

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

TESSERA, INC.,
Plaintiff,

v.

UTAC (TAIWAN) CORPORATION,
Defendant.

Case No. 10-cv-04435-EJD (HRL)

**ORDER DENYING MOTION FOR
SANCTIONS**

Re: Dkt. No. 356

United States District Court
Northern District of California

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Tessera, Inc. (“Tessera”) sues UTAC (Taiwan) Corporation (“UTC”) for breach of contract and patent infringement. Tessera served a subpoena on UGS America Sales Inc. (“UGS America”) in February of 2015. UTC disputed the relevance of the subpoenaed information and the parties filed discovery dispute joint report (“DDJR”) 12. Dkt. No. 325. The court agreed the subpoena sought some irrelevant information and therefore, in late May, limited the subpoena “to the topic of actual sale of UTC products by UGS America” and also “narrowed [the subpoena] to seek only documents in the possession of UGS America (and not its corporate affiliates).” *Id.* at 5. The court ordered UTC to produce all responsive documents within 14 days and also ordered UGS America “to designate a witness to testify to [certain topics], as narrowed, at a mutually agreeable date shortly following the document production.” *Id.*

A few days later UTC represented to Tessera that no information responsive to the limited scope of the subpoena exists. Dkt. No. 356-4 at 4. UTC also argued that Tessera had already taken more than ten depositions and therefore, under Federal Rule of Civil Procedure (“FRCP”) 30, Tessera needed leave of court before it could depose a witness pursuant to the court’s order on DDJR 12. Tessera disagreed and insisted the court’s order justified a prompt deposition. *Id.* at 2. The parties continued to discuss their dispute and ultimately they resolved it without court intervention. UTC and UGS America designated a witness, and Tessera deposed that witness on

1 July 21, 2015. Dkt. No. 356-7 at 3.

2 Tessler now moves for an evidentiary sanction—a jury instruction that the jurors may
3 assume UGS America refused to provide ordered discovery because that discovery would have
4 been harmful to UTC and helpful to Tessler—as well as an award of costs under FRCP
5 37(b)(2)(C). Dkt. No. 356 at 29-30. Tessler argues that responsive documents exist but have not
6 been produced and, likewise, that UGS America failed to adequately prepare the deposition
7 witness to answer questions within the scope of the subpoena. Tessler also argues that during the
8 deposition UTC and UGS’s lawyers coached the witness and frequently interrupted Tessler’s
9 lawyer. Tessler’s lawyer also accuses one of UTC and UGS’s lawyers of trying to attack him.
10 Dkt. No. 356 at 24-25. Tessler claims the acts of UTC, UGS, and their lawyers have prejudiced
11 Tessler by depriving it of relevant discoverable information.

12 UTC argues that no responsive documents exist, that UGS and UTC’s lawyers did nothing
13 improper during the deposition, and that Tessler’s lawyer deliberately generated a misleading
14 written record during the deposition in order to support this pre-planned sanctions motion.

15 The court read the parties’ briefs and watched the relevant portions of the deposition video
16 recording, including the moment at which one lawyer purportedly threatens to attack another. The
17 motion for sanctions is denied.

18 **Discussion**

19 The court rejects Tessler’s argument that UTC and UGS America have failed to search for
20 responsive documents, provide those documents, and prepare their witness to discuss information
21 responsive to the subpoena. That argument relies on a series of quotes that show UGS America
22 knew about UTC’s sales to a company called Everspin, but that the witness did not know very
23 much about those sales. Dkt. No. 356 at 14-15. UTC responds that those statements relate to
24 direct sales between UTC and Everspin, not to sales between UGS America and Everspin, and
25 therefore that information is beyond the narrowed scope of the subpoena. Dkt. No. 360 at 4-5.
26 The court agrees with UTC. The subpoena requires only the production of information related to
27 sales by UGS America of UTC products, and the witness clearly stated no such sales had been
28 made: “Q. Did UGS America ever sell any UTC products from 2001 through the present day? A.

1 No. Q. And how did you determine that in preparing for this deposition today? A. The sale – the
2 sale occurs between UTC and the customer. UGS America doesn't sell anything.” Dkt. No. 356-7
3 at 13. The quotes relied on by Tessera do not contradict that testimony and do not raise any
4 inference that responsive documents exist. UTC and UGS America were not required to prepare
5 the witness to answer the questions Tessera asked that went beyond the narrowed scope of the
6 subpoena.

7 Relatedly, the court is convinced Tessera has not been prejudiced by a lack of information
8 about the Everspin sales. UTC asserts discovery materials about the direct sales from UTC to
9 Everspin were already produced to Tessera. Dkt. No. 360 at 7. Tessera does not dispute that
10 point—it merely speculates that UGS America also sold UTC products to Everspin, and the court
11 rejects that speculation for the reasons discussed above.

12 The court also rejects the argument that UTC and UGS America's lawyers violated the
13 court's order on DDJR 12 when they disputed whether it was necessary to hold a deposition
14 pursuant to that order. It is correct that the court ordered the parties to promptly hold a deposition,
15 but UTC and UGS America's lawyers raised a good-faith dispute about whether it had become
16 necessary for Tessera to seek leave of court under FRCP 30. The parties, in accord with the
17 undersigned's standing order re: civil discovery disputes, discussed that dispute for a few weeks
18 and then resolved the dispute to the satisfaction of both parties. That is not improper or
19 sanctionable behavior—that is precisely what the parties must attempt to do when they dispute
20 how to apply the court's discovery orders.

21 The court finds Tessera's final argument—that opposing counsel objected frivolously,
22 harassed Tessera's lawyer, and threatened to attack him during the deposition—to be overblown.
23 The court read the cited portions of the transcript, watched the relevant portion of the deposition
24 video, and listened to the audio that corresponds to Tessera's citations. The court also read the
25 declarations of the neutral third-party videographer. The court is convinced that UTC and UGS
26 America's lawyers conducted themselves with professionalism.

27 Tessera has failed to persuade the court sanctions or costs are warranted for any reason.
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Conclusion

UTC and UGS America’s lawyers did not violate the court’s order on DDJR 12. The court is persuaded that no materials responsive to the narrowed subpoena exist. The court is also persuaded that UTC has already produced its relevant sales information to Tessera. UTC and UGS America’s lawyers behaved with professionalism during the deposition. The motion for evidentiary sanctions is denied. The request for costs is denied.

IT IS SO ORDERED.

Dated: 11/18/15



HOWARD E. LLOYD
United States Magistrate Judge