

PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

CERTAIN COLD CATHODE FLUORESCENT
LAMP ("CCFL") INVERTER CIRCUITS AND
PRODUCTS CONTAINING THE SAME

Inv. No. 337-TA-666

RECEIVED
OFC OF THE SECRETARY
US INTL TRADE COM
20 SEP 30 PM 3:16

**ORDER NO. 29: DENYING MOTION TO STRIKE THE EXPERT REPORT OF
LAURENCE NAGEL, MOTION *IN LIMINE* TO PRECLUDE HIS
TESTIMONY AT TRIAL, AND MOTION FOR STAY;
DENYING MOTION TO STRIKE THE EXPERT REPORT OF
MARC HERNITER; AND
DENYING MOTION FOR SUMMARY DETERMINATION
REGARDING INVENTION DATE AND MOTION TO STRIKE
EXPERT REPORTS**

(September 17, 2009)

The Nagel Motion.

On August 26, 2009, Respondents Asustek Computer, Inc. and Asus Computer International (collectively, "Asus") and Monolithic Power Systems, Inc. ("MPS") (collectively, "Respondents") moved to strike the rebuttal expert report of Dr. Laurence Nagel (the "Nagel Report") submitted by Complainants O2 Micro International Ltd. and O2 Micro Inc. (collectively, "O2 Micro"). (Motion Docket No. 666-033 (the "Nagel Motion").) Respondents further requested an order preventing Dr. Nagel from testifying at the hearing about the contents of his report, staying his deposition, and extending the expert discovery cut-off as appropriate. (Nagel Mot. at 1-2.) According to Respondents, O2 Micro failed to disclose Dr. Nagel as an expert at the time set forth in the Ground Rules. (*Id.* at 1.) Respondents also sought a shortened

PUBLIC VERSION

response time of two days, which the Administrative Law Judge granted in part. (*See* Order No. 23.)

On September 1, 2009, O2 Micro filed an opposition, arguing that the Nagel Report is a timely opposition to the expert report submitted by MPS's expert, Dr. Marc E. Herniter, relating to the authenticity of computer simulation schematics produced by O2 Micro (the "Herniter Report"). (Nagel Opp. at 1.) According to O2 Micro, the Herniter Report was an unanticipated attack "because the matter has already been litigated"¹ and therefore O2 Micro could not have disclosed Dr. Nagel at the time set forth in the Ground Rules. (*Id.* at 1-2.) O2 Micro argues that it promptly disclosed Dr. Nagel² as soon as it was aware that his testimony would be needed to refute the allegations in the Herniter Report. (*Id.*) As a result, O2 Micro argues, Respondents had two weeks' notice prior to the deadline for rebuttal expert reports that Dr. Nagel would produce an expert report. (*Id.* at 3-4.) O2 Micro notes that the parties have come to an agreement with respect to the depositions of Drs. Nagel and Herniter and therefore there is no need for the Administrative Law Judge to resolve the motion for a stay. (*Id.* at 8.)

On September 1, 2009, the Commission Investigative Staff ("Staff") opposed the Nagel Motion. Staff argues Respondents could not have been unfairly surprised because O2 Micro identified Dr. Nagel and provided his CV in a tentative identification of witnesses on August 10, 2009. (Staff Nagel Resp. at 2.) In addition, Staff argues that the Nagel Report addresses topics "unexpectedly raised" in the Herniter Report. (*Id.*) According to Staff, "the Administrative Law Judge would benefit from receiving expert opinions from both sides on these issues." (*Id.*)

¹ The related motions explain that O2 Micro and Respondents were parties to a consolidated patent infringement action involving the '722 patent, a patent related to the '382 patent, in the Northern District of California (Case Nos. C 04-2000 CW (ADL) and C 06-2929 CW) (the "California Action"). (*See* MSD Statement of Undisputed Facts Nos. 1-2 (undisputed).)

² The disclosure was made on August 10, both in an e-mail to respondents' counsel and in the Tentative Identification of Witnesses. (*Id.* at 3.)

PUBLIC VERSION

The Herniter Motion.

On September 1, 2009, O2 Micro moved to strike the Herniter Report and to bar Dr. Herniter from testifying as to its contents at the hearing. (Motion Docket No. 666-037 (the “Herniter Motion”).) O2 Micro argues that the Herniter Report is not relevant, lacks scientific analysis and addresses matters previously litigated and resolved in the California Action. (Herniter Mot. at 1; Herniter Mot. Mem. at 3-7.)

On September 8, 2009, Respondents opposed the Herniter Motion, arguing that Dr. Herniter has technical and specialized knowledge about the PSpice program used to generate the schematics that O2 Micro alleges corroborate Dr. Yung-Lin Lin’s testimony that he conceived of the invention claimed in the ‘382 patent in February of 1998. (Herniter Opp. at 2, 8.) Respondents argue that the Herniter Report “does not purport to establish the date the schematics were created or establish whether the dates on the schematics were manipulated” but instead provides “detailed and reliable information about how the [PSpice] programs work.” (*Id.* at 9, 12.) According to Respondents, the Herniter Report disputes O2 Micro’s representations that the date on the schematics was automatically inserted by the PSpice program and therefore “casts serious doubt on the only piece of corroborating evidence O2 Micro has to demonstrate an earlier conception date.” (*Id.* at 9.) Respondents further argue that collateral estoppel does not apply to the conception date of the ‘382 patent because the California Action involved the conception date for a different patent with different claim elements and the jury never made specific findings as to its invention date. (*Id.* at 13-14.)

On September 11, 2009, Staff filed an opposition to the Herniter Motion. Staff argues that (i) Dr. Herniter’s opinions with respect to the schematics are relevant to the date of conception for the ‘382 patent, (ii) the PSpice software used to make the schematics is a proper

PUBLIC VERSION

subject for expert testimony, and (iii) collateral estoppel does not bar respondents' arguments relating to the conception of the invention claimed in the '382 patent and to prior invention. (Staff Herniter Resp. at 2-3.) Staff also notes that O2 Micro does not "point to anything about Dr. Herniter's methods that indicates that they are unreliable 'junk science' of the sort that should be excluded by the Judge under *Daubert*." (*Id.* at 4.)

Invention Date Summary Determination Motion.

On August 31, 2009, O2 Micro moved for "an order granting summary determination that, under principles of collateral estoppel: 1) simulation schematics produced by O2 Micro in this proceeding and dated February 18, 1998 are authentic and admissible, and 2) the date of Dr. Lin's invention of the '382 patent is February 1998, prior to [MPS's] development of its MP1010 product." (Motion Docket No. 666-036 ("MSD").) O2 Micro further moved to strike any portions of the Herniter Report and the expert report of Dr. Aris Silzars ("Silzars Report") that challenge the '382 patent invention date or the authenticity of the simulation schematics. (MSD at 1.) Citing to D.C. Circuit law, O2 Micro argues that these issues may not be re-litigated, as they were conclusively established in the California Action. (*Id.*; MSD Mem. at 7.)

On September 10, 2009, Respondents filed an opposition to the MSD, arguing that O2 Micro misstates the jury verdict from the California Action. (MSD Opp. at 5-6.) Respondents argue that even if the jury verdict had fully established the invention date for the '722 patent, "such a finding would have no bearing on whether O2 Micro could establish a February 1998 conception date for one or more of the claims of the '382 patent" because the two patents have substantially different claim limitations. (*Id.* at 9.) Respondents further note that Judge Wilken, who had presided over the California Action, ordered that the Herniter Report be provided to the

PUBLIC VERSION

court-appointed independent expert in a parallel action relating to the '382 patent in the Northern District of California. (*Id.* at 15; *id.*, Ex. 3.)

On September 10, 2009, Respondent Microsemi Corporation ("Microsemi") joined in Respondents' opposition to the MSD. Microsemi's chief argument is that collateral estoppel cannot apply because it was not a party to the California Action. (Microsemi Joinder at 1-2.)

On September 10, 2009, Staff opposed the MSD. Staff argues that O2 Micro has not established that collateral estoppel applies because (i) the Judge in the California Action did not make affirmative findings as to the authenticity, reliability or probative value of the schematics at issue, and (ii) the jury did not make a determination as to the conception date of the '382 patent. (Staff MSD Resp. at 5-7.) Staff further notes that it is not clear that the jury actually found that the '722 patent was invented prior to the MPS MP1010 product, and that any inferences drawn from the jury verdict should be drawn against O2 Micro for purposes of summary determination. (*Id.* at 7-8.)

Based on a review of the three sets of motion papers and responses thereto, the Administrative Law Judge finds as follows:

The central issue for all three of the above motions is whether Respondents are collaterally estopped from raising issues that were litigated in the California Action. Commission proceedings are appealed to the Federal Circuit, therefore, contrary to O2 Micro's assertion, Federal Circuit law is controlling. *See Certain Semiconductor Integrated Circuits Using Tungsten Metallization and Products Containing Same*, Inv. No. 337-TA-648, Comm'n Op. at 2-3 (U.S.I.T.C., February 18, 2009) (*aff'd*, *In re Cypress Semiconductor Corp.*, 321 Fed. Appx. 964, 966 (Fed. Cir. 2009) (unpubl.)). Under Federal Circuit law, collateral estoppel may bar re-litigation of an issue if:

PUBLIC VERSION

(1) the issue is identical to one decided in the first action; (2) the issue was actually litigated in the first action; (3) resolution of the issue was essential to a final judgment in the first action; and (4) the [party precluded] had a full and fair opportunity to litigate the issue in the first action.

Id. The application of collateral estoppel “is discretionary and the court must determine if its application is appropriate in view of any equitable considerations.” *Id.* at 3.

Here, the Administrative Law Judge finds that collateral estoppel does not apply, primarily because the issues presented are not identical: the invention claimed in the ‘382 patent is not the same invention that was claimed in the related ‘722 patent and litigated in the California Action. (MSD Mot. Mem., Exs. A, B.) As a result, the other elements of collateral estoppel can not have been met. Even if the Administrative Law Judge were to prevent Asus and MPS from re-litigating issues from the California Action, this would not serve to establish the authenticity of the schematics or the invention date for the ‘382 patent because Microsemi and Staff would not be barred from challenging them. It is well worth noting that Judge Wilken, who is currently presiding over litigation involving the ‘382 patent, as well as O2 Micro, MPS, Asus, and two counterclaim-defendants who were not part of the California Action, has ordered the Herniter Report to be provided to the court-appointed expert, Dr. Seth Saunders. (MSD Opp., Ex. 3.) In view of these other considerations, the application of collateral estoppel is not appropriate here.

As for O2 Micro’s *Daubert* attack on the Herniter Report, the Administrative Law Judge is not convinced that Dr. Herniter’s methods are unreliable. Furthermore, as this proceeding is not being tried before a jury, the Administrative Law Judge will evaluate each expert’s testimony and give it the appropriate weight. *See Certain Ammonium Octamolybdate Isomers*, Inv. No. 337-TA-477, Order No. 26 at 2 (U.S.I.T.C., February 5, 2003). The Administrative Law Judge finds, however, that O2 Micro should have an opportunity to respond to Dr. Herniter’s theories;

PUBLIC VERSION

therefore, Respondents' motion to strike the Nagel Report and prevent Dr. Nagel's testimony is denied.

Accordingly, the Administrative Law Judge finds that Motion Nos. 666-033, 666-036, and 666-037 should be DENIED. Respondents have represented that the parties have come to an agreement with respect to the timing of expert depositions delayed by these motions, and the Administrative Law Judge expects that the parties will be able to promptly schedule any unfinished expert depositions.

Within seven days of the date of this document, each party shall submit to the Office of the Administrative Law Judges a statement as to whether or not it seeks to have any portion of this document deleted from the public version. The parties' submissions may be made by facsimile and/or hard copy by the aforementioned date.

Any party seeking to have any portion of this document deleted from the public version thereof must submit to this office a copy of this document with red brackets indicating any portion asserted to contain confidential business information. The parties' submissions concerning the public version of this document need not be filed with the Commission Secretary.

SO ORDERED.



E. James Gildea
Administrative Law Judge

**IN THE MATTER OF CERTAIN COLD CATHODE
("CCFL") INVERTER CIRCUITS AND PRODUCTS
CONTAINING SAME**

Inv. No. 337-TA-666

PUBLIC CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **ORDER** has been served by hand upon, the Commission Investigative Attorney, **David O. Lloyd, Esq.**, and the following parties as indicated on September 30, 2009.


Marilyn R. Abbott, Secretary *JW6*
U.S. International Trade Commission
500 E Street, SW, Room 112A
Washington, D.C. 20436

COMPLAINANTS 02 MIRCO INTERNATIONAL LTD AND 02 MICRO INC.:

Margaret D. Macdonald, Esq.
HOWREY, LLP
1299 Pennsylvania Ave NW
Washington, DC 20004
P-202-783-0800

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

FOR RESPONDENTS MONOLITHIC POWER SYSTEMS INC:

Mark A. Flagel, Esq.
LATHAM & WATKINS LLP
355 South Grand Avenue
Los Angeles, CA 90071-1560
P-213-485-1234

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

**IN THE MATTER OF CERTAIN COLD CATHODE
("CCFL") INVERTER CIRCUITS AND PRODUCTS
CONTAINING SAME**

Inv. No. 337-TA-666

CERTIFICATE OF SERVICE - PAGE 2

**FOR RESPONDENTS MONOLITHIC POWER SYSTEMS, INC., ASUS
COMPUTER, INC., ASUS COMPUTER INTERNATIONAL**

Smith R. Brittingham IV, Esq.
**FINNEGAN, HENDERSON, FARABOW,
GARRETT & DUNNER, LLP**
901 New York Avenue NW
Washington, DC 20001
P-202-408-4000

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

FOR RESPONDENT MICROSEMI CORPORATION

Joel D. Covelman, Esq.
THE YOCCA LAW FIRM LLP
19900 MacArthur Blvd., Suite 650
Irvine, CA 92612
P-949-253-0800

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

**IN THE MATTER OF CERTAIN COLD CATHODE
("CCFL") INVERTER CIRCUITS AND PRODUCTS
CONTAINING SAME**

Inv. No. 337-TA-666

PUBLIC MAILING LIST

Heather Hall
LEXIS - NEXIS
9443 Springboro Pike
Miamisburg, OH 45342

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

Kenneth Clair
THOMSON WEST
1100 Thirteen Street, NW, Suite 200
Washington, D.C. 20005

Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____