are unrelated to the asserted patents, and the assistance provided by inventors in this case in their personal capacity, all in hopes that if it raises enough ancillary connections the Court will speculate that more must exist and find control. But the truth is, there is no control and no evidence (whether allegedly raised by Apple or not) that establishes a current relationship between Maxell and Hitachi that rises anywhere close to the level of control Apple asserts. Indeed, if you dig hard enough, it is not difficult to find the types of connections on which Apple relies between many companies. Even Apple has been reported to be joining forces with Google and Amazon on a venture to create a standard to regulate smart home technology.[1] Yet, Apple itself surely would not agree that it is subject to Google or Amazon's control such that it is under an obligation to turn over any documents requested by these competitors.

I. The MOU Does Not Obligate Hitachi to Provide the Requested Documents

Apple raises issue with the fact that Maxell's request for documents from Hitachi did not include the words "pursuant to the MOU." But reference to an inapplicable agreement would be

[1] https://www.androidcentral.com/google-apple-and-amazon-join-hands-creating-new-smart-home-standard.

no more effective than the request that was made.

Maxell disputes that [redacted]. But rather than waste time addressing the argument, Maxell focused on the fact that the terms of the MOU do not provide Maxell the ability to obtain the requested documents from Hitachi, which is appropriate given that the Court focused on the terms in denying Apple's original motion. Specifically, Maxell showed that the provision relied on by Apple [redacted].[2] *See* Opp. at 1, Ex. A. Whereas Apple asserts the provision is broad enough to cover [redacted] it provides no basis on which to expand the scope of the provision [redacted] *Id.*[3] The Maxell testimony Apple cites to support an argument that Maxell can obligate "Hitachi" to look for documents[4] does not support Apple's interpretation as the testimony does not actually address the scope of the governing provision, nor does it address the distinction between Hitachi, Ltd. and HCE. Thus, such testimony neither contradicts Maxell's position nor supports Apple's assertion that the MOU could obligate Hitachi to provide documents under the circumstances present here, regarding an assertion of Maxell's own patents.

II. Maxell Has Not Selectively Produced Documents or Information

That Apple now sinks to arguing that Maxell actually has the licenses Apple seeks shows just how far it is trying to stretch the record. In response to Apple's original motion, Maxell stated that "Apple now claims Maxell withheld materials, despite those materials not being in Maxell's possession, custody or control" and noted that Maxell cannot even see such materials. D.I. 166 at

[2] Maxell need not limit its response to Apple's renewed motion to arguments that were previously raised. Moreover, the timing of Maxell's argument does not itself alter the scope of the MOU. The MOU says what it says.
[3] Although Apple argues Mr. Matsuo's assistance was not limited to [redacted], Apple offers no evidence his assistance was provided pursuant to the subject provision.
[4] Although Apple criticizes Maxell for drawing a distinction between Maxell's ability to make a request for documents and "Hitachi's" obligation to provide such documents, Maxell is merely highlighting the testimony that was actually given versus the conclusion Apple tries to extrapolate from it. *See* Reply at 1.

1. In response to the renewed motion, Maxell states it "has not selectively responded to any request or otherwise used Hitachi materials as a sword and a shield. Rather, … Maxell provided all relevant information in its possession, custody, or control." Opp. at 7. Apple's accusation that Maxell has been withholding documents that it actually has is completely belied by the record.[5]

III. Maxell Does Not Have A Relationship with Hitachi Sufficient to Establish Control

Apple asserts the relationship between Maxell and Hitachi is deeper than Maxell is willing to admit, but Maxell has addressed every alleged connection raised by Apple.

Apple acknowledges that Maxell (not Hitachi) "is the driving force behind" the inventors' appearance for deposition. Reply at 4. While Apple asserts that it is not credible each witness personally chose to participate in their depositions, that is exactly what the testimony shows. *See* Opp. at 3-4. Apple's continued insistence on cherry-picking portions of inventor testimony, despite the full testimony presented by Maxell, does not establish otherwise.[6] Nor does Apple's argument that companies "with the separation that Maxell alleges exists" do not reimburse expenses. It is routine for parties to reimburse deposition expenses for third-party inventors. This fact doesn't establish control. Moreover, it is not incredible at all that these inventors wished to appear for depositions to defend their own invention, and to experience a trip to the United States.[7]

Inventor Bonuses. Apple's position of the law of Japan, without any actual discussion or support is unreliable and incorrect. Maxell's witness testified that bonuses are paid to inventors according to both Japanese law and corporate regulation. *See* Opp. at 4. Regardless, this provides no basis on which to find any control relationship between Maxell and Hitachi.

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[5] Apple's unsupported accusation of such unethical conduct is itself a sanctionable offense.
[6] As Apple again raises the testimony of Mssrs. Takizawa and Nakano, Maxell again raises the fact that neither even works for Hitachi, Ltd.—the entity with respect to whom Apple asserts Maxell has control over.
[7] Indeed, Mr. Maeoka (the only Hitachi, Ltd. employee to appear) testified that he participated in the deposition because "[redacted]"

Overlap of Employees. Maxell does not "hide" that Mr. Katagishi is employed by Hitachi but is seconded to a Hitachi subsidiary. As Apple admits, Maxell explicitly set forth such fact in its Opposition. And, there is no evidence that Mr. Katagishi does any work for Maxell. The only connection is his voluntary appearance at deposition, during which he testified that he did not speak to Hitachi about the deposition. Opp. at 3. At bottom, Apple does not point to any current overlap in employees between Hitachi and Maxell. It points only to Mr. Takizawa who, on behalf of Hi-ICS, [redacted] unrelated to the asserted patents or this litigation. Opp. at 2-3. Any conclusion regarding the relationship between Hitachi, Ltd. and Maxell drawn from Mr. Takizawa's work would be pure speculation.[8] Again, this cannot establish control.

IV. Maxell's Prior Relationship with Mr. Matsuo Does Not Establish Control

Mr. Matsuo represented Maxell in licensing negotiations with Apple for a short period of time, years ago, following assignment of the patents. That they shared confidential and privileged information in connection with such activities is unsurprising. As Mr. Loudermilk recently testified, [redacted] Loudermilk Rough at 27:23-28:5. Mr. Loudermilk confirmed that Mr. Matsuo's relationship with Maxell ended long before this case: [redacted] *Id.* at 110:7-11. The Court already held that Mr. Matsuo's **past** assignment, absent explanation, does not support a finding that Maxell has the **present** ability to

[8] Moreover, the work cited by Apple does not show any exchange or overlap of management between Hitachi and Maxell. As this Court has held, "[t]he lack of overlapping management indicates that the cooperation between the two is insufficient to find legal authority." D.I. 202 at 7-8 (citation omitted).

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