UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

WI-LAN INC., WI-LAN USA, INC., and WI-LAN LABS, INC.,

Plaintiffs,

v.

LENOVO (UNITED STATES), INC., et al.,

Defendants.

Case No.: 17cv365-BEN-MDD

ORDER GRANTING LIMITED EXPEDITED DISCOVERY

[ECF NO. 40]

On February 23, 2017, Wi-LAN, Inc., Wi-LAN USA, Inc., and Wi-LAN Labs, Inc., ("Wi-LAN") filed a complaint alleging patent infringement against Lenovo (United States), Inc., Lenovo Holding Company, Inc., Motorola Mobility, LLC, and Motorola Mobility Holdings, LLC ("Lenovo"). (ECF No. 1). Wi-LAN alleges that Lenovo infringes its U.S. Patent Nos. 8,787,924 ("the '924 patent"), 8,867,351 ("the '351 patent"), 9,226,320 ("the '320 patent"), and 9,497,743 ("the '743 patent") by manufacturing, using, selling, offering to sell, and/or importing various wireless communication products without license. (*Id.* ¶¶ 1, 37, 45, 59, 73, 87).

On June 16, 2017, Defendants filed a motion to dismiss for improper venue or transfer to the Northern District of California. (ECF No. 39). On June 29, 2017, Plaintiffs filed the instant ex parte motion for leave to seek expedited discovery. (ECF No. 40). The motion was referred to this Court by the district judge. Defendants responded in opposition on July 13, 2017. (ECF No. 48). Both sides filed supplemental authority. (ECF Nos. 43, 50).

As provided herein, Plaintiffs' Motion for Expedited Discovery is **GRANTED** in part and **DENIED** in part.

DISCUSSION

A. Legal Standard for Motion for Expedited Discovery

Federal Rule of Civil Procedure 26(d) states:

> A party may not seek discovery from any source before the parties have conferred as required by Rule 26(f), except in a proceeding exempted from initial disclosure under Rule 26(a)(1)(B), or when authorized by these rules, by stipulation, or by court order.

In the instant case, Plaintiffs may obtain early discovery only by court order. In this Circuit, courts must find "good cause" to determine whether to permit discovery before the Rule 26(f) conference. Good cause exists where the need for expedited discovery, in consideration of the administration of justice, outweighs the prejudice to the responding party. *See, e.g.*, *Arista Records, LLC v. Does 1–43*, Case No. 07cv2357-LAB-POR, 2007 WL 4538697, at *1 (S.D. Cal. Dec. 20, 2007). In considering whether good cause exists, factors courts may consider include "(1) whether a preliminary injunction is pending; (2) the breadth of the discovery request; (3) the purpose for requesting the expedited discovery; (4) the burden on the defendants to comply with the requests; and (5) how far in advance of the typical discovery process the request was made." *Palermo v. Underground Sols., Inc.*, Case No.

12cv1223-WQH-BLM, 2012 WL 2106228, at *2 (S.D. Cal. June 11, 2012).

B. ANALYSIS

Plaintiffs assert that expedited discovery is necessary to address whether Defendants have a "regular and established place of business" in the Southern District of California. (ECF No. 40-1 at 5). In support, Plaintiffs claim to have independently discovered multiple Lenovo employees in the Southern District of California, "including at least one witness at the executive level." (*Id.* at 7). Defendants, on the other hand, assert that Plaintiffs' arguments are "flatly contradicted" by those individuals' declarations. (ECF No. 48 at 8). As Plaintiffs note, however, counsel for Defendants conceded that even after filing their motion and declarations, they did not know how many employees Defendants have in the Southern District of California. (ECF No. 40-1 at 7).

Plaintiffs have served eight requests for production, five interrogatories, one deposition notice under Rule 30(b)(6), and a deposition notice for Brian Siegel, Lenovo's Executive Director of Consumer Sales (who submitted a declaration in support of Lenovo's venue motion). (*See* ECF Nos. 40-4, 40-5, 40-6, 40-7). The scope of Plaintiffs' requests broadly include residences of Defendants' personnel; Defendants' relationships with personnel, customers, and other companies; activities in connection with any of Defendants' products; and Defendants' property. (*See id.*). The scope of Plaintiffs' requests are limited in time from July 22, 2014, the earliest issue date of the patents-in-suit, to present. (ECF No. 40-1 at 9. *See* 40-5 at 6). Plaintiffs' requests are limited in place to the Southern District of California. (*See* ECF Nos. 40-4, 40-5, 40-6).

Defendants claim that much of the information Plaintiffs request is "irrelevant" to establishing venue, citing *Logantree LP v. Garmin Int'l, Inc.*,

Case No. SA-17-CA-0098-FB, 2017 WL 2842870 (W.D. Tex. June 22, 2017) (Biery, F.). (ECF No. 48 at 6). Defendants' reliance on *Logantree* is misguided. While the court in *Logantree* rules that certain contacts in a district do not *individually establish* venue, it does not address whether such contacts, individually or collectively, are *irrelevant* to a question of venue. This Court finds that the information Plaintiffs request, subject to the limitations set out below, is relevant to establishing venue.

The Court finds good cause for strictly limited expedited discovery as Plaintiffs have demonstrated that the need for some expedited discovery outweighs the prejudice to Defendants in having to respond to limited discovery at this stage of the case. The discovery Plaintiffs seek, however, is overbroad.

For instance, Plaintiffs have not demonstrated that the need for an expedited 30(b)(6) deposition outweighs the prejudice to Defendants. Rule 30(b)(6) provides that a witness testifying on behalf of a corporation "must testify about information known or reasonably available to the organization." Under the Federal Rules, Plaintiffs normally would not be permitted to notice a 30(b)(6) deposition until after the early neutral evaluation conference. Moreover, in the ordinary course of discovery, 30(b)(6) depositions generally are not taken at the inception of discovery. To require Defendants to prepare for a 30(b)(6) deposition on such broad topics and on such a tight timeline would be unduly burdensome. *Apple Inc. v. Samsung Elecs. Co.*, Case No. 11cv1846-LHK, 2011 WL 1938154 (N.D. Cal. May 18, 2011) (Koh, L.). *See also Semitool, Inc., v. Tokyo Electron America, Inc.*, 208 F.R.D. 273, 276 (N.D. Cal. 2002) (granting expedited discovery in part because request did not involve "a free ranging deposition for which a representative of Defendants may not have had sufficient time or information with which to prepare").

The same can be said of Plaintiffs' written discovery demands, both interrogatories and requests for production of documents. For instance, the written demands concerning Defendants' relationships with customers, personnel, "vendors, suppliers, researchers, designers, manufacturers, collaborators," and "any [other] person[s]" who have a presence in the forum is nothing more than a prohibited fishing expedition. (EFC No. 40-4 (Document Requests Nos. 1, 2, 3 and 7; Interrogatories Nos. 1 and 2)). These requests are over-inclusive because they sweep in even those relationships that do not require Defendants to conduct any activity in this District merely because the third party has a presence in this District. A recent opinion from a District Court in South Carolina held, albeit without supporting law or analysis, that the identity of the defendant's in-district customers, the volume of sales to in-district customers, and the presence of a third party distributing defendant's products in-district are all irrelevant to the §1400(b) venue analysis. *Hand Held Prod., Inc., v. The Code Corp.*, Case No. 2:17cv167-RMG *7, 2017 WL 3085859, at *4 (D. S.C. July 18, 2017) (Gergel, R.) (available on this docket at ECF No. 50-1 at 8-9).

Plaintiffs may seek discovery of only those third party relationships that either 1) require Defendants to conduct regular activity in this District, or 2) require a third party to regularly conduct activity directly on behalf of Defendants in this District (*e.g.*, if Defendants have delegated an essential business function to a third party such as direct sales, customer service or product storage and distribution). The Court specifically finds that Plaintiffs may not seek information about the residences of personnel absent some connection of that residence to Defendants' business activities. (*See* ECF No. 40-4 (Document Request No. 2 and Interrogatory No. 2)). Further, Plaintiffs' requests regarding distribution and storage of Defendants' products are

limited to inventory directly owned and controlled by Defendants; branded products owned by third parties are excluded, as is any inventory owned by Defendants for which they have relinquished control of distribution and storage.

Defendants further claim that discovery must be limited in time to the date Plaintiffs filed suit, citing *Hoffman v. Blaski*, 363 U.S. 335 (1960). (ECF No. 48 at 11). It is unclear where Defendants find support for their claim in *Hoffman*. Regardless, this Court adopts the view that "under the patent venue statute, venue is properly lodged in the district if the defendant had a regular and established place of business *at the time the cause of action accrued* and suit is filed within a reasonable time thereafter." *Welch Sci. Co. v. Human Eng'g Inst., Inc.*, 416 F.2d 32, 35 (7th Cir. 1969), *cert. denied*, 396 U.S. 1003 (1970) (emphasis added); *Raytheon Co. v. Cray, Inc.*, Case No. 2:15cv1554-JRG, 2017 WL 2813896, at *3 (E.D. Tex. June 29, 2017) (Gilstrap, R.). Plaintiffs are not entitled to venue discovery before the claims accrued. Plaintiffs are not necessarily entitled to venue discovery through the present. Accordingly, all discovery requests must be limited in time to the date the claims accrued plus a reasonable time thereafter.

Finally, Defendants contend that venue discovery should be limited to only the *infringing* products. This Court adopts the view that the patent venue statute "creates no relationship between the act of infringement and the regular and established place of business." *Raytheon*, 2017 WL 2813896, at *7. *See also Gaddis v. Calgon Corp.*, 449 F.2d 1318, 1320 (5th Cir. 1971) (concluding that the particular company *division* charged with the infringements need not be present in the district to establish that the *company* had a regular and established place of business in the district). Plaintiffs are not required to limit their discovery to only *infringing* products.

CONCLUSION

For the foregoing reasons, Plaintiffs' Motion for Expedited Discovery is **GRANTED** in part and **DENIED** in part.

Defendants are **ORDERED** to respond to limited discovery requests by Plaintiffs. Discovery shall be subject to the following limitations:

(1) Discovery mechanisms: requests for production, interrogatories, and the deposition of Brian Siegel;

(2) Subjects:

a. personnel working—not merely residing—in the Southern District of California;

b. customers, business partners, and third party relationships that either 1) require Defendants to conduct regular activity in this District, or 2) require a third party to conduct activity directly on behalf of Defendants in this District;

c. property located in this District that is directly owned by Defendants;

d. Defendants' sales offers and product maintenance and support services in connection with Defendants' products;

e. distribution and storage of Defendants' products are limited to inventory directly owned and controlled by Defendants; Defendant-branded products owned by third parties are excluded, as is any inventory owned by Defendants for which Defendants have relinquished control of distribution and storage;

(3) Time: the time the claim or claims accrued plus a reasonable time thereafter;

(4) Place: the Southern District of California.

IT IS SO ORDERED.

Dated: July 27, 2017

Hon. Mitchell D. Dembin
United States Magistrate Judge