

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

COLLABO INNOVATIONS, INC.,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 16-197-JFB-SRF
)	
OMNIVISION TECHNOLOGIES, INC.,)	UNDER SEAL
)	
Defendant.)	

MEMORANDUM ORDER

At Wilmington this 17th day of May, 2018, the court having considered the parties' discovery dispute submissions, supplemental briefing and the arguments presented during the January 23, 2018 discovery dispute hearing (D.I. 133; D.I. 134; D.I. 139; D.I. 140; D.I. 141; D.I. 142; 1/23/18 Tr.), IT IS HEREBY ORDERED THAT plaintiff Collabo Innovations, Inc.'s ("Collabo") motion to compel defendant OmniVision Technologies, Inc. ("OmniVision") to obtain technical documents from Taiwan Semiconductor Manufacturing Company Ltd. ("TSMC") and VisEra Technologies Company Ltd. ("VisEra") is DENIED without prejudice.

1. **Background.** Collabo filed suit against OmniVision on March 29, 2016, alleging that OmniVision makes, uses, offers to sell, and/or imports into the United States semiconductor devices, including complementary metal-oxide semiconductor ("CMOS") image sensors, which allegedly utilize technologies covered by the patents-in-suit. (D.I. 1 at ¶ 11) Collabo filed its first amended complaint on June 3, 2016, alleging that OmniVision infringes U.S. Patent Nos. 7,411,180 ("the '180 patent"), 8,592,880 ("the '880 patent"), 7,944,493 ("the '493 patent"), 7,728,895 ("the '895 patent"), and 8,004,026 ("the '026 patent") (collectively, the "patents-in-suit"). (D.I. 14) The patents-in-suit are directed to semiconductor devices, such as

CMOS image sensors and related technologies, which are incorporated into mobile handsets, tablets, automotive cameras, and gamepads. (D.I. 14 at ¶¶ 11-51)

2. On August 22, 2016, OmniVision served its Rule 26(a) initial disclosures, revealing under a subheading entitled “Third-Party Discovery” that “there may be a need to seek third-party discovery from third parties involved in the manufacture of the accused products, including [TSMC] and/or entities related to TSMC.” (D.I. 134, Ex. 2 at 11) OmniVision does not manufacture its own image sensors, which are produced by OmniVision’s manufacturing partners including TSMC and VisEra. (D.I. 111, Ex. 1 at 2-3; Ex. 4 at 48:10-12, 86:12-21) TSMC and VisEra are Taiwanese corporations headquartered in Taiwan. (D.I. 139 at 4) Taiwan is not a party to the Hague Convention. (*Id.*) Consequently, Collabo would be required to issue letters rogatory to obtain discovery from TSMC and VisEra directly. (D.I. 139 at 5; D.I. 141 at 4)

3. During an August 16, 2017 discovery dispute hearing, the court ordered OmniVision to produce full and complete GDS files for the six products originally accused of infringement, as well as full and complete schematics, and full and complete process layer information, including design rules. (8/16/17 Tr. at 70:19-24) According to Collabo, the court’s ruling encompassed an obligation for OmniVision to collect documents from third-party chipmakers TSMC and VisEra in light of contractual provisions demonstrating that OmniVision has control over the third-party documents.¹ (D.I. 139 at 4; 8/16/17 Tr. at 6:15-23) Specifically, Collabo alleged that OmniVision acquired VisEra wafer-level lens manufacturing in 2011, and

¹ The process information Collabo seeks from TSMC and VisEra relates to manufacturing processes, including process and production control information, as well as inspection, test, and related records. (D.I. 139 at 4, 6) This information was not included in the court’s previous order regarding GDS files, design rules, and process layer information, all of which relate to the structure of the accused products as opposed to the manufacturing process.

as the owner of VisEra, OmniVision had control over VisEra's documents. (8/16/17 Tr. at 34:25-35:6) OmniVision suggested that Collabo should seek third-party discovery directly from TSMC and VisEra. (8/16/17 Tr. at 58:4-8)

4. The court held another discovery dispute hearing on September 25, 2017, reiterating its ruling that the August 16, 2017 order applied to production of full and complete GDS files. (9/25/17 Tr. at 52:9-14; 64:9-11) During the hearing, OmniVision explained that it does not own VisEra because TSMC bought VisEra from OmniVision in 2015 prior to the commencement of the litigation. (9/25/17 Tr. at 33:22-34:20) OmniVision again suggested that Collabo should serve subpoenas on TSMC and VisEra to obtain the documents relating to the manufacturing process. (9/25/17 Tr. at 50:20-24) Collabo maintained that OmniVision has a contractual right to access the requested documents from TSMC. (*Id.* at 64:20-66:8)

5. The court held a discovery dispute mediation conference on October 25, 2017 with the intention of resolving lingering issues regarding the production of core technical documents and advance the discovery process. (10/3/17 Oral Order) Collabo represents that, during the October 25, 2017 mediation conference, "the Court indicated that Collabo would be given the time needed to obtain core technical documents from third parties TSMC and VisEra." (D.I. 133 at 3)

6. On November 15, 2017, the court held another discovery dispute hearing regarding Collabo's motion to compel foreign sales discovery. During the hearing, Collabo reiterated that OmniVision still had not obtained the requested documents from TSMC. (11/15/17 Tr. at 64:4-12)

7. Pursuant to the amended scheduling order, Collabo's final infringement contentions were due on October 27, 2017. (D.I. 78) On December 15, 2017, Collabo

supplemented its final infringement contentions without the benefit of process documents from TSMC or VisEra. On December 29, 2017, OmniVision completed its production of five agreements with VisEra. (D.I. 133 at 4 n.1)

8. The court held a discovery dispute hearing on January 23, 2018 to address, among other issues, the production of documents from TSMC and VisEra. (1/23/18 Tr. at 50:21-58:21) During the hearing, the court ordered the parties to meet and confer on a supplemental briefing schedule to address the issue of third-party production of documents from TSMC and VisEra in greater detail. (*Id.* at 60:13-21)

9. On January 25, 2018, the parties filed a stipulated briefing schedule regarding Collabo's motion to compel OmniVision to obtain technical documents from TSMC and VisEra. (D.I. 137) Supplemental briefing was completed on February 2, 2018. On February 14, 2018, Collabo served a subpoena for documents and testimony on TSMC. (D.I. 149)

10. **Legal standard.** Federal Rule of Civil Procedure 34(a) requires the production of documents that are "in the responding party's possession, custody or control" in response to "a request within the scope of Rule 26(b)."² Fed. R. Civ. P. 34(a)(1). "In the absence of control by a litigating corporation over documents in the physical possession of another corporation, the litigating corporation has no duty to produce." *Gerling Int'l Ins. Co. v. Comm'r of Internal Revenue*, 839 F.2d 131, 140 (3d Cir. 1988). In the context of Rule 34(a), this court has found that documents are in the control of a litigating party if the party has the "legal right to obtain the

² Rule 26(b) states that "[p]arties may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defense and proportional to the needs of the case, considering the importance of the issues at stake in the action, the amount in controversy, the parties' relative access to relevant information, the parties' resources, the importance of the discovery in resolving the issues, and whether the burden or expense of the proposed discovery outweighs its likely benefit." Fed. R. Civ. P. 26(b).

documents required on demand” from the non-party corporation. *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, 233 F.R.D. 143, 145 (D. Del. 2005); *see also Mercy Catholic Med. Ctr. v. Thompson*, 380 F.3d 142, 160 (3d Cir. 2004). The party seeking production of documents bears the burden of establishing the opposing party’s control over those documents. *Id.*

11. Analysis. The court concludes that OmniVision has the requisite control over third parties TSMC and VisEra pursuant to Rule 34(a), but denies Collabo’s requested relief because Collabo has failed to establish the relevance and proportionality of the requested discovery under Rule 26(b).

12. Control under Rule 34(a). The court concludes that OmniVision has the requisite control over third parties TSMC and VisEra pursuant to Rule 34(a) because OmniVision “has the legal right or ability to obtain documents from another source upon demand” under the terms of its contractual agreements with TSMC and VisEra. *See Mercy Catholic*, 380 F.3d at 160; *see also Integra LifeSciences Corp. v. HyperBranch Medical Technology, Inc.*, C.A. No. 15-819-LPS-CJB, 2016 WL 675553, at *1 (D. Del. Feb. 12, 2016) (ordering production of documents where it was “not disputed that Plaintiffs have a contractual right to obtain such documents from [third-party] Medtronic.”). However, for the reasons set forth at ¶¶ 18-19, *infra*, Collabo has failed to establish the relevance and proportionality of the requested production under Rule 26(b).

13. The parties do not dispute that OmniVision is an independent corporate entity from TSMC and VisEra. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

14. Prior to the Third Circuit’s 2004 decision in *Mercy Catholic*, this court applied a standard requiring that the respective business operations of each entity must be “so intertwined as to render meaningless their separate corporate identities” to warrant compulsory document production under Rule 34(a), and concluded that the contractual right of a litigant to obtain documents from a third party was insufficient by itself to require production under Rule 34(a). *Novartis Pharms. Corp. v. Eon Labs Mfg., Inc.*, 206 F.R.D. 392, 395 (D. Del. Mar. 28, 2002) (quoting *Pennwalt Corp. v. Plough, Inc.*, 85 F.R.D. 257, 263 (D. Del. 1979)). The above-referenced contractual agreements establish that OmniVision’s business operations are not intertwined with the operations of its manufacturers, and the companies maintain their distinct corporate identities.

15. However, more recent cases from this district and binding precedent from the Third Circuit provide that OmniVision has the requisite control over TSMC and VisEra under Rule 34(a) where, as here, the litigant has a contractual right to obtain documents from a third party. *See Mercy Catholic*, 380 F.3d at 160; *see also Integra LifeSciences Corp.*, 2016 WL 675553, at *1. OmniVision does not challenge Collabo’s assertion that its contractual agreements with TSMC and VisEra provide a contractual right to obtain documents from TSMC

and VisEra upon request.³ In this respect, the circumstances presently before the court are analogous to those set forth in *Integra LifeSciences*, in which the parties did not challenge the plaintiffs' contractual right to obtain the documents, and the contractual right was deemed to confer control.

16. In support of its position, OmniVision relies on the court's decision in *Inline Connection Corp. v. AOL Time Warner Inc.* for the proposition that a contractual right to access the information has no relevance to the issue of control under Rule 34(a). (D.I. 141 at 6) ("Further, any perceived contractual right to obtain documents has no relevance to the issue of whether OmniVision has control over TSMC and VisEra.") Contrary to OmniVision's representation, *Inline* did not hold that a contractual right to obtain documents was irrelevant to the inquiry. *Inline Connection Corp. v. AOL Time Warner Inc.*, C.A. No. 02-272-MPT, C.A. No. 02-477-MPT, 2006 WL 2864586, at *3 (D. Del. Oct. 5, 2006). The quoted portion of *Inline* instead referred to the defendant's damages expert's testimony that "hypothetically, AOL could have obtained the RT deployment information from the telcos by making it part of their contractual relationship." *Id.* It was this assertion that "AOL hypothetically could have pursued a contractual provision during negotiations which provides AOL a right of access to RT deployment information" that was found by the *Inline* court to be "irrelevant to the determination of whether AOL and EarthLink presently have or had legal control of the RT deployment information because there is no evidence that such a contractual provision exists." *Id.* As previously stated, such a contractual provision does exist in the present case, and is not merely hypothetical.

³ Instead, OmniVision challenges only whether the rights set forth in the contractual agreements are adequate to establish control for purposes of Rule 34(a) in light of the relevant case authorities.

17. The court in *Inline* distinguished the Third Circuit's decision in *Mercy Catholic* by noting that "[t]he Third Circuit relied on the principal-agent relationship in determining that the documents in question" were within the control of the plaintiff's fiscal intermediary. *Id.* Although the facts of *Mercy Catholic* are distinguishable from the present case in this respect, the Third Circuit's decision unequivocally states that a party is deemed to have control over documents under Rule 34(a) "so long as the party has the legal right or ability to obtain the documents from another source upon demand." *Mercy Catholic*, 380 F.3d at 160. It is undisputed that OmniVision's contractual relationships with TSMC and VisEra spell out OmniVision's right to access the documents on demand. Thus, the disputed documents are within OmniVision's control under the standard set forth by the Third Circuit in *Mercy Catholic*.

18. **Relevance and proportionality under Rule 26(b).** Regardless of the court's conclusion that OmniVision has legal control over TSMC and VisEra under Rule 34(a), Collabo has failed to meet its burden to compel production under Rule 26(b). As required by Rule 34, "[a] party may serve on any other party a request within the scope of Rule 26(b)" Fed. R. Civ. P. 34(a); *see Stancu v. Hyatt Corp.*, 2018 WL 888909, at *5 (N.D. Tex. Feb. 14, 2018) (denying request made under Rule 34(a) where the plaintiff failed to meet its burden under Rule 26(b) and defendant specifically showed that the request was not relevant or proportional). Despite being given multiple opportunities to brief the issue, Collabo provides no argument or evidence establishing the relevance and proportionality of the requested discovery pursuant to Rule 26(b) in accordance with Rule 34(a).⁴ (D.I. 133 at 3-4; D.I. 139)

⁴ The transcripts from the August 16, September 25, November 15, and January 23 discovery dispute hearings likewise contain no arguments by Collabo directed to establishing the relevance of discovery specifically from TSMC and VisEra.

19. Collabo's own representations reflect that the technical discovery critical to this case is contained in the GDS files, schematics, and design rules, all of which have been produced. (8/16/17 Tr. at 36:2-8) The record reflects that OmniVision produced the chip GDS files, the color filtered GDS files, the schematics, the spice documents, the tech documents, and the design documents. (1/23/18 Tr. at 54:3-7) Collabo has made no showing that, in view of the voluminous production already made, the third-party documents are proportional to the needs of the case.⁵ OmniVision argues that the requested manufacturing process information is not relevant to the determination of whether the accused products in this case practice the asserted claims of the patents-in-suit, which contain no method claims. (D.I. 141 at 8; 8/16/17 Tr. at 49:13-20) For these reasons, production of the technical documents from TSMC and VisEra by OmniVision is not proportional to the needs of the case under Rule 26(b).

20. **Conclusion.** In view of the foregoing analysis, Collabo's motion to compel OmniVision to obtain technical documents from TSMC and VisEra is denied, without prejudice. Should Collabo be unable to obtain production directly from the third parties, it may renew its request for relief, if it is supported under Rule 26.

21. Given that the court has relied upon material that technically remains under seal, the court is releasing this Memorandum Order under seal, pending review by the parties. In the unlikely event that the parties believe that certain material in this Memorandum Order should be redacted, the parties should jointly submit a proposed redacted version by no later than **May 31, 2018**. The court will subsequently issue a publicly available version of its Memorandum Order.

⁵ Moreover, Collabo has taken steps to obtain the requested discovery by way of the subpoena served on TSMC on February 14, 2018, and through a request for issuance of a Letter Rogatory to VisEra, granted by an order entered on May 11, 2018. (D.I. 149; D.I. 204)

22. This Memorandum Order is filed pursuant to 28 U.S.C. § 636(b)(1)(A), Fed. R. Civ. P. 72(a), and D. Del. LR 72.1(a)(2). The parties may serve and file specific written objections within fourteen (14) days after being served with a copy of this Memorandum Order. Fed. R. Civ. P. 72(a). The objections and responses to the objections are limited to ten (10) pages each.

23. The parties are directed to the court's Standing Order For Objections Filed Under Fed. R. Civ. P. 72, dated October 9, 2013, a copy of which is available on the court's website, www.ded.uscourts.gov.


Sherry R. Fallon
United States Magistrate Judge