

EXHIBIT 12

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA - SAN FRANCISCO DIVISION

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U.S. GYPSUM COMPANY,)
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)
 Plaintiff,)
)
 vs.) No. C04-04941 JSW
)
)
)
 PACIFIC AWARD METALS, INC.,)
)
)
 Defendant.)
)

**CERTIFIED
COPY**

Videotaped Deposition of

ELIZABETH A. DEAN

Thursday, April 13, 2006

Reported by:

GEORGE SCHUMER, CSR 3326

01-379904



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tel (415) 357-4300

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11:09:14 1 Q. What were you retained to do?

11:09:22 2 MS. THAYER: To the extent that the witness
11:09:24 3 has been tendered as an expert in certain areas of the
11:09:27 4 case, she can certainly testify to that. To the
11:09:30 5 extent that she may have been retained on matters that
11:09:36 6 she has not been identified as a testifying expert, I
11:09:40 7 would object on the grounds of work product -- unless
11:09:44 8 you are just asking very high level.

11:09:50 9 MR. PADDEN: Interesting objection. I was
11:09:54 10 asking the high level, and I guess I'll try to just at
11:09:59 11 least ferret out if there's objectionable areas within
11:10:02 12 that question.

11:10:03 13 Q. If you can answer just overall: What you were
11:10:05 14 retained to do?

11:10:06 15 A. I believe generally I was retained to provide
11:10:11 16 assistance to Heller and Award Metals, relating to the
11:10:15 17 damages that may be claimed against Award Metals by
11:10:21 18 U.S. Gypsum.

11:10:23 19 Q. In what areas do you intend to give testimony
11:10:28 20 as a result of the award being tendered?

11:10:30 21 A. I intend to give testimony regarding my
11:10:32 22 opinions on Mr. Den Uyl's trade secret
11:10:38 23 misappropriation claim, as well as testimony related
11:10:41 24 to alleged mismarking of the '198 patent on U.S.
11:10:49 25 Gypsum products.

11:10:50 1 Q. Are there other areas that you did work, but
11:10:55 2 you are not intending to give testimony on?

11:11:02 3 MS. THAYER: You should answer that yes or no,
11:11:04 4 or "I don't know."

11:11:06 5 THE WITNESS: I don't know.

11:11:09 6 MR. PADDEN: Q. So would it be fair to say
11:11:12 7 that all of the work that you have done in your
11:11:16 8 current retention relates to these two general areas
11:11:19 9 that you said you expect to testify to?

11:11:23 10 A. Generally, yes.

11:11:25 11 Q. When you said "Mr. Den Uyl's claims," what you
11:11:31 12 mean is Mr. Den Uyl's calculation of damages in this
11:11:35 13 matter?

11:11:36 14 A. I'm not sure if I referred to it as "Mr. Den
11:11:39 15 Uyl's claims," but I intended to convey that I meant
11:11:57 16 the amount of damages that Mr. Den Uyl claims in his
11:12:01 17 report for trade secret misappropriation.

11:12:06 18 MR. PADDEN: I would like to at this time talk
11:12:08 19 to you a little bit about your background and
11:12:11 20 experience. For that purposes, and for many other
11:12:15 21 purposes in this deposition, I'll tender to you a copy
11:12:18 22 of the report that you have submitted. And I believe
11:12:23 23 that's the report that you have submitted addressing
11:12:27 24 Mr. Den Uyl's calculation of damages for the trade
11:12:31 25 secret misappropriation.

16:05:17 1 A. No.

16:05:22 2 MR. PADDEN: Let's take a break, because I'm

16:05:24 3 moving to a different area.

16:05:32 4 THE VIDEOGRAPHER: The time now is 4:05, and

16:05:36 5 we are going off videotape record.

16:05:39 6 (Recess taken, 4:05-4:14 p.m.)

16:13:48 7 THE VIDEOGRAPHER: The time now is 4:14, and

16:13:53 8 we're back to videotape record. Please proceed.

16:13:53 9 (Document referred to herein marked

16:13:59 10 for identification Exhibit 231)

16:13:59 11 MR. PADDEN: I would like to now direct your

16:14:01 12 attention to the report that you prepared, that is

16:14:03 13 entitled "Defendant Pacific Award Metals Expert Report

16:14:06 14 of Elizabeth A. Dean, Re Calculation of Fine Under 35

16:14:11 15 USC Section 229," and that report has been marked in

16:14:16 16 this deposition as Plaintiff's Deposition Exhibit 231.

16:14:25 17 Q. Have I correctly identified the document?

16:14:28 18 A. Yes, I think you said 229 instead of 292.

16:14:35 19 Q. So this is your other report that you have

16:14:40 20 submitted in this matter. Is that correct?

16:14:43 21 A. That's correct.

16:14:43 22 Q. And in this report, you calculated what you

16:14:48 23 would believe to be the potential fine that could be

16:14:51 24 assessed against USG for false marking under Section

16:14:56 25 292?

16:14:57 1 A. I believe that's case. Can I make one
16:15:03 2 clarification?

16:15:03 3 Q. Sure.

16:15:04 4 A. I think that this has the wrong E and F
16:15:07 5 schedule attached to it.

16:15:08 6 Q. We'll get to that. But I would represent to
16:15:12 7 you that this exhibit is the exhibit as it came in on
16:15:18 8 that date.

16:15:19 9 A. I understand. My mistake, entirely.

16:15:22 10 Q. And directing your attention to Paragraph 30
16:15:25 11 of this report, that's at the end, this gives your
16:15:40 12 conclusion of the number of cartons -- at that point I
16:15:49 13 understand that you intended to modify that number?

16:15:53 14 A. That's not right. Your point is not right.
16:15:57 15 The number in the report is correct. The wrong
16:15:59 16 Attachment E and F were attached.

16:16:03 17

16:16:14 18

REDACTED

16:16:23 19

16:16:28 20 Is that what you are saying?

16:16:30 21 A. I think that's a reasonable estimate of the
16:16:31 22 number of cartons. There could have been more.

16:16:38 23 Q. Then you are saying assuming that number of
16:16:41 24 cartons were marked, and that each labeling of the
16:16:48 25 cartons constitutes an offense fineable by \$500, the

16:16:55 1 potential fine would total a number of over \$1.5

16:17:01 2 billion. Is that right?

16:17:03 3 A. Well, the words for the documents are slightly
16:17:07 4 different than your question, but at the end point is
16:17:10 5 the number I calculated the \$1.5 billion? Yes.

16:17:15 6 Q. I just want to know: Is this number the
16:17:20 7 maximum fine that you have calculated?

16:17:27 8 A. Well, it is an interesting question. I mean I
16:17:32 9 think that the number of cartons I have calculated is
16:17:37 10 a reasonable estimate. It is certainly possible
16:17:39 11 there's more, but I would submit that yes, I think
16:17:42 12 this is a maximum.

16:17:44 13 Q. So based on the number of cartons, this fine
16:17:50 14 would be the maximum fine possible, if you interpret
16:17:54 15 each carton with a label with the '198 patent to be a
16:18:04 16 separate offense?

16:18:05 17 A. Bearing any -- for whatever reason --
16:18:08 18 production of additional information as to how many
16:18:11 19 cartons, yes.

16:18:12 20 Q. Forgive me if I may have asked you this
16:18:15 21 before, but is it correct that you have never before
16:18:20 22 given an estimate of the potential fine to be given
16:18:27 23 under 35 USC Section 292?

16:18:32 24 A. That's correct.

16:18:32 25 Q. And do you claim any special expertise in

16:18:49 1 determining what events may be considered an "offense"
16:18:53 2 under that statute?

16:18:54 3 A. No.

16:18:55 4 Q. Would it be fair to say that what you have
16:19:02 5 done here is simply calculate what you believe would
16:19:06 6 be a reasonable number of cartons that would carry a
16:19:12 7 label with the patent number on it, during this time
16:19:15 8 frame?

16:19:16 9 A. And applied \$500 per carton, yes.

16:19:20 10 Q. And you are not claiming to have any expertise
16:19:27 11 on whether \$500 per carton is an appropriate number
16:19:35 12 for the fine?

16:19:37 13 A. I don't think so. It is my understanding it
16:19:43 14 is a statutory rate, so it wasn't like I made a
16:19:49 15 judgment whether \$500 was a proper number.

16:19:51 16 Q. Did you consider any alternate measures for
16:19:54 17 the number of offenses or incidents of the fine?

16:20:00 18 A. At what point in time?

16:20:02 19 Q. At any time.

16:20:02 20 A. I did consider, after we issued this report,
16:20:12 21 that another possible type of measurement of offenses
16:20:17 22 might be the number of shipments, rather than the
16:20:23 23 number of cartons -- under the theory that it is
16:20:25 24 possible that there were multiple cartons in a
16:20:28 25 shipment. But I don't believe that information was

16:20:31 1 available to determine how many shipments there had
16:20:35 2 been.

16:20:35 3 Q. But at the time that you produced this report,
16:20:38 4 you had not considered any other alternative means of
16:20:43 5 measurement?

16:20:43 6 A. No.

16:20:44 7 Q. And was this consideration regarding shipments
16:20:53 8 a question -- an idea that you generated, or was that
16:20:58 9 brought to you by counsel?

16:20:59 10 A. I believe that was an idea that I generated,
16:21:05 11 yes.

16:21:05 12 Q. In preparing this report, did you review any
16:21:15 13 case law regarding this statute?

16:21:17 14 A. No.

16:21:18 15 Q. Now I want to make sure I understand what you
16:21:29 16 are not saying in this report.

16:21:35 17 Would it be fair to say that you are not
16:21:41 18 saying that if an offense of false marking is found,
16:21:49 19 that the court must assess a fine of \$1.5 billion?

16:21:54 20 A. Well, I think -- unless I'm mistaken about
16:22:05 21 this, it is the Court's determination as to what
16:22:08 22 constitutes a potential offense. So restating your
16:22:12 23 question as if the Court were to decide that a
16:22:15 24 potential offense was each individual carton, then I
16:22:19 25 think this would be the number that I would suggest

16:22:22 1 would be the right calculation for the number of
16:22:24 2 cartons.

16:22:24 3 Q. But you are not taking any position as to what
16:22:29 4 is the appropriate criterion for the offense
16:22:37 5 determination under the statute?

16:22:39 6 A. No.

16:22:43 7 Q. What you are saying is that -- only that if
16:22:47 8 each event of labeling a carton is considered a
16:22:52 9 separate offense, subject to the \$500 fine, then the
16:22:57 10 potential fine would be the number that you
16:23:00 11 calculated?

16:23:01 12 A. That's correct.

16:23:03 13 Q. Can you just state briefly the approach you
16:23:24 14 used to convert the figures for these products --
16:23:35 15 which were given in MLF -- to carton size?

16:23:41 16 A. Yes. In fact, it might be more efficient for
16:23:47 17 us to look at -- there is a section where I do that,
16:23:52 18 Paragraph 17 through 29.

16:23:57 19 So obviously the method that I used was
16:24:01 20 impacted greatly by what information was available to
16:24:08 21 me. So it seems fairly complicated, but really it is
16:24:12 22 because of the documents I needed to trace it through.

16:24:17 23 So there was US Gypsum sales data that was
16:24:24 24 produced, that was extremely detailed. It was by
16:24:28 25 USG's product number, of which I can't recall, but