

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

**CERTAIN MEMS DEVICES AND
PRODUCTS CONTAINING THE SAME**

Inv. No. 337-TA-700

**ORDER NO. 7: GRANTING-IN-PART & DENYING-IN-PART COMPLAINANT'S
MOTION TO STRIKE**

(June 29, 2010)

On June 11, 2010, complainant Analog Devices, Inc. ("Analog") filed a motion to strike the rebuttal expert reports of Drs. Wallace and Vander Veen and the "errata" to Dr. Wallace's initial expert report. (Motion Docket No. 700-003.) On June 23, 2010, respondents Knowles Electronics LLC and Mouser Electronics, Inc. (collectively "Respondents") filed a response opposing the motion. The Commission Investigative Staff ("Staff") did not file a timely response. On June 24, 2010, Staff filed a motion to for leave to file out of time its response to Analog's motion, which is hereby DENIED. (Motion Docket No. 700-006.)¹

Analog states that on May 11, 2010, Respondents served two initial expert reports on the issue of validity. Analog states that on May 25, 2010, the deadline for rebuttal expert reports, Respondents served two rebuttal reports on the issue of commercial success – one report from Dr. Vander Veen, and one report from Dr. Wallace. Analog states that these two reports rely on information that was available to Respondents (and their experts) prior to the May 11, 2010 deadline for initial expert reports.

¹ Staff's motion seeks leave to file its response to the current motion on June 24, 2010, one day after the June 23, 2010 deadline for filing responses. Staff's motion violates Ground Rule 1.8 because the request for an extension of time came after the applicable deadline passed.

Analog argues that the rebuttal expert reports from Dr. Vander Veen and Dr. Wallace are improper because they do not rebut anything, as commercial success was not addressed in any of Analog's initial expert reports. According to Analog, the information contained in the rebuttal reports was known to Dr. Vander Veen and Dr. Wallace prior to the initial expert report deadline, and thus the information should have been contained in initial expert reports. Analog notes that Dr. Wallace testified at his deposition that he started his analysis on commercial success prior to the initial expert report deadline, but he could not finish in time.²

Respondents oppose the motion. They argue that whether or not information goes into an initial or rebuttal expert report depends on which party bears the burden of proof. Respondents state that because they bear the burden on the issue of invalidity, they addressed that issue in their initial expert reports. Respondents state that it would be proper for Analog to serve a rebuttal expert report to rebut the invalidity assertions, raising issues such as commercial success. According to Respondents, only thereafter would they rebut Analog's assertions of commercial success. Stated another way, Respondents claim that the secondary consideration of commercial success is not an issue upon which Respondents have the burden – nor is it a topic appropriate for Respondents' initial expert reports.

Respondents state that because the procedural schedule did not allow for reply expert reports, Respondents served rebuttal expert reports on the issue of commercial success out of an abundance of caution. Respondents state that they were forced to serve their reports on commercial success before even seeing Analog's experts' positions on the issue.

The Federal Circuit has explained the requirements to establish obviousness as follows:

² Analog also raises the issue of the "errata" to Dr. Wallace's initial expert report. That issue was already fully addressed in Order No. 6, and will not be addressed here. Analog's request to strike the errata to Dr. Wallace's initial expert report is rendered moot by Order No. 6.

To establish invalidity under 35 U.S.C. § 103, certain factual predicates are required before the legal conclusion of obviousness or nonobviousness can be reached. The underlying factual determinations to be made are (1) the scope and content of the prior art; (2) the differences between the claimed invention and the prior art; (3) the level of ordinary skill in the art; and (4) objective evidence of non-obviousness, such as commercial success, long-felt but unsolved need, failure of others, copying, and unexpected results.

Apple Computer, Inc. v. Articulate Sys., Inc., 234 F.3d 14, 26 (Fed. Cir. 2000).³

The fourth listed factual determination relates to objective evidence of non-obviousness, also referred to as secondary considerations. Such evidence must be considered if present in the record. *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 667 (Fed. Cir. 2000) (“Our precedents clearly hold that secondary considerations, when present, must be considered in determining obviousness.”)

While the accused infringer bears the ultimate burden of persuasion on the issue of obviousness, if the accused infringer is able to present a *prima facie* case of obviousness based on the first three *Graham* factors, the burden of production shifts to the patentee to demonstrate secondary considerations in order to rebut the *prima facie* case. See *Winner Int’l Royalty Corp. v. Wang*, 202 F.3d 1340, 1350 (Fed. Cir. 2000); see also *WMS Gaming, Inc. v. Int’l Game Tech.*, 184 F.3d 1339, 1359 (Fed. Cir. 1999) (“The objective evidence of non-obviousness may be used to rebut a *prima facie* case of obviousness based on prior art references.”); *Minton v. Nat’l Ass’n of Securities Dealers, Inc.*, 226 F. Supp. 2d 845, 874 (E.D. Tex. 2002) (“If the defendant makes a *prima facie* showing of obviousness based on the first three *Graham* factors, the burden of production shifts to the patent owner to show non-obviousness based on objective indicia thereof.”)

³ These four factual determinations are often referred to as the “*Graham* factors” because they find their basis in the Supreme Court decision of *Graham v. John Deere Co.*, 383 U.S. 1 (1966).

The procedural schedule set the deadline for the exchange of initial expert reports as May 11, 2010, and the deadline for the exchange of rebuttal expert reports as May 25, 2010. (Order No. 5.) Respondents served rebuttal expert reports authored by Dr. Vander Veen and Dr. Wallace. (Exs. F & G to Analog's Mot.) Each of these "rebuttal" expert reports solely address the issue of commercial success, as Dr. Vander Veen presented economic opinions regarding why there is no credible evidence of commercial success, and Dr. Wallace presented technical opinions about a lack of nexus between any commercial success and the asserted patents. (*Id.*)

Respondents offer no evidence or argument that Dr. Wallace and Dr. Vander Veen could not have offered their opinions regarding commercial success by the May 11, 2010 initial expert report deadline. It is undisputed that Dr. Wallace and Dr. Vander Veen offered their opinions prior to seeing Analog's experts' opinions on commercial success, as both parties' experts addressed the issue in their respective rebuttal expert reports, served on the same day. Thus, the opinions offered by Dr. Wallace and Dr. Vander Veen did not depend on opinions offered by Analog's experts. In fact, Dr. Wallace acknowledged during his deposition that he included a brief mention of commercial success in his initial report, but then included his detailed opinion on the subject in his rebuttal report because he did not have time to finish his commercial success analysis by the May 11 initial expert report deadline. (*See* Ex. I to Analog Mot. at 169:20-170:14.)

Based upon these facts, I find that Respondents' experts should have addressed all issues of invalidity, including secondary considerations, in their initial expert reports. While Analog has the burden of production regarding secondary considerations, it was Respondents' responsibility to treat all relevant issues regarding invalidity in their initial expert reports. Doing

so is necessary to give Analog an opportunity to address those issues, including the secondary considerations of non-obviousness, in its rebuttal expert reports.

The evidence of record establishes that Respondents were already aware of Analog's intent to raise commercial success and were able to formulate a position on the subject prior to seeing Respondents' rebuttal expert reports. Thus, Respondents' initial expert reports addressing invalidity should have, and clearly could have, included a section addressing secondary considerations. The rebuttal report was not the proper place for such opinions, because the rebuttal report is reserved for rebutting the opinions expressed Analog's initial expert reports. As Analog notes, its initial expert report only addressed the issues of infringement and domestic industry, and did not address invalidity.⁴

The rebuttal reports of Dr. Wallace and Dr. Vander Veen are not proper rebuttals, because they raise new issues rather than addressing issues raised by Analog's initial expert reports.

I also find that the rebuttal reports cannot be considered proper supplements to initial reports, because the rebuttal reports fail to comply with the rules for supplementation set out in Ground Rule 6 and Commission Rule 210.27(c). Specifically, Respondents have not demonstrated that the reports are based on "information thereafter acquired," as required by Commission Rule 210.27(c). (*See* Order No. 6.)


ORDER

Motion No. 700-003 is hereby GRANTED-IN-PART & DENIED-IN-PART. The May 25, 2010 rebuttal expert report of Dr. Vander Veen and the May 22, 2010 rebuttal expert report

⁴ The proper focus of expert reports is that the initial report addresses issues upon which the offering party bears the burden of persuasion, and the rebuttal report counters the opinions of the opposing party set forth in its initial report.

of Dr. Wallace are hereby stricken. The motion is otherwise DENIED as moot.

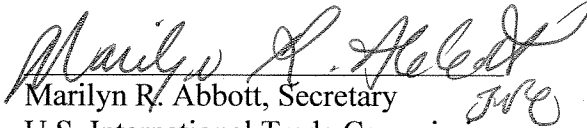
SO ORDERED.



Robert K. Rogers, Jr.
Administrative Law Judge

PUBLIC CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **ORDER** was served upon **Kecia J. Reynolds, Esq.**, Commission Investigative Attorney, and the following parties via first class mail delivery on **JUN 29 2010**


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