



1 **BACKGROUND**

2 This case involves claims relating to the alleged infringement of Defendant/  
3 Counterclaimant Kabo Tool Company’s U.S. Patent No. 7,066,057 (the “‘057 patent”). Kabo Tool  
4 is a Taiwan company that manufactures various types of tools including wrenches. In the past,  
5 Kabo has supplied tools, including wrenches, to JS Products which it has sold or distributed to  
6 retailers in the United States, including Lowes. The subject dispute arose after Kabo Tool  
7 discovered that JS Products had purchased wrenches from a Taiwanese competitor of Kabo Tool  
8 that allegedly infringe the ‘057 patent. JS Products sold the allegedly infringing wrenches to Lowes  
9 under the latter’s Kobalt® tool brand. Kabo sent a cease and desist letter to JS Products. Kabo  
10 also sent a letter to Lowes advising it that the wrenches sold to it by JS Products infringe the ‘057  
11 patent. Kabo also alleges that in addition to the sales to Lowes, JS Products may have  
12 manufactured, distributed or sold other wrenches in the United States that infringe the ‘057 patent.

13 In response to Kabo’s letters, JS Products brought this action in which it seeks a declaratory  
14 judgment that the ‘057 patent is invalid and unenforceable, or, if the patent is valid and enforceable,  
15 that JS Products has not infringed the ‘057 patent. JS Products also seeks damages from Kabo  
16 Tool for commercial disparagement and/or corporate defamation. Kabo Tool has counterclaimed  
17 against JS Products for patent infringement.

18 The ‘057 patent states as follows:

19 A conventional wrench . . . generally includes a handle with a head  
20 that includes two jaws. The handle and the jaws are located at the  
21 same plane so that when using the wrench to rotate an object such as  
22 a bolt head, the handle and the two jaws are rested on the surface  
23 where the bolt is connected. The user has to lift the handle slightly  
24 and insert his fingers in the space between the surface and handle.  
25 However, this also makes the head and the two jaws to be lifted at an  
26 angle so that the two jaws embrace the bolt head at an angle. In other  
27 words, only limited clamping area of the two jaws contact the bolt  
28 head and this could make the jaws slip away from the bolt head.

The present invention intends to provide a wrench wherein the two  
jaws each have an inclined surface so that the handle is oriented  
upward when the two jaws are rested on the surface with their  
inclined surfaces. By this way, the user can hold the handle  
comfortably and the bolt head is clamped by the clamping surfaces of  
the two jaws.

*Complaint (#1), Exhibit A, ‘057 Patent.*

1 JS Products notes that the '057 patent is limited to the design of an open-end wrench head  
2 with two jaws that have different thicknesses and different inclined angles with respect to each  
3 other. *JS Products Supplemental Brief* (#77), pg. 5. The U.S. Patent and Trademark Office  
4 rejected Kabo Tool's initial application to patent a wrench design with jaws having a common  
5 angle or inclined plane because such wrenches were anticipated in the prior art. Kabo Tool  
6 therefore amended its application to provide that the jaws would have different thicknesses and  
7 different inclined angles with respect to each other. The Patent Office issued the '057 patent as  
8 amended. *See JS Products' Opposition to Motion to Compel* (#52), *Exhibit 4*. JS Products  
9 contends that the '057 patent is nonetheless invalid because wrenches with jaws of different  
10 thicknesses and inclined angles were also anticipated in the prior art. JS Products also alleges,  
11 however, that the wrenches it purchased from Kabo's competitor and sold to Lowes do not infringe  
12 the '057 patent because the jaws of these wrenches have a common angle or inclined plane.

13 **A. Kabo Tool's Discovery Requests.**

14 Kabo Tool served interrogatories and requests for production of documents on JS Products  
15 relating to each and every wrench it has manufactured, distributed, sold, offered for sale, or  
16 imported into the United States from June 27, 2006 (the date the '057 patent was issued) to the  
17 present. Kabo's Interrogatory No. 2 asked JS Products to identify each of its wrenches by (a)  
18 product name, (b) JS Product's internal code name, (c) model, (d) version number, and (e) the dates  
19 during which each product was manufactured, distributed, sold, offered, or imported in the United  
20 States. Kabo's Request for Production No. 3 asked JS Products to produce two (2) samples of  
21 each wrench it sold, offered for sale, displayed, advertised, and/or marketed in the United States.

22 JS Products objected to Kabo's discovery requests on various grounds including over breadth  
23 and lack of relevancy. Subject to its objections, JS Products responded to Interrogatory No. 2 by  
24 stating:

25 The Accused Products were originally referenced by JSP as the "8 pc  
26 SAE Cross Form Wrench Set" and the "8pc MM Cross Form Wrench  
27 Set," by internal code nos. 359490 and 359491. As noted above, the  
28 product which JSP currently refers to by these names no longer has  
the end jaw configuration of the Accused Product, but instead has a  
conventional configuration. Also JSP has made, used and/or sold a  
product it calls the 8" adjustable wrench, part no. 95035. Additional

1 details regarding this wrench can be found in document numbers  
2 JSP00420-JSP000423 produced contemporaneously with these  
3 responses. JSP is still investigating the potential existence of other  
4 JSP non-conventional wrenches.

5 JS Products responded to Request for Production No. 3 by stating that it will make available  
6 for inspection at its Las Vegas office or for shipping at Kabo's expense, samples of the Accused  
7 Products identified by it in response to Interrogatory No. 2. JS Products has agreed to provide  
8 documents to Kabo relating to "non-conventional" wrenches that it has sold, offered for sale,  
9 displayed, advertised, and/or marketed in the United States since June 27, 2006. JS Products  
10 argues, however, that Kabo's requests for samples and documents relating to "conventional"  
11 wrenches are irrelevant and not reasonably calculated to lead to the discovery of admissible  
12 evidence.

13 JS Products defines a "non-conventional" wrench as an open-end wrench that has inclined  
14 or angled jaws, regardless of whether the jaws have different thicknesses or angles as compared  
15 each other. This definition includes the alleged infringing wrenches that JS Products purchased  
16 from Kabo's Taiwanese competitor and sold to Lowes even though JS Products denies that these  
17 wrenches infringe the '057 patent. JS Products defines a "conventional" wrench as a wrench whose  
18 jaws are on the same plane as the wrench handle, which is the same definition of "conventional"  
19 wrench used by Kabo in the '057 patent.

20 Kabo argues that it is entitled to production of samples and documents relating to all of JS  
21 Products' wrenches, "conventional" or "non-conventional," for the specified time period. Kabo  
22 first argues that JS Products has unreasonably reserved the right to decide what constitutes a  
23 "conventional" wrench and a "non-conventional" wrench. Kabo argues that it has no way of  
24 knowing whether JS Products is withholding relevant documents and information because JS  
25 Products has refused to articulate how it differentiates "non-conventional" from "conventional"  
26 wrenches.

27 Kabo further argues that:

28 [It] is entitled to this information because it is relevant to the claims  
and defenses in this case, *i.e.*, to show products infringe, to calculate  
a reasonable royalty and damages and to establish commercial

1 success. For example, the design, development, manufacture,  
2 promotion, and sale of what JSP labels as “conventional” and “non-  
3 conventional” wrenches relate to how JSP infringes the patent as the  
4 differences between JSP’s “conventional” and “non-conventional”  
5 wrenches will likely demonstrate JSP’s willful infringement. Kabo is  
6 also entitled to know how JSP designed and developed its “non-  
7 conventional” wrenches and the predecessor products from which it  
8 developed its “non-conventional” wrenches. That data for both sets  
9 of wrenches is also relevant to track the relative success of the “non-  
10 conventional” wrenches versus the so-called “conventional”  
11 wrenches. This data is relevant to damages and secondary  
12 considerations of non-obviousness because the success of non-  
13 conventional wrench sales may prove Kabo’s positions on both  
14 issues.

15 *Kabo’s Supplemental Brief (#76), pg. 2.*

16 As an alternative to producing samples of all of JS Products’ “conventional” and “non-  
17 conventional” wrenches, Kabo argues that JS Products should be required to produce photographs  
18 of all “conventional” and “non-conventional” wrenches it has sold, offered for sale, displayed,  
19 advertised, and/or marketed in the United States since June 27, 2006. Kabo will then have 10 days  
20 from receipt of the photographs to identify the “universe of products at issue in the case and to  
21 seek documents sufficient to show the relevant design, marketing, and financial documents;  
22 samples; and information related to that universe of products.” *Id. at pgs.2-3.*

23 JS Products responds to Kabo’s argument regarding “commercial success” by stating that  
24 the core element of a commercial success contention is that the items in issue be comparable. JS  
25 Products argues that the commercial success of “conventional” wrench products is not comparable  
26 to the commercial success of “non-conventional” wrench products. As a fallback position, JS  
27 Products argues that discovery relating to its “conventional” wrenches should be limited to a  
28 reasonable period of time prior to and subsequent to the brief time period in 2011 and 2012, when  
JS Products sold the allegedly infringing wrenches. *JS Products Supplemental Brief (#77), pg. 4.*

**B. JS Products’ Discovery Requests.**

Although JS Products argues that Kabo’s discovery requests relating to “conventional”  
wrenches are irrelevant and should be denied, it nevertheless moves to compel Kabo to produce  
samples of all of its wrench products for inspection by JS Products. JS Products apparently bases  
its motion on its Request No. 69 which asked Kabo to produce “all documents and things referring

1 to, relating to, and/or reflecting any conventional open end wrenches manufactured, produced or  
2 sold by [Kabo] in the past 10 years.” Kabo objected to this request as overbroad and vague. *See*  
3 *Plaintiff’s Motion to Compel* (#43), *Exhibit 5*.

4 JS Products argues that production of samples of Kabo’s wrenches is relevant to the issue of  
5 “manufacturing tolerances” raised by Kabo. JS Products points to the Patent Infringement  
6 Verification Report by Kabo’s infringement expert, Kuo-Tan Liu, who checked the tilt angle of the  
7 “non-conventional” Kobalt® brand wrench that JS Products sold to Lowes in 2011. Mr. Liu  
8 determined that the jaws on this wrench had different angles by placing a ruler on the incline  
9 surfaces of the wrench. Mr. Liu stated that the difference in the jaw angles “is not an inaccuracy  
10 during manufacture.” *See Plaintiff’s Opposition to Defendant’s Motion to Compel* (#52), *Exhibit 3*,  
11 *Liu Report*, *pg. 11*. JS Products seeks to explore and possibly refute this assertion by examining  
12 the manufacturing variances or tolerances in the angles of Kabo’s own wrench products. JS  
13 Products further states that Kabo Tool has acknowledged that it never sold the patented wrench in  
14 the United States or elsewhere and that Kabo has not identified any other “non-conventional”  
15 wrenches manufactured or sold by it. JS Products therefore argues that it is necessary to obtain  
16 samples of Kabo’s “conventional” wrench products to examine them for manufacturing variances  
17 or tolerances in the jaw angles. JS Products is willing to limit its request to “open-end wrenches  
18 which were manufactured between 2002 and the present using hand-grinding and hand-polishing”  
19 similar to the manner in which the allegedly infringing Kobalt® wrenches were manufactured. *See*  
20 *JS Products Supplemental Brief* (#77), *pg. 7*.

## 21 **DISCUSSION**

### 22 **1. Kabo’s Motion to Compel.**

23 “The scope of discovery in patent cases ‘should be liberally construed’ under Federal Rule  
24 of Civil Procedure 26(b)(1).” *Dr. Systems, Inc. v. Fujifilm Medical Systems USA, Inc.*, 2008 WL  
25 1724241, \*2 (S.D.Cal. 2008), citing *Bd. of Trs. of Leland Stanford Jr. Univ. v. Roche Molecular*  
26 *Sys., Inc.*, 237 F.R.D. 618, 621 (N.D.Cal. 2006). Rule 26(b)(1) provides that parties may obtain  
27 discovery regarding any nonprivileged matter that is relevant to any party’s claim or defense.  
28 Relevant information need not be admissible at trial if the discovery appears reasonably calculated

1 to lead to the discovery of admissible evidence. The court, however, may limit discovery based on  
2 the considerations set forth in Rule 26(b)(2)(C).

3 The court in *Dr. Systems, Inc. v. Fujifilm Medical Systems USA, Inc.*, states:

4 No bright line rule governs whether discovery can be obtained only  
5 for the products expressly accused in infringement contentions.  
6 According to one view, “the scope of discovery may include products  
7 and services ‘reasonably similar’ to those accused in the [preliminary  
8 infringement contentions].” *Epicrealm Licensing, LLC v. Autoflex  
9 Leasing, Inc.*, 2007 WL 2580969, \*3 (E.D.Tex. 2007); *see L.G.  
10 Electric, Inc. v. Q-lity Computer, Inc.*, 211 F.R.D. 360, 368 (N.D.Cal.  
11 2002) (noting that discovery is not necessarily limited to products  
12 specifically identified in initial patent infringement disclosures). . . .  
13 According to another view, a party ‘only has the right to discover  
14 information regarding the alleged infringing service, not the right to  
15 discover information on whether it should assert a claim of  
16 infringement regarding other services.’” *Id.*, citing *Caritis Tech., Inc.  
17 v. Comcast Corp.*, 2006 U.S. Dist. LEXIS 94879, \*14-\*15 (E.D.Tex.  
18 2006).

19 2008 WL 1724241, at \*3.

20 *Dr. Systems, Inc.* adopted the view that a party may obtain discovery of other products that  
21 are reasonably comparable to the accused product. *Id.*

22 In *Prism Technologies, Inc. v. Adobe Systems, Inc.*, 2011 WL 6210292, \*4-\*6 (D.Neb.  
23 2011), the district court reviewed and analyzed the cases from other districts regarding the  
24 discovery of products that are “reasonably similar” to the accused products. Based on its review,  
25 the court stated that the following guidelines for such discovery appear:

26 First, the general contours of a desire for broad discovery apply as  
27 much in patent cases as in any other. Second, defendants should  
28 have some kind of notice as to the specific theory of infringement.  
Third, the objects about which the moving party seeks discovery  
must ordinarily be “reasonably similar” to the already accused  
products, whether those accusations are made in infringement  
contentions as required by local rule or, as here, in the course of  
discovery via answers to defendant's interrogatories. This  
“reasonably similar” standard must necessarily be determined on a  
case by case basis, since every patent is different.

Fourth, whether or not the desired information is publicly available  
will impact the ability of the plaintiff to articulate infringement  
contentions and discovery requests with specificity. This, in turn,  
may limit plaintiff's ability to demonstrate how the discovery request  
is related to products that are “reasonably similar” to already accused  
products. Finally, all of these factors must be analyzed using a  
“totality of the circumstances” weighting. *See Honeywell*, 655  
F.Supp.2d [650, 658 (E.D.Tex. 2009)].

1 Kabo’s argument that JS Products has unreasonably reserved to itself the right to decide  
2 what constitutes a “conventional” wrench and a “non-conventional” wrench lacks merit. JS  
3 Products uses the same definition of “conventional” wrench used in the ‘057 patent. JS Products  
4 also defines “non-conventional” wrench as an open-end wrench that has tapered or inclined jaws,  
5 regardless of whether the sizes or angles of the jaws are the same or different. These distinctions  
6 are reasonably clear and do not create a significant risk that JS Products will use its definitions to  
7 avoid disclosing wrench products that potentially infringe the ‘057 patent.

8 Based on the guidelines identified by the court in *Prism Technologies, Inc. v. Adobe*  
9 *Systems, Inc.*, Kabo has not shown that the broad discovery it seeks regarding JS Products’  
10 “conventional” wrenches is relevant to proving infringement. The ‘057 patent involves a relatively  
11 simple modification in design from that of a “conventional” open-end wrench. The designs of JS  
12 Products’ “conventional” wrench products have nothing to do with the invention of the ‘057 patent,  
13 other than to further illustrate that the invention of the ‘057 patent is a variation from the  
14 “conventional” design of open-end wrenches. This fact is made evident by the provisions of the  
15 patent itself and the illustrations contained therein.

16 Kabo has also argued that discovery regarding JS Products’ “conventional” wrench products  
17 is relevant to the issue of damages and to proving a reasonable royalty for use of Kabo’s patented  
18 invention. 35 U.S.C. § 284 provides that “[u]pon finding for the claimant the court shall award the  
19 claimant damages adequate to compensate for the infringement, but in no event less than a  
20 reasonable royalty for the use made of the invention by the infringer, together with interest and  
21 costs as fixed by the court.” The burden of proving damages falls on the patentee. *Lucent*  
22 *Technologies, Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1324 (Fed.Cir. 2009). *Lucent Technologies*  
23 notes that there are two alternative categories of infringement compensation—the patentee’s lost  
24 profits and the reasonable royalty he would have received through arms-length bargaining. “A  
25 reasonable royalty is, of course, ‘merely the floor below which damages shall not fall.’” *Id.* quoting  
26 *Bandag, Inc. v. Gerrard Tire Co.*, 704 F.2d 1578, 1583 (Fed.Cir. 1983).

27 *Lucent* discusses two approaches for calculating a reasonable royalty. The first approach,  
28 known as the analytical method, focuses on the infringer’s projection of profits for the infringing



1 product. *Id.* citing *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 899 (Fed.Cir. 1986). The second,  
2 more common approach, is called the hypothetical negotiation or the “willing licensor-willing  
3 licensee” approach. This approach attempts to ascertain the royalty upon which the parties would  
4 have agreed had they successfully negotiated an agreement just before infringement began. *Id.*,  
5 citing *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F.Supp. 1116, 1120 (S.D.N.Y. 1970),  
6 *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1554 n. 13 (Fed.Cir. 1995) (en banc); *Radio Steel &*  
7 *Mfg. Co. v. MTD Prods., Inc.*, 788 F.2d 1554, 1557 (Fed.Cir. 1986). “The hypothetical negotiation  
8 tries, as best as possible, to recreate the *ex ante* licensing negotiation scenario and to describe the  
9 resulting agreement. In other words, if infringement had not occurred, willing parties would have  
10 executed a licensing agreement specifying a certain royalty payment scheme. The hypothetical  
11 negotiation also assumes that the asserted patent claims are valid and infringed.” *Id.* 580 F.3d at  
12 1325.

13 The district court in *Georgia Pacific Corp. v. U.S. Plywood Corp.*, 318 F.Supp. at 1120,  
14 identified a number of factors, some overlapping, that are relevant to determining a reasonable  
15 royalty under the hypothetical negotiation approach. The factors include royalties received by the  
16 patentee for licensing the patent in suit which may prove or tend to prove an established royalty,  
17 and the rates paid by the licensee for the use of other patents comparable to the patent in suit.

18 *Georgia-Pacific* also lists as a factor:

19 13. The portion of the realizable profit that should be credited to the  
20 invention as distinguished from non-patented elements, the  
21 manufacturing process, business risks, or significant features or  
improvements added by the infringer.

22 *Georgia-Pacific*, 318 F.Supp. at 1120.

23 The prices at which JS Products sells open-end “conventional” wrenches, and the profits it  
24 derives from the sale of those wrenches, may provide part of the foundation for determining what,  
25 if any, increase in sales value or profit is added to a wrench product by use of the invention in the  
26 ‘057 patent. That information, in turn, may be useful in establishing the reasonable royalty for the  
27 use of the invention. JS Products indicated in its answer to Kabo’s Interrogatory No. 3 that it has  
28 manufactured, distributed or sold a wrench product substantially similar to the allegedly infringing

1 wrench that JS Products purchased from Kabo’s competitor, but which is now fitted with a  
2 “conventional” open-end wrench head. Information regarding JS Products’ sales and profits from  
3 the sale of other “conventional” open-end wrench products may also be relevant in determining the  
4 reasonable royalty that should be paid to Kabo for a product that incorporates the invention in the  
5 ‘057 patent. The Court agrees with JS Products, however, that the time frame for such discovery  
6 should be limited to the period shortly before, during and after the sale of the allegedly infringing  
7 products.

8 The Court therefore orders JS Products to produce to Kabo for inspection, or to ship to  
9 Kabo’s counsel at Kabo’s expense, two samples of the “conventional” wrench product identified in  
10 JS Products’ response to Interrogatory No. 3. JS Products should also provide photographs of the  
11 other open-end “conventional” wrench products that it has manufactured, distributed, sold or  
12 offered for sale in the United States from January 1, 2011 to the present. To the extent that Kabo  
13 desires actual samples of the additional “conventional” wrenches, it may request that JS Products  
14 send such samples to its counsel at Kabo’s expense. JS Products shall also produce documents in  
15 its possession, custody and control responsive to Kabo’s Request for Production Nos. 18-19, 21-22,  
16 24-28 and 44-45 relating to its “conventional” wrench products for the period from January 1, 2011  
17 to the present.

18 **2. JS Products’ Motion to Compel.**

19 Kabo argues in its Response (#78) that the Court should not consider JS Products’ argument  
20 that Kabo should be required to produce samples of its “conventional” wrench products because JS  
21 Products’ request was not mentioned in the Court’s Minutes of Proceedings (#71). During the  
22 September 13, 2012 hearing on the parties’ motions, JS Products argued that Kabo should be  
23 required to produce samples of its “conventional” wrench products in regard to the issue of  
24 manufacturing tolerances. The Court ordered the parties to further confer and attempt to reach an  
25 agreement regarding the production of each other’s “conventional” wrenches. JS Products’  
26 argument that Kabo should be required to produce samples of its “conventional” wrench products  
27 is, therefore, not contrary to the Court’s September 13, 2012 order.

28 . . .

1 The Court is not convinced, however, that JS Products needs samples of all of Kabo's  
2 "conventional" wrenches to defend against the allegation that variations in the jaws of the allegedly  
3 infringing wrenches are not within the normal manufacturing tolerances. JS Products also fails to  
4 recognize that Kabo, in turn, is arguably entitled to inspect all of JS Products' "conventional"  
5 wrench products for manufacturing tolerances. While equivalence in discovery is not always  
6 required, there should be some equivalency regarding the parties' respective discovery requests for  
7 each other's "conventional" wrenches which are not central to either party's claims or defenses.

8 The Court therefore orders Kabo to produce photographs of the open-end "conventional"  
9 wrench products that it has manufactured, distributed, sold or offered for sale in the United States  
10 from January 1, 2011 to the present. To the extent that JS Products desires actual samples of the  
11 "conventional" wrenches, it may request that Kabo send such samples to its counsel at JS Products'  
12 expense. Because JS Products' stated purpose for this discovery is to check the wrenches for  
13 manufacturing tolerances or variations, the Court does not order Kabo to produce documents  
14 relating to its "conventional" wrench products. Accordingly.

15 **IT IS HEREBY ORDERED** that Defendant Kabo Tool Company's Motion to Compel  
16 Production of Documents (#42) and Plaintiff JS Products, Inc.'s Motion to Compel Discovery  
17 (#43) are **granted**, in part, and **denied**, in part, with respect to each party's requests for production  
18 of the other's "conventional" wrench products and documents relating thereto. The parties are  
19 hereby ordered to produce samples of their "conventional" wrench products and/or documents in  
20 accordance with the foregoing provisions of this order.

21 **IT IS FURTHER ORDERED** that the parties shall make their respective productions in  
22 compliance with this order on or before **November 27, 2012**.

23 DATED this 23rd day of October, 2012.

24  
25   
26 GEORGE FOLEY, JR.  
27 United States Magistrate Judge  
28