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

RFCYBER CORP.,	§	Case No. 6:21-cv-00916-ADA
Plaintiff,	§	**JURY TRIAL DEMANDED**
v.	§	
APPLE, INC.,	§	
Defendant.	§	

ORDER REGARDING THE JANUARY 20, 2023, DISCOVERY DISPUTE HEARING

On January 20, 2023, the Court held a discovery dispute hearing in the above captioned case. In accordance with the Court's rulings from the bench, the Court enters the following Order reflecting those rulings.

Issue #1: Compel RFCyber To Produce License Negotiation Documents With Licensees And Potential Licensees Of The Asserted Patents

Apple's Position

Aside from producing three licenses to the asserted patents, RFCyber refuses to produce documents relating to its licensing activities. For a company whose primary activity is licensing its patents, it is not believable that RFCyber's entire production of license-related documents amounts to three licenses. For instance, RFCyber has not produced demand letters to other companies or any negotiation communications relating to the three licenses it produced. These demand letters and negotiation communications are critical to determining which patents RFCyber considers to be its "key" patents in driving its licensing approach and how royalty rates were arrived at, among other things. The Federal Circuit recently highlighted the importance of negotiation communications in overturning an $85 million damages award because it was based

on expert opinion that "the asserted patents were key patents," despite his opinion being "untethered to the facts of this case." *Apple Inc. v. Wi-LAN Inc.*, 25 F.4th 960, 973 (Fed. Cir. 2022) (finding the plaintiff's CEO "expressly testified that the [asserted] '757 patent was not discussed in initial negotiations of the Doro license agreement" and that "the [asserted] '145 patent was not discussed in negotiations of the Doro license agreement.").

RFCyber is withholding these critical documents (without serving a log of withheld documents) by claiming the documents are protected from discovery by Federal Rule of Evidence 408. However, FRE 408 is not a rule against discoverability, only admissibility. *Two-Way Media LLC v. AT&T Inc.*, 2011 WL 13113724, at *3-4 (W.D. Tex. Mar. 7, 2011) ("[A]t least some communications made in furtherance of licensing/settlement negotiations are discoverable, as Rule 408 permits their use in some aspects of trial."). RFCyber may later seek to exclude use of FRE 408 communications at trial, but it cannot withhold them from discovery.

Relief Sought: Order RFCyber to produce documents concerning RFCyber's negotiation of licenses, including demand letters to other parties, which are responsive to Apple RFP Nos. 7 and 9.

RFCyber's Position

RFCyber has already produced all responsive documents in its possession, custody, or control. For example, RFCyber has not sent and does not have any "demand letters" to other parties.

Moreover, there are no "negotiation communications" as Apple contends. All discussions regarding the prior licenses were conducted through outside counsel or during mediation. Aside from a "Memorandum of Understanding" executed during the Samsung mediation, the only documents exchanged were drafts of settlement agreements sent via email

between outside counsel for RFCyber and outside counsel for the other parties. RFCyber is in the process of producing the Memorandum of Understanding.

RFCyber's counsel explained the above when the parties met and conferred. Moreover, Apple was already aware that all negotiations were exclusively conducted by attorneys from its deposition of Dr. Pan, RFCyber's CEO ("We authorized our attorneys to conduct those certain negotiations.").

Apple has not requested any emails, much less emails from outside counsel. Nor has Apple even attempted to show good cause for the production of any emails.

The Court should, accordingly, deny Apple's request.

Relief Sought: Order Denying Apple's Request.

The Court's Ruling:

It is hereby ORDERED that Apple's motion to compel further production of documents responsive to Apple's RFP Nos. 7 and 9 is DENIED as RFCyber represents that all responsive documents have been produced.

Issue #2: Apple's Request For 60-Day Extension Of Case Deadlines

Apple's Position

At a December 13, 2022 discovery hearing, the Court remarked that it was "giving you permission in advance to go beyond the discovery deadline and push those initial dates back." 12/13/2022 Hr'g Tr. at 23:7-9. Following up the Court's remarks, Apple now requests a 60-day extension of case deadlines to allow time to complete fact discovery (which currently closes on January 17) and to allow additional time for the Court to rule on Apple's motion to transfer (ECF No. 93) and motion to stay pending transfer (ECF No. 109). Except for rescheduling the *Markman* hearing to mid-September, there have been no case extensions.

As of this writing, there are at least 19 depositions left to be taken during fact discovery, including six depositions of third-party witnesses, several of whom are outside the United States. For its part, RFCyber has noticed the depositions of 13 Apple witnesses, not including the three witnesses deposed during venue discovery. Apple has produced two 30(b)(6) witnesses and one 30(b)(1) witness for depositions already, and offered a third 30(b)(6) witness for deposition on December 13, 2002, just before he went out on paternity leave. RFCyber refused to take that deposition, so now this witness (whom Apple expects to testify at trial) is now unavailable until March 3, 2023.

In addition, RFCyber has done a number of things over the holidays that have made completing fact discovery on the current schedule nearly impossible, including: (a) refusing to produce key documents, as outlined in Issue Nos. 1 and 2 above; (b) adding a new RFCyber witness to its initial disclosures on December 19, 2022; (c) serving three new deposition notices of Apple employees on December 27, 2022; and (d) initially refusing to accept service of subpoenas for two witnesses identified on RFCyber's initial disclosures as witnesses to be contacted through RFCyber's counsel.

RFCyber's counterproposal for an extension is unworkable, because it would require multiple depositions to be taken after the close of fact discovery, followed by wasteful supplemental expert reports. RFCyber will suffer no prejudice by this short extension, especially because it is a non-practicing entity seeking only money damages.

Relief Sought: Extend case deadlines by 60 days to complete fact discovery and allow the Court additional time to decide Apple's Motion for Intra-District Transfer to the Austin Division (ECF No. 93) and Motion to Stay Pending Transfer (ECF No. 109).

RFCyber's Position

Apple goes far beyond the Court's remarks and seeks a two-month extension to all case deadlines.

While RFCyber offered to agree to a short extension of discovery deadlines without affecting the trial schedule, Apple's extension is far longer than required, and appears calculated to delay the trial date.

Apple seeks to delay the case based on its own dilatory conduct. RFCyber served its 30(b)(6) notice on November 2, 2022. On December 1, Apple for the first time informed RFCyber that Mr. Elrad would be its designee as to 18 topics, and that Mr. Elrad was available on December 13. Despite RFCyber's diligent efforts, with only 8 business days' notice, it was not able to take Mr. Elrad's deposition on the single day Apple offered. On December 5, Apple stated that Mr. Elrad would not be available any other day until after the close of discovery. Apple has refused to designate any other witness for the 18 topics, despite having numerous other employees who work on the relevant systems.

Apple's other complaints are similarly meritless. Apple did not raise any concerns with RFCyber's production until December 20, 2022. As discussed above, RFCyber has worked to produce documents since that time. Apple does not explain why it cannot make its 3 additional witnesses available with more than a month's notice. Moreover, RFCyber offered to forego those witnesses' depositions if Apple provided a witness for the 18 topics during the discovery period. Finally, RFCyber has already offered deposition dates for its two additional witnesses.

In short, Apple seeks to be rewarded with a two-month extension for waiting until the entire discovery period was nearly over to seek documents and offer deposition dates. The Court should decline to do so.

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