UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF ILLINOIS

EASTERN DIVISION

LAWRENCE E. JAFFE PENSION PLAN, On Behalf of Itself and All Others Similarly Situated, Plaintiff, vs. HOUSEHOLD INTERNATIONAL, INC., et al., Defendants.	Lead Case No. 02-C-5893 (Consolidated) CLASS ACTION Judge Ronald A. Guzman Magistrate Judge Nan R. Nolan

APPENDIX OF ELECTRONIC CASES IN SUPPORT OF LEAD PLAINTIFFS' REPLY IN SUPPORT OF MOTION TO COMPEL THE HOUSEHOLD DEFENDANTS TO PRODUCE ELECTRONIC EVIDENCE IN NATIVE ELECTRONIC FORMAT

CASE **TAB**

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Tab 1

LEXSEE 2005 US DIST LEXIS 12897

AERO PRODUCTS INTERNATIONAL, INC., a Florida corporation, and ROBERT B. CHAFFEE, an individual, Plaintiffs, v. INTEX RECREATION CORPORATION, a California corporation; QUALITY TRADING, INC., a California corporation; and WAL-MART STORES, INC., a Delaware corporation, Defendants.

No: 02 C 2590

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

2005 U.S. Dist. LEXIS 12897

June 9, 2005, Decided
June 9, 2005, Filed

SUBSEQUENT HISTORY: Motion granted by *Aero Prods. Int'l v. Intex Rec. Corp., 2005 U.S. Dist. LEXIS 12899 (N.D. Ill., June 9, 2005)*

PRIOR HISTORY: *Aero Prods. Int'l, Inc. v. Intex Rec. Corp., 2005 U.S. Dist. LEXIS 9792 (N.D. Ill., May 11, 2005)*

LexisNexis(R) Headnotes

COUNSEL: [*1] For Aero Products International, Inc. a Florida corporation, Robert B Chaffee an Individual, Plaintiffs: Michael Paul Chu, Christopher Michael Dolan, David Howard Bluestone, Mark Herbert Remus, William H. Frankel, Brinks, Hofer, Gilson & Lione, Chicago, IL.

For Intex Recreation Corp a California corporation, Intex Plastics Corp a California corporation, Intex Properties Corp., IPC Corinth Divison Inc a California corporation, Quality Trading Inc a California corporation, Wal-Mart Stores, Inc. a Delaware corporation, Defendants: Mark E. Phelps, Marion D. Hefner, Leydig, Voit & Mayer, Ltd., Chicago, IL; Daniel C DeCarlo, David N Makous, Thomas Sloan Kidde, Lewis Brisbois Bisgaard & Smith LLP, Los Angeles, CA.

For Intex Recreation Corp, Quality Trading Inc, Wal-Mart Stores, Inc., Counter Claimants: Mark E. Phelps, Marion D. Hefner, Leydig, Voit & Mayer, Ltd., Chicago, IL; Daniel C DeCarlo, David N Makous, Thomas Sloan Kidde, Lewis Brisbois Bisgaard & Smith LLP, Los Angeles, CA.

For Aero Products International, Inc., Counter Defendant: Michael Paul Chu, Christopher Michael Dolan, David Howard Bluestone, William H. Frankel, Brinks, Hofer, Gilson & Lione, Chicago, IL.

For [*2] Aero Products International, Inc., Robert B Chaffee, Counter Defendants: Michael Paul Chu, Christopher Michael Dolan, David Howard Bluestone, Mark Herbert Remus, William H. Frankel, Brinks, Hofer, Gilson & Lione, Chicago, IL.

JUDGES: Judge John W. Darrah.

OPINIONBY: JOHN W. DARRAH

OPINION:

MEMORANDUM OPINION AND ORDER

The Plaintiffs, Aero Products International, Inc. ("Aero") and Robert B. Chaffee, filed suit against the Defendants, Intex Recreation Corporation ("Intex"); Quality Trading, Inc.; and Wal-Mart Stores, Inc. A trial by jury was held; and Defendants were found to have willfully infringed Plaintiffs' patent, *United States Patent No. 5,367,726* ("the *'726 patent*"), for a valve used in an inflatable air mattress and for violating Plaintiffs' trademark. The jury awarded Plaintiffs $ 2,950,000.00 in

patent damages and $ 1,000,000.00 in trademark damages.

In a written opinion, Plaintiffs were also awarded double patent damages, pursuant to *35 U.S.C. § 284*, and attorneys' fees, pursuant to *35 U.S.C. § 285. Aero Prods. Int'l v. Intex Recreation Corp., 2004 U.S. Dist. LEXIS 13453, No. 02 C 2590, 2004 WL 1696749 (N.D. Ill. July 15, 2004)*. The parties [*3] were directed, pursuant to *Local Rule 54.3*, to submit petitions for attorneys' fees. The parties have done so, and presently before the Court is the Joint Statement Regarding Attorney's Fees and Expenses. Plaintiffs seek attorneys' fees totaling $ 2,217,356.93 and expenses totaling $ 156,617.43. Intex stipulates that Plaintiffs are entitled to $ 1,668,398.70 in attorneys' fees and does not dispute that Plaintiffs may recover $ 110,555.18 in expenses.

After conferring, the parties have the following disputes: (1) the appropriate hourly rate for Plaintiffs' attorneys; (2) whether Plaintiffs should be compensated for work relating to its motion to dismiss Intex's Second and Third Counterclaims; (3) whether Plaintiffs should be compensated for time incurred relating to Intex's motion for summary judgment concerning another patent that was not the subject of the jury trial; (4) whether Plaintiffs should be compensated for time spent on third-party discovery of Underwriters Laboratories; (5) whether Plaintiffs should be compensated as to any time incurred after the jury verdict was returned for motions for judgment as a matter of law that were later determined to be moot; (6) whether Plaintiffs [*4] appropriately staffed depositions, the pretrial conference, and trial; (7) the appropriateness of certain disbursements Plaintiffs are seeking.

In determining the amount of fees to award pursuant to *35 U.S.C. § 285*, "there must be some evidence to support the reasonableness of, *inter alia,* the billing rate charged and the number of hours expended." *Lam, Inc. v. Johns-Manville Corp., 718 F.2d 1056, 1068 (Fed. Cir. 1983)* (*Lam*). Expenses may also be included in awarding fees under *§ 285. Central Soya Co. v. Geo. A. Hormel & Co., 723 F.2d 1573, 1578 (Fed. Cir. 1983)*. the decision of the proper amount of fees is within the discretion of the district court. *Lam, 718 F.2d at 1069*.

Plaintiffs seek the following hourly rates for their four principal attorneys on the case, William Frankel, Michael Chu, Mark Remus and David Bluestone: (1) in 2002, $ 405.00, $ 320.00, $ 250.00, and $ 215.00, respectively; (2) in 2003, after factoring in a 7.33 percent discount, $ 403.00, $ 320.00, $ 260.00, and $ 222.00, respectively; and (3) in 2004, $ 460.00, $ 370.00, $ 320.00, and $ 280.00, respectively. Frankel is a partner [*5] who started working in 1980; Chu is an attorney who started working in 1992; Remus is an attorney who started working in 1997; and Bluestone is an attorney who started working in 1999.

Intex argues that the hourly billing rate should be reduced because: (1) the rates charged by Intex are higher than the median billing rates in the American Intellectual Properly Law Association's ("AIPLA") 2002-03 hourly billing survey; (2) those rates are higher than the rates charged by Intex's local counsel; and (3) of additional factors, as enumerated in *Johnson v. Georgia Highway Express, Inc., 488 F.2d 714, 717-19 (5th Cir. 1974)* (*Johnson*).

While the rates charged by Plaintiff's counsel in 2002-03 are higher than the median amount of the AIPLA survey, those rates, except for Frankel, are all within the seventy-fifth percentile of the AIPLA survey for attorneys with similar experience; Frankel's rates only exceed the seventy-fifth percentile amount for partners with similar experience by $ 7.00 in 2002 and $ 5.00 in 2003. Further, an independent survey which examined the hourly billing rates of thirty large intellectual property law firms in 2004 disclosed Plaintiffs' attorneys' [*6] hourly rates were below the median.

Intex also argues that Plaintiffs' attorneys' rates are higher than the rates charged by Intex's local counsel. However, Plaintiffs' attorneys are permitted to set their own rates and may recover those rates provided that they are reasonable.

Intex further contends that three factors, as enumerated in *Johnson, 488 F.2d at 717-19*, compel a reduction of the hourly rates: (1) too much time and labor was expended by Plaintiffs' attorneys; (2) the technology involved was simple and not complex; and (3) the amount of attorney's fees sought by Plaintiffs, $ 2,217,356.93, represents too high of a percentage -- 32 percent -- of the actual recovery of $ 6,900,000.00. However, the calculation of the time and labor expended by Plaintiffs' attorneys is not relevant to the determination of the reasonableness of the hourly rate. While the technology involved may be relatively simple, the patent issues raised by the parties were complex. Intex argues that only 25 percent of the recovery award should be awarded, but Intex raised a number of unnecessary issues into the case. For example, Intex disclosed it would assert the defenses of invalidity at [*7] trial but abruptly abandoned this defense during the trial. This type of conduct increased the time required by Plaintiffs' attorneys in trial preparation and, therefore, needlessly increased the attorneys' fees.

The presentation of evidence on complicated issues by Plaintiffs' attorneys was done in a manner that was clear and understandable for the jury. In particular, in this regard, was Plaintiffs' attorneys' conduct of the direct examination of Plaintiffs' expert, Dr. Albert Karvelis.

The high level of Plaintiffs' attorneys' trial practice skills was a significant factor in achieving a favorable result for the Plaintiffs.

Intex next argues that Plaintiffs should not be compensated for two specific motions filed by the Plaintiffs' attorneys because they were unnecessary. These two motions involved *United States Patent No. 5,267,363* ("the *'363 patent*"). The *'363 patent* was not an issue in the jury trial because Intex was granted summary judgment on claims involving this patent. It was Intex who raised the issue of the *'363 patent*; Plaintiffs' attorneys' conduct in defending these claims was reasonable.

Intex also asserts that Plaintiffs should not be entitled to attorneys' fees [*8] for third-party discovery subpoenaed by Plaintiff's from Underwriters Laboratories because it was unnecessary, as it sought information regarding the electronics in the mattress pump, and overly broad, as it related to waterbeds and bedroom furniture not involved in the litigation. However, Plaintiffs subpoenaed these documents from Underwriters Laboratories after Intex claimed it did not have any relevant documents in this regard. Although Intex claims these documents were irrelevant, Plaintiffs, in discovery, are entitled to any information "reasonably calculated to lead to the discovery of admissible evidence." *Fed. R. Civ. P. 26(b)(1)*. Plaintiffs' attorneys acted reasonably in this regard.

Intex further contends that Plaintiffs unnecessarily briefed a number of motions for judgment as a matter of law, as these motions were rendered moot after the jury entered a verdict in favor of Plaintiffs on February 25, 2004. Intex contests the time Plaintiffs' attorneys spent working on briefs which were all filed after the jury rendered its verdict.

Because the motions were mooted by the jury verdict, Plaintiffs unnecessarily filed these additional [*9] briefs after the verdict and may not be awarded fees for their preparation. Moreover, Plaintiffs' time sheets do not disclose the amount of time spent preparing the briefs; and, therefore, it cannot be determined how much time Plaintiffs expended. Therefore, Plaintiffs may not recover their fees for March 2004, valued at $ 89,645.45. *See Lam, 718 F.2d at 1068-69*. The May 2004 brief, though, was only two pages long. Because of the extremely short nature of this brief and the large deduction of March 2004 fees, a further reduction of fees for the May 2004 brief would be inappropriate.

Intex also argues that Plaintiffs' attorneys excessively staffed the case by: (1) having two attorneys present at each deposition; (2) having all four trial attorneys attend the pretrial conference; and (3) having four attorneys present at the trial. Intex also challenges the hours billed by Attorney Chu.

Recovering fees for having multiple attorneys present at a deposition is permissible under *35 U.S.C. § 285. Vardon Golf Co. v. Karsten Mfg. Corp., 2003 U.S. Dist. LEXIS 5072, No. 99 C 2785, 2003 WL 172006, at *4 (N.D. Ill. Mar. 31, 2003)*. Having all trial attorneys attend [*10] the pretrial conference is also reasonable to insure all trial attorneys understand the Court's trial procedure and the have the opportunity to raise any specific issues with the Court at that time. Having four attorneys present at the trial was also reasonable, based on the number, nature, and complexity of the issues concerning the validity of the patent, whether Intex's device infringed the *'726 patent*, and damages. Intex had four attorneys present at the trial, as well.

Regarding the participation of Chu, Intex contends that he was only minimally involved at trial yet billed 1,164.5 hours on this matter. Chu was the attorney responsible for preparing for Intex's invalidity defenses. Intex, at the pretrial conference, stated that it expected the trial to last twelve to fifteen days and that Intex intended to raise a number of defenses, including an invalidity defense. During opening statements, Intex also stated that it would present invalidity defenses. However, as mentioned above, at trial, Intex abruptly abandoned these defenses during the first few days of trial. Instead of the twelve days represented by Intex, the trial, including jury deliberations, took six days. Chu's preparation [*11] regarding the anticipated invalidity defenses was reasonable based on Intex's pretrial and early trial assertions that these later-abandoned issues were going to be litigated. Accordingly, the hours billed by Chu are reasonable.

Lastly, Intex objects to a number of expenses Plaintiffs seek: (1) $ 41,021.56 in copying charges; (2) $ 584.00 in taxi-cab costs; and (3) $ 4,356.69 for food and meals obtained throughout the case. Plaintiffs have not properly documented the necessity for these copying charges, the number of copies made, or the costs per copy and may not recover these expenses. *See Hensley v. Eckerhart, 461 U.S. 424, 443, 76 L. Ed. 2d 40, 103 S. Ct. 1933 (1983)* ("Where documentation is inadequate, the district court may reduce the award accordingly."). Plaintiffs have also failed to explain why the taxi-cab and food expenses are reasonable. Therefore, Plaintiffs' award of expenses will be reduced by $ 45,962.25.

CONCLUSION

For the foregoing reasons, Plaintiffs are awarded $ 2,127,771.48 in attorneys' fees and $ 110,555.18 in expenses.

Dated: 6-9-05

JOHN W. DARRAH

United States District Judge

Tab 2

LEXSEE 2003 US DIST LEXIS 3867

LAKEWOOD ENGINEERING AND MANUFACTURING CO., Plaintiff, v. LASKO PRODUCTS, INC., Defendant.

Case No. 01 C 7867

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

2003 U.S. Dist. LEXIS 3867

March 13, 2003, Decided
March 14, 2003, Docketed

DISPOSITION: [*1] Plaintiff's motion to compel production of materials and information related to opinions of counsel and certain third party documents granted in part and denied in part. Defendant's motions to compel document and written discovery granted in part and denied in part.

LexisNexis(R) Headnotes

COUNSEL: For LAKEWOOD ENGINEERING AND MANUFACTURING COMPANY, plaintiff: Bradley F. Rademaker, Judie D. Dziezak, David L. Schwartz, Brent A. Hawkins, Peter Michael Siavelis, Wallenstein & Wagner, Ltd., Chicago, IL.

For LASKO METAL PRODUCTS INC, defendant: Eric H. Weimers, Mark Paul Vrla, Jenner & Block, Chicago, IL.

For LASKO METAL PRODUCTS INC, defendant: Kathleen A Milsark, John P Donohue, Jr, David L Marcus, Woodcock Washburn LLP, Philadelphia, PA.

For LASKO METAL PRODUCTS INC, counter-claimant: Eric H. Weimers, Mark Paul Vrla, Jenner & Block, Chicago, IL.

For LASKO METAL PRODUCTS INC, counter-claimant: Kathleen A Milsark, John P Donohue, Jr, David L Marcus, Woodcock Washburn LLP, Philadelphia, PA.

For LAKEWOOD ENGINEERING AND MANUFACTURING COMPANY, counter-defendant: Bradley F. Rademaker, Judie D. Dziezak, Peter Michael Siavelis, Wallenstein & Wagner, Ltd., Chicago, IL.

JUDGES: ARLANDER [*2] KEYS, United States Magistrate Judge. Judge Amy St. Eve.

OPINIONBY: ARLANDER KEYS

OPINION:

MEMORANDUM OPINION AND ORDER

The parties in this suit have each filed cross-motions to compel discovery from the other party. The Plaintiff, Lakewood Engineering and Manufacturing Co. ("Lakewood"), moves the Court for an order compelling the Defendant, Lasko Products, Inc. ("Lasko"), to produce all materials relating to opinions of counsel that Lasko received relating to the validity and alleged infringement of Lakewood's patent, as well as to produce all documents that Lasko received from a third party, Interfreight. Lasko has filed motions to compel document discovery, written discovery, and deposition discovery from Lakewood. For the reasons set forth below, the parties' motions are granted in part and denied in part.

BACKGROUND

Lakewood filed suit against Lakewood for willful infringement of its '822 fan motor patent. Upon learning of Lakewood's lawsuit against Lasko for patent infringement, Lasko's outside opinion counsel, RatnerPrestia, provided Lasko with opinions relating to

the alleged infringement and validity of the '822 patent. Lasko has also retained Woodcock Washburn [*3] as its trial counsel in this suit.

Lasko has asserted the affirmative defense of reliance on opinion of counsel to defend against the charge of willful infringement. Lasko has also asserted other affirmative defenses, including invalidity and inequitable conduct, and has filed a counterclaim against Lakewood. Lasko has also amended its answer and counterclaims to include fraudulent misrepresentation. Further, in amassing discovery to defend against the charges brought by Lakewood, Lasko argues that Lakewood has not adequately produced various documents and other types of discovery necessary for Lasko to prosecute its claims.

Fact discovery in this case closed on October 1, 2002. The Court addresses each of the parties' respective motions in turn.

DISCUSSION

Pursuant to *Rule 37 of the Federal Rules of Civil Procedure*, a party may file a motion to compel discovery when the other party fails to respond to a discovery request or where the response is inadequate, such as an incomplete or evasive response. *See FED. R. CIV. P. 37(a)(2), (a)(3)*. The Court has broad discretion in ruling on discovery motions. *Videojet Sys. Intl, Inc. v Inkjet, Inc., 1997 U.S. Dist. LEXIS 3378, 1997 WL 138008,* at *1 (N.D. Ill. Mar. 19, 1997). [*4] Parties may obtain discovery "regarding any matter, not privileged, which is relevant to the subject matter" of the action. *FED. R. CIV. P. 26(b)(1)*. Relevance is broadly defined, and includes information that may "not be admissible at trial [but is discoverable] if [it] appears reasonably calculated to lead to the discovery of admissible evidence." *Id.* A request for discovery "should be considered relevant if there is any possibility that the information sought may be relevant to the subject matter of the action." *Videojet, 1997 U.S. Dist. LEXIS 3378, 1997 WL 138008,* at *1 (internal citations omitted). n1

n1 Lasko correctly points out that under *Local Rule 37.2*, all motions for discovery must be accompanied by a statement from the movant that it has attempted to resolve the dispute in good faith with the opponent. Although Lakewood has not filed such a statement with the Court, the Court will not sanction Lakewood nor deny its motion due to its oversight. The Court is aware of the contentious nature of the motions currently before it and is cognizant of the fact that both parties have attempted to resolve the matter on their own, but have been unsuccessful.

[*5]

I. Lasko's Motion to Compel Document Discovery

A. E-Mail and Other Documents in Electronic Form

It appears that Lakewood has produced various E-Mail and other documents in electronic form generated or received by the alleged inventor of the '822 patent, Yung Chen. To the extent that Lakewood produced these electronic documents after the close of discovery, the Court finds that Lakewood has not engaged in a good faith effort to produce all requested discovery in a timely manner. However, the Court concludes that the costs to Lasko in adding this specific request to its other numerous discovery requests is negligible, and therefore, will not order Lakewood to reimburse Lasko for its expenses in requesting such documents. Further, to the extent that Lakewood has not produced all of the E-Mails generated or received by Mr. Chen relating to the patent, the Court orders that Lakewood produce these documents.

B. Un-Redacted Copy of LKW 01397

In its Reply, Lasko admits to finally receiving an un-redacted copy of Lakewood's document numbered LKW 01397. Thus, Lakewood's motion to compel this particular document is moot. n2

n2 The Court does not find that there is sufficient evidence showing that Lakewood improperly redacted the original LKW 01397 document produced to Lasko. The Court also finds that any expense incurred by Lasko for having to request this particular document is negligible, given the numerous other requests Lasko is making in this and its two other motions to compel. Thus, the Court will not order Lakewood to reimburse Lasko for its expense in having to request the un-redacted version in this motion.

[*6]

C. Lakewood's Outbound Shipping Files relating to Supreme or Sagitta

Similarly, Lakewood has finally produced its shipping files relating to Supreme or Sagitta. However, the Court finds that, to the extent these documents are duplicative of the files obtained by Lasko through its subpoena of third-party Interfreight, Lakewood must reimburse Lasko for its expenses in conducting discovery upon Interfreight. If Lakewood had produced these shipping documents in a timely manner, Lasko would not

have been forced to locate these documents through Interfreight and would have saved itself much time and expense. Further, as Lasko has only recently received these documents from Lakewood, the Court orders limited discovery on any new matters, relevant to Lasko's defense and not previously addressed or discovered, which may arise from these newly discovered shipping files.

D. Reports, Analysis, or Evaluations Relating to the "Matrix of Material" Disclosed and Claimed in the '822 and '863 Patents

The patent in suit, patent '822, describes a "matrix of material" that is applied on one of its rotors in order to reduce the torque output of the motor. (Def.'s Ex. 58.) Lasko is seeking production [*7] from Lakewood of all documents relating to this "matrix of material" in response to its First Set of Requests for Production, as well as its Third Set of Requests for Production. Lasko believes that such documents may exist because of Mr. Chen's declaration at his deposition that he had discovered the importance of the "matrix of material" in connection with sending the rotors of development motors to a laboratory for analysis. Although Mr. Chen never testified that any reports, analyses, or evaluations relating to the matrix actually exist, the documents, whether relied upon by Mr. Chen in arriving at his conclusion or not, are still discoverable if they do exist. In its Third Set of Requests, Lasko requested *any* reports, tests, analyses, or other evaluations or descriptions relating to the subject matter identified in the '822 and '862 patents as a "matrix of material...including any tests...performed at the request of or for Mr. Yung Chen...." (Def.'s Ex. 39.)(emphasis added). The "matrix of materials" is relevant to the patent at issue, and any documents referring to such materials should be turned over to Lasko. Of course, if no such documents exist, then the issue is moot, [*8] but Lakewood should thereby make a formal declaration to Lasko and represent that no such documents exist or are in Lakewood's possession.

E. Underwriters' Laboratories ("UL") Documents

The UL files sought by Lasko depict and describe the past and present fan product design and performance data for any of its fan products that have ever contained a 4-pole PSC motor. The parties had previously agreed to supply one another with UL documents from the first listing of each respective party's motors with UL and any supplementation or modification of such listings. Lasko claims that Lakewood's production is incomplete, because Lasko seeks UL documentation regarding *all* 4-pole PSC motors. The Court agrees that all 4-pole PSC motors are, arguably, the prior art of Lakewood and are relevant in this case, and the production of these UL documents is likely to lead to admissible evidence. Thus, Lakewood must produce all UL documentation regarding it 4-pole PSC motors.

Similarly, Lakewood claims that Lasko had not produced a single UL document as of the date of its Response. Lakewood claims, and the Court agrees, that such information is relevant to determine the date when Lasko allegedly [*9] first infringed upon Lakewood's patent. Of course, as both parties had previously agreed to share each other's UL documents, and doing so will lead to relevant evidence, Lasko must also produce its aforementioned UL documents to Lakewood.

F. Lakewood's Privileged Document Log

Lasko claims that Lakewood's privilege log, including the revised privilege log recently provided to Lasko, is deficient and that Lasko is unable to "assess the applicability of the privilege" as required by *Rule 26*. However, the Court has reviewed Lakewood's revised privilege log and finds that it sufficiently comports with the requirements of *Rule 26*. A sample of the descriptions of the privileged documents include the following:

> Legal advice re: issued '822 patent;
>
> Re: issue fee and legal advice re: a continuation application in design case;
>
> Re: design application and seeking information for Office Action to patent application that issued as '822 patent;
>
> Legal advice re: foreign filing of patent application;
>
> Legal advice and enclosing copy of application filed with Patent Office;
>
> Re: enclosure of drawings re: motor configuration as follow-up to request for legal advice [*10] re: application;
>
> Internal memo re: issue fee for continuation of application;
>
> Re: drawings from FT Industries;
>
> Legal advice re: patent application and claim amendments;
>
> Re: and enclosing cease and desist letter sent to J. Perella; and

> Re: enclosure of correspondence from Supreme including nondisclosure agreement signed in 9/97.

(Def.'s Reply Ex. 6.)

The Court finds that Lakewood's descriptions are neither vague nor ambiguous and to provide any more detail would likely divulge privileged information. Further, the Court finds that Lasko can adequately assess the applicability of the privilege based on Lakewood's current descriptions. Thus, Lakewood need not revise its privilege log.

G. Alleged Gaps in Lakewood's Production

It appears, based on Lasko's Reply brief, that Lasko has received many of the documents it claims were missing and has notified the Court that it will attempt to resolve the issue of any remaining missing documents with Lakewood without the Court's intervention. Thus, the issue of the alleged gaps in Lakewood's production is moot.

H. Refusal to Identify Drawings showing Mr. Chen's Conception of the Invention of the Patent [*11]

Lasko is seeking production of a drawing made by Mr. Chen in the Summer of 1997, which shows the conception of the invention of the '822 patent. Lakewood argues that Lasko's interrogatory never requested production of such a drawing and that, therefore, Lasko should not be allowed to belatedly seek discovery after discovery has already closed. However, the Court finds that Lasko's request is neither a novel nor belated request. In its Interrogatory No. 10, Lasko sought identification of all documents constituting, reflecting, or otherwise relating to the conception and reduction to practice of the invention. (Pl.'s Opp. Mot. to Compel, Ex. G.) Lakewood admits that such a drawing does exist (Def.'s Mot. to Compel, Ex. 40), and therefore, as the Court finds that the drawing relates to conception and reduction to practice and has already been generally sought by Interrogatory No. 10, Lakewood must provide Lasko with this drawing.

I. LKW 01165 Relating to a Confidentiality Agreement between Lakewood and Supreme

Lasko seeks the identification of drawings referred to in a letter by Lakewood's in-house counsel and addressed to Supreme, regarding a confidentiality agreement between [*12] the two entities. Apparently, Lakewood had agreed to identify the drawings, but later declined to do so. (Def.'s Mot. to Compel, Exs. 1, 3, 62.) Lasko claims that it did not take the deposition of any witnesses on this matter, including that of Lakewood's in-house counsel, because Lasko assumed that Lakewood would produce said documents pursuant to their agreement. (Def.'s Mot. to Compel at 11.)

The Court finds that the production of the drawings referred to in LKW 01165 is relevant to the lawsuit, as it apparently goes to the scope of the confidentiality agreement, and, as the time for deposing witnesses on the matter has passed, Lakewood must produce said drawings to Lasko. Lasko should not be penalized for failing to depose a witness when it had not done so based on assurances from Lakewood that it would provide the identification.

J. Identification of Various Documents

In its Opposition to Lasko's Motion to Compel, Lakewood has agreed to provide Lasko with the Bates numbers of all the documents that it has produced in response to Lasko's First Set of Requests for Production Nos. 8-15, 39, 42, and 74. Thus, Lasko's motion to compel is moot on this issue. Moreover, as Lakewood [*13] concedes that it had previously agreed to provide production numbers for these documents, the Court finds that fairness dictates that Lakewood identify said documents by Bates numbers.

II. Lasko's Motion to Compel Written Discovery

A. Interrogatories Nos. 7(c) and 7(d)

Lasko's Interrogatory 7(c) requests that Lakewood identify where each element of each claim of its patent is found on each of its products. Interrogatory 7(d) requests that Lakewood explain how each of its products correspond to each element of each claim of its patent. Lasko argues that such responses are necessary to determine claim construction, validity and damages and whether Lakewood is entitled to lost profits. Lasko cites to the rule that "determining actual damages to a patentee that is itself producing the patented item is to determine the sales and profits lost to the patentee because of the infringement." *Rite Hite Corp. v. Kelley Co., 56 F.3d 1538, 1545 (Fed Cir. 1995)*(en banc). However, as Lakewood correctly asserts, a patentee need not prove infringement by its own products in order to obtain damages. *Id. at 1548*. Further, Lasko does not cite to any [*14] case law that supports its position that Lakewood must provide mapping of each and every one of its products in order to successfully bring a patent infringement suit.

Lakewood has already provided a detailed claim construction statement to Lasko. Lakewood has also provided Lasko with a detailed mapping and explanation of every infringing Lasko fan product, as well as Lakewood's own fans that embody any claim of the '822 patent. The Court concludes that Lakewood need not perform a detailed mapping or infringement analysis of

its own fan products to prove that its own fan products are covered by the patent, as such an endeavor is irrelevant to Lakewood's infringement case against Lasko.

Further, the Court is not persuaded by Lasko's argument that mapping of Lakewood's own fan products is relevant to validity of the patent. Patent '822 covers the motor utilized by Lakewood, and Lakewood has already stated that none of its fan products embodying the patent were sold one year before the filing date of the application for the '822 patent. (Pl.'s Opp. Mot. to Compel at 3.)

B. Interrogatory No. 8

Interrogatory No. 8 asks Lakewood to identify every third party that infringes its patent. [*15] Lakewood responded by stating that presently, it did not assert any claims against third parties relating to any allegations of infringement of either the '822 or '862 patents. (Def.'s Mot. to Compel at 4.) In its opposition brief, Lakewood states that it "is not currently aware of any third party infringing products." (Pl.'s Opp. Mot. to Compel at 3.)

The Court finds that the latter statement more directly answers Interrogatory No. 8 than Lakewood's original response, and orders Lakewood to amend its response accordingly. The Court does not find that such an amendment will prejudice Lakewood in any way, since Lakewood is only asserting its lack of knowledge of any third-party infringers of its relevant patents.

C. Interrogatory No. 11

Lasko requests, in Interrogatory No. 11, that Lakewood provide it with the dates of all prior art searches conducted with respect to the subject matter of the '822 and '862 patents, and that it identify the persons involved and the prior art that was discovered. Lasko claims that this information is relevant to its claims of invalidity and unenforceability. Although the issue of unenforceability has been bifurcated, the issue of validity has not [*16] been, and thus, the request encompassing Interrogatory 11 is not improper. Further, the Court does not find that the request seeks information protected by the attorney-client privilege, because the information sought is factual in nature and does not seek to probe Lakewood on advice given by its counsel or the mental impressions, thoughts, or other protected work product of its counsel. Thus, Lakewood must respond to Interrogatory No. 11.

D. Request for Admission No. 66 and Analogous Requests

Request No. 66, and analogous requests, ask Lakewood to admit that "there is no specific notation in the file history" of the '822 patent that the prior art patents identified by number in the requests were considered by the Patent Examiner. Lakewood argues that it does not have knowledge relating to what a third party considered, and that even if it did, the question goes to the issue of inequitable conduct, which has been previously bifurcated by the district court.

The Court finds that Request No. 66, and analogous requests, does not ask Lakewood to guess as to what a third party considered, but rather to admit that a notation exists or does not exist in the file history. Further, as [*17] Lasko points out, the Federal Circuit has issued a ruling that prior art not before the Patent Trademark Office is relevant to the issue of validity. *See, American Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1359-60 (Fed. Cir. 1984)*. Thus, the Court finds that Request No. 66, and analogous requests, relate to patent validity and orders Lakewood to answer said requests.

E. Requests for Admission Nos. 67-76 and Analogous Requests

Requests Nos. 67-76, and the analogous requests, ask Lakewood to admit or deny certain specifications in its third-party patents. Lasko requests, and Lakewood correctly identifies as the standard in patent law, "what a prior art reference teaches to one skilled in the field of the invention." *Crown Operations Int'l, Ltd. v. Solutia Inc., 289 F.3d 1367, 1374 (Fed Cir. 2002)*. The Court finds that an expert is required to answer these particular requests concerning specifications in third-party patents. Thus, the Court concludes that Lakewood need not answer Requests Nos. 67-76, and the analogous requests, until after the expert discovery period commences, such date as has already been set by the Court. Further, [*18] Lakewood shall supply Lasko with its responses at least one week prior to any scheduled depositions of any expert witnesses proffered by Lakewood on the subject matter of Request Nos. 67-76, and analogous requests. n3

n3 The Court rejects Lakewood's argument that responding to these requests would be unduly burdensome. An expert qualified in the drafting of similar patents can certainly look at the patent identified in the Requests and answer the questions posited by Lasko. Thus, the answer would be readily obtainable after a reasonable inquiry, although not readily within the party's knowledge. *See FED. R. CIV. P. 36(a)*. In addition, Lakewood would not be required to purchase and review the complete prosecution history of each patent, because Lasko is not asking Lakewood to admit any information about claims or claim construction, but rather to admit

various structural features of the patents that are clearly visible on the figures themselves.

F. Requests for Admissions Nos. 939 and 940

Lasko's Request [*19] for Admissions Nos. 939 and 940 is moot, since Lakewood has stated that it has already denied these requests because Lakewood claims the statements are untrue. (Pl.'s Opp. Mot. to Compel at 8.)

G. Requests for Admissions Nos. 943-948

The Court finds exasperating the semantic word-play between the parties concerning Requests Nos. 943-948. The document pertaining to Request No. 943, for example, is addressed to Lakewood's employee, Mr. Chen, and states that it is from "Edmond Lo/Supreme." However, Lakewood does not admit that the document was sent from Supreme and cannot determine, even "after reasonable investigation," that it received the document from Supreme. (Pl.'s Opp. Mot. to Compel at 9.) Lakewood argues that it was unsure as to whether Lasko was referring to the origin of the "copy" or the "original" document. Thus, the Court orders Lakewood to answer the relevant Requests in reference to the original documents. Lasko did not specifically address the remaining Requests for Admissions Nos. 944-948. Nevertheless, as these requests all deal with requests for admissions that certain documents were received by Mr. Chen, or Lakewood, on or about the date they bear on their face, [*20] the Court compels Lakewood to clearly admit or deny the remaining requests.

H. Requests for Admissions Nos. 951-955

In Requests for Admissions Nos. 951-955, Lasko sought admissions from Lakewood that certain documents were created by Mr. Chen on or after October 3, 1997. Lakewood has admitted certain requests, but has denied the remainder of the requests, based on its investigation finding that many or all of these documents were initially created prior to October 3, 1997. (Pl.'s Opp. Mot. to Compel at 9.) However, Lakewood has not produced these earlier documents, and Lasko claims that it has repeatedly asked Lakewood to produce these documents. Therefore, the Court orders Lakewood to either produce said documents dated prior to October 3, 1997, or the Court will deem Requests Nos. 951-955 admitted.

I. Requests for Admission Nos. 960-961

Lasko's motion to compel production of Requests for Admissions Nos. 960-961 is moot, as Lakewood has agreed to amend its original answers and provide a clearer admission. The Court finds that Lakewood is attempting to make a good faith effort to comply with Lasko's request, and thus, the Court refuses to deem the requests admitted, as [*21] Lasko suggests. However, Lakewood will amend its answers with regard to these requests.

J. Requests for Admissions Nos. 943-948, 968-969, and 971-973

Lasko seeks admissions from Lakewood that certain documents were exchanged between Lakewood and Supreme. Lakewood objects to these requests on the basis that Supreme has not yet responded to Lakewood's discovery requests. However, Supreme's failure to respond to discovery should not affect Lasko's ability to defend itself and to obtain the relevant information it needs for that defense. Further, Lakewood is still able to respond to questions and produce discovery concerning its own knowledge and actions of its activities with Supreme. Therefore, to the extent that it has knowledge regarding the information sought in Requests for Admissions Nos. 943-948, 968-969, and 971-973, Lakewood must respond to these requests to the best of its ability. If it does not have knowledge of any or a portion of these requests, Lakewood should so state, and admit what it can and deny or qualify the remainder.

K. Request for Admission No. 970

Lasko seeks an admission from Lakewood regarding whether a specific piece of prior art was before the [*22] Patent Trademark Office during the prosecution of the '822 patent. The Court finds that this request deals with the similar issue of validity which the Court previously found, in reference to Request for Admission No. 66, is relevant to the issue at bar. Thus, Lakewood must admit or deny Request for Admission No. 970.

III. Lasko's Motion to Compel Deposition Discovery

A. Request to Redepose every Lakewood Witness, including Mr. Chen, and to depose corporate witnesses under *Rule 30(b)(6)* -- all at Lakewood's Expense

Lasko argues that Lakewood's belated production of documents necessitates that Lasko redepose all of Lakewood's witnesses so that it can further explore the issues contemplated by these newly produced documents. Lasko argues that the disclosure of the Toastmaster fan documents, certain engineering change notice documents, and certain other documents that Lasko referred to as "Other November Documents," require that Lasko redepose Mr. Chen, Robert Miller, John Peterson, Charles Herndon, Carl Krauss, and Binglin Wang. Further, Lasko claims that Mr. Chen needs to be redeposed on a separate matter as well: to testify about Lakewood's recent revelation that [*23] Mr. Chen may have knowledge relating to Lakewood's allegations against Lasko's of intentional and willful

infringement of Lakewood's patent. Finally, Lasko claims that Lakewood failed to adequately prepare its *Rule 30(b)(6)* deponents, and therefore, Lasko needs to redepose those witnesses, as well as any other corporate witnesses that can provide testimony on the *Rule 30(b)(6)* topics. Of course, Lasko also seeks reimbursement from Lakewood for the expenses it will incur in conducting these post-discovery depositions.

The Court is generally opposed to redeposing witnesses absent a clear showing of substantial need by the movant. Without such proof, the Court will not grant Lasko wholesale rediscovery and will not allow Lasko to redepose every Lakewood witness, including Mr. Chen, nor will the Court allow Lasko to depose additional witnesses under *30(b)(6)*. Thus, the Court reserves its judgement on Lasko's Motion to Compel Deposition Discovery until Lasko has had an opportunity to present its arguments in a hearing before the Court, which will be limited to Lasko's Motion to Compel Deposition Discovery. The burden will be on Lasko to identify each particular witness that it wishes to [*24] depose, provide the Court with the general questions it will ask of the witness, explain to the Court the reason why such questions were previously not asked of the witness, disclose the date when Lasko obtained the particular documents which it believes necessitates the redeposition of the witness, and convince the Court that redeposition of the particular witness, and will lead to relevant evidence relating *only* to the issues raised by Lasko's amended answer and counterclaims. n4 The Court reiterates that, with the exception of discovery relating to Lasko's amended answer and counterclaims, fact discovey has closed. The Court will not allow Lasko to re-open discovery on issues that it should have explored earlier under the guise of seeking discovery on the new issues.

> n4 In its brief, Lasko does identify certain deponents and generally states what issues it would like to raise with the individuals, but the Court seeks a much more specific showing of need in order to reopen deposition discovery. In addition, the Court prefers to deal with each specific request at a single in-court hearing, as opposed to considering each matter piecemeal. Most importantly, Lasko has not made clear at this juncture how redeposing witnesses is relevant to the issues raised in its amended answer and counterclaims.

[*25]

B. Request to be Reimbursed for the Fees and Expenses Incurred in Pursuing Discovery from Interfreight

As the Court has ordered above, Lakewood shall reimburse Lasko for its expenses in conducting discovery upon Interfreight. The Court finds that Lasko had repeatedly requested that Lakewood turn over its "outbound shipping" files, but it did not, and therefore, Lasko had to subpoena Interfreight at the close of discovery to obtain these files. Now, Lakewood has finally complied with Lasko's request and has disclosed these files, but many of these files may already be in Lasko's possession as a result of the Interfreight discovery. Thus, the Court orders Lakewood to reimburse Lasko for its costs incurred in pursuing discovery from Interfright.

IV. ATTORNEY-CLIENT PRIVILEGE

The attorney-client privilege is waived if the defendant relies on the opinion of counsel to defend against a willful infringement claim in a patent action. *Keyes Fibre Co., v. Packaging Corp. of America, 763 F. Supp. 374, 376 (N.D. Ill. 1991)*. The waiver extends to all evidence concerning the subject matter upon which defendant relied. *Abbott Labs. v. Baxter Travenol Labs., Inc., 676 F. Supp. 831 (N.D. Ill. 1987).* [*26] The reasoning behind the waiver is that a party should not be allowed to "claim reliance on the advice of counsel and, at the same time, conceal the full nature and extent of that advice." *Id.* Thus, principles of fairness prevent a party from only "disclosing opinions which support its position, and simultaneously concealing those [opinions] which are adverse." *Thermos Co. v. Starbucks Corp., 1998 U.S. Dist. LEXIS 17753, 1998 WL 781120,* at *1 (N.D. Ill. Nov. 3, 1998).

Lasko concedes that it has waived the attorney-client privilege with respect to infringement and validity, but it strongly disagrees with the scope of Lakewood's request to produce. (Def.'s Resp. Pl.'s Mot. to Compel at 3.) The scope of the waiver is disputed among the circuits as well, and neither the Seventh Circuit nor the Federal Circuit, whose decisions are authoritative in the realm of patent law, have weighed in on the issue. *See Dunhall Pharmaceuticals v. Discus Dental, 994 F. Supp. 1202, 1204-06 (C.D. Cal. 1998)*(holding that discovery of work product that was not communicated to the client may lead to admissible evidence).

The district courts in this Circuit are also split on the [*27] issue of whether advice not communicated to a client is discoverable pursuant to a waiver of attorney-client privilege. *See Thermos, 1998 U.S. Dist. LEXIS 17753, 1998 WL 781120,* at *1 (only advice communicated to client is discoverable); *but see, Clintec Nutrition Co. v. Baxa Corp., 1996 U.S. Dist. LEXIS*

4001, 1996 WL 153881, at *1 (N.D. Ill. 1996). However, this Court finds that the fairly recent decision in *Beneficial Franchise Co., Inc. v. Bank One, N.A., 205 F.R.D. 212 (N.D. Ill. 2001)*, as well as Judge Kocoras's 1998 decision in *Thermos* are compatible with one another and most persuasive to this Court.

In *Thermos*, the Court held that, only advice of counsel that was communicated to defendants was discoverable. *1998 U.S. Dist. LEXIS 17753, 1998 WL 781120,* at *4. The court reasoned that defendants' state of mind was at issue and thus, "any documents defense counsel relied upon but did not communicate to Defendants are not probative of Defendants' state of mind." *Id.*

However, *Thermos* also discussed the more limited waiver with regard to the opinion work product of trial counsel. *Id.* It noted that courts often look to fundamental principles of fairness in determining "the extent to [*28] which waiver applies to documents generated by trial counsel and disclosed to the client." *Id.* The court determined that fairness dictated that the waiver applicable to trial counsel only extended to those communicated documents containing "potentially damaging information" or expressing "grave reservations respecting the opinion letter." *Id. (citing Micron Separations Inc. v. Pall Corp., 159 F.R.D. 361, 365 (D. Mass. 1995)*; *see also Clintec Nutrition Co., 1996 U.S. Dist. LEXIS 4001, 1996 WL 153881,* at *1). *Thermos* ultimately ruled that defendants needed to only produce the documents created by trial counsel that contained conclusions that contradicted or cast doubt on the contents of the opinion letter *and that were communicated to Defendants. 1998 U.S. Dist. LEXIS 17753, 1998 WL 781120,* at *5 (emphasis added).

However, in *Beneficial*, the court modified *Thermos's* holding and extended "the waiver to documents in trial counsel's file that contradict or cast doubt on the opinions that were revealed" regardless of whether the documents were conveyed to the client or their contents discussed with the client. *205 F.R.D. at 218*. The court reasoned that

> not [*29] all information conveyed to a client is neatly reflected in a transmittal letter or in a memorandum specifically directed to the client. The practical reality is that if negative information was important enough to reduce to a memorandum, there is a reasonable possibility that the information was conveyed in some form or fashion to the client."

Id. However, with respect to counsel other than trial counsel, the *Beneficial* court presumably would require disclosure of any opinion evidence, irrespective of whether it was communicated to the client or not. *Id. at 219*.

The Court concludes that a hybrid version of *Thermos* and *Beneficial* is appropriate in this case. Thus, as similarly held in *Thermos*, Lasko must produce all opinions of counsel that were communicated to it and materials relied upon by counsel and communicated to Lasko, concerning the subject matter of willful infringement that Lasko intends to rely upon at trial. Because Lasko may have received advice relating to willful infringment from both its patent and trial counsel, at various times, this includes any information from its patent counsel, RatnerPrestia, or its trial counsel, [*30] Woodcock Washburn.

However, the Court also agrees with *Beneficial* concerning the treatment of trial counsel's advice. Lasko is not required to produce its attorneys' thought processes, notes, mental impressions, or materials unless the information contradicts or casts doubt on the opinions that have been disclosed, and regardless of whether these materials were communicated to Lasko Nevertheless, Lasko need not produce any documents or materials relating to its trial strategy. To the extent that Lasko did not rely on trial counsel's opinions on willful infringement, and as such will not rely on such opinions at trial, Lasko need not disclose any opinions of its trial counsel. n5

> n5 After reviewing Lasko's President, William Lasko's deposition testimony, the Court remains skeptical as to whether Lasko actually relied on the opinions of its trial counsel regarding willful infringement. However, whether or not Lakewood's questioning of Mr. Lasko was permissible and whether such testimony would be admissible at trial is not for the Court to determine at this juncture. *Rule 26(b)* is clear: evidence may be discoverable even though it may not be admissible, as long as it could lead to relevant evidence. The Court finds that Lasko's trial counsel *may* have provided Lasko with opinions on willful infringement, and if it did, those opinions, and all documents related to the formulation of those opinions, must be produced if they were communicated to Lasko.

[*31]

V. ATTORNEY WORK PRODUCT

The thought processes, mental impressions, and opinions of attorneys are considered attorney work product and are not subject to discovery. *Hickman v. Taylor, 329 U.S. 495, 91 L. Ed. 451, 67 S. Ct. 385 (1947)*. Later codified in *Rule 26(b)(3) of the Federal Rules of Civil Procedure* (the "Rules"), the work product doctrine protects otherwise discoverable documents if, "in light of the nature of the document and the factual situation in the particular case, the document can fairly be said to have been prepared or obtained because of the prospect of litigation." *Binks Mfg. Co. v. Nat'l Presto Indus., Inc., 709 F.2d 1109, 1118-19 (7th Cir. 1983)* (*quoting* 8 WRIGHT & MILLER, FEDERAL PRACTICE & PROCEDURE § 2024).

The work product doctrine is a qualified privilege and is much broader than the attorney-client privilege. *United States v. Nobles, 422 U.S. 225, 238, n. 11, 45 L. Ed. 2d 141, 95 S. Ct. 2160 (1975)*. Parties seeking to discover such materials and to overcome the privilege must either show that they have a substantial need for said materials or cannot otherwise obtain the materials without suffering [*32] undue hardship. *FED. R. CIV. 26(b)(3)*

In *Stone Container Corp. v. Arkwright Mut. Ins. Co., 1995 U.S. Dist. LEXIS 2400, 1995 WL 88902* (N.D. Ill. Feb. 28, 1995), the court ruled that documents selected by an attorney to prepare for his client's deposition are not discoverable. *1995 U.S. Dist. LEXIS 2400,* [WL] at *4. In distinguishing its facts from cases that have allowed for the discovery of similar documents, *Stone* reasoned that the documents in its case "were never meant to see the light of day, because the [documents] had been selected not for use in the examination of an adverse or neutral witness, but for a markedly more private purpose-the preparation of the attorney's own witness." *Id.* (*quoting In Re San Juan Dupont Plaza Hotel Fire Litigation, 859 F.2d 1007, 1018 (1st Cir. 1988)*(holding that, prior to a deposition, attorney must reveal documents he selected to use in deposition). The *Stone* court also determined that the documents had already been produced in discovery, and thus requiring plaintiff's counsel to reveal "his selection, in preparation for his client's deposition, of a group of documents he believes critical to the case" would prejudice plaintiff's case. [*33] *1995 U.S. Dist. LEXIS 2400,* [WL] at *4.

However, *Stone* limited its holding and concluded that it would not compel plaintiff's counsel to reveal "up front" all of the documents that it had selected for the witness to review prior to his deposition. *1995 U.S. Dist. LEXIS 2400,* [WL] at *5. The Court explained that, if defendant's counsel questioned the witness about a topic and the witness referred to one of the protected documents, then plaintiff must produce the document so that defendant can refer to the document in his examination of the witness. *Id.*

In *Dranchak v. Akzo America, Inc., 144 F.R.D. 343, 345-46 (N.D. Ill. 1992)*, the court ordered plaintiffs to produce those documents that its counsel selected from defendant's office. Plaintiff reviewed various documents produced by defendant pursuant to a discovery request and wished to obtain copies of those documents. *Id. at 343*. Defendants asked plaintiff to provide a list of the requested documents so that it could make the copies for plaintiff, but plaintiff objected, stating that by revealing which documents he selected, he would be disclosing to defendant those documents that he thought important and would thereby "reveal his strategy [*34] and mental thought processes to defense counsel." *Id.*

The *Dranchak* court rejected plaintiff's argument and determined that, informing defendant which documents, "as they are kept in the usual course of business," it wanted duplicated does not disclose any theory of plaintiff's case. *Id. at 345-46*. Rather, such a disclosure "simply discloses the sources of knowledge or of relevant or important information in the case as opposed to any particular theory in the development of the case." *Id.* (*citing American Floral Servs., Inc. v. Florists' Transworld Delivery Assoc. & Teleflora, Inc., 107 F.R.D. 258 (N.D. Ill. 1985)*(Shadur, J.))

Lakewood argues that Lasko should be compelled to produce all documents which it has received from Interfreight pursuant to Lasko's subpoena. (Pl.'s Mot. to Compel at 5.) n6 Lasko claims that the documents from Interfreight are attorney work product, and as such, are not discoverable. (Def.'s Resp. Mot. to Compel at 11.) Lasko also argues that, because these documents are shipping documents for Lakewood, the documents are "not unavailable" to Lakewood, and Lakewood probably has these documents in its possession already. [*35] (*Id.*) Lasko also notes that Lakewood has produced some documents, which Lasko claims may appear to contain the same documents that Lasko selected and copied during the Interfreight inspection. (*Id.* at 11, n. 7.) However, the Court finds that the particular Interfreight documents selected by Lasko's counsel are not attorney work product, as contemplated by *Rule 26(b)(3)*. n7

n6 Lakewood argues that, by serving a subpoena on Lakewood on October 3, 2002, Lasko violated both *Rule 45* and the Court's order cutting off fact discovery on October 1, 2002. (Pl.'s Reply Supp. Mot. to Compel at 8.) However, although Lasko's response to Lakewood's motion does state that its subpoena was served on Lakewood on October 3, 2002,

Lasko's sworn affidavit asserts the date of service was October 1, 2002. Thus, the Court finds that the sworn affidavit contains the actual date of service. However, the Court, in its discretion, will not sanction Lasko at this time for serving a subpoena to opposing counsel on the date fact discovery closed.

n7 The Court finds that the Interfreight documents do not satisfy the requirements for either ordinary work product or "opinion" attorney work product.

[*36]

The documents obtained from Interfreight are apparently shipping invoices between Interfreight and Lakewood. These documents do not appear to be, or contain, counsel's handwritten notes, mental impressions, trial strategy, opinions, or otherwise privileged materials. n8 The Court finds the facts in this case similar to those in *Dranchak*. Thus, revealing the Interfreight documents to Lakewood would not disclose any legal theories of defendants, but would merely "disclose the sources of knowledge or of relevant or important information in the case." Further, the cases cited by Lasko, such as *Stone*, in support of its argument involve facts not at issue here, such as using the documents to refresh the recollection of deponents or witnesses or preparing witnesses for trial, or where the documents have already been produced in discovery. While Lasko claims that Lakewood already has these documents in its possession, this assertion has not been proven and the documents have not yet been identified as having already been produced. Thus, the Court concludes that the Interfreight documents are not attorney work product and must be turned over to Lakewood immediately.

n8 Of course, these documents have not been presented to the Court, and therefore, at this juncture, the Court can only take the word of the parties as to the contents of these documents.

[*37]

CONCLUSION

IT IS HEREBY ORDERED that, for the reasons set forth above Lakewood's Motion to Compel Production of Materials and Information Related to Opinions of Counsel Relied Upon by Lasko and Certain Third Party Documents be, and the same hereby is, **GRANTED** in part and **DENIED** in part.

IT IS FURTHER ORDERED that Lasko's Motions to Compel Document and Written Discovery be, and the same hereby is, **GRANTED** in part and **DENIED** in part.

The Court reserves consideration of Lasko's Motion to Compel Deposition Discovery until completion of an in-court hearing on the matters discussed therein.

Unless otherwise noted in this decision, both parties are ordered to produce the applicable discovery requests granted herein within 14 days of this order.

DATED: March 13, 2003

ENTER:

ARLANDER KEYS

United States Magistrate Judge

Tab 3

LEXSEE 2005 U.S. DIST. LEXIS 10686

TRADING TECHNOLOGIES INTERNATIONAL, INC., Plaintiff, vs. eSPEED, INC., Defendant.

No. 04 C 5312

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

2005 U.S. Dist. LEXIS 10686

April 28, 2005, Decided

PRIOR HISTORY: *Trading Techs. Int'l v. eSpeed, Inc., 2005 U.S. Dist. LEXIS 3001 (N.D. Ill., Feb. 9, 2005)*

LexisNexis(R) Headnotes

JUDGES: [*1] JAMES B. MORAN, Senior Judge, U. S. District Court.

OPINIONBY: JAMES B. MORAN

OPINION:

MEMORANDUM OPINION AND ORDER

Plaintiff Trading Technologies International, Inc., brought this patent infringement action against defendant eSpeed, Inc., claiming that defendant has infringed two of its patents, *U.S. Patent Nos. 6,766,304* (the '304 patent) and *6,772,132* (the *132 patent*), which both relate to computer software used for electronic trading in the futures market. Defendant filed a motion to compel, asking the court to order plaintiff to answer specific interrogatory questions and to provide certain documents. Plaintiff also filed a motion to compel, seeking responses to subpoenas issued to third parties and requesting working copies of defendant's allegedly infringing software. Those motions were filed several months ago and the parties agree that specific discovery issues are now ripe for decision. For the following reasons, both plaintiff's and defendant's motions are granted.

The motions to compel were filed during the period leading up to a preliminary injunction hearing, and during that time discovery was limited to the issues presented at that hearing (Preliminary Injunction Discovery [*2] Order, Sep. 20, 2004). The arguments presented in the motions to compel reflect the tailored scope of discovery, but, with the hearing behind us, the current scope of discovery is not so narrow. Neither party has submitted additional briefing on other matters, and, therefore, we assume that their current positions are consistent with those asserted prior to the preliminary injunction ruling.

Under *FED. R. CIV. P. 26(b)(1)* "parties may obtain discovery regarding any matter, not privileged, that is relevant to the claim or defense of any party." Information need not be admissible at trial; it is sufficient if the discovery request "appears reasonably calculated to lead to the discovery of admissible evidence." *Id.* Discovery encompasses matters that actually or potentially affect any issue in the litigation. *See Oppenheimer Fund, Inc. v. Sanders, 437 U.S. 340, 351, 57 L. Ed. 2d 253, 98 S. Ct. 2380 (1978)*. If the discovery appears relevant, the party objecting to the discovery request bears the burden of showing why that request is improper. *Rubin v. Islamic Republic of Iran, 349 F. Supp. 2d 1108, 1111 (N.D. Ill. 2004)*. There is a strong [*3] policy for a "broad type of discovery and duty of full disclosure" in patent cases, in order to educe the "maximum amount of evidence" (*Natta v. Zletz, 405 F.2d 99, 100 (7th Cir. 1968)*), but the right to discovery does have "ultimate and necessary boundaries." *Hickman v. Taylor, 329 U.S. 495, 507 (1947)*. The court has broad discretion in matters relating to discovery, including whether to grant a motion to compel. *Sattar v. Motorola, Inc., 138 F.3d 1164, 1171 (7th Cir. 1998)*; *Gile v. United Airlines, Inc., 95 F.3d 492,495-96 (7th Cir. 1996)*.

Defendant's Motion to Compel

Defendant first argues that plaintiff's response to Interrogatory No. 4 is inadequate and it seeks to compel a more complete answer to that question, which asked when and under what circumstances plaintiff conceived of and reduced its inventions to practice. Defendant contends that this information n1 is relevant to its defenses, specifically those claiming that plaintiff's invention was obvious and anticipated in light of prior art. In its response to Interrogatory No. 4 plaintiff cites *Rule 33(d)*, which allows a party to answer an interrogatory [*4] question by specifying and making available certain business records that are responsive to the question. Plaintiff further contends that it has provided a complete response n2 and also that defendant has deposed the three principal inventors, and has thus had ample opportunity to obtain the information it seeks. Defendant argues it cannot derive the information it seeks from the business records plaintiff has produced, and also that plaintiff's answer is incomplete because it does not foreclose the existence of other significant dates.

n1 The information defendant seeks includes documents that reflect the development of the software, notes created during the development process, and software code that shows plaintiff actually developed its invention.

n2 In its response to Interrogatory No. 4 plaintiff stated that the subject matter of some of the claims were conceived in September 1998, that an experimental model was developed in March 1999, and commercial versions of the product were released in August 2000.

[*5]

Defendant has raised a prior art and a public use defense, and dates when plaintiff conceived the invention and reduced it to practice are relevant to those defenses. In the preliminary injunction order, the court failed to find some likelihood that the invention was commercially exploited prior to the critical date of March 2, 1999. Further, defendant failed to provide prior art that contained both a static price column and a single-action order entry feature. Nevertheless, defendant may still raise prior art and public use defenses, and the preliminary injunction order did not shut the door to discovery on those issues. Plaintiff's answer to Interrogatory No. 4 does provide dates, but it does so at a level of generality that is insufficient in light of subsequent documents, such as the affidavits submitted by Jay Twery, which help create a more specific and detailed time line. In its answer, plaintiff responds that "at least some" of the claims were conceived in September 1998, and that "at least one" constructive reduction to practice was the filing of a patent application, but that wording begs the question: what about other dates? And, if plaintiff invokes the *Rule 33(d)* option, [*6] then according to that rule it must "specify the records from which the answer may be derived or ascertained," and if no records exist, then plaintiff's invocation of the rule is improper.

Plaintiff is ordered to supplement its answer to Interrogatory No. 4 with documents that sufficiently show when and under what circumstances it conceived its invention and reduced it to practice.

In Interrogatory No. 5 defendant asks plaintiff for information about plaintiff's diligence in reducing its invention to practice, and contends that this information is relevant to the issues of irreparable harm and the validity of plaintiff's patents. In its reply motion defendant adds that this information is relevant to its prior art and public use defenses. Defendant argues that plaintiff's response is insufficient because it consists of boilerplate objections and unsupported reliance on *Rule 33(d)*, as defendant has not, according to plaintiff, produced any documents from which its diligence in reducing the inventions to practice can be ascertained. In response, plaintiff asserts that it has provided a complete answer and also posits that the information is not relevant because defendant does not bring [*7] a prior art defense. The latter point may have been correct when the motions to compel were filed, but it cannot be maintained now. Plaintiff has not provided a complete answer to Interrogatory No. 5. It stated that information could be derived from "various other documentation," which is vague and insufficient, particularly for the purposes of *Rule 33(d)*.

Interrogatory No.5 undeniably overlaps with No. 4, and plaintiff must supplement its response to No.5 to the extent that it must add to its answer to No.4. We do note that the information that defendant seeks is not relevant to irreparable harm, an issue that was central to the preliminary injunction. Instead, that information may help establish when plaintiff reduced the invention to practice, which is relevant to the public use defense, and what information plaintiff relied on as it reduced that invention to practice, which is relevant to the prior art defense.

Defendant also moves to compel production of documents, specifically plaintiff's pending patent applications and documents relating to plaintiff's acquisition of a foreign patent. Plaintiff stated that it would produce all responsive non-privileged documents relating to [*8] those issues, but it has apparently failed to do so. For the reasons set forth below, plaintiff is ordered to produce the requested documents.

Plaintiff contends that production of its patent applications would disclose confidential information and that defendant's request is merely a fishing expedition. Documents relating to patent applications, including pending and abandoned applications, are relevant because they may shed light on proper claim interpretation of the patents in suit. *Microsoft Corp. v. Multi-Tech Sys., Inc., 357 F.3d 1340,1349-50 (Fed. Cir. 2004)*; *Tristrata Tech., Inc. v. Neoteric Cosmetics, Inc., 35 F. Supp. 2d 370, 372 (D. Del. 1998)*. The parties are competitors in the marketplace, a factor favoring secrecy (*Central Sprinkler Co. v. Grinnell Corp., 897 F. Supp. 225, 227 (E.D. Pa. 1995)*), but the interest in properly construing the claims outweighs the interest in secrecy. Other than mentioning its interest in secrecy, plaintiff fails to specify the nature of the burden it would shoulder in producing these documents. The court emphasizes its confidence in the protective order, and its continued force in safeguarding [*9] the confidential information involved in this litigation. *See Tristrata Tech., 35 F. Supp. 2d at 372*; *Cordis Corp. v. SciMed Life Sys., 982 F. Supp. 1358, 1364-65 (D. Minn. 1997)*. The protective order does not allow defendant to obtain any discovery it wants, as plaintiff complains it does; instead, it protects the confidentiality of information that defendant is entitled to receive, and thus addresses plaintiff's interest in secrecy.

The scope of defendant's request may be tailored so as to further protect plaintiff's interests in confidentiality. Plaintiff need only produce the portions of pending patent applications that relate to or refer to the *'304* and *'132 patents*, and the claims made in those patents, particularly those that defendant argues are disclosed in prior art. Defendant's request for all patent applications "relating to electronic trading devices or methodologies" is too broad, as it may net applications that do not reference any aspect of either the *'304* or *'132 patents*. Plaintiff is therefore ordered to produce the relevant portions of its patent applications that refer to the patents-in-suit.

Defendant next argues that documents [*10] relating to plaintiff's acquisition of foreign patent application WO 01/16852 is relevant to its prior art defense. At his deposition, Harris Brumfield, plaintiff's CEO, testified that he first saw WO 01/16852 during the prosecution of the patents-in-suit, and shortly thereafter he purchased it on behalf of plaintiff. According to plaintiff, WO 01/16852 may be prior art and relevant, but documents related to the acquisition are irrelevant. Documents related to the purchase of WO 01/16852 may explain plaintiff's reasons for acquiring the patent - motives that may be relevant to defendant's prior art defense. Here, defendant is seeking to flesh out a pattern of facts related to its defense, and discovery is proper. *Micro Motion, Inc. v. Kane Steel Co., 894 F.2d 1318, 1326 (Fed. Cir. 1990)*. If WO 01/16852 can be depicted as prior art, then plaintiff is ordered to produce documents related to its acquisition.

Plaintiff's Motion to Compel

In its motion to compel, plaintiff seeks working samples of defendant's software, and also responses to subpoenas issued to Steve Brucato and his company, Catus Technologies (Catus). For the following reasons, plaintiff's motion [*11] is granted.

Plaintiff requested working samples of defendant's futures trading product and another product called the AutoSpeed Basis Spreader, but, instead of providing those samples, defendant made the software available at its attorneys' offices. Plaintiff did go to those offices to observe the software programs in action, but it was apparently monitored by a member of defendant's attorneys' firm. Defendant does not provide any reason why it would be unduly burdensome to provide a copy of the software, and it instead argues that it does not have to provide the software to plaintiff because plaintiff has not given it a working copy of its software. But *Rule 26* does not condition the production of information on *quid pro quo* exchanges. Also, while defendant may feel that plaintiff spent sufficient time with the software, plaintiff argues that it requires additional time free from supervision, which it is entitled to receive. The protective order will ensure that the software is seen only by plaintiff's attorneys, and defendant may take additional precautions, such as password protection, if it so chooses.

Plaintiff is also entitled to receive full and complete responses to the [*12] subpoenas it issued to Brucato and Catus. Before forming Catus, Brucato was plaintiff's chief technology officer and vice-president of engineering, and in that capacity he acquired knowledge of plaintiff's commercial product, the MD_Trader. Defendant hired Catus as a consultant, and plaintiff believes that this was done so defendant could ascertain details about plaintiff's technology and products. According to a written agreement between Catus and defendant, Catus was to "produce gateway interface services" to the Chicago futures electronic trading systems, and also "produce a gap analysis document outlining functional differences between the eSpeed trading GUI and those provided by other ISVs for the Futures markets." Defendant contends that neither Brucato nor Catus are required to respond to the subpoenas because they did not compare defendant's software with that of any other vendor and thus possess no knowledge as to any issue relevant to the litigation. Plaintiff need not take defendant at its word, particularly when the agreement charged Catus with analyzing the

GUIs used by other vendors in the futures markets. This, then, is not an instance where the party seeking discovery [*13] is guided by only speculation and surmise. *Micro Motion, 894 F.2d at 1326* ("discovery may be denied where, in the court's judgment, the inquiry lies in a speculative area."). Brucato and Catus are therefore ordered to respond to the subpoenas issued by plaintiff as to all matters relevant to this litigation.

CONCLUSION

For the foregoing reasons, both plaintiff's and defendant's motions to compel are granted.

JAMES B.MORAN

Senior Judge, U. S. District Court

April 28, 2005.

DECLARATION OF SERVICE BY UPS DELIVERY

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and employed in the City and County of San Francisco, over the age of 18 years, and not a party to or interested party in the within action; that declarant's business address is 100 Pine Street, Suite 2600, San Francisco, California 94111.

2. That on July 21, 2005, declarant served by UPS, next day delivery, the **APPENDIX OF ELECTRONIC CASES IN SUPPORT OF LEAD PLAINTIFFS' REPLY IN SUPPORT OF MOTION TO COMPEL THE HOUSEHOLD DEFENDANTS TO PRODUCE ELECTRONIC EVIDENCE IN NATIVE ELECTRONIC FORMAT** to the parties listed on the attached Service List.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 21st day of July, 2005, at San Francisco, California.

/ S /
MONINA O. GAMBOA

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