

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
WACO DIVISION**

PARKERVISION, INC.,

Plaintiff,

v.

REALTEK SEMICONDUCTOR CORP.,

Defendant.

Case No. 6:22-cv-1162-ADA

DISCOVERY ORDER

On June 6, 2024, counsel for Plaintiff ParkerVision, Inc. (“ParkerVision”) and Defendant Realtek Semiconductor Corp.’s (“Realtek”) submitted to the Court a chart summarizing their discovery disputes.

As to the disputes, ParkerVision requested that Realtek produce distributor agreements and distributor reports/exchanges in response to Request for Production Nos. 11, 16, 17, 27, 39, 44, 49, 50, 51, 52, and 53. Additionally, ParkerVision requested that Realtek produce marketing, business plans, sales projections, competitor analyses, and other financial documents in response to Request for Production Nos. 15, 23, 32, and 34. Realtek requested that the Court deny ParkerVision’s requests.

DISTRIBUTION AGREEMENTS AND REPORTS

PARKERVISION’S POSITION

Realtek refuses to produce its distributor agreements and distributor reports so that it can hide sales and/or importation of infringing Realtek chips into the United States. Contrary to Realtek’s position, the discovery ParkerVision seeks is relevant to damages.

“Where a physical product is being employed to measure damages . . . territoriality is satisfied when [] any one of those domestic actions for that unit (e.g., sale) is proved to be present, even if others of the listed activities for that unit (e.g., making, using) take place abroad.” *Carnegie Mellon Univ. v. Marvell Tech. Group, Ltd.*, 807 F.3d 1283, 1306 (Fed. Cir. 2015). “Significantly, once one extends the extraterritoriality principle to confining how *damages* are calculated, it makes no sense to insist that the action respecting the product being used for measurement itself be an *infringing* action.” *Id.* The inquiry is focused on the “causal relationship to the foreign conduct for which recovery is sought” to the infringement. *Brumfield v. IBG LLC*, 97 F.4th 854, 878 (Fed. Cir. 2024).

Thus far, Realtek has produced approximately seven distributor agreements. *Each* distributor agreement *requires* the distributor to provide Realtek with information and reports at weekly/monthly intervals, including (i) the quantities of Realtek chips sold, (ii) distributor customer information (i.e., to whom Realtek’s distributors sell chips), (iii) the identity of third-party products incorporating a Realtek chip, (v) resale price, and (vi) customers’ down-stream distribution and sales of third-party products incorporating a Realtek chip. *See* Ex. 3 at §§ 5.1.10, 5.1.12, 7.1, 7.2, and 7.7. The reporting information also includes market trends, projected demand, sales plans, customer lists, and the status of new-product promotion. *Id.*

And the Realtek agreements indicate that Realtek designates third-party distributors to focus their sales and/or importation operations exclusively on select geographic locations, including the U.S. *See* Ex. 4 at § 1.2.

Realtek’s refusal to produce all distributor contracts and follow-on distributor reports/exchanges bars ParkerVision from understanding Realtek’s sales and importation

operations of accused Realtek chips into the U.S.—facts that may be relevant in a damages analysis.

Indeed, Realtek previously had no objection to producing its distributor contracts. But once ParkerVision requested the underlying distributor reports and exchanges of information that account for accused Realtek chips imported and/or sold into the U.S., Realtek refused to provide any further agreements and any distributor reports. But Realtek may not “open the door” to ParkerVision’s access to Realtek’s sales and/or importation operations then unilaterally refuse to complete its production once ParkerVision identifies foreign conduct that has a direct causal relationship to infringing Realtek chips sales and/or importation in the U.S. *Brumfield*, 97 F.4th at 878.

ParkerVision is entitled to all Realtek distributor contracts and underlying reports to determine the relationship between Realtek and its distributors and the quantity of Realtek chips sold into and/or incorporated into a third-party product for sale/importation into the United States. Arguments regarding whether such foreign conduct may be plausibly included in a damages figure is reserved for dispositive/*Daubert* motion practice. But at this stage, ParkerVision is entitled to develop the evidence and discover facts that are relevant to the damages issues in this case.

REALTEK’S POSITION

As to distributor agreements, Realtek is baffled. At multiple meet and confers, Realtek confirmed repeatedly that it produced *all* agreements for *all* of its distributors from 2016-2024. Specifically, Realtek produced agreements for 18 distributors, totaling over 80 agreements. Realtek is not withholding any distributor agreements, and there is nothing further to produce.

As to distributor reports, ParkerVision cannot articulate any theory under which they are relevant. Specifically, ParkerVision can only capture, at most, direct U.S. sales by Realtek (a foreign company) because ParkerVision cannot assert indirect infringement in this case. *See also* Dkt. 56 (ParkerVision’s Reply to Realtek’s Motion to Dismiss) at 11 (“ParkerVision does not allege indirect infringement”). As a matter of law, ParkerVision cannot tie Realtek’s distributor’s sales to any *domestic* action by Realtek. “Mere knowledge that a product sold overseas will ultimately be imported into the United States is insufficient to establish liability under section 271(a).” *MEMC Electronic Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369, 1377 (Fed. Cir. 2005).

As the Federal Circuit recently confirmed, ParkerVision must provide a “focused, coherent explanation of the required causal connection to domestic infringement.” *Brumfield v. IBG, LLC*, 97 F.4th 854, 880 (Fed. Cir. 2024) (affirming district court’s exclusion of worldwide sales under the *WesternGeco* framework because the damages theory “is legally insufficient . . . [since] it does not start from an act of ‘infringement’”). Setting aside the fact that ParkerVision only asserted method claims for the ’706 and ’518 Patents (and therefore, there is no direct infringement), the only potential domestic infringement by Realtek are direct U.S. sales.

Indeed, ParkerVision’s own case citation confirms this. “[T]erritoriality is satisfied *when and only when* any one of those domestic actions for that unit (e.g., sale) is proved to be present.” *Carnegie Mellon Univ. v. Marvell Tech. Group, Ltd.*, 807 F.3d 1283, 1306 (Fed. Cir. 2015). Here, *no* such domestic action is present for Realtek’s foreign sales.

“The royalty base for reasonable royalty damages cannot include activities that do not constitute patent infringement.” *AstraZenaca AB v. Apotex Corp.*, 782 F.3d 1324, 1344 (Fed. Cir. 2015). ParkerVision is not entitled to Realtek’s foreign sales under any theory. Nor has

ParkerVision even articulated one. ParkerVision complains that Realtek “opened the door” to the production of foreign sales documents. But by producing its distributor agreements, Realtek did not somehow waive its argument that ParkerVision is not entitled to foreign sales. Rather the distributor agreements confirm that Realtek does not generally sell directly to the U.S.

Because ParkerVision has failed to make a sufficient showing that it would be entitled to Realtek’s foreign sales, ParkerVision is not entitled to Realtek’s foreign sales documents, including its distributors reports. *Bel Power Soutlions Inc. v. Monolithic Power Systems, Inc.*, No. 6:21-cv-00655-ADA, Dkt. 63 at 5 (W.D. Tex. July 26, 2022) (“[Plaintiff] has not yet made a sufficient showing that it would be entitled to any damages based on [defendant’s] foreign sales, so [defendant] need not produce its foreign sales data.”).

FINANCIAL DOCUMENTS

PARKERVISION’S POSITION

In response to ParkerVision’s multiple requests for production, Realtek’s entire document production related to damages consists of approximately 43,000 purchase orders and packing lists (in a foreign language), a handful of publicly available financial statements, a single licensing agreement, and approximately seven distributor agreements. Realtek has unilaterally decided that its document production is over. But that is not how fact discovery works.

Request No. 15 requires “[a]ny and all documents related to the marketing, promotion, and advertising of Realtek Chips and/or Realtek Products.” Documents related to marketing and advertising are directly encompassed by the *Georgia Pacific* factors and ParkerVision’s apportionment theory. Realtek refuses to produce such documents.

Request No. 23 requires “[d]ocuments sufficient to show the gross profit, net profit, and costs for each Realtek Chip and/or Realtek Product by generation, version and year including,

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