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**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION**

VIA TECHNOLOGIES, INC. (A  
CALIFORNIA CORPORATION), et al.,

Plaintiffs,

v.

ASUS COMPUTER INTERNATIONAL, et  
al.,

Defendants.

Case No. 14-cv-03586-BLF

**ORDER REGARDING MOTIONS *IN*  
*LIMINE***

Plaintiffs VIA Technologies, Inc., VIA Technologies, Inc., and VIA Labs, Inc., (collectively, “VIA” or “Plaintiffs”) bring this lawsuit against Defendants ASMedia Technology Inc., ASUSTeK Computer Inc., and ASUS Computer International (collectively, “ASUS” or “Defendants”), currently alleging trade secret misappropriation in violation of Cal. Civ. Code §§ 3426 et seq. (“CUTSA”) and 18 U.S.C. §§ 1836 et seq. (“DTSA”). This Order addresses the parties’ motions *in limine*. For the reasons explained below and on the record at the July 13, 2017 pretrial conference, the motions are decided as follows:

Plaintiffs’ Motion *in Limine* No. 1: GRANTED IN PART and DENIED IN PART.

Plaintiffs’ Motion *in Limine* No. 2: GRANTED.

Plaintiffs’ Motion *in Limine* No. 3: GRANTED IN PART and DENIED IN PART.

Plaintiffs’ Motion *in Limine* No. 4: DENIED.

Defendants’ Motion *in Limine* No. 1: DENIED.

Defendants’ Motion *in Limine* No. 2: GRANTED IN PART and DENIED IN PART.

Defendants’ Motion *in Limine* No. 3: DENIED.

1           **I.    PLAINTIFFS’ MOTIONS IN LIMINE**

2           **A.    Plaintiffs’ Motion *in Limine* No. 1 to Exclude Evidence and Argument Relating**  
3           **to Intellectual Property of ASUS and Theories of Liability that are No Longer at**  
4           **Issue**

5           Plaintiffs move to exclude evidence or argument relating to: (1) intellectual property (such  
6 as patents and trade secrets) belonging to Defendants, and/or (2) dropped or dismissed theories of  
7 liability, such as claims that Defendants misappropriated designs for PCIe and infringed United  
8 States Patent No. 8,476,747 (“the ’747 patent”). ECF 266. Plaintiffs argue that this evidence is  
9 irrelevant and would confuse the jury, result in undue delay, and waste time. *Id.*

10          Defendants respond that they do not intend to use evidence of their own intellectual  
11 property as a defense to patent infringement or trade secret misappropriation. ECF 286. However,  
12 Defendants argue that they should be permitted to introduce evidence of their own intellectual  
13 property to show lack of malicious theft of trade secrets. *Id.* Defendants argue this evidence is  
14 relevant because it suggests a corporate culture of creativity and respect for others’ creativity. *Id.*  
15 at 2-3.

16          The Court agrees with Defendants that general evidence of their corporate culture,  
17 including that they own intellectual property, is relevant rebuttal evidence to malicious theft of  
18 trade secrets. Accordingly, the Court DENIES Plaintiffs’ motion with respect to evidence relating  
19 to the intellectual property of ASUS.

20          The Court, however, agrees with Plaintiffs that evidence relating to dropped or dismissed  
21 theories of liability, in general, should be excluded. However, it may be the case that, even if such  
22 evidence is not allowed to be introduced in the first instance, it may be proper rebuttal.  
23 Accordingly, the Court GRANTS Plaintiffs’ motion with respect to evidence relating to dropped  
24 or dismissed theories of liability. Defendants may, however, move for modification of this order  
25 if such evidence become relevant to a defense.

26           **B.    Plaintiffs’ Motion *in Limine* No. 2 to Preclude Defendants from Misrepresenting**  
27           **at Trial that VIA’s Trade Secret Claims Only Concern 29 Analog Schematics**

28          Plaintiffs move to preclude Defendants from representing at trial that Plaintiffs’ trade  
secret claims as to analog circuit schematics are limited to only 29 schematics. ECF 267. On  
October 12, 2016, Magistrate Judge Lloyd issued an order “limit[ing] the scope of [Plaintiffs’]

1 requested [trade secret] discovery to 24 analog schematics of its choice, in addition to those  
2 schematics included in the power efficiency combination trade secret,” as well as the “list of 39  
3 digital designs” (i.e., Verilog source code) identified in its May 27, 2016 Second Amended Trade  
4 Secret Disclosures. ECF 182.

5 Plaintiffs argue that, even though discovery proceeded on this limited basis, they should  
6 not be precluded from arguing the full scope of their analog circuit schematics trade secret claims  
7 at trial, which, according to Plaintiffs, consist of 1,116 schematics relating to certain  
8 subcomponents of technologies in USB 3.0. ECF 267 at 2. Plaintiffs argue this is the case  
9 because Magistrate Judge Lloyd’s order only concerned discovery, not dispositive issues, and in  
10 fact Magistrate Judge Lloyd lacked jurisdiction under 28 U.S.C. § 636(b)(1)(A) to render a  
11 dispositive order that would foreclose Plaintiffs from proceeding on any trade secret claims. *Id.* at  
12 2-3. Plaintiffs also argue that trade secret misappropriation and misuse can be proven  
13 circumstantially, and they should be allowed to use the 29 schematics to prove by way of example  
14 that Defendants misappropriated the full 1,116 schematics. *Id.* at 4-5.

15 Defendants respond that the purpose of Magistrate Judge Lloyd’s order was to limit the  
16 scope of the trade secret case, and the Court should continue to enforce its boundaries at trial.  
17 ECF 287. Defendants argue that Plaintiffs’ jurisdictional arguments are waived because they did  
18 not, pursuant to 28 U.S.C. § 636(b)(1) and Fed. R. Civ. P. 72(a), object to Magistrate Judge  
19 Lloyd’s order within 14 days. *Id.* at 2. Defendants also argue that Plaintiffs’ jurisdictional  
20 arguments are incorrect because courts have an inherent power to control their dockets. *Id.* at 3.  
21 Defendants additionally disagree that Plaintiffs can prove trade secret misappropriation by  
22 example, arguing that Plaintiffs must specifically identify the precise aspects of the analog circuit  
23 schematics (which are a hybrid of trade secrets and publicly known information) that are trade  
24 secrets and prove how each derives independent economic value from not being generally known  
25 to the public or to other persons who can obtain economic value from its disclosure or use. *Id.* at  
26 4-6.

27 The Court agrees with Plaintiffs that Magistrate Judge Lloyd’s October 12, 2016 order  
28 does not limit their trade secret claims to 29 schematics. Magistrate Judge Lloyd’s order is a

1 discovery order. Its analysis is conducted according to Federal Rule of Civil Procedure 26(b),  
2 which covers “Discovery Scope and Limits.” *See* ECF 182 at 3-7. At no point does it indicate  
3 that it limits the reach of Plaintiffs’ claims. *See id.* Indeed, the closest it comes is an observation  
4 that “[i]t is impossible for VIA to effectively prosecute and for ASMedia to effectively defend a  
5 claim regarding so many trade secrets in a two-week trial.” *Id.* at 5. However, this statement was  
6 made in the context of assessing whether interests would be served by allowing broader  
7 discovery—it stands simply to observe that the amount of discovery that Plaintiffs sought was  
8 greater than what would be manageable at trial. This does not mean that Plaintiffs would be  
9 required to be so limited, though.

10 Moreover, regardless of its wording, Magistrate Judge Lloyd’s order must be a discovery  
11 order, as he did not have authority to issue an order limiting Plaintiffs’ claims. Where, as here, the  
12 parties did not consent to proceeding before a magistrate judge, a magistrate judge may only  
13 handle pretrial motions that are referred by a district court judge. *Flam v. Flam*, 788 F.3d  
14 1043,1045-46 (9th Cir. 2015); 28 U.S.C. § 636; Fed. R. Civ. P. 72. Absent party consent, 28  
15 U.S.C. § 636(b)(1)(A) only empowers magistrates to decide non-dispositive motions. *Flam*, 788  
16 F.3d at 1046. Interpreting Magistrate Judge Lloyd’s order as limiting the number of Plaintiffs’  
17 trade secret claims would convert it into a dispositive order, which is not allowed under § 636.

18 Finally, interpreting the order as a discovery order most closely aligns with Defendants’  
19 original objectives in seeking this relief. In the briefing leading up to Magistrate Judge Lloyd’s  
20 order, Defendants’ primary rationale for seeking a limitation on the number of schematics they  
21 needed to produce to Plaintiffs was reducing their discovery burden. *See* ECF 177 at 6-10.  
22 Defendants never sought relief from this Court to limit the number of dispositive issues, even  
23 though they could have. Indeed, issue narrowing is a common practice in patent cases, which,  
24 until very recently, this case was one. Defendants cannot now escape these strategic choices at  
25 this late stage. Accordingly, the Court finds that Plaintiffs’ trade secret claims are not limited to  
26 29 schematics. Plaintiffs’ motion is GRANTED.

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1                   **C. Plaintiffs’ Motion *in Limine* No. 3 to Exclude the Opinions of Defendants’**  
2                   **Damages Expert that are Based on Product Sales**

3                   Plaintiffs move to exclude the trade secret damages opinions of Defendants’ expert, Mr.  
4                   James Pampinella, that are based on product sales, as disclosed in paragraphs 41, 47, 48, 55, and  
5                   56 of his January 27, 2017 report. ECF 258. Plaintiffs argue that because they only seek trade  
6                   secret damages based on a theory of unjust enrichment and because the only unjust enrichment  
7                   they allege is avoided R&D costs, product sales are irrelevant and should not be part of the  
8                   damages calculation. *Id.* at 3-4. Plaintiffs specifically take issue with two sales-related aspects of  
9                   Mr. Pampinella’s opinion: (1) his comparison of Defendants’ U.S. sales with the amount of R&D  
10                  expenses that Plaintiffs’ expert, Ms. Melissa Bennis, determined Defendants avoided through their  
11                  misappropriation of Plaintiffs’ trade secrets (discussed in paragraph 41); and (2) his opinion that  
12                  Ms. Bennis should have apportioned her damages figure to “reflect U.S. sales,” because the R&D  
13                  benefit that Defendants allegedly received through misappropriation is the same regardless of how  
14                  many products they subsequently sold in the U.S. (discussed in paragraphs 47, 48, 55, and 55). *Id.*  
15                  at 4-5.

16                  Defendants respond that product sales is an alternative approach to estimating avoided  
17                  R&D costs, which has been recognized and supported by industry publications. ECF 269 at 3-4.  
18                  Defendants also complain that Plaintiffs have taken a shifting sands approach to damages:  
19                  according to Defendants, Plaintiffs represented at the May 14, 2015 motion to dismiss hearing that  
20                  they were only seeking relief for “use” of their alleged trade secrets in the United States, but, in  
21                  their expert report, they seek damages based on the value of R&D expenses avoided by ASMedia  
22                  in Taiwan. *Id.* at 2-3.

23                  Rule 702 requires that “expert testimony be both relevant and reliable.” *Ollier v.*  
24                  *Sweetwater Union High Sch. Dist.*, 768 F.3d 843, 860 (9th Cir. 2014) (internal citation and  
25                  alteration omitted). “This requires district courts, acting in a ‘gatekeeping role,’ to assess ‘whether  
26                  the reasoning or methodology underlying the testimony’ is valid and ‘whether that reasoning or  
27                  methodology properly can be applied to the facts in issue.’” *Id.* (quoting *Daubert v. Merrell Dow*  
28                  *Pharm., Inc.*, 509 U.S. 579, 592-93, 597 (1993)). In other words, “[i]t is not ‘the correctness of  
                        the expert’s conclusions’ that matters, but ‘the soundness of his methodology.’” *Id.* (quoting

1 *Estate of Barabin v. AstenJohnson, Inc.*, 740 F.3d 457, 463 (9th Cir. 2014)).

2 The Court finds that Mr. Pampinella’s comparison of Defendants’ alleged avoided R&D  
3 expenses to U.S. sales should not be excluded. Although it is not always the case that sales prices  
4 exceed R&D costs (and vice versa), Mr. Pampinella’s comparison of the two is relevant rebuttal to  
5 Ms. Bennis’s opinion, as it provides the jury with another data point to use in weighing her  
6 credibility. Accordingly, Plaintiffs’ motion with respect to paragraph 41 of his report is DENIED.

7 On the other hand, the Court finds that Mr. Pampinella’s opinion that Ms. Bennis should  
8 have apportioned her damages figure to “reflect U.S. sales” should be excluded. “Where the  
9 plaintiff’s loss does not correlate directly with the misappropriator’s benefit . . . [a] defendant’s  
10 unjust enrichment might be calculated based upon cost savings or increased productivity resulting  
11 from use of the secret.” *Ajaxo Inc. v. E\*Trade Fin. Corp.*, 187 Cal. App. 4th 1295, 1305 (2010).  
12 However, “[t]here is no standard formula to measure it.” *Id.* Accordingly, Ms. Bennis was not  
13 legally required to apportion her damages figure to reflect U.S.-only sales. Mr. Pampinella’s  
14 opinion to the contrary is neither relevant nor reliable, and, if anything, could confuse the jury’s  
15 deliberations on damages. As such, exclusion is warranted. Plaintiffs’ motion with respect to Mr.  
16 Pampinella’s apportionment opinion in paragraphs 47, 48, 55, and 56 is GRANTED.

17 **D. Plaintiffs’ Motion *in Limine* No. 4 to Exclude Newly Identified Evidence and**  
18 **Arguments Based Thereon**

19 Plaintiffs move to preclude Defendants from relying on any evidence that was not  
20 disclosed in interrogatory responses that were not served prior to the depositions of relevant  
21 30(b)(6) witnesses and other fact witnesses. ECF 269. This motion revolves around a series of  
22 events relating to certain discovery responses, which the parties do not appear to dispute: On  
23 April 26, 2016, Plaintiffs served the following interrogatories on Defendants:

24 INTERROGATORY NO. 21: “Set forth in detail the complete basis for the  
25 contention in your Answer that . . . ‘Plaintiffs’ alleged proprietary information . . .  
26 is readily available in the public document [sic] and ascertainable by proper  
27 means including descriptions in trade journals, reference books, or other  
28 published materials/literature,’ including identifying with specificity all facts and  
documents that support this contention and all persons with knowledge of such  
facts and documents.”

INTERROGATORY NO. 22: “Set forth in detail the complete basis for the  
contention . . . that ‘Defendants independently developed or acquired the

1 information Plaintiffs' [sic] are claiming as their trade secrets,' including  
2 identifying with specificity all facts and documents that support this contention  
3 and all persons with knowledge of such facts and documents."

4 Ex. 5 to Mot. at 6-7, ECF 270-5. Defendants responded on June 2, 2016, citing five documents in  
5 their response to Interrogatory No. 21 and citing the same five documents and one spreadsheet in  
6 their response to Interrogatory No. 22. Ex. 7 to Mot. at 20-22; ECF 270-7. In October 2016,  
7 Plaintiffs served 30(b)(6) deposition notices on the following topics:

8 AMENDED FIRST NOTICE – TOPIC 11: "The conception, design, research,  
9 development, test, and manufacture of each of ASM's USB 3.0 Chips, including  
10 without limitation, each of the Infringing Chips and Trade Secret Chips . . . ."

11 AMENDED SECOND NOTICE – TOPIC 1: "The public documents, including  
12 trade journals, reference books, or other published materials/literature, from  
13 which you are asserting that Persons can readily and properly ascertain VIA's  
14 trade secrets . . . ."

15 Ex. 1 to Mot. at 12-13, ECF 270-1; Ex. 2 to Mot. at 9, ECF 270-2. Plaintiffs took the deposition  
16 of Defendants' designee on these topics on November 11, 2016. Ex. 10 to Mot., ECF 270-10.

17 Meanwhile, on October 12, 2016, Magistrate Judge Lloyd issued an order directing  
18 Plaintiffs to select any "24 analog schematics of [their] choice" plus any of the schematics  
19 included in the power efficiency combination trade secret on which they could pursue further  
20 discovery. ECF 182. Ten days later, on October 22, 2016, Plaintiffs disclosed their selection. Ex.  
21 1 to Opp., ECF 290-2. Sixteen days later, on November 7, 2016, Defendants produced analog  
22 schematics corresponding to Plaintiffs' election. Ex. 2 to Opp., ECF 290-3.

23 On November 18, 2016, the last day of fact discovery, Defendants produced the  
24 development documents corresponding to Plaintiffs' selected schematics. They also identified  
25 additional documents evidencing public knowledge and supplemented their responses to  
26 Interrogatories Nos. 21 and 22 to identify additional supporting documents. Ex. 11 to Mot., 265-  
27 19. One month later, on December 19, 2016, Plaintiffs served their opening expert report on trade  
28 secret misappropriation. ECF 263-2. Defendants served their rebuttal report on January 27, 2017.  
ECF 263-13.

Plaintiffs contend that, because Defendants waited until the last day of fact discovery and  
the completion of relevant 30(b)(6) depositions to supplement their interrogatory responses and  
produce corresponding documents, they hid the full scope of their defenses and hindered

1 Plaintiffs' ability to seek relevant 30(b)(6) deposition testimony (and potentially other fact  
2 discovery) on these topics. ECF 269. Plaintiffs argue that courts have excluded evidence based  
3 on similar tactics, and urges the Court should do so here. *Id.* at 4-5. Plaintiffs also argue that the  
4 fact that they could depose Defendants' technical expert on these allegedly late-identified  
5 documents does not cure this problem, because Defendants' expert did not have personal  
6 knowledge of these documents and Plaintiffs were still deprived of the opportunity to get relevant  
7 discovery into the factual bases for Defendants' updated interrogatory responses. *Id.* at 5.

8 Defendants argue that their production of documents and supplementation of their  
9 interrogatory responses was reasonable under the circumstances, as Defendants did not know  
10 which analog circuit schematics Plaintiffs would select until they received Plaintiffs' selection on  
11 October 22, 2016. ECF 290 at 4. After that, Defendants point out, they took less than one month  
12 to produce the schematics and corresponding design documents. *Id.* Defendants also contend that  
13 their supplemental responses were substantially harmless to Plaintiffs, as an entire month passed  
14 between Defendants' supplementation and the issuance of Plaintiffs' expert report. *Id.* at 4-5.

15 The Court agrees with Defendants that this evidence should not be precluded. Although  
16 Defendants supplemented their interrogatory responses and produced additional documents on the  
17 last day of fact discovery, fact discovery was open nonetheless. At that point, Plaintiffs still had a  
18 full month before their opening expert reports were due. If Plaintiffs believed that Defendants'  
19 document production warranted additional 30(b)(6) deposition testimony, Plaintiffs could have  
20 sought leave to extend the fact discovery deadline to allow for these additional depositions.  
21 Plaintiffs did not do this. As such, Plaintiffs complain of a problem that seems to be at least in  
22 part of their own making. Plaintiffs' motion to preclude Defendants from relying on documents  
23 and discovery responses served after relevant 30(b)(6) depositions is DENIED.

24 Nevertheless, the Court recognizes that the timing of Defendants' supplementation and  
25 production may have hindered Plaintiffs' ability to get relevant information from certain 30(b)(6)  
26 witnesses. For that reason, the Court ORDERS that Defendant make one 30(b)(6) witness  
27 available for deposition in the U.S. who is prepared to testify on deposition topics no. 1 and 11.  
28 The deposition shall last no more than one day and must be concluded by July 31, 2017.



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**II. DEFENDANTS’ MOTIONS IN LIMINE**

**A. Defendants’ Motion *in Limine* No. 1 and *Daubert* Motion to Preclude the Use of Any Testimony From or Reference to the Opinions of Defendants’ “Unjust Enrichment” Arising from its Alleged Use of VIA’s Trade Secrets**

Defendants seek to exclude the opinions and testimony of Plaintiffs’ damages expert, Ms. Melissa Bennis, regarding Defendants’ alleged unjust enrichment arising from its misappropriation of Plaintiffs’ trade secrets. ECF 259-8. Defendants’ challenge is twofold: First, Defendants argue that Ms. Bennis’ opinion contradicts Plaintiffs’ express representation to this Court at the May 14, 2015 motion to dismiss hearing that they would only seek recover for “use” of its alleged trade secrets in the United States. *Id.* at 3-4. In contrast, say Defendants, Ms. Bennis’s opinion asks for damages based on a percentage of Plaintiffs’ global research and development expenses, which Defendants contend is a new theory that was disclosed for the first time through her expert report. *Id.* at 4-5.

Second, Defendants challenge Ms. Bennis’ opinion as unreliable because she does not attempt to measure the actual benefit received by Defendants from their alleged trade secret misappropriation. *Id.* at 5-8. At a high level, Ms. Bennis calculates Defendants’ alleged savings in R&D fees by totaling Plaintiffs’ mask design fees for the 139 projects they allege contributed to the development of the accused trade secrets, multiplying this by the ratio of total R&D expenses to total mask fees (to estimate total expenses for the 139 projects), and using surface area ratios to apportion for the features that relate to trade secrets. Ex. B to Mot. at 38-41, ECF 259-4. She assigns surface area ratios to each of the 139 projects by dividing them into five groups, selecting 1-2 representative mask designs for each of those five groups, and then calculating the percentage of that surface area corresponds to trade secret-related features. *Id.* at 39-41. Defendants claim her methodology is unreliable for several reasons: (1) she uses mask design fees, even though mask designs are not part of Plaintiffs’ allegations; (2) she blindly assumes, based on conversations with Plaintiffs’ engineers and expert, that there is a general correlation between surface area and design effort; (3) she blindly relies on Plaintiffs’ engineers to group each of the 139 mask designs into a specific category, select representative mask design(s) for each category, and determine the percentage surface area for each representative design; (4) the representative

1 designs are not statistically significant; and (5) using surface area as a proxy for design effort is a  
2 methodology that has not been used in any other case or scientific or industry publication. ECF  
3 259-8 at 5-8.

4 Plaintiffs disagree on both fronts. With respect to Defendants' first challenge, Plaintiffs  
5 argue that they only represented that their theory of liability—not damages—was premised on  
6 Defendants' alleged use of their trade secrets in the United States. ECF 292 at 1-2. Plaintiffs also  
7 argue that their unjust enrichment theory of damages is well supported under California and 9th  
8 Circuit law, and that they timely put Defendants on notice of this theory through their responses to  
9 Interrogatory No. 11 and production of their own R&D documents. *Id.* at 3-4. Plaintiffs also  
10 argue that there is no risk of double recovery from the Taiwan proceedings because they are only  
11 seeking lost profits (not unjust enrichment) in Taiwan; thus, Plaintiffs' unjust enrichment theory  
12 also should not be precluded on that basis. *Id.* at 4-5.

13 With respect to Defendants' second challenge, Plaintiffs argue that Ms. Bennis's  
14 methodology is reliable because courts have upheld damages models for avoided R&D costs that  
15 relied on a plaintiff's records where there is indicia of their reliability. Mot. at 6-7. Plaintiffs  
16 contend this is the case here because Ms. Bennis's opinion is based on contemporaneous  
17 documents that were created in the normal course of business and Ms. Bennis appropriately spoke  
18 with Plaintiffs' employees and technical expert to evaluate their reliability. *Id.* Plaintiffs also  
19 argue that Ms. Bennis's surface area apportionment analysis is reliable because issues such as the  
20 correlation between surface area and design effort and the representativeness of certain mask  
21 designs are technical questions for which Ms. Bennis appropriately relied on Plaintiffs' engineers.  
22 *Id.* at 8-9. Plaintiffs also point out that apportionment based on surface area has also been upheld  
23 by other courts. *Id.* at 8. Plaintiffs also maintain that Ms. Bennis's reliance on mask fees was  
24 reasonable because they were well documented on a per-project basis (whereas other types of  
25 R&D expenses are not) and Plaintiffs must incur mask design fees throughout the process of  
26 developing functional trade secrets. *Id.* at 10.

27 The Court finds that neither of the grounds advanced by Defendants warrants exclusion of  
28 Ms. Bennis's testimony. First, the Court is not convinced that Plaintiffs waived their right to

1 present their current damages theory at the May 14, 2015 motion to dismiss hearing. Plaintiffs’  
2 representations to the Court pertained to the scope of liability (i.e., that their theory of liability was  
3 based on Defendants’ improper use of trade secrets in the U.S.), not damages. See ECF 69 (“At  
4 oral argument, Plaintiffs acknowledged that, while their FAC may have been unclear as to this  
5 point, they are seeking relief in this suit only for actions that took place in the United States.”).  
6 Moreover, the Court is not persuaded that an entire damages theory could be waived by simple  
7 representations at a hearing on a motion to dismiss. Accordingly, Defendants’ first challenge fails.

8 Second, the Court disagrees that Ms. Bennis’s opinions are unreliable. Rule 702 “requires  
9 district courts, acting in a ‘gatekeeping role,’ to assess ‘whether the reasoning or methodology  
10 underlying the testimony’ is valid and ‘whether that reasoning or methodology properly can be  
11 applied to the facts in issue.” *Ollier*, 768 F.3d at 860 (quoting *Daubert*, 509 U.S. at 592-93, 597).  
12 “*Daubert* and Rule 702 are safeguards against unreliable or irrelevant opinions, not guarantees of  
13 correctness.” *i4i Ltd. P’ship v. Microsoft Corp.*, 598 F.3d 831, 854 (Fed.Cir.2010) *aff’d*, 131 S.Ct.  
14 2238 (2011). So long as an expert’s methodology is sound and his opinions satisfy the  
15 requirements of Rule 702, underlying factual disputes and how much weight to accord the expert’s  
16 opinion are questions for the jury. *Micro Chem., Inc. v. Lextron, Inc.*, 317 F.3d 1387, 1392 (Fed.  
17 Cir. 2003); *Primiano v. Cook*, 598 F.3d 558, 565 (9th Cir. 2010).

18 The Court finds that each of the reliability challenges raised by Defendants is more  
19 properly material for cross examination, rather than grounds for exclusion. First, with respect to  
20 Ms. Bennis’s use of mask fees, Ms. Bennis relied on contemporaneous VIA documents that were  
21 created in the normal course of business. She also discloses in her report that she used mask fees  
22 in part because “VIA has well documented project specific mask fees,” which she could correlate  
23 to the 139 projects which Plaintiffs identified as contributing to the development of their trade  
24 secrets. Ex. 2 to Mot. at 38, ECF 259-4. Further, she adjusted her calculation of total mask fees to  
25 total R&D fees using a ratio obtained from contemporaneous VIA documents that were created in  
26 the normal course of business. *Id.* at 39. Although it is true that the accused trade secrets do not  
27 relate to mask design, the Court finds Ms. Bennis’s methodology sufficiently reliable and cannot  
28 exclude her opinion on this basis.

1           Second, with respect to Ms. Bennis’s use of surface area ratios—including her assumption  
2 that there is a general correlation between surface area and design effort, her grouping each of the  
3 139 mask designs into a specific category, her selection of representative designs, and her  
4 calculation of percentage surface area—, this implicates technical information and assumptions  
5 which Ms. Bennis received from Plaintiffs’ engineers and technical expert. As a *damages* expert,  
6 Ms. Bennis was entitled to rely on this information. In her report, Ms. Bennis disclosed the names  
7 of the specific people from whom she received this information, as well as explained the general  
8 methodology that followed to arrive at the calculated surface area ratios. *Id.* at 39-40. It may be  
9 that some of this information is incorrect or that the extent to which Ms. Bennis relied on these  
10 technical assessments renders her less credible, but these are topics for cross examination.

11           The only somewhat non-technical aspect of Ms. Bennis’s surface area ratios methodology  
12 that Plaintiffs challenge is the statistical significance of the representative designs. In her  
13 calculations, Ms. Bennis relied on only one representative design for three of the mask design  
14 categories, two representative designs with arguably high variance for one of the categories, and  
15 no representative design for the final category. Ex. 2 to Mot. at 40-41, ECF 259-4. However, this,  
16 in and of itself, is not enough to render her opinion unreliable—Ms. Bennis was still bounded by a  
17 technical assessment of which designs were representative, and it is possible that even a sample  
18 size of one could be sufficient for her purposes. As such, the Court finds that this is an issue for  
19 cross examination, and will not exclude Ms. Bennis’s opinions on that basis.

20           In sum, Ms. Bennis’s opinions pass muster under *Daubert* and Rule 702. Defendants’  
21 challenges pertain more to underlying factual assumptions and Ms. Bennis’s credibility as a  
22 witness, which are determinations for the jury. Defendants’ motion to exclude the opinions and  
23 testimony of Ms. Bennis is DENIED.

24           **B. Defendants’ Motion *in Limine* No. 2 to Preclude Plaintiffs from Presenting Any**  
25           **Evidence of or Making Any Reference to the Taiwanese Criminal Proceedings**  
26           **and/or Prosecutor Searches**

27           Defendants move to preclude Plaintiffs from presenting evidence, testimony, arguments, or  
28 making any reference to the related criminal proceeding pending in Taiwan. ECF 261.  
Defendants argue that this evidence is irrelevant, highly prejudicial, and would result in juror

1 confusion and a waste of time. *Id.* at 3-5. Defendants also offer that they are willing to stipulate  
2 that certain of Plaintiffs’ documents were found in ASMedia’s office, so long as there is no  
3 reference to the underlying criminal investigation that resulted in this discovery. *Id.* at 4.

4 Plaintiffs respond that this evidence is highly relevant because it helps rebut Defendants’  
5 statute of limitations defense. ECF 293. Plaintiffs point out that, in arguing that this action should  
6 be barred under the statute of limitations, Defendants have made references to Plaintiffs’ original  
7 Complaint in this action and their Criminal Complaint in Taiwan and argued that, in these  
8 documents, Plaintiffs made certain “admissions” about their state of mind that show that they were  
9 aware of Defendants’ misappropriation in 2009 and 2010. *Id.* at 2-3. Plaintiffs argue that  
10 evidence about the Taiwanese prosecutor searches and criminal proceedings are necessary to put  
11 these “admissions” in context, because it shows that these “admissions” are actually hindsight  
12 statements, which were made only after the Taiwanese prosecutor searches had uncovered  
13 materials suggesting potential misappropriation. *Id.* at 3-4.

14 In addition to the statute of limitations, Plaintiffs also argue that the Taiwanese prosecutor  
15 searches and criminal proceedings evidence is relevant to its misappropriation claims because they  
16 are highly probative of Defendants’ access and knowing improper use of Plaintiffs’ trade secrets.  
17 *Id.* at 4-5. Plaintiffs argue that Defendants’ proposed stipulation is inadequate because it  
18 eliminates telling details and deprives Plaintiffs of the fair and legitimate weight of this evidence.

19 The Court agrees with Defendants that references to criminal proceedings in Taiwan are  
20 highly prejudicial and likely to result in juror confusion. However, the Court also agrees with  
21 Plaintiffs that evidence relating to these proceedings is relevant to and probative of the statute of  
22 limitations issue. Thus, the Court GRANTS IN PART and DENIES IN PART Defendants’  
23 motion: the Court will allow Plaintiffs to present evidence relating to the criminal proceedings in  
24 Taiwan, so long as it is properly sanitized. Specifically, at least the words “prosecutor,”  
25 “criminal,” “raid,” and “search” cannot be used. The proceedings must also be referred to in a  
26 neutral manner, such as “Taiwan government investigation,” “agency action,” or “proceedings in  
27 Taiwan.” Before the commencement of trial, the parties shall meet and confer to identify any  
28 additional sanitization measures that may be necessary. During trial, Defendants may object to

1 any evidence that is not properly sanitized.

2 **C. Defendants' Motion *in Limine* No. 3 to Preclude Plaintiffs from Presenting Any**  
3 **Evidence of Any Alleged Trade Secret or Misappropriation Thereof Beyond the**  
4 **Specific Trade Secrets Permitted Under Magistrate Judge Lloyd's October 12,**  
5 **2016 Order (Dkt. No. 182)**


6 Defendants move to preclude Plaintiffs from presenting evidence, testimony, and  
7 arguments regarding misappropriation of any trade secret beyond the 29 analog circuit schematics  
8 and 39 digital designs (e.g., Verilog source code) expressly permitted by Magistrate Judge Lloyd's  
9 October 12, 2016 order. ECF 262. Defendants argue that they would be severely prejudiced if  
10 Plaintiffs were allowed argue misappropriation of trade secrets not covered by this order because  
11 Defendants have not had the opportunity to take discovery or get expert testimony on these trade  
12 secrets, nor have Plaintiffs identified these trade secrets with sufficient particularity. *Id.* at 5-6.  
13 Defendants also argue that not restricting Plaintiffs in this way would result in jury confusion,  
14 needlessly consume the Court's resources, and make trial unmanageable. *Id.*

15 Plaintiffs respond that Magistrate Judge Lloyd's order only pertained to discovery, and  
16 cannot operate to limit the scope of Plaintiffs' claims. ECF 294. Plaintiffs also argue that  
17 Defendants will not suffer undue prejudice because Defendants had ample notice and opportunity  
18 to defend itself against the full 1,116 analog circuit trade secrets that Plaintiffs claim Defendants  
19 misappropriated. *Id.* at 3-4. Plaintiffs also maintain that they are entitled to prove  
20 misappropriation circumstantially, using the 29 analog circuit schematics as examples. *Id.* at 4-5.

21 Defendants' motion presents the same issue as that of Plaintiffs' Motion in Limine No. 2.  
22 Accordingly, for the same reasons given with respect to that motion, Defendants' motion is  
23 DENIED.

24 **IT IS SO ORDERED.**

25 Dated: July 19, 2017

26   
27 BETH LABSON FREEMAN  
28 United States District Judge