

United States District Court
For the Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

IPCOM GMBH & CO. KG,)	Case No. 5:14-mc-80037-EJD-PSG
)	
Plaintiff,)	ORDER DENYING APPLE’S
)	MOTION TO QUASH SUBPOENA IN
v.)	A CIVIL CASE
)	
APPLE INC.,)	(Re: Docket No. 7)
)	
Defendant.)	

Before the court is Apple Inc.’s motion to quash IPCom GMBH & Co. KG’s subpoena for Apple’s license agreements, which was served pursuant to 28 U.S.C. § 1782.¹ The matter was submitted without oral argument pursuant to Civ. L.R. 7-1(b). Having reviewed the papers, the court DENIES Apple’s motion to quash.

I. BACKGROUND

On March 2, 2012, IPCom filed an infringement action against Apple in Germany, asserting European patent EP 1 841 268.² On May 7, 2013, IPCom amended its complaint to include

¹ See Docket No. 7.

² See Docket No. 7-2 at 2-3.

1 German patent DE 199 10 239.³ ICom alleges that the '268 and '239 patents are essential to the
2 3GPP UMTS wireless standard⁴ and sought damages in excess of €1.5 billion.⁵ The parties agree
3 that it is common in German patent litigation for plaintiffs to seek judgment only on infringement
4 and to defer judgment on damages to a second proceeding.⁶ They also agree that ICom's decision
5 to seek judgment on both infringement and damages in the initial proceeding is not barred by
6 German procedural rules.⁷

7
8 The parties engaged in extensive briefing on the patent infringement and damages issues
9 before the Mannheim Regional Court.⁸ As part of that briefing, Apple represented that it entered
10 into license agreements with other manufacturers covering a number of patents essential to UMTS
11 and GSM, GRPS and EDGE wireless standards.⁹ On February 11, 2014, the court conducted an
12 oral hearing before a three-judge panel, which is the German equivalent of a trial.¹⁰ The court
13 declined to hear evidence on damages, stating that it would first adjudicate the infringement
14 claims.¹¹ On February 28, 2014, the court dismissed ICom's infringement claims, finding no
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16 ³ See Docket No. 7-6 at 2-3.

17 ⁴ See Docket No. 2 at ¶ 5.

18 ⁵ See Docket No. 7-5 at 3.

19 ⁶ See Docket Nos. 7-1 at ¶ 9 and 10-1 at ¶ 4.

20 ⁷ See *id.*

21 ⁸ See Docket Nos. 7-1 at ¶ 10 and 10-1 at ¶ 5.

22 ⁹ See Docket No. 10-1 at ¶ 6 (“On September 24, 2013, Apple alleged in its briefing for the first
23 time that it has licensed about 75% of all patents declared as essential for the 2G and 3G standards
24 from over 25 companies.”); see also Docket No. 1 at 3 (“A disputed issue in the 2 O 53/12 and 2 O
25 95/13 actions in Germany concerns Apple’s licenses for wireless communications technologies. In
the pending German litigation, Apple claimed that it has allegedly concluded license agreements
covering a number of patents that are declared essential to UMTS and GSM, GPRS, and EDGE.”).

26 ¹⁰ See Docket No. 10-1 at ¶ 7; see also Docket No. 7 at 3.

27 ¹¹ See Docket No. 7-1 at ¶ 11 and 12 (“The court clarified that if ICom had eventually succeeded
28 in establishing infringement, the court would have issued an interlocutory judgment only as to the
infringement claim . . . which is subject to a separate appeal—and would address the amount of
damages only after a finding of infringement has become final.”).

1 infringement of the '268 and '239 patents.¹² Because it found no infringement, the district court
2 did not reach the damages issue. On March 6, 2014, IPCom filed a timely appeal with the Federal
3 Court of Justice of Germany in Karlsruhe.¹³ “The entire case including the question of the amount
4 of damages owed is now before the Court of Appeals.”¹⁴

5 On February 7, 2014, in preparation for the German trial, IPCom filed an ex parte
6 application in this court pursuant to Section 1782 seeking leave to obtain copies of Apple’s license
7 agreements for use in the German proceeding.¹⁵ IPCom argued that “such license agreements are
8 directly relevant to the damages calculation in that action.”¹⁶ On April 10, 2014, IPCom complied
9 with this court’s status request and filed a status update explaining that the suit was pending before
10 the German appeals court.¹⁷ IPCom also advised that unlike American appellate courts, German
11 appellate courts may receive facts on appeal.¹⁸ Finding that the discovery sought remained
12 warranted pursuant to Section 1782, the court granted IPCom leave to obtain copies of Apple’s
13 license agreements, without prejudice to any motion to quash.¹⁹ On May 5, 2013, Apple so
14 moved.²⁰

18 ¹² See Docket Nos. 7-7 and 7-8.

19 ¹³ See Docket No. 10-1 at ¶ 9.

20 ¹⁴ See *id.* at ¶ 10.

21 ¹⁵ See Docket No. 1.

22 ¹⁶ See *id.* at 3.

23 ¹⁷ See Docket No. 3.

24 ¹⁸ See Docket No. 3 at 1 (“Unlike appellate courts in the United States, German appellate courts
25 may act as a fact-finder. As a result, the discovery sought by IPCom’s pending § 1782 application
26 remains warranted and may be used and relied upon by the German appellate courts in their
decisions, including in the calculation of damages.”) (citation omitted).

27 ¹⁹ See Docket No. 5 at 5.

28 ²⁰ See Docket No. 7.

II. LEGAL STANDARDS

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2 “Under 28 U.S.C. § 1782, a district court may order a person residing or found within its
3 district to produce documents or testimony for use in a foreign legal proceeding, unless the
4 disclosure would violate a legal privilege.”²¹ A district court may issue such an order where: (1) the
5 discovery is sought from a person residing in the district to which the application is made; (2) the
6 discovery is for use in a proceeding before a foreign tribunal; and (3) the applicant is a foreign or
7 international tribunal or an “interested person.”²²

8
9 A district court has wide discretion to grant or deny a Section 1782 application.²³ The
10 Supreme Court has provided a “non-exhaustive”²⁴ list of factors that a court should consider:
11 (1) whether the “person from whom the discovery is sought is a participant in the foreign
12 proceeding”; (2) “the nature of the foreign tribunal, the character of the proceedings underway
13 abroad, and the receptivity of the foreign government or the court or agency abroad to U.S. federal-
14 court judicial assistance”; (3) whether the discovery request is an “attempt to circumvent proof-
15 gathering restrictions or other policies of a foreign country or the United States”; and (4) whether
16 the discovery requested is “unduly intrusive or burdensome.”²⁵

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18 It is common for parties to file ex parte applications, as “parties will be given adequate
19 notice of any discovery taken pursuant to the request and will then have the opportunity to move to
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23 ²¹ See *In re Ex Parte Application of Apple Inc., Apple Retail Ger. GMBH, and Apple Sales Int’l*,
Case No. 3:12-mc-80013-JW, 2012 WL 1570043, at *1 (N.D. Cal. May 2, 2012) (citing
28 U.S.C. § 1782(a); *Intel Corp. v. Advanced Micro Devices, Inc.*, 542 U.S. 241, 246-47 (2004)).

24 ²² 28 U.S.C. § 1782; see *In re Republic of Ecuador*, Case No. 3:10-mc-80225-CRB-EMC, 2010
25 WL 3702427, at *2 (N.D. Cal. Sep. 15, 2010).

26 ²³ See *Intel Corp.*, 542 U.S. at 264.

27 ²⁴ *In re Ex Parte Application of Apple Inc.*, 2012 WL 1570043, at *1.

28 ²⁵ *Intel*, 542 U.S. at 264-65; see also *In re Ex Parte Application of Apple Inc.*, 2012 WL 1570043,
at *1.

1 quash the discovery or to participate in it.”²⁶ In a motion to quash a subpoena issued in civil
2 litigation, however, the burden of persuasion is borne by the movant.²⁷

3 III. DISCUSSION

4 This court previously concluded that it had the legal authority to grant ICom’s ex parte
5 application to issue the subpoena to Apple.²⁸ The court noted that (1) Apple resides in this district,
6 (2) the discovery would be of use in German litigation and (3) the application is brought by a party
7 to that German litigation.²⁹ Apple does not contest that this court has the discretion to issue an
8 order pursuant to Section 1782.³⁰ Apple instead argues that three discretionary factors weigh in
9 favor of granting Apple’s motion to quash: (1) ICom’s subpoena is untimely; (2) ICom has no
10 current need for the requested discovery; and (3) ICom may intend to use the license agreements
11 for improper purposes.³¹

12 A. ICom’s Subpoena Is Timely

13 Apple first argues that ICom’s subpoena should be quashed as untimely given the
14 procedural posture of the German litigation.³² It asserts that ICom is inappropriately “seeking
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18 ²⁶ *In re Republic of Ecaudor*, 2010 WL 3702427, at *2.

19 ²⁷ *See In re Ex Parte Application of Apple Inc.*, 2012 WL 1570043, at *1 (citing *Green v. Baca*,
20 226 F.R.D. 624 (C.D. Cal. 2005)); *see also Heraeus Kulzer, GmbH v. Biomet, Inc.*, 633 F.3d 591,
21 597 (7th Cir. 2011) (“Once a section 1782 applicant demonstrates need for extensive discovery for
22 aid in a foreign lawsuit, the burden shifts to the opposing litigant to demonstrate, by more than
23 angry rhetoric, that allowing the discovery sought (or a truncated version of it) would disserve the
24 statutory objectives.”).

25 ²⁸ *See* Docket No. 5.

26 ²⁹ *See id.*

27 ³⁰ *See* Docket No. 7.

28 ³¹ *See id.* at 5-8 (“In sum, Apple asks that the Court quash the subpoena, given the merits judgment
against ICom in Germany; ICom’s undue delay in seeking this discovery; and the unavailability
of using § 1782 to obtain information for non-litigation purposes like license negotiations.”).

³² *See id.* at 5.

1 discovery for use after trial has concluded.”³³ The Supreme Court has held that though the
2 proceeding for which discovery is sought under Section 1782 must be “within reasonable
3 contemplation,” it need not be “‘pending’ or ‘imminent.’”³⁴ While Apple is correct that the trial
4 before the German district court has concluded, the German proceeding remains pending before the
5 Court of Appeals. ³⁵ IPCo’s subpoena thus meets and exceeds the Supreme Court’s standard for
6 timeliness.

7
8 Apple’s reliance on two Southern District of New York cases in which the court denied
9 Section 1782 applications as untimely is misplaced.³⁶ In *Aventis Pharma v. Wyeth*, the court
10 denied Aventis’ application for two reasons.³⁷ First, the *Aventis* court noted that Aventis did not
11 seek production in French court despite the French court’s apparent jurisdictional reach over the
12 documents.³⁸ Here, although Apple does not expressly argue that IPCo could have sought
13 production in German court, the court notes that IPCo could not have done so as “a party in a
14 German lawsuit can only request specific documents from his adversary, not categories of
15 documents.”³⁹

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17 Second, the *Aventis* court refused to allow Aventis to “rush to a U.S. Court on the eve of an
18 appeal in hopes of obtaining discovery it could have requested in this same Court” at the outset of
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20 ³³ Docket No. 7 at 5.

21 ³⁴ *Intel*, 542 U.S. at 259.

22 ³⁵ See Docket No. 10-1 at ¶ 9 and 10.

23 ³⁶ See Docket No. 7 at 4-5.

24 ³⁷ See *Aventis Pharma v. Wyeth*, Case No. M-19-70, 2009 WL 3754191, at *1 (S.D.N.Y. Nov. 9,
2009).

25 ³⁸ See *id.*

26 ³⁹ Docket No. 10-1 at ¶ 18; see also Docket No. 5 at 4 (granting IPCo’s ex parte Section 1782
27 application and noting that “the requested information therefore does not appear within the
28 immediate reach of a German tribunal); *Heraeus Kulzer, GmbH*, 633 F.3d at 597 (“Heraeus cannot
obtain even remotely comparable discovery by utilizing German procedures.”).

1 the French litigation.⁴⁰ The court stated that “the timing of Aventis’ request” would create a “fire
2 drill” that would place “a burden on Wyeth so great that they can not produce the requested
3 documents in time for the French appeal.”⁴¹ Here, because “the appellate briefing will continue,
4 likely for many more months,” there is no reason to believe, and Apple does not even claim,⁴² that
5 production for the appeal will be burdensome.⁴³

6 **B. ICom Has A Current Need for the Requested Discovery**

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8 As previously noted, ICom made the unusual but permissible decision to seek judgment
9 on both infringement and damages before the German district court.⁴⁴ Therefore, although the
10 district court did not reach the damages issue, “the entire case including the question of the amount
11 of damages owed is now before the Court of Appeals.”⁴⁵ ICom has stated that because “the
12 license agreements sought are directly relevant to the damages calculation” in the action,⁴⁶ ICom
13 “intends to submit the requested licenses to the appellate court.”⁴⁷
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17 ⁴⁰ *Id.*

18 ⁴¹ *See id.*, at *2.

19 ⁴² Docket No. 10-1 at ¶ 17. Apple agrees that it is “possible” that the appellate briefing in this case
20 will continue for several months. Docket No. 14 at 3. Apple’s arguments regarding the status of
21 the appeal in *ICom GmbH & Co. KG v. Nokia Corp* are irrelevant to the timeliness issue, as that
22 case has already been decided. *See* Docket No. 15. Moreover, the imminence of a different case
23 has no bearing on Apple’s ability to produce discovery in this case. *See* Docket No. 14 at 3.

24 ⁴³ *In re Application of Mare Shipping Inc. and Apostolos Mangouras*, Case No. 13-Misc.-238,
25 2013 WL 5761104 (S.D.N.Y. Oct. 23, 2013), is likewise distinguishable. In that case, the court
26 denied the applicants’ Section 1782 application because the Spanish court had jurisdictional reach
27 over the discovery. *See id.*, at *5.

28 ⁴⁴ *See* Docket Nos. 7-1 at ¶ 9 and 10-1 at ¶ 4.

⁴⁵ *See id.* at ¶ 10.

⁴⁶ *See* Docket No. 1 at 3.

⁴⁷ Docket No. 10-1 at ¶ 11.

1 Apple counters that the appeals court is unlikely to address the damages issue, so ICom
2 does not currently need the requested discovery.⁴⁸ Apple further argues that even in the unlikely
3 event that the appeals court reverses the finding of noninfringement,⁴⁹ it will likely remand the case
4 to the district court for consideration of damages.⁵⁰ Apple therefore contends that the odds that
5 ICom will need the license agreements for the appellate proceeding are “vanishingly small.”⁵¹
6 Yet Apple does not argue that there is no chance that the appeals court will reverse and consider
7 damages, only that such an outcome is highly unlikely. It cites no authority for the proposition that
8 this court should deny ICom access to discovery that may, even with low probability, be relevant
9 to the appellate proceeding.⁵² Moreover, Apple’s argument that “at a minimum,” the court should
10 quash ICom’s subpoena without prejudice “to allow ICom to refile later if it prevails in its
11 appeal of the patent merits,” is without basis.⁵³ Apple provides no rationale for delaying
12 production of the license agreements nor any evidence or argument that the burden will change at
13 all over time.⁵⁴
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17 ⁴⁸ See Docket No. 7 at 6-7.

18 ⁴⁹ Apple filed a notice of supplemental authority in support of its motion to quash informing the
19 court of the Karlsruhe Court of Appeals’ holding in the parallel litigation between ICom and
20 Nokia. “The Court of Appeal held that the EP 268 patent was not essential to the cellular standard
21 specification that ICom had cited in support of its infringement allegations, and Nokia had not
22 infringed.” Docket No. 15 at 2. Apple argues that this decision “should presage defeat for ICom”
23 in its appeal against Apple. *Id.*

24 ⁵⁰ Apple admits that “German appellate courts do have some discretion to determine damages.”
25 Docket No. 7 at 6.

26 ⁵¹ Docket No. 14 at 4.

27 ⁵² Apple also argues that even if the German appeals court addresses the damages issue, ICom has
28 failed to show that the license agreements are relevant to the damages issue. See Docket 14 at 3.
However, this court has already held that “ICom targets Apple’s relevant, standards-essential
license agreements related to wireless communications technology.” Docket No. 5 at 5.

⁵³ Docket No. 14 at 4.

⁵⁴ See *id.*

1 **C. ICom Does Not Intend to Use the Requested Discovery for an Improper Purpose**

2 Apple finally argues that ICom’s subpoena should be quashed “to the extent that ICom
3 seeks to use the discovery for an improper purpose.”⁵⁵ ICom represents that it does not intend to
4 use the license agreements for any purpose outside the ambit of Section 1782,⁵⁶ and Apple
5 provides no reason to discredit ICom’s representation.⁵⁷

6 In sum, production of the license agreements is warranted pursuant to Section 1782. Apple
7 shall produce the agreements to ICom by August 27, 2014.

8 **D. A Protective Order is Warranted**

9 Apple also requests that, in the event that this motion is denied, the license agreements be
10 subject to a protective order limiting access to ICom’s outside counsel that do not have any
11 financial interest in ICom and that do not represent ICom in licensing negotiations.⁵⁸ Apple’s
12 request is reasonable, and in any event, ICom has agreed to such a protective order.⁵⁹ The parties
13 shall submit a proposed protective order by August 13, 2014.

14 **IT IS SO ORDERED.**

15 Dated: July 28, 2014

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19 PAUL S. GREWAL
20 United States Magistrate Judge

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24 ⁵⁵ Docket No. 7 at 7.

25 ⁵⁶ See Docket No. 10-1 at ¶ 11 (“ICom intends to submit the license agreements that it has
26 subpoenaed from Apple to the Court of Appeals for use in the appellate proceeding.”).

27 ⁵⁷ See Docket No. 7 at 7.

28 ⁵⁸ See *id.*

⁵⁹ See Docket No. 10 at 6.