

**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 **7th** day of **May, 2018**, the court having considered the parties' supplemental briefing and the arguments presented during the January 23, 2018 and April 3, 2018 discovery dispute hearings (D.I. 147; D.I. 148; D.I. 150; D.I. 151; D.I. 152; 1/23/18 Tr.; 4/3/18 Tr.), IT IS HEREBY ORDERED THAT plaintiff Collabo Innovations, Inc.'s ("Collabo") motion to compel the production of ESI from OmniVision Technologies, Inc.'s ("OmniVision") former in-house counsel, Vicky Chou, is DENIED, and Collabo's motion to compel the production of three documents withheld by OmniVision on privilege grounds is DENIED.¹

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

¹ The documents withheld by OmniVision, defined herein as the Memo, the Spreadsheet, and the Accounting Report, were made available to the court for *in camera* inspection.

'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 October 24, 2017, Collabo deposed OmniVision's 30(b)(6) witness, Anson Chan. (D.I. 148, Ex. B) During his deposition, Mr. Chan was unable to testify as to the specifics of OmniVision's licensing information, and instead identified Vicky Chou as the person knowledgeable about the subject. (*Id.* at 193:19-194:19) Ms. Chou served as OmniVision's general counsel until April 1, 2016. (D.I. 151 at ¶ 4)

3. During his deposition, Mr. Chan also revealed the existence of a spreadsheet created on January 30, 2014 (the "Spreadsheet"), [REDACTED]

[REDACTED] (D.I. 148, Ex. J at 8; Ex. L) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] The Spreadsheet was created by Dominic Massetti, a Senior Technology and IP Coordinator at OmniVision who analyzed patents and drafted patent applications. (D.I. 151 at ¶¶ 13-14) Collabo requested production of the Spreadsheet following the deposition, but OmniVision refused to produce it on relevance grounds. (D.I. 148, Ex. B at 241:18-21; Ex. D; Ex. E; D.I. 148 at ¶ 20)

4. In March 2014, Mr. Chan prepared a memorandum [REDACTED]
[REDACTED]

[REDACTED] (the "Memo"). (D.I. 151 at ¶ 7) The Memo memorialized confidential communications from Ms. Chou and other in house counsel for OmniVision. (*Id.* at ¶ 8) The Spreadsheet was

attached to the Memo, along with a report by Duff & Phelps (the “Accounting Report”) [REDACTED]

[REDACTED]

[REDACTED] (*Id.* at ¶¶ 15, 19-22)

5. Mr. Chan’s testimony regarding the Spreadsheet caused Collabo to revisit OmniVision’s June 30, 2014 SEC filings, which were prepared by PricewaterhouseCoopers² and alluded to the Accounting Report. (D.I. 148, Ex. K) Collabo sought production of the Accounting Report in a November 2, 2017 letter to OmniVision. (D.I. 148, Ex. E) OmniVision also refused to produce this document on relevance grounds. (D.I. 148 at ¶ 20)

6. On December 15, 2017, Collabo served OmniVision with a letter request for production of Vicky Chou’s ESI. (D.I. 148, Ex. I) Following a January 12, 2018 meet and confer between the parties, OmniVision sent a letter to Collabo on January 17, 2018 documenting OmniVision’s position that communications regarding the Caltech license agreement are privileged and irrelevant, and their production would be disproportionate to the needs of the case. (*Id.*, Ex. H at 2)

7. During the court’s January 23, 2018 discovery dispute hearing, counsel identified the production of Vicky Chou’s ESI and the assertion of privilege over the Memo, the Spreadsheet, and the Accounting Report as unresolved issues requiring court intervention. (1/23/18 Tr. at 4:23-5:4) Because the issues had not been briefed in the parties’ discovery dispute submissions, the court ordered supplemental briefing, which was completed on February 14, 2018. On February 15, 2018, Collabo requested oral argument. (D.I. 154) The court agreed to hear argument on the supplemental submissions on April 3, 2018.

² The Accounting Report identified Duff & Phelps as its author. (4/3/18 Tr. at 42:19-43:4) PricewaterhouseCoopers is the accounting firm that signed OmniVision’s SEC filings. (*Id.* at 50:5-12)

8. **ESI of Vicky Chou.** Collabo's motion to compel the production of Vicky Chou's ESI is denied. "[A]s a general rule license negotiations are less probative and more prejudicial than the licenses themselves," because "negotiation documents 'primarily add heat and not light to an already difficult judicial chore.'" *Sciele Pharma, Inc. v. Lupin, Ltd.*, C.A. No. 09-37-RBK-JS, 2013 WL 12161442, at *4 (D. Del. Jan. 31, 2013) (quoting *Charles E. Hill & Assocs., Inc. v. ABT Elecs., Inc.*, 854 F. Supp. 2d 427, 429 (E.D. Tex. 2012)). In the present case, counsel for Collabo suggests that production of Ms. Chou's ESI regarding the licensing negotiations is necessary to provide "ammunition for our damages expert to be able to defend his reliance on these licensing negotiations to support what would have been reasonable royalty in a hypothetical negotiation." (4/3/18 Tr. at 9:8-12) Collabo fails to establish how negotiations of license agreements in contested litigation can accurately inform the hypothetical negotiation, in which infringement and validity are assumed. Acknowledging the disparity between hypothetical negotiations and negotiations occurring in the context of contested litigation, the relevant case authorities suggest this type of evidence is generally disfavored because it is not adequately probative. *See, e.g., Sciele*, 2013 WL 12161442, at *4.

9. Moreover, the patents licensed in OmniVision's prior license agreements differ from the patents-in-suit in the instant case, and Collabo has not presented an adequate comparability analysis between the licensed patents and the patents-in-suit. With respect to technical comparability, counsel directed the court to OmniVision's interrogatory responses agreeing to produce comparable licenses. (4/3/18 Tr. at 16:19-17:16) OmniVision's production of license agreements does not inherently establish the technical comparability of the licenses to the patents and products in the present suit. (*Id.* at 33:4-15) (distinguishing interrogatory responses from responses to requests for admission). OmniVision's discovery responses are the

product of reasonable good faith efforts to satisfy its discovery obligations. Whether or not the licenses are comparable does not rest upon the fact of their disclosure. In addition, Collabo's reliance on some of the products identified in Caltech's complaint is not compelling because the Caltech litigation involved different patents and parties, and Collabo did not evaluate the patents-in-suit in the Caltech litigation for purposes of establishing comparability. (*Id.* at 25:23-27:10; 29:1-15)

10. With respect to the economic comparability of the license agreements, Collabo seeks Ms. Chou's ESI and other documents to ascertain the benefit OmniVision sought to obtain in each of its license agreements, the market pressures to adopt the patented technology, the threat of future litigation, and the apportionment of past-due royalties for worldwide sales. (4/3/18 Tr. at 12:4-15:12) Citing *Apple, Inc. v. Samsung Electronics Co., Ltd.*, 2014 WL 794328, at *8 (N.D. Cal. Feb. 25, 2014), Collabo argues that discovery regarding the underlying negotiations of the license agreements is necessary to perform an adequate economic comparability analysis of those license agreements. (4/3/18 Tr. at 13:22-15:5) However, the deficiencies in the economic comparability analysis cited by the court in *Apple v. Samsung* all related to the expert's failure to address provisions in the license agreement itself. *Id.* (holding that the expert "fail[ed] to adequately account for the agreement's cross license" or make adjustments for the worldwide settlement agreement and the anti-cloning provision). The court did not fault Samsung's expert for failing to account for the settlement negotiations preceding the execution of the license agreements. In fact, the court expressly "prohibited the parties' use of Apple's presuit settlement negotiations with Samsung for purposes of establishing the amount of

damages . . . based on Federal Rule of Evidence 408.”³ *Id.* (“Dr. Chevalier’s testimony regarding the relationship between the parties’ pre-suit settlement negotiations and her damages number runs directly into Rule 408’s prohibition of using the former to establish the latter.”). In sum, *Apple v. Samsung* does more to undermine Collabo’s request than advance it.

11. The Federal Circuit’s decision in *AstraZeneca AB v. Apotex Corp.* establishes that a settlement or settlement offer arising in the midst of litigation may affect the relevance of the settlement or offer, but “there is no per se rule barring reference to settlements simply because they arise from litigation.” 782 F.3d 1324, 1336 (Fed. Cir. 2015). The Federal Circuit determined that settlements and settlement offers were relevant in *AstraZeneca* specifically because the district court had reached a determination that the patents were valid and infringed prior to execution of the settlement agreement. *Id.* The circumstances in which the settlement agreements arose were therefore factually similar to a hypothetical negotiation, in which validity and infringement are assumed. *Id.* Similar circumstances are absent in the present case. For example, the Caltech agreement was reached prior to the filing of a responsive pleading by OmniVision, and no substantive rulings on infringement or validity were made before the case

³ Despite Collabo’s reliance on *Apple v. Samsung* in support of its comparability arguments, Collabo challenges OmniVision’s assertion that Federal Rule of Evidence 408 applies to the production of Ms. Chou’s ESI. (4/3/18 Tr. at 18:21-19:6) Rule 408 states that evidence of “conduct or a statement made during compromise negotiations about the claim” is not admissible. Fed. R. Evid. 408(a)(2); *see also Apple*, 2014 WL 794328, at *8 (N.D. Cal. Feb. 25, 2014) (observing that Fed. R. Evid. 408 “generally renders settlement offers inadmissible”). The Advisory Committee Notes observe that evidence of settlement offers “is irrelevant, since the offer may be motivated by a desire for peace rather than from any concession of weakness of position,” and it undermines “the public policy favoring the compromise and settlement of disputes.” Collabo’s presentation identified its proposed search terms for Ms. Chou’s ESI to include “settl!” or “litig” or “case” or “dispute” or “suit,” in conjunction with the names of the licensing parties. These search terms suggest that the discovery sought by Collabo falls squarely within the parameters of Rule 408.

was voluntarily dismissed. (C.A. No. 13-1589-GMS, D.I. 7) Therefore, the Federal Circuit's decision in *AstraZeneca* does not support Collabo's comparability allegations.

12. The other case authorities relied upon by Collabo establish that, under certain narrow circumstances, consideration of comparable license agreements may assist in establishing reasonable royalty damages. See *LaserDynamics, Inc. v. Quanta Computer, Inc.*, 694 F.3d 51, 77-78 (Fed. Cir. 2012) (holding that the district court abused its discretion by admitting a settlement agreement that was unreliable under Rule 403 of the Federal Rules of Evidence); *ResQNet.com, Inc. v. Lansa, Inc.*, 594 F.3d 860, 870-71 (Fed. Cir. 2010) (observing that "district courts performing reasonable royalty calculations [must] exercise vigilance when considering past licenses to technologies *other* than the patent in suit," and finding error where the district court "made no effort to link certain licenses to the infringed patent."); *W.L. Gore & Assocs., Inc. v. C.R. Bard, Inc.*, C.A. No. 11-515-LPS-CJB, 2015 WL 12731924, at *5 (D. Del. Nov. 4, 2015) (noting that the district court must exercise vigilance when considering past licenses to technologies other than the patent-in-suit, and requiring a showing that the agreements "embody or use the claimed technology or otherwise show demand for the infringed technology."). These cases addressing the comparability of the license agreements provide no guidance regarding the production of discovery pertaining to the underlying negotiations. In the present case, the parties do not dispute that OmniVision has produced [REDACTED] license agreements. (D.I. 148, Ex. D at 2; Ex. J at 8) Instead, Collabo seeks ESI from Ms. Chou to reveal the details of negotiations underlying these license agreements. The precedent relied upon by Collabo does not support such an expansion under the circumstances of this case.

13. Collabo's citation to other Federal Circuit case authorities likewise fails to support the proposition that the use of communications concerning the license negotiations "has

been condoned by the Federal Circuit in past cases” similar to the case presently before the court. (D.I. 147 at 2-3) In *Commonwealth Sci. & Indus. Research Organisation v. Cisco Sys., Inc.*, the Federal Circuit addressed whether the district court “erred in basing its damages model on the parties’ negotiating positions, rather than on” a license agreement previously reached between the parties. 809 F.3d 1295, 1306 (Fed. Cir. 2015). The instant case presents substantially different circumstances. Most importantly, the Federal Circuit’s holding focused on the district court’s improper rejection of the license agreement itself and amendments thereto, and did not extend to the preceding negotiations. *Id.* at 1306-07. Also, the license agreement at issue in *Commonwealth* was executed between the plaintiff and the defendant’s predecessor, whereas Collabo was not a party to any of the patent license agreements produced by OmniVision. *Id.* (remanding to the district court to reevaluate the relevance of the only license agreement between the parties).

14. In *Carnegie Mellon Univ. v. Marvell Tech. Grp., Ltd.*, the court observed that “[p]ast licensing practices of the parties and licenses for similar technology in the industry may be useful evidence. But such evidentiary use must take careful account of any ‘economically relevant differences between the circumstances of those licenses and the circumstances of the matter in litigation.’” 807 F.3d 1283, 1304 (Fed. Cir. 2015) (quoting *Gaylord v. United States*, 777 F.3d 1363, 1368 (Fed. Cir. 2015)). The Federal Circuit determined that the jury could conclude that evidence of the parties’ past practices was outweighed by “evidence pointing to economically relevant differences between those past practices and the circumstances of the negotiation here.” *Id.* (internal quotation marks omitted). In the present case, Collabo has failed to establish a threshold level of comparability sufficient to warrant dispensing with the general

rule that license negotiations are less probative and more prejudicial than the licenses themselves.

15. Production of the Memo, the Spreadsheet, and the Accounting Report.

Collabo's motion to compel the production of the Memo, the Spreadsheet, and the Accounting Report is denied because Collabo has failed meet its burden to establish the relevance of these documents to the damages analysis. *See Inventio AG v. ThyssenKrupp Elevator Ams. Corp.*, 662 F. Supp. 2d 375, 381 (D. Del. 2009) ("Once an objection is raised as to relevancy, the party seeking discovery bears the burden of demonstrating the relevance of the sought information to either the claims defenses, or the subject matter of the litigation."). Collabo concedes that OmniVision objected to the production of the Spreadsheet and the Accounting Report on relevance grounds as early as November 10, 2017. (D.I. 148 at ¶ 20) Collabo therefore bears the burden of establishing the relevance of the documents to the reasonable royalty analysis.

16. Since OmniVision raised its relevance objections to the production of the Memo, the Spreadsheet, and the Accounting Report several months ago, Collabo has failed to demonstrate how the documents are relevant to calculating a reasonable royalty based on a hypothetical negotiation between the parties. Specifically, the Memo, the Spreadsheet, and the Accounting Report [REDACTED]

[REDACTED] The June 2014 SEC Form 10-K filing's treatment of the Caltech license agreement is not relevant to the issue of how OmniVision and Caltech arrived at the royalty amount in the license agreement.

17. Having concluded that the Memo, the Spreadsheet, and the Accounting Report are not relevant to the reasonable royalty analysis in the present case, resolution of issues regarding attorney-client privilege and work-product protections is unnecessary. Nonetheless, the court

shall address the remaining issues pertaining to the attorney-client privilege and the work-product doctrine.

18. The Memo, the Spreadsheet, and the Accounting Report are protected by the attorney-client privilege. The attorney-client privilege protects communications between a client and an attorney related to securing legal advice if the following elements are satisfied: “it must be (1) a communication (2) made between privileged persons (3) in confidence (4) for the purpose of obtaining or providing legal assistance for the client.” *In re Teleglobe Commc’ns Corp.*, 493 F.3d 345, 359 (3d Cir. 2007) (quoting Restatement (Third) of the Law Governing Lawyers § 68 (2000)); *see Rhone-Poulenc Rorer Inc. v. Home Indem. Co.*, 32 F.3d 851, 862 (3d Cir. 1994). Although none of the three challenged documents identifies an attorney as an author or recipient, (D.I. 148, Ex. L), the record reflects that these documents contain notes memorializing confidential communications with counsel, (D.I. 151 at ¶¶ 8-21). This court has concluded that documents memorializing communications with counsel are protected by the attorney-client privilege. *See WebXchange Inc. v. Dell Inc.*, 264 F.R.D. 123, 127 (D. Del. 2010). An *in camera* review of the disputed documents, in conjunction with the evidence of record, supports the court’s conclusion that the attorney-client privilege applies.

19. The Memo, the Spreadsheet, and the Accounting Report are also protected by the work product doctrine. Under the work product doctrine, “a party may not discover documents and tangible things that are prepared in anticipation of litigation or for trial by or for another party or its representative.” Fed. R. Civ. P. 26(b)(3)(A). A lawyer’s work product, including notes memorializing an interview with a fact witness, is protected from discovery. *See Georgetown v. David A. Bramble, Inc.*, C.A. No. 15-554-SLR, 2016 WL 2771125, at *2 (D. Del. May 13, 2016). When a party claims that withheld information is privileged or subject to

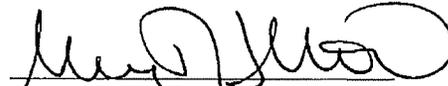
protection as trial preparation material, the party must: “(i) expressly make the claim; and (ii) describe the nature of the documents, communications, or tangible things not produced or disclosed” Fed. R. Civ. P. 26(b)(5). The declaration of Mr. Chan, and an *in camera* review of the documents, establish that the three documents were prepared to address the continuing ramifications of legal risk associated with the possibility of a future lawsuit. (D.I. 151 at ¶¶ 7, 11, 15, 19)

20. Conclusion. In view of the foregoing analysis, Collabo’s motion to compel the production of Vicky Chou’s ESI and Collabo’s motion to compel the production of the Memo, the Spreadsheet, and the Accounting Report are denied.

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.

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