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8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA
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11 MASIMO CORPORATION,
12 Plaintiff,
13 v.
14 SOTERA WIRELESS; HON HAI
15 PRECISION INDUSTRY CO., LTD.,
16 Defendants.

Case No.: 19cv1100-BAS (NLS)

**ORDER ON JOINT MOTION FOR
DETERMINATION OF DISCOVERY
DISPUTE NO. 3**

[ECF No. 85]

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18 Before the Court is the parties' Joint Motion for Determination of Discovery
19 Dispute No. 3, wherein Plaintiff Masimo Corporation ("Masimo") seeks to compel
20 Defendant Sotera Wireless Inc. ("Sotera") to produce emails of its former CEO Francis
21 Chen ("Mr. Chen"). ECF No. 85. After due consideration and for the reasons discussed
22 below, the Court **GRANTS** the motion to compel.

23 **I. BACKGROUND**

24 In its complaint, Masimo alleges that Sotera is infringing nine of its patents with its
25 ViSi Mobile Monitoring System. ECF No. 52. Masimo also alleges that Sotera is
26 Defendant Hon Hai Precision Industry Co.'s ("Foxconn") alter ego because the two share
27 a unity of interest and ownership. Id. at ¶¶ 20-23. Masimo alleges that Foxconn and
28 Sotera commingle their employees, including Mr. Chen, whose emails are the subject of

1 this dispute. Id. at ¶¶ 24-36. Further, Masimo alleges that Sotera is an agent of Foxconn
 2 and Foxconn has control over the day to day operations of Sotera. Id. at ¶¶ 38-52.

3 The discovery at issue in this motion is a request in Masimo’s first set of email
 4 requests, propounded on July 23, 2020, seeking Mr. Chen’s emails. Specifically, the
 5 request was propounded under the parties’ agreed upon Order Governing Discovery of
 6 Electronically Stored Information (“ESI Order”) (ECF No. 39). The request asks for:

7 **Masimo’s ESI Request.** CUSTODIAN: Francis Chen; SEARCH TERMS:
 8 1. Masimo!; 2. “Hon Hai” OR HonHai OR Foxconn; 3. Patent!; 4. (alarm
 9 limit!) OR (alarm threshold); 5. “Terry Guo” OR “T. Guo” OR “Guo,
 Terry”;
 TIMEFRAME: 2013-present.

10 ECF No. 85 at 7. The parties provide the following hit counts for these initial search
 11 terms:¹

Search Term	Unique Emails	Unique Emails with Families
Masimo*	1,161	1,896
“Hon Hai” OR HonHai OR Foxconn	3,253	5,096
Patent* AND [full patent numbers]	< 155	155
“alarm limit” OR “alarm threshold”	140	488
“Terry Guo” OR “T. Guo” OR “Guo, Terry”	9	27
TOTAL	<4,718	7,662

22
 23 ECF No. 85 at 3. The search term that is in dispute between the parties is the second
 24 term, “Hon Hai” OR HonHai OR Foxconn. For this term, Sotera informed Masimo that
 25 “Hon Hai” OR HonHai yielded 37 unique emails (67 with families) and Foxconn yielded
 26

27
 28 ¹ Masimo agreed to further limit the Patent* search term during meet and confers.

1 the remaining 3,343 unique emails (5,231 with families).

2 **II. DISCUSSION**

3 The dispute between the parties centers on the “Hon Hai” OR HonHai OR
4 Foxconn search term—specifically, the inclusion of the Foxconn term, which Sotera
5 claims is too broad and thus, too burdensome to review and produce.

6 Masimo argues that this search string is aimed to target relevant documents that
7 would go towards establishing Foxconn’s infringement, as well as Foxconn’s relationship
8 with Sotera. ECF No. 85 at 3. It argues that these emails from Mr. Chen are important
9 given his position with both companies. *Id.* at 1-2, 10-12. Furthermore, Masimo argues
10 that the hit counts are not too burdensome given the scope of this litigation. *Id.* at 4, 12.

11 Sotera counters that this search term is too broad, and searching for a term as broad
12 as “Foxconn” is of minimal relevance in a patent litigation lawsuit. *Id.* at 4, 14-15. It
13 argues that it would cost over \$18,000 to review documents from just this one term, and
14 this is burdensome in the broad scope of discovery because Masimo has propounded
15 additional discovery, including other ESI terms that have generated significant hit counts
16 as well. *Id.* at 4, 16.

17 While this is a primarily a patent litigation lawsuit, Masimo has asserted alter ego
18 and agency claims against Foxconn. Masimo alleges that Foxconn has invested in Sotera
19 in a manner suggesting that the two share a unity of interest and ownership. ECF No. 52
20 at ¶ 20. As examples, Masimo points to large investments in Sotera by Foxconn,
21 resulting in a two-thirds equity stake in Sotera and two board seats. *Id.* at ¶¶ 20, 22.
22 Masimo alleges that Foxconn exercises controlling authority over Sotera, for example by
23 deploying its employees to work with Sotera in the United States and negotiating the
24 terms of a potential sale of Sotera. *Id.* at ¶¶ 22-23. Masimo alleges that employees are
25 shared between the two companies, including Mr. Chen and several other employees that
26 served roles on both companies at the same time. *Id.* at 24-30. For many of these same
27 reasons, Masimo also alleges that Sotera acts like an agent for Foxconn because Foxconn
28 has effectively taken over day to day operations at Sotera. *Id.* at 38-52. Thus,

1 information regarding Foxconn and Sotera’s relationship would be relevant to these
2 claims.

3 Furthermore, this search term targets Mr. Chen’s emails and he does appear to
4 have had a significant role at the relevant time period before he resigned. Mr. Chen held
5 several executive level positions at Foxconn before he was appointed to be CEO of
6 Sotera from 2017 to mid-2020, even though he continue to reside in Taiwan. Id. at ¶ 24;
7 ECF No. 85 at 10. Masimo alleges that Mr. Chen publicly stated that he was holding the
8 simultaneous roles of “Chief Investment Officer, Healthcare Business Group” at Foxconn
9 and “Chief Executive Officer” at Sotera between June 2017 and July 2018. ECF No. 52
10 at ¶ 24. Masimo alleges it had communications with Mr. Chen, where Mr. Chen
11 represented that Foxconn had taken control of Sotera after it emerged from bankruptcy,
12 had changed the Sotera management team, was eager to have a healthcare company and
13 use Sotera technology in Taiwan, and had authority to resolve the trade secret dispute
14 between Masimo and Sotera. Id. at ¶¶ 32-36. The term “Foxconn” has been used to
15 represent Hon Hai as a registered trade name and on its corporate website and annual
16 reports. ECF No. 85 at 11.

17 The Court does acknowledge that the search term including Foxconn is fairly
18 broad. However, this must be balanced against the breadth of evidence that is relevant to
19 and can be used towards establishing an alter ego or agency theory. Masimo is entitled to
20 discovery that could go towards helping it establish these claims—claims which Sotera
21 denies. See ECF No. 61 at ¶¶ 20-52. It does not appear that either party has presented
22 any suggestion for how to tailor this term further. In the absence of further tailoring and
23 in light of Mr. Chen’s unique and central position, the Court finds that the balance tips in
24 favor of production of these emails from Mr. Chen.

25 Accordingly, the Court will **GRANT** the motion to compel and compel Sotera to
26 review and produce Mr. Chen’s emails responsive to the search term, including Foxconn.

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1 **III. CONCLUSION**

2 For the reasons stated above, Masimo’s motion to compel is **GRANTED**.

3 **IT IS SO ORDERED.**

4 Dated: November 16, 2020



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6 Hon. Nita L. Stormes
7 United States Magistrate Judge
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