

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

**CERTAIN WIRELESS STANDARD
COMPLIANT ELECTRONIC DEVICES,
INCLUDING COMMUNICATION
DEVICES AND TABLET COMPUTERS**

Inv. No. 337-TA-953

**ORDER NO. 28: GRANTING APPLE'S MOTION FOR ENTRY OF A
PROTECTIVE ORDER AS TO COMPLAINANTS' REQUESTS
FOR PRODUCTION NOS. 321-325; ORDER TO RE-FILE
DISCOVERY MOTIONS**

(October 16, 2015)

On September 23, 2015, Respondent Apple Inc. ("Apple") filed a motion ("Motion") seeking a protective order as to Requests for Production ("RFPs") Nos. 321-325 served by Complainants Ericsson Inc. and Telefonaktiebolaget LM Ericsson (collectively, "Ericsson"). Mot. Docket No. 953-020. On October 5, 2015, Ericsson filed an Opposition. Also on October 5, 2015, Staff filed a Response stating that the discovery Apple seeks is "relevant to the statutory public interest factors, as well as to statements and defenses raised by Apple in response to the Complaint." Staff Response at 4. On October 8, 2015, Apple filed its Reply.

Apple argues that the discovery sought by Ericsson of four Apple in-house attorneys and a "high-level" Apple executive will be onerous, without contributing significantly to the development of the record. Mot. Mem. at 1. Apple alleges that the RFPs are overbroad in that they would encompass many unrelated license negotiations and violate the parties' previous agreements regarding discovery. Apple also states that it has provided deposition dates for each of the witnesses whose email is requested.

Ericsson contends that the individuals whose email has been requested have “important knowledge directly relevant to claims and defenses Apple has made in this lawsuit including Apple’s “FRAND” defense. Opp. at 1.¹ Ericsson notes the role these individuals played in licensing negotiations. *Id.* Ericsson states that its RFPs “are reasonable and narrowly directed to FRAND-related issues.” *Id.* at 2. It states that it never had an agreement with Apple precluding this discovery. *Id.* at 2-3. Ericsson maintains that it was Apple that introduced FRAND issues into the Investigation, and that Ericsson only seeks discovery to rebut Apple’s FRAND allegations. Ericsson says that Apple has sought the same type of discovery from Ericsson. *Id.* at 13-15. Ericsson says its discovery is related to the following topics, “in order to counter Apple’s defense: Apple’s other license agreements, Apple’s SEP portfolio, Apple’s licensing practices and policies, Apple’s interpretation of ETSI’s IPR Policy and efforts to amend the IPR Policy, and Apple’s allegations that it is licensed to a majority of the declared-essential patents to cellular standards.” *Id.* at 17-18.² Ericsson asks that it be granted leave to narrow its requests, if necessary.³

Staff argues that the scope of discovery is broad and that the “limited electronic discovery from only five Apple document custodians that relates to Apple’s licensing of standard essential patents” should be permitted. Staff’s Br. at 2. Staff says that Ericsson’s requests “relate to numerous assertions made by Apple” in its response to the complaint concerning its efforts to license the patents-in-issue on FRAND terms. *Id.* at 4. Staff asserts that “While [Ericsson’s] RFPs may be broader than absolutely necessary, this is a problem of Apple’s own making,” and

¹ “FRAND” is an acronym for fair, reasonable and non-discriminatory.

² “ETSI” is an acronym for the European Telecommunications Standards Institute. “SEP” is an acronym for Standard-Essential Patent. “IPR” is an acronym for Intellectual Property Right.

³ For the reasons explained below, Ericsson should not seek leave to renew the discovery requests in its RFPs Nos. 321-325, as they are not reasonably calculated to lead to the discovery of admissible evidence.

Apple has not shown that production of the requested documents will be unduly burdensome in light of the need “to develop a complete record.” *Id.* at 5.

DISCUSSION

Discovery at the ITC is broad: a party may obtain discovery regarding any matter, not privileged, that is relevant to the claim or defense of the party seeking discovery. 19 C.F.R. § 210.27(b). It is not grounds for objection that the information will be inadmissible at the hearing if the information sought appears reasonably calculated to lead to the discovery of admissible evidence. 19 C.F.R. § 210.34(a)(1). However, “for good cause shown, the administrative law judge may make any order that may appear necessary and appropriate for the protection of the public interest or that justice requires to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense.” *Id.*

Ericsson’s RFPs are broad. They include search terms like “license & rate,” “policy or guide” and Royalt!,” Mot. Ex. 1 at 2-3, which can be expected to generate a vast number of emails that must be reviewed by Apple, including many entirely unrelated to this Investigation. The RFPs are targeted to produce information that, at least to some extent, will be protected under the attorney-client privilege and/or work product doctrine. Disputes over the production of such information frequently require extensive litigation. Further, as discussed below, the RFPs are not reasonably calculated to and are in fact unlikely to lead to the discovery of evidence that will be useful in deciding the issues in this Investigation. For these reasons, I grant Apple’s request for a protective order.

Ericsson’s RFPs are intended to counter Apple’s assertions regarding Ericsson’s failure to offer licenses to Apple on FRAND terms. *See* Staff’s Response at 4 (listing Apple’s contentions); Mot. Ex. 5 at 4 (“The private parties agree that documents from prior litigations

and license negotiations are relevant to showing the positions that the parties have taken on the meaning and application of the FRAND commitment. . . .”); Opp. at 17 (“Apple made Ericsson’s and its own FRAND related activities an issue in this case”). At the outset, I note that there is no evident relationship between *Apple’s* licensing practices and the allegations that Ericsson engaged in unfair licensing practices. Even if Apple engaged in the same allegedly inequitable practices, it would not make those practices fair.

Further, pursuant to Order No. 20, Apple’s allegations concerning FRAND licensing terms have largely been stricken as affirmative defenses. *See* Order No. 20.⁴ Apple’s Eighth Affirmative Defense is not grounded on Ericsson’s alleged failure to offer a FRAND rate but on Ericsson’s alleged failure to disclose to ETSI its intellectual property interests in the patents-in-issue. *See* Apple’s Amended Response at ¶ 32-33. None of the extensive discovery requested of Apple in RFPs Nos. 321-325 pertains to the question whether Ericsson should be estopped on equitable grounds from enforcing its patents due to non-disclosure.⁵

⁴ In its First Amended Response, Apple continues to plead patent misuse as a defense. Apple’s First Amended Response, Affirmative Defenses at ¶ 29. Patent misuse is recognized in the law as an equitable defense to patent infringement. *U.S. Philips Corp. v. Int’l Trade Comm’n*, 424 F.3d 1179, 1184 (Fed. Cir. 2005). As pled, Apple’s patent misuse defense relates to an alleged overextension of patent rights through portfolio licensing. However, if the alleged “overextension of patent rights” in Apple’s Fifth Affirmative Defense ultimately consists of nothing more than Ericsson’s failure to agree with Apple on a FRAND rate, the Fifth Affirmative Defense should be stricken, because it concerns a contract dispute that is outside the scope of section 337 pursuant to Order No. 20.

⁵ Some language remains in the “preliminary statements” in Apple’s First Amended Response concerning its negotiations with Ericsson over a FRAND rate. *See* Apple’s First Amended Response at 2-5. I have not sought to strike that language because I interpret it as background concerning certain public policy arguments that Apple may present in the public interest/remedy phase of the Investigation. Specifically, Apple contends Ericsson is unfairly holding up licensing negotiations over standards-essential patents, and that this practice affects public policy. Ericsson presumably will seek to rebut Apple’s allegations, but Ericsson needs no discovery from Apple to do so. In any event, these are ancillary matters that may or may not be relevant to my recommendation on remedy, and that have no bearing on the question whether

Ericsson also has invoked FRAND obligations and ETSI rules. In response to Apple's Eighth Affirmative Defense, Ericsson has maintained that failure to disclose is not a violation of ETSI rules if a FRAND offer is made. *See* Order No. 23 at 7. In Order No. 23, I stated that Ericsson's contention would await further factual development, but I have concluded that Ericsson's position is based on an erroneous legal premise. The issue raised by Apple's Eighth Affirmative Defense is not whether Ericsson has violated ETSI rules. The issue of non-disclosure sounds in equity, as elucidated in the case law. *See Qualcomm Incorporated v. Broadcom Corp.*, 548 F.3d 1004, 1019-1024 (Fed. Cir. 2008) (discussing waiver and equitable estoppel). The doctrine of implied waiver rests on conduct that is "so inconsistent with an intent to enforce [] rights as to induce a reasonable belief that such right has been relinquished." *Id.*, 548 F.3d at 1020. The doctrine of equitable estoppel may provide a defense against patent infringement based on the same facts. *Id.* at 1023-24. There is no logical reason why a FRAND offer would preclude a finding of non-enforceability due to inequitable conduct, regardless of whether a FRAND offer would satisfy ETSI. Accordingly, Ericsson's RFPs are not likely to lead to the discovery of admissible evidence on the issue of non-disclosure.⁶

Staff refers to the need for a complete record and, assuredly, making a complete record is my responsibility. My practice is to err on the side of over-inclusion. If irrelevant material comes into the record, the error generally is harmless. In this instance, however, the immense

there has been a violation of section 337. *See* Order No. 20. For these reasons, there is a limit to how much controversy concerning these matters I will permit to burden this Investigation.

⁶ In this case, as in *Qualcomm*, the obligation to disclose arises from "a group relationship in which the working policy of disclosure of related intellectual property rights (IPR) is treated by the group as a whole as imposing an obligation to disclose information in order to support and advance the purposes of the group." 548 F.3d at 1022. Once the obligation to disclose has arisen, a court of equity may impose that obligation on the patentee. *Id.* I find no indication in the *Qualcomm* discussion that offering to license on fair and reasonable terms would cure violation of the obligation to disclose; indeed, the remedy applied in *Qualcomm* was unenforceability.

body of extraneous information that the parties seek to inject into this Investigation is not harmless. It threatens to overwhelm these proceedings with matters that extend far beyond the purview of section 337 and cannot properly be resolved in this Investigation. Most prominent among these extraneous matters is the entire pricing dispute between Ericsson and Apple, which sounds in contract and will be decided by a district court that has jurisdiction over contract claims. *See* Order No. 20.

Making a complete record does not mean that everything litigants wish to submit must be included. Under the Commission's rules, the ALJ's authority to curtail discovery on motion or *sua sponte* is mandatory, "if the administrative law judge determines" that protection from discovery is necessary based on the factors enumerated in 19 C.F.R. § 210.27 (d)(1)-(4). Subsection (4) states that discovery must be limited where: "The burden or expense of the proposed discovery outweighs its likely benefit, considering the needs of the investigation, the importance of the discovery in resolving the issues to be decided by the Commission, and matters of public concern." 19 C.F.R. §210.27 (d)(4). The public interest in efficient, fair and full adjudication of the matters arising under section 337 requires that extraneous disputes, such as the pricing war between Ericsson and Apple, not be permitted to obstruct adjudication of the issues that are properly before me. *See also* 19 C.F.R. § 210.34(a) (ALJ may issue any protective order "that may appear necessary and appropriate for the protection of the public interest.").⁷

⁷ Rule 210.27 provides that, unless otherwise ordered by the administrative law judge, a party may obtain discovery regarding "[t]he appropriate remedy for a violation of section 337." 19 C.F.R. § 210.27(b)(3). Consistent with this rule, and as I indicated in Order No. 20, I will accept evidence in the remedy phase of the Investigation that may not be strictly relevant to the question of whether a violation has occurred. Such evidence, however, is ancillary to the main issues and will not be permitted to derail the Investigation.

Accordingly, Motion Docket No. 953-020 is GRANTED. In addition, on October 15, 2015, the private parties filed voluminous motions to compel (Motion Docket Nos. 953-027 and 953-028). The parties are hereby ORDERED to confer pursuant to Ground Rule 3.2 and to re-file those motions by October 22, 2015, deleting any requests to compel discovery that are inconsistent with this order. Failure to do so may result in denial of the entire motion.

SO ORDERED.

Dee Lord

Dee Lord
Administrative Law Judge

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PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **ORDER** has been served by hand upon the Commission Investigative Attorneys, R. Whitney Winston, Esq. and Yoncha Kundupoglu, Esq., and the following parties as indicated, on

OCT 16 2015



Lisa R. Barton, Secretary
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