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IN THE UNITED ST.	ATES DISTRICT COURT
FOR THE NORTHERN	DISTRICT OF CALIFORNIA
EVERLIGHT ELECTRONICS CO., LTD. and EMCORE CORPORATION,	
Plaintiffs, v.	No. C 13-80251 WHA (misc)
NICHIA CORPORATION and NICHIA AMERICA CORPORATION,	
Defendants,	ORDER DENYING NICHIA'S MOTION TO COMPEL PRODUCTION OF DOCUMENTS AND DEPOSITION
INTEMATIX CORPORATION,	AND ORDERING INTEMATIX'S COMPLIANCE WITH THIS ORDER

In this miscellaneous action to compel discovery for use in a civil action pending elsewhere, limited relief is GRANTED.

Real party in interest.

# **STATEMENT**

Everlight Electronics Co., Ltd. filed a declaratory judgment action against Nichia Corporation and Nichia America Corporation in the Eastern District of Michigan in April 2012. Everlight Electronics Co., Ltd., et al. v. Nichia Corporation, et al., No. 4:12-cv-111758 (E.D. Mich. Apr. 19, 2012). The second amended complaint alleges several claims for relief, including declaratory judgment of non-infringement and invalidity of U.S. Patent Nos. 5,998,925 ("'925 patent") and 7,531,960 ("'960 patent") and infringement of U.S. Patent No. 6,653,215 ("'215 patent"). Nichia counterclaimed for infringement. The '925 patent is titled "Light Emitting Device Having a Nitride Compound Semiconductor and a Phosphor Containing a Garnet

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Fluorescent Material." The '960 patent is titled "Light Emitting Device with Blue Light LED and Phosphor Components." The '215 patent is titled "Contact to n-GaN with Au termination."

Plaintiff Everlight manufactures and supplies LED products, including white LEDs containing phosphors. Defendant Nichia is a competitor of Everlight in the LED products industry.

Third-party Internatix Corporation is a privately owned company with approximately 200 employees mostly located in Fremont, California, China, and Taiwan (Lund Decl. ¶ 4). Internative makes and sells phosphors to the LED industry, including to Everlight (id. ¶ 5). Internative and Nichia are competitors in the phosphor industry (*ibid*.).

On September 13, Nichia served third-party Internatix with a subpoena duces tecum and Internatix served objections on September 27. On September 30, Nichia served an amended subpoena duces tecum to include requests for samples of the Internatix phosphors supplied to Everlight. Internatix served objections to the amended subpoena on October 7. Counsel met and conferred on October 8, 11, and 15. Nicha attempted to narrow some of its requests. The parties, however, were apparently unable to resolve their differences.

On November 13, approximately one month after the parties' last meet and confer, Nichia filed the instant motion to compel production of documents and deposition of Internatix in this district (Dkt. No. 1). Two days later, non-expert discovery closed. The action remains in the Eastern District of Michigan and some motions are set to be heard before Judge Gershwin A. Drain on December 16.

In the instant motion, Nichia moves to compel the production of Nicha's document request numbers 2 through 11 by December 5, 2013, and to compel a witness to give testimony concerning Nichia's deposition topic numbers 2 through 9 by December 12, 2013. Although Rules 37 and 45 have been recently amended (effective December 1), this miscellaneous action is governed by the rules effective December 2007.

During meet and confers, Nichia and Internatix discussed forgoing a deposition of Internatix in favor of a business record declaration. Nichia, however, was only agreeable to such a substitute if the documents produced "provided sufficient substantive information directed to

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the remaining requests" and Nichia could review the documents before accepting a declaration substitute. Internatix was not willing to accept such terms.

## **ANALYSIS**

"Parties may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defense . . . . Relevant information need not be admissible at the trial if the discovery appears reasonably calculated to lead to the discovery of admissible evidence." FRCP 26(b)(1). On a discovery motion,

> the court must limit the frequency or extent of discovery otherwise allowed by these rules or by local rule if it determines that:

- (i) the discovery sought is unreasonably cumulative or duplicative, or can be obtained from some other source that is more convenient, less burdensome, or less expensive;
- (ii) the party seeking discovery has had ample opportunity to obtain the information by discovery in the action; or
- (iii) the burden or expense of the proposed discovery outweighs its likely benefit, considering the needs of the case, the amount in controversy, the parties' resources, the importance of the issues at stake in the action, and the importance of the discovery in resolving the issues.

FRCP 26(b)(2)(C). FRCP 37 governs motions to compel discovery and "a motion for an order to a nonparty must be made in the court where the discovery is or will be taken." FRCP 37(a)(2). Rule 45(c)(1) makes the party issuing the subpoena responsible for taking "reasonable steps to avoid imposing undue burden or expense on the person subject to the subpoena" and the issuing court must enforce this duty. Rule 45(c)(3) states: "On timely motion, the issuing court must quash or modify a subpoena that . . . (iii) requires disclosure of privileged or other protected matter, if no exception or waiver applies; or (iv) subjects a person to undue burden." The issuing court may, on motion, quash or modify the subpoena if it requires "disclosing a trade secret or other confidential research, development, or commercial information" or "disclosing an unretained expert's opinion or information that does not describe specific occurrences in dispute and results from the expert's study that was not requested by the party." FRCP 45(c)(3)(B). The issuing court may also order production under specified conditions if the moving party "shows a

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substantial need for the testimony or material that cannot be otherwise met without undue hardship" and "ensures that the subpoenaed person will be reasonably compensated."

#### 1. IDENTIFICATION OF PHOSPHORS SOLD BY INTEMATIX TO EVERLIGHT.

Document request number 2 and deposition topic number 2 are generally directed at a list of phosphors sold or supplied by Internatix to Everlight from 2006 to present. The requests are as follows:

> Document Request 2: Documents sufficient to identify or describe the Phosphors sold or otherwise supplied by Internatix to Everlight from 2006 to the present, including the type, name, model and part number of each Phosphor.

Deposition Topic 2: Identification of the Phosphors sold or otherwise supplied by Internatix to Everlight from 2006 to the present, including the type, name, model and part number of each Phosphor.

Nichia argues that its requests are directly relevant to its allegations of infringement of the '925 and '960 patents (Br. 19). It further argues that its requests are not duplicative or cumulative of information produced by Everlight because Everlight produced incomplete information regarding the phosphors it purchased from Internatix (Br. 21).

Internatix argues that such requests are unreasonably burdensome because they require Internatix to search for records of all phosphors Everlight purchased from Internatix in Taiwan from 2006 to present. This takes time away from its real business.

This order finds that document request number 2 and deposition topic number 2 are overly broad and unduly burdensome on non-party Internatix. Internatix is hereby **ORDERED** to produce a sworn declaration identifying the name (or model number) of each phosphor Internatix sold to Everlight from January 1, 2009 to September 13, 2013. The motion to compel document request number 2 and deposition topic number 2 is otherwise **DENIED**.

#### 2. TECHNICAL INFORMATION REGARDING INTEMATIX PHOSPHORS.

Document request numbers 3, 5, 6, and 7 and deposition topic numbers 4, 5, and 6 are directed at identifying specific Internatix phosphors allegedly present in Everlight accused products. The requests are as follows:

Document Request 3: Product specifications or data sheets for each Phosphor sold or otherwise supplied to Everlight from 2006 to the present.

Document Request 5: Documents sufficient to identify technical information, including chemical composition, chemical formula, particle size, particle density, and absorption/emission wavelengths, regarding the Intematix Phosphors sold or otherwise supplied to Everlight from 2006 to the present that contain YAG (Yttrium Aluminum Garnet), including NYAG-02<sup>TM</sup>, NGAG-04 NYAG-05 TM, NYAG-06 TM, NYAG-156, EX-T1, EX-T2, EX-T4, and EX-T5.

Document Request 6: Documents sufficient to identify technical information including chemical composition, chemical formula, particle size, particle density, and absorption/emission wavelengths, regarding the Internatix Phosphors sold or otherwise supplied to Everlight from 2006 to the present that contain yellow silicate, including Y4453.

Document Request 7: Documents sufficient to identify technical information including chemical composition, chemical formula, particle size, particle density, and absorption/emission wavelengths, regarding the Internatix Phosphors sold or otherwise supplied to Everlight from 2006 to the present that contain red nitride, including RR6436.

Deposition Topic 4: Technical information, including chemical composition, chemical formula, particle size, particle density, and absorption/emission wavelengths, regarding the Internatix Phosphors sold or otherwise supplied to Everlight from 2006 to the present that contain YAG (Yttrium Aluminum Garnet), including NYAG-02<sup>TM</sup>, NGAG-04<sup>TM</sup>, NYAG-05<sup>TM</sup>, NYAG-06<sup>TM</sup>, NYAG-156, EX-T1, EX-T2, EX-T4, and EX-T5.

Deposition Topic 5: Technical information, including chemical composition, chemical formula, particle size, particle density, and absorption/emission wavelengths, regarding the Internatix Phosphors sold or otherwise supplied to Everlight from 2006 to the present that contain yellow silicate, including Y4453.

Deposition Topic 6: Technical information, including chemical composition, chemical formula, particle size, particle density, and absorption/emission wavelengths, regarding the Internatix Phosphors sold or otherwise supplied to Everlight from 2006 to the present that contain red nitrade, including RR6436.

Nichia argues that these requests are narrowed in two ways. *First*, Nichia argues that it limited the requests to the eleven Internatix phosphors present in the accused products.

<sup>\*</sup> Nichia has previously sought to redact certain information contained in the above requests. The same information sought to be redacted, however, is not redacted in Internatix's opposition and does not constitute a trade secret.

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Second, Nichia argues that it identifies the specific technical information requested (e.g., chemical composition, formula, particle size, density, and absorption/emission wavelengths).

Internatix argues that the requests are not relevant to the asserted patents which contain claims including resin—not phosphor—limitations (Opp. 5–6). Internatix further argues that the requests are not actually narrow because they target "all Yag phosphors sold to Everlight" and all phosphors containing red nitrade or yellow silicate. Internatix also argues that Nichia appears to have some information about Internatix phosphors, including publicly available datasheets and documents produced by Everlight. Specific details of Internatix's chemical compositions and formulas (beyond those disclosed in publicly available materials) are closely guarded, highly confidential, extremely valuable trade secrets (Lund Decl. ¶¶ 15–16). Internatix also reports that it does not have a policy or practice of maintaining and storing discontinued product data sheets  $(id. \ \ 11).$ 

This order finds that document request numbers 3, 5, 6, and 7 and deposition topic numbers 4, 5, and 6 are overly broad and unduly burdensome on non-party Internatix. Internatix views defendant Nichia as a direct competitor in the phosphor industry (Lund Decl. ¶¶ 5, 15). Internatix makes reasonable efforts to restrict access to specific details of its chemical compositions and formulas (id. ¶¶ 15–16). One or more of Internatix's data sheets, however, are provided to customers.

Internatix is hereby **ORDERED** to produce any reasonably accessible Internatix data sheets relating to NYAG-02<sup>TM</sup>, NGAG-04<sup>TM</sup>, NYAG-05<sup>TM</sup>, NYAG-06<sup>TM</sup>, NYAG4156, EX-T1, EX-T2, EX-T4, EX-T5, Y4453, and RR6436. The motion to compel document request numbers 3, 5, 6, and 7 and deposition topic numbers 4, 5, and 6 is otherwise **DENIED**.

### 3. DOCUMENTS RELATING TO THE ENCAPSULANT MATERIAL FOR PHOSPHOR-CONTAINING LEDS.

Document request number 8 and deposition topic number 7 are generally directed at information regarding the encapsulant material for phosphor-containing LEDs. The requests are as follows:

Document Request 8: Documents relating to the identification,

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description and selection of the encapsulant material for Phosphorcontaining LEDs, including but not limited to Phosphor particle density, Phosphor settling, resin viscosity and differential settling in Phosphor mixtures.

Deposition Topic 7: Identification, description and selection of the encapsulant material for Phosphor-containing LEDs, including but not limited to Phosphor particle density, Phosphor settling, resin viscosity and differential settling in Phosphor mixtures.

Nichia argues that these requests are relevant to the '960 patent. That is, according to Nichia, certain claims of the '960 patent contain limitations requiring a phosphor or fluorescent material with a controlled particle size distribution. Nichia argues that any recommendations by Internative regarding the choice of encapsulent resin material or mixing parameters for the phosphors are relevant to the '960 patent claims.

Internative argues that it does not make or sell encapsulent material (Lund Decl. ¶ 7). Internatix, furthermore, does not know the details of Everlight's use of encapsulent material arguable relevance for Everlight's use of encasulent material is highly confidential Everlight information unknown to Internatix (Opp. 4).

Document request number 8 and deposition topic number 7 are overly burdensome for third-party Internatix. The requests are virtually unbounded. They are not tied to third-party Internatix or plaintiff Everlight. They do not contain a time constraint. The motion to compel production of document request number 8 and deposition topic number 7 is **DENIED**.

#### 4. PHOSPHOR SAMPLES.

Document request number 11 states "a physical sample of each phosphor sold or otherwise supplied to Everlight from 2006 to the present, of a minimum of 50 g per sample, and with appropriate designations sufficient to identify the phosphor."

Nichia argues that phosphor samples are relevant to infringement in this action because samples allow for a direct comparison between the Internatix phosphors and the phosphors used in Everlight's accused products. Nichia also agrees to pay reasonable compensation for the phosphor samples (Peterson Decl. ¶ 19). Nicha further argues that the "eleven phosphor samples requested from Internatix provide an alternative, non-duplicative means for Nichia to obtain

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technical information relevant to the asserted claims by direct testing of the phosphors" (Br. 19).

Internatix argues that requesting samples of all phosphors sold or supplied to Everlight over a span of seven years is overly burdensome.

Document request number 11 is overly broad, unduly burdensome, and duplicative of at least document request numbers 3, 5, 6, and 7 and deposition topic numbers 5 and 6. Any purported benefit of obtaining the samples is outweighed by the burden of producing a physical sample of all of Internatix's phosphor samples sold or supplied to Everlight over the span of seven years. This order already requires Internatix to produce certain data sheets as detailed above, thereby obviating the need for physical samples. The motion to compel production of document request number 11 is **DENIED**.

# 5. Instructions Provided by Internatix to Everlight.

Document request number 4 and deposition topic number 3 are generally directed at any instructions provided by Internatix to Everlight for incorporating Internatix phosphors into Everlight's LEDs. The requests are as follows:

Request 4: Documents sufficient to identify or describe any instructions provided by Internatix to Everlight for incorporating into or otherwise using Internatix Phosphors in Everlight's LEDs from 2006 to the present.

Deposition Topic 3: Technical instructions provided by Intematix to Everlight for incorporating Intematix Phosphors into Everlight's LEDs.

Nichia argues that instructions provided by Internatix to Everlight regarding phosphors is relevant to the claims of the '960 patent. Although it recognizes that Internatix has stated that it has no instruction documents, Nichia nonetheless wants to know whether oral instructions were given to Everlight (Reply Br. 3). Nicha argues that such requests are not unretained expert opinions under Rule 45(c)(3)(A)(ii) but rather, percipient knowledge acquired through prelitigation interactions.

Internatix argues that these requests, and some of Nichia's other requests, are motivated by searching for indirect infringement claims against Internatix. Internatix confirms that it has not provided instruction documents or technical instructions to Everlight for incorporating into or otherwise using Internatix phosphors in Everlight's LEDs (Lund Decl. ¶ 6).

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This order finds that these requests have little to no bearing on the claims for relief in the action. The second amended complaint against Nichia requests, among other relief, a declaratory judgment of non-infringement under direct, contributory, and induced infringement. Internatix is not a party to the action so what instructions (if any) Internatix provided Everlight is not at issue in the action. Nichia also states that it has already sought from Everlight "instructions provided by its suppliers on how to use and incorporate the phosphors into LED products" (Peterson Decl. ¶ 22). Additional discovery is duplicative. The motion to compel document request number 4 and deposition topic number 3 is **DENIED**.

#### 6. COMMUNICATIONS BETWEEN INTEMATIX AND EVERLIGHT.

Document request numbers 9 and 10 and deposition topic numbers 8 and 9 are generally directed at communications between Internatix and Everlight regarding the asserted Nichia patents and Intematix phosphors. The requests are as follows:

> Document Request 9: Communications, correspondence, and/or other documents between Internatix and Everlight regarding the technical characteristics of Intematix Phosphors sold or otherwise supplied to Everlight from 2006 to the present, including chemical composition, chemical formula, particle size, particle density, and absorption/emission wavelengths.

Document Request 10: Communications, correspondence, and/or other documents between Internatix and Everlight regarding the '925 or '960 patents, including any efforts to design around the patents.

Deposition Topic 8: Communications, correspondence, and/or other documents between Internatix and Everlight regarding the technical characteristics of Internatix Phosphors sold or otherwise supplied to Everlight from 2006 to the present, including chemical composition, chemical formula, particle size, particle density, and absorption/emission wavelengths.

Deposition Topic 9: Communications, correspondence, and/or other documents between Internatix and Everlight regarding the '925 or '960 patents, including any efforts to design around the patents.

Nichia argues that these requests are narrowly tailored to eleven phosphors supplied to Everlight and the two asserted Nichia patents (Br. 20). Document request number 9 (and the corresponding deposition topic) is limited to 2006, which is based on the time frame for which Nichia can seek damages from Everlight for patent infringement. Document request

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number 10 (and the corresponding deposition topic) is directed at any efforts to design around the patents and issues of willful infringement and secondary considerations of non-obviousness. Nichia argues that it has requested discovery from Everlight on a number of topics, including communications regarding Nichia's patents and design around efforts. "To the best of Nichia's understanding, Everlight has not made a complete production of any of this information to Nichia" (Peterson Decl. ¶ 22).

Internatix argues that these requests are not limited to the eleven identified Internatix phosphors. Intematix also argues that such requests are unduly burdensome because communications between Everlight and supplier Internatix about technical aspects of Internatix phosphors (if any) would likely occur via email (in English or Chinese) as well as other methods of communication.

This order agrees with Internatix on this point. It is more burdensome for third-party Internatix to search for, translate, and review communications potentially responsive to such broad requests than plaintiff Everlight. The motion to compel document request numbers 9 and 10 and deposition topic numbers 8 and 9 is **DENIED**.

#### 7. PROTECTIVE ORDER.

Internatix argues that some of the information sought in Nichia's discovery requests contain confidential and/or trade secret information. Internatix asks that Nichia be required to agree to the Patent Local Rule 2-2 Interim Model Protective Order of this district (Opp. 10). Specifically, Internatix seeks a unilateral prosecution bar. Section 8 of the Patent Local Rule 2-2 Interim Model Protective Order states:

## 8. PROSECUTION BAR

Absent written consent from the Producing Party, any individual who receives access to "HIGHLY CONFIDENTIAL" -ATTORNEYS' EYES ONLY" or "HIGHLY CONFIDENTIAL – SOURCE CODE" information shall not be involved in the prosecution of patents or patent applications relating to [insert subject matter of the invention and of highly confidential technical information to be produced], including without limitation the patents asserted in this action and any patent or application claiming priority to or otherwise related to the patents asserted in this action, before any foreign or domestic agency, including the United States Patent and Trademark Office ("the Patent Office"). For purposes of this paragraph, "prosecution" includes directly or indirectly drafting, amending, advising, or otherwise affecting the

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scope or maintenance of patent claims. (Prosecution includes, for example, original prosecution, reissue and reexamination proceedings.) To avoid any doubt, "prosecution" as used in this paragraph does not include representing a party challenging a patent before a domestic or foreign agency (including, but not limited to, a reissue protest, ex parte reexamination or inter partes reexamination). This Prosecution Bar shall begin when access to "HIGHLY CONFIDENTIAL – ATTORNEYS" EYES ONLY" or "HIGHLY CONFIDENTIAL – SOURCE CODE" information is first received by the affected individual and shall end two (2) years after final termination of this action.

Internatix also argues that request number 10 (and the corresponding deposition topic) covers communications protected by the joint defense privilege.

Nichia states that while it "does not disagree in principle to a protective order entered by this Court to govern Internatix's trade secrets," it questions whether such an order is necessary. Nichia argues that it is unnecessary for this district to enter a separate protective order for third-party Internatix when a stipulated protective order has been entered by the Eastern District of Michigan. That protective order, according to Nichia, adequately protects Internatix. Paragraph 4(c) states:

> All Discovery Materials produced in this case designated 'Confidential – Attorneys' Eyes Only,' shall be used solely for purposes of this Action and for no other purpose. The parties acknowledge that other actions are or may in the future be brought by one against another, and agree that none of the Discovery Materials designated 'Confidential – Attorneys' Eyes Only' may be used in other actions.

(Peterson Decl. Ex. P). Paragraph 11 states that "[w]ithin sixty (60) days of the final termination of this Action and any appeals related to this Action, all Discovery Material designated 'Confidential – Attorneys' Eyes Only' and all copies of Discovery Material designated 'Confidential – Attorneys' Eyes Only' shall be destroyed or returned to the party that produced same . . . " (*id*.).

This order finds it unnecessary to enter a separate protective order for Internatix in this district when the action is pending in the Eastern District of Michigan. The protective order entered by Judge Drain adequately protects Internatix—especially in light of the denial of Nichia's motion to compel and the narrowly tailored information ordered here. This order provides limited relief to Nichia so a separate protective order for third-party Intematix is of

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limited value. Additionally, non-expert discovery closed two days after Nichia filed this motion. The request to enter into a separate protective order for Internatix in this district is, accordingly, DENIED.

## **CONCLUSION**

In sum, Internatix is hereby **Ordered** to produce a sworn declaration identifying the name (or model number) of each phosphor Internatix sold to Everlight from January 1, 2009 to September 13, 2013. The motion to compel document request number 2 and deposition topic number 2 is **DENIED**. Internatix is hereby **ORDERED** to produce Internatix's data sheets relating to NYAG-02<sup>TM</sup>, NGAG-04<sup>TM</sup>, NYAG-05<sup>TM</sup>, NYAG-06<sup>TM</sup>, NYAG4156, EX-T1, EX-T2, EX-T4, EX-T5, Y4453, and RR6436. The motion to compel document request numbers 3, 5, 6, and 7 and deposition topic numbers 4, 5, and 6 is **DENIED**. The motion to compel production of document request number 8 and deposition topic number 7 is **DENIED**. The motion to compel production of document request number 11 is **DENIED**. The motion to compel document request number 4 and deposition topic number 3 are **DENIED**. The motion to compel document request numbers 9 and 10 and deposition topic numbers 8 and 9 is **DENIED**.

In other words, Nichia's motion to compel a witness of Internatix on deposition topic numbers 2 through 9 is **DENIED**. Internatix is ordered to produce data sheets and a sworn declaration as outlined above by **DECEMBER 18, 2013**, but only if Judge Drain authorizes this discovery, the discovery period otherwise having expired. The production is subject to the protective order entered by Judge Drain. Nichia must pay all reasonable costs and fees to collect and produce the materials produced (but not the costs and expenses of the motion practice).

IT IS SO ORDERED.

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25 Dated: December 3, 2013.

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United States District Judge