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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

POWER INTEGRATIONS, INC.,

No. C-09-5235 MMC

Plaintiff,

**ORDER RE: MOTIONS TO EXCLUDE
EXPERT TESTIMONY**

v.

FAIRCHILD SEMICONDUCTOR
INTERNATIONAL, INC., et al.,

Defendants.

Before the Court are four motions, filed September 4, 2015, pertaining to the parties' respective experts on the issue of damages: (1) "Motion to Exclude the Opinions and Testimony of Jonathan D. Putnam," filed by defendants Fairchild Semiconductor International, Inc., Fairchild Semiconductor Corporation, and System General Corporation (collectively, "Fairchild"); (2) "Motion to Exclude the Opinions and Testimony of Arthur W. Kelley and Charles L. Colby," filed by Fairchild; (3) "Motion to Exclude Certain Testimony of Dr. Wei," filed by plaintiff Power Integrations, Inc. ("Power Integrations"); and (4) "Motion to Exclude Testimony of Robert Palmatier," filed by Power Integrations. Each party has filed oppositions, to which the other has replied.

The matters came on regularly for hearing on October 2, 2015. Frank E. Scherkenbach, Howard G. Pollack, Michael R. Headley, and Neil Warren of Fish & Richardson P.C. appeared on behalf of Power Integrations. Blair M. Jacobs, Christina A.

1 Ondrick, Robert J. Walters, and Yar R. Chaikovsky of Paul Hastings LLP appeared on
2 behalf of Fairchild. For the reasons discussed on the record at the hearing, the Court
3 hereby rules as follows.

4 **A. Jonathan D. Putnam, Ph.D.**

5 Fairchild seeks an order excluding in their entirety the opinions and testimony
6 offered by Dr. Putnam.

- 7 1. To the extent Fairchild seeks an order excluding Dr. Putnam's opinions with
8 respect to apportionment, the motion is GRANTED.
- 9 2. To the extent Fairchild seeks an order excluding calculations based on
10 Fairchild's worldwide sales, the motion is GRANTED. See Carnegie Mellon
11 University v. Marvell, 2015 WL 4639309, at *19-20 (Fed. Cir. Aug. 4, 2015)
12 (rejecting, as contrary to presumption against extraterritoriality, expert's
13 "inclu[ding] in the (past and ongoing) royalty base" sales of infringing products
14 "made and delivered abroad, and never imported into the United States").
- 15 3. To the extent Fairchild seeks an order excluding calculations based on price
16 erosion as to units sold by Power Integrations outside the United States, the
17 motion is GRANTED. Although Carnegie Mellon addressed worldwide sales
18 without addressing worldwide price erosion, its reasoning is equally
19 applicable in each instance, as the alleged loss, whether of a sale in its
20 entirety or a portion of the sales price, is, despite some arguable territorial
21 connection, attributable in the main to the availability of the defendant's
22 competing product outside the United States. (See Mot. to Exclude Putnam
23 Ex. A (Putnam Report) ¶ 174 ("Had Fairchild not entered the worldwide
24 market, Power Integrations' prices would have been higher[;] [m]ore
25 particularly, had Fairchild not been able to sell in the U.S., Power Integrations'
26 prices would have been higher than they were, but not as high as if Fairchild
27 had not entered the market at all.")); see also Carnegie Mellon, 2015 WL
28 4639309, at *20 (finding foreign activity, even where "factually caused, in the

1 ordinary sense, by domestic [infringing] activity,” is “not enough”; noting “ease
2 of finding cross-border causal connections”); Power Integrations, Inc. v.
3 Fairchild Semiconductor Int’l, 711 F.3d 1348, 1371-72 (holding “entirely
4 extraterritorial production, use, or sale of an invention patented in the United
5 States is an independent, intervening act that, under almost all
6 circumstances, cuts off the chain of causation initiated by an act of domestic
7 infringement”).

8 4. In all other respects, the motion is DENIED.

9 **B. Arthur W. Kelley, Ph.D. and Charles L. Colby, M.B.A.**

10 Fairchild seeks an order excluding certain portions of the opinions offered by Dr.
11 Kelley.

- 12 1. To the extent Dr. Kelley seeks to offer opinions as to the technological
13 benefits of the patented features and the absence of equivalent benefit in
14 non-infringing products, the motion is DENIED.
- 15 2. To the extent Dr. Kelley seeks to offer opinions, other than on the above
16 basis, as to the marketability of products, the motion is GRANTED. (See,
17 e.g., Mot. to Exclude Kelley and Colby Ex. A (Kelley Report) ¶ 70:8-11 (“[T]he
18 fact that these products were on the market, and failed to compete
19 successfully . . . with the infringing (SG/Fairchild) and practicing (Power
20 Integrations) products, demonstrates the commercial implications of the
21 technical drawbacks of burst mode discussed throughout this report.”).)
- 22 3. To the extent Dr. Kelley seeks to offer an opinion that a product that infringes
23 a patent other than the patent found to have been infringed in the instant case
24 cannot, as a matter of law, be a non-infringing substitute, the motion is
25 GRANTED, without prejudice to Power Integrations’s offering evidence as to
26 how any such consideration may affect the parties’ hypothetical negotiation
27 as to a reasonable royalty.
- 28 4. To the extent Fairchild seeks an order excluding the opinions of Mr. Colby,

1 the motion is DENIED.

2 **D. Gu-Yeon Wei, Ph.D.**

3 Power Integrations seeks an order excluding certain portions of the testimony and
4 report of Dr. Wei.

- 5 1. To the extent Dr. Wei seeks to offer opinions as to the scope of coverage of
6 the asserted patents, including, but not limited to, any opinion that the '908
7 patent requires a current comparator, that the '908 patent does not cover the
8 accused products' use of threshold voltage, that the '079 patent allows for no
9 variation in frequency, or that Power Integrations is estopped, based on the
10 prosecution history, from making any particular claim, the motion is
11 GRANTED.
- 12 2. To the extent Dr. Wei seeks to offer opinions based on the decision made in
13 "Fairchild V.," a Delaware case involving a different patent, the motion is
14 GRANTED.
- 15 3. To the extent Dr. Wei seeks to offer opinions as to the degree of innovation
16 represented by the '079 patent when compared with the technology described
17 in the "Zhou Article," the motion is DENIED.
- 18 4. To the extent Dr. Wei relies on Exhibit 4 to his report, the motion is DENIED,
19 provided Fairchild can lay a foundation as to how said exhibit was prepared.
- 20 5. To the extent Dr. Wei, in his opinion as to the availability of non-infringing
21 substitutes, includes any product that infringes a patent other than the
22 patent(s) it was found to have infringed in the instant case, the motion is
23 DENIED.

24 **E. Robert Palmatier, Ph.D.**

25 Power Integrations seeks an order excluding in their entirety the opinions offered by
26 Dr. Palmatier, and, in the alternative, certain of those opinions.

- 27 1. To the extent Fairchild seeks an order excluding Dr. Palmatier's opinions on
28 the asserted ground that his report, which is not a survey report, was


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submitted in violation of the Court's pretrial order of May 20, 2015, the motion is DENIED.

- 2. To the extent Power Integrations seeks an order excluding Dr. Palmatier's opinions as to supplier characteristics, the motion DENIED.
- 3. To the extent Power Integrations seeks an order excluding Dr. Palmatier's opinions regarding the "Morrison Article," the motion is GRANTED.
- 4. To the extent Dr. Palmatier seeks to offer an opinion as to the relative value of the patented features in Fairchild's products based on their percentage of the total number of features in those products, the motion is GRANTED.

IT IS SO ORDERED.

Dated: October 8, 2015


MAXINE M. CHESNEY
United States District Judge