

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	SA CV 14-00341-JVS (DFMx)	Date	May 31, 2016
Title	TCL Communication Technology Holdings, Ltd. et al. v. Telefonaktiebolaget LM Ericsson et al.		

Present: The Honorable Douglas F. McCormick

Nancy Boehme

n/a

Deputy Clerk

Court Reporter / Recorder

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

n/a

n/a

Proceedings: (In Chambers) Order Denying Ericsson's Motion to Strike Expert Testimony Based on Work Performed by TCL's Consultants (Dkt. 681)

1.0 Background

Defendants Telefonaktiebolaget LM Ericsson and Ericsson, Inc. (together, "Ericsson") moves for an order striking certain expert testimony put forth by Plaintiffs TCL Communication Technology Holdings, Ltd., TCT Mobile Limited, and TCT Mobile (US) Inc. (together, "TCL"), or, alternatively, an order compelling TCL to make available for deposition certain service providers used by TCL's testifying experts.

TCL retained two testifying experts, Dr. Paul Kakaes and Dr. Zhi Ding, to analyze whether Ericsson's patents are essential to the applicable cellular standards. This was a mammoth task. Dr. Kakaes and Dr. Ding oversaw the creation of a "patent census" to gather data about Ericsson's patents, and then performed an "essentiality study" of whether those patents were essential to the applicable standards. TCL's portion of the Joint Stipulation describes how Dr. Kakaes and Dr. Ding utilized the services of EY India and Concur IP to create the patent census and essentiality study that they relied on in their expert opinions:

In his expert report, Dr. Kakaes wanted to provide context for his opinions regarding Ericsson's SEP portfolio, by analyzing raw data about the "universe" of patents declared essential to ETSI, which number over 170,000. (Gibson Decl., Ex. A (Kakaes Rpt.), ¶¶ 100-113.) This raw data (e.g., the patents' expiration dates, assignees, jurisdictions, etc.) were available in various databases, which would have to be queried, de-duplicated, and sorted. (Id.) Dr. Kakaes could not collect and process this data by himself, for over 170,000 patents. So TCL outsourced this underlying work to a team at Ernst & Young in India. (Id.) Dr. Kakaes oversaw which databases they would query and prescribed how the data would be sorted, regularly scrutinizing

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their results, inspecting their progress, and resolving any issues. (Id.) At the start of the work, Dr. Kakaes flew to India from his home base in Washington D.C. and worked in person with the team for a full week, and afterward spoke to them by phone weekly, and more as needed. (Id., ¶ 102.) The processed data was formatted into an Excel spreadsheet, and called the “patent census.” (Id., ¶¶ 100-126.)

During this project, Dr. Kakaes had a “team lead” on the ground in India from Ernst & Young who could corral the team and also serve as his communication conduit. This team lead was Nitin Agrawal. (Id., ¶¶ 102-03.) Agrawal did not define the parameters of the team’s work or dictate what data to query from the databases. (See id.) . . .

. . .

In his expert report, Dr. Ding assessed what percentage of patents directed to mobile phones declared essential to ETSI are actually essential. (Declaration of Martin R. Bader in Support, Ex. 1, ¶¶ 3, 7, 9.) Doing this required first determining which families identified in Dr. Kakaes’s patent census were directed to mobile phones. (Id., ¶ 64.) A team at a different consulting firm in India, Concur IP, was brought in to assist with this. (Id., ¶¶ 4, 63.) After isolating the families directed to mobile phones (7,106), Dr. Ding and his team next had to compare the patent’s claims to the sections of the 2G, 3G, or 4G standards to which the patent was declared essential, see whether the elements of the claims are required by those sections (i.e., actually essential), and summarize the results in a spreadsheet. (Id., ¶ 69.) Given the sheer volume of patents involved, one-third (approximately 2,600) of the families—i.e., more than what was needed to be statistically significant—would be analyzed. (Id., ¶ 65.) Dr. Kakaes laid out the methodology and framework, and he and Dr. Ding went through examples of the comparison with the team, step by step and claim by claim. (See id., ¶¶ 74-84; Gibson Decl., Ex. A, ¶ 124.) They talked to the team by phone regularly, and closely supervised and verified the team’s work. (Bader Decl., Ex. 1, ¶¶ 74-84; Gibson Decl., Ex. A, ¶ 76.) In fact, for 442 of the 2,600 families, Dr. Ding gave the work a second review himself, comparing his own results to the team’s, to confirm their adherence to the protocol developed by Dr. Kakaes. (Bader Decl., Ex. 1, ¶¶ 85-90; Gibson Decl., Ex. A, ¶ 124.) The results of everyone’s work were formatted into an Excel spreadsheet, and called the “essentiality study.” Dr. Ding is not based in India, so a “team lead” on the ground was designated. This person was Sachin Sinha, from Concur IP. (Id., ¶ 68.) Sinha did not manage the team other than as consistent with Drs. Ding’s and Kakaes’s direction, and he neither established the team’s process nor reviewed the team’s work as they did (Id.).

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Dkt. 680-1 (“JS”) at 12-14.

Ericsson served deposition notices on TCL for Agrawal and Sinha. Id. at 11. TCL has refused to make Agrawal and Sinha available for deposition, arguing not only that deposition notices were improper for the employees of two consulting firms in India, but that TCL had not shown exceptional circumstances necessary for the deposition of non-testifying experts like Agrawal and Sinha. Id. at 14-15. Ericsson’s motion followed.

2.0 Discussion

Putting the procedural issues aside, the threshold substantive issue presented by Ericsson’s motion is whether TCL was required to make Agrawal and Sinha—each a non-testifying expert—available for deposition. Generally, a party may not depose a non-testifying expert absent a showing of “exceptional circumstances under which it is impracticable for the party to obtain facts or opinions on the same subject by other means.” Fed. R. Civ. P. 26(b)(4)(B)(ii). A party seeking discovery from a non-testifying expert must carry a “heavy burden of proving the existence of exceptional circumstances.” U.S. Inspection Servs., Inc. v. NL Engineered Sols., LLC, 268 F.R.D. 614, 617 (N.D. Cal. 2010).

Ericsson relies on cases where exceptional circumstances have been found on the basis of substantial collaboration between the testifying expert and the non-testifying expert, cases such as Long-Term Capital Holdings v. United States, No. 01-1290, 2003 WL 21269586, at *4 (D. Conn. May 6, 2003); Herman v. Marine Midland Bank, 207 F.R.D. 26, 31 (W.D. N.Y. 2002); and Derrickson v. Circuit City Stores, Inc., No. 95-3296, 1999 WL 1456538, at *7-8 (D. Md. Mar. 19, 1999). Ericsson argues that there was substantial collaboration between TCL’s testifying experts and EY India/Concur IP, thus justifying depositions of Agrawal and Sinha. JS at 18-21.

The record undeniably shows that Dr. Kakaes and Dr. Ding collaborated with EY India and Concur IP on the creation of the patent census and essentiality study. And it is difficult to reach any conclusion but that such collaboration was substantial. But having reviewed the cases cited by Ericsson in which exceptional circumstances are found on the basis of collaboration between the testifying expert and non-testifying experts like EY India/Concur IP, the Court concludes that the situation presented here is distinguishable.

In Derrickson, defendant sought to exclude an expert for failure to disclose information about an analysis prepared by the expert’s assistant. 1999 WL 1456538 at *7. The court ordered plaintiffs to disclose the underlying data, instructions, and other information about the assistant’s work, noting that “[d]efendant is entitled to know what [the expert]’s assistant did.” Id. The court reasoned that the underlying analysis was “exclusively within the assistant’s cognizance.”

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Relying extensively on Derrickson, the court in Herman ordered the deposition of a testifying expert's associate who was listed as a co-author of the expert report. 207 F.R.D. at 30-32. The court looked at the amount of time spent by the co-author and noted that the co-author had spent more time than the testifying expert on the report. Id. at 31. As a result, the court concluded that the work of the expert and the co-author was "indivisible" and that the moving party was "entitled to explore what [the co-author] did." Id.

The Court is disinclined to simply compare the amount of time spent by Dr. Kakaes and Dr. Ding versus the time spent by EY India and Concur IP, because doing so would almost certainly compel the deposition of the non-testifying experts. Given the magnitude of work that had to be performed to create the patent census and essentiality study, no single person could have performed all of the work. The work necessary to TCL's expert report necessarily involved some delegation to assistants like EY India and Concur IP. Unlike Derrickson, there is no evidence that the underlying work performed by EY India and Concur IP is outside the cognizance of Dr. Kakaes and Dr. Ding. To the contrary, the record shows that they set up the framework, protocols, and methodologies carried out by EY India and Concur IP. Furthermore, unlike Herman, this is not a case where Ericsson is in the dark about what EY India and Concur IP did. TCL indicated at the hearing that it would produce the instructions given to EY India and Concur IP, giving Ericsson transparency as to those instructions so they can examine Dr. Kakaes and Dr. Ding about them. See Dkt. 737 at 42. Finally, the Court has reviewed the deposition excerpts cited by Ericsson as evidence that Dr. Ding lacked personal knowledge of the essentiality study, see Dkt. 702-1 at 3-4, but does not agree that those excerpts show that Dr. Ding was unable to testify about how the analysis was conducted.

As Ericsson recognizes, the facts of Long-Term Capital Holdings are closer to the situation here. In Long-Term Capital Holdings, non-testifying experts were retained "to assist [the testifying experts] in analyzing voluminous data." 2003 WL 21269586 at *2. When petitioners sought depositions of the non-testifying experts, respondents argued that the non-testifying experts "worked under the direction of the [t]estifying [e]xperts, 'sifted' through the available discovery, and inputted the data into financial models designated by the [t]estifying [e]xperts." Id. The testifying experts "then relied on the information from those models in forming their opinions." Id. The court concluded that petitioners had shown exceptional circumstances, noting that the "numerous documents received from [the non-testifying experts] and the extensive number of hours invested by [the non-testifying experts] suggests that the [testifying] experts have relied on the bases and methods of analysis used by [the non-testifying experts] to reach their expert opinions." Id. at *4. Thus, the court ordered a deposition "limited to the participation of [the non-testifying personnel] in the preparation and drafting of the expert reports," concluding that petitioners had shown exceptional circumstances. Id. at *4.

Unlike Long-Term Capital Holdings, there is no evidence here to suggest that Dr. Kakaes and Dr. Ding relied on bases and methods of analysis employed by EY India and Concur IP. To the

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contrary, the record shows that EY India and Concur IP performed their work at the direction and under the guidance of Dr. Kakaes and Dr. Ding. The Court thus concludes that the holding of Long-Term Capital Holdings should not be applied to these circumstances.

This conclusion is buttressed by two observations TCL makes about the relief sought by Ericsson. First, the Court agrees that Ericsson seeks depositions much broader in scope than the depositions ordered by Long-Term Capital Holdings. See JS at 21 (arguing that Ericsson should be permitted to depose Agrawal and Sinha about “(1) whether they accurately identified and categorized the relevant standard essential patents, (2) how they compared the claims of the declared essential patents to the relevant standards, and (3) how they came to their conclusions of essentiality/nonessentiality”). Second, the Court agrees that Ericsson’s request to depose Agrawal and Sinha seems poorly suited to addressing the alleged deficiencies in the knowledge of Dr. Kakaes and Dr. Ding about the work performed on the patent census and essentiality study, as neither Agrawal nor Sinha has personal knowledge of all of the work. See JS at 24 (“But Agrawal and Sinha do not have this scorched earth ‘personal knowledge’ either. Neither of them personally handled every patent or patent family in the patent census or essentiality study.”).

In sum, the Court does not find that Ericsson has shown that the circumstances here are exceptional or otherwise warrant compelling TCL to produce Agrawal or Sinha for deposition. The Court thus need not consider TCL’s arguments about Ericsson’s use of a notice of deposition to compel the deposition of non-parties located in India. Nor is there any basis for striking TCL’s expert reports, given that the Court has concluded that Ericsson is not entitled to further deposition.

3.0 Conclusion

Ericsson’s motion is accordingly DENIED.

Initials of Clerk

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nkb
