

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
WACO DIVISION**

FINTIV, INC.

Movant,

v.

STMICROELECTRONICS, INC.,

Respondent.

No. 1:21-cv-00044-ADA

ORDER

Before the Court is Fintiv, Inc.'s Expedited Motion to Compel Compliance with Subpoena Directed to Non-Party STMicroelectronics, Inc. (Dkt. No. 1). STMicroelectronics filed a response (Dkt. No. 17), and included a request for fees under Fed. R. Civ. P. 45(d)(1) and Fed. R. Civ. P. 37(a)(5)(B) (Dkt. No. 17 at 15). Fintiv filed a reply (Dkt. No. 22). The Court held a telephonic hearing on January 26, 2021. Having considered the pleadings and counsels' argument, and for the reasons set forth below, the Court finds that Fintiv's motion should be denied, and that under the specific facts of this case STMicroelectronics should recover its reasonable attorney's fees and costs incurred in opposing the motion.

Fintiv's subpoena sought information that is not relevant to its suit against Apple. Under Rule 26(b)(1), "[p]arties may obtain discovery regarding any nonprivileged matter that is **relevant** to any party's claim or defense and proportional to the needs of the case." Fed. R. Civ. P. 26(b)(1) (emphasis added). In the underlying action,¹ Fintiv accuses Apple of infringing U.S.

¹ *Fintiv, Inc. v. Apple, Inc.*, Case No. 1:19-cv-01238-ADA (W.D. Tex.).

Patent No. 8,843,125. The accused technology is the mobile-wallet functionality on Apple devices, including what is referred to as Near Field Communication (NFC) technology. As discussed below, from the beginning of the underlying action through discovery in that action, and even during briefing and hearing in the current action, no evidence has shown that Apple’s accused functionality uses chips from STMicroelectronics,.

At the August 29, 2019 hearing on Apple’s venue-transfer motion in the underlying action, Mr. Ravel, counsel for Apple, made it clear that “STMicroelectronics does not supply any NFC secure element chip or controller used by Apple Pay, Apple Wallet”:²

15 MR. RAVEL: I also understand that Fintiv contends that
 16 STMicroelectronics supplies the NFC secure element chip and
 17 controller for the iPhone XS or use in Apple Pay Wallet.
 18 STMicroelectronics does not supply any NFC secure element chip
 19 or controller used by Apple Pay, Apple Wallet.

During discovery in the underlying case—which was substantially completed before Fintiv filed its motion to compel STMicroelectronics in December 2020—Fintiv did not uncover any evidence to the contrary. During briefing on this motion, Fintiv admitted that “[t]he answers and productions from Apple have not indicated that ST is providing the microchips at issue here.”³ At the hearing in this action, Fintiv initially represented that “STMicroelectronics manufactures secure elements for the phones that are accused products in this case.”⁴ STMicroelectronics responded that “Apple has consistently told Fintiv that Apple does not use

² *Fintiv, Inc. v. Apple, Inc.*, Case No. 1:19-cv-01238-ADA, Dkt. No. 66, August 29, 2019 Venue Transfer Motion Hearing Transcript at 59.

³ Dkt. No. 22 at 1.

⁴ Dkt. No. 27 at 4.

the ST chips that would be at issue in this case.”⁵ The Court asked Fintiv “Do you have any evidence from someone at Apple that you deposed that – either that STMicroelectronics does supply anything to do with the NFC secure element or controller or anything that’s relevant to your infringement case that is used by Apple Pay or Apple Wallet?”⁶ Fintiv responded that “No. We do not.”⁷

Fintiv’s briefing points to a September 2018 website article that mentions STMicroelectronics and Apple in the same article, but the article states that NXP—not STMicroelectronics—provides the NFC chips in question. Fintiv had ample opportunity through discovery of Apple to investigate the statements made in that article and determine whether STMicroelectronics had relevant information. Nevertheless, in its briefing and at the hearing, Fintiv has admitted that, despite the discovery it conducted of Apple, it still has no evidence that STMicroelectronics supplies anything relevant to Apple’s alleged infringement.⁸

Fintiv has failed to show that it is entitled to compel production from STMicroelectronics in light of the factors set forth in *Wiwa v. Royal Dutch Petroleum Co.*, 392 F.3d 812, 818 (5th Cir. 2004). The Court therefore DENIES Fintiv’s motion to compel STMicroelectronics.

The Court is concerned about litigants issuing subpoenas to third parties without any evidence that the third parties have information relevant to the litigants’ claims or defenses. Courts are obligated to protect third parties from significant expense resulting from compliance. *Id.* at 818 & n.32. This is particularly true when there is no indication that the third party has relevant information.

⁵ *Id.* at 7.

⁶ *Id.* at 10.

⁷ *Id.*

⁸ *See, e.g.*, Dkt. No. 22 at 1; Dkt. No. 27 at 10.

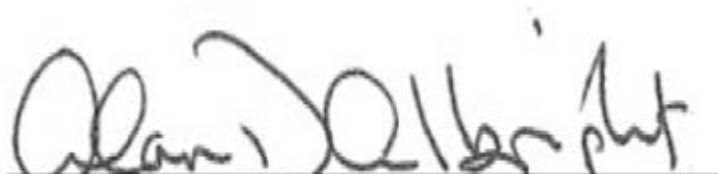
Federal Rules of Civil Procedure 37(a)(5)(B) and 45(d)(1) make the award of fees mandatory when denying a motion to compel under these circumstances. Rule 37(a)(5)(B) provides that when a motion to compel is denied, the party opposing the motion is entitled to recover its reasonable costs and attorney’s fees incurred in defending the motion, unless the motion was “substantially justified” or “other circumstances make an award of expenses unjust.” The United States Supreme Court has defined “substantially justified” to mean “justified in substance or in the main—that is, justified to a degree that could satisfy a reasonable person.” *Pierce v. Underwood*, 487 U.S. 552, 565 (1988) (internal quotation marks omitted). Here, given that Fintiv was on notice in 2019 through Apple’s representation that STMicroelectronics did not provide NFC chips to Apple, and Fintiv uncovered no evidence to the contrary after significant discovery directly from Apple, the Court concludes that Fintiv’s motion was not substantially justified.

Rule 45(d)(1) required Fintiv to “take reasonable steps to avoid imposing undue burden or expense on” STMicroelectronics. That rule further requires the Court to enforce this duty: “The court for the district where compliance is required must enforce this duty and impose an appropriate sanction—which may include lost earnings and reasonable attorney’s fees—on a party or attorney who fails to comply.” Fed. R. Civ. P. 45(d)(1). Here, Fintiv moved to compel compliance with 100% of its subpoena, which asked for a broad range of technical and financial documents regarding all chips STMicroelectronics provides to Apple, regardless of whether such chips were relevant to the underlying case against Apple. The Court finds that Fintiv made no effort to avoid imposing an undue burden on STMicroelectronics.

Therefore, the Court finds that STMicroelectronics should be awarded its reasonable attorney’s fees and costs incurred in opposing Fintiv’s motion to compel. The Court prefers that

the Parties work together to agree on the appropriate amount of such award. No later than May 28, 2021, Counsel for STMicroelectronics is directed to either: (1) notify the Court of the amount of attorney's fees and costs agreed to by the Parties, and provide the Court with a proposed order regarding such award; or (2) file under seal an affidavit, supported by relevant billing statements and/or invoices, setting forth the specific amount of attorneys' fees and costs STMicroelectronics incurred in connection with its efforts to defend against Fintiv's motion to compel.

Signed on April 20, 2021.



ALAN D ALBRIGHT
UNITED STATES DISTRICT JUDGE