

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	CV 11-02409-AHM (JEMx)	Date	August 3, 2012
Title	Richard A. Williamson, on behalf of and as Trustee for At Home Bondholders' Liquidating Trust v. Citrix Online, LLC, et al.		

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Present: The Honorable John E. McDermott, United States Magistrate Judge

S. Anthony

Deputy Clerk

Court Reporter / Recorder

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

**Proceedings: (IN CHAMBERS) ORDER RE PLAINTIFF'S  
SUPPLEMENTAL BRIEF IN SUPPORT OF PLAINTIFF'S  
MOTION TO COMPEL RESPONSES TO  
INTERROGATORIES AND PRODUCTION OF  
DOCUMENTS BY IBM (Docket Nos. 267, 306)**

As authorized by this Court's July 19, 2012, discovery ruling, Plaintiff Richard Williamson, as Trustee for At Home Bondholders' Liquidating Trust, presses his motion to compel defendant International Business Machines ("IBM") to produce outbound licenses and cross-licenses incorporated into, or used in or with, the Accused Technology (web conferencing) in response to Requests for Production Nos. 7, 36, 45, and 46 and also respond fully to Interrogatory No. 4.

The Court initially declined to grant Plaintiff's Motion to Compel based on cases cited by IBM for the first time in its Supplemental Memorandum, but did so without prejudice because Plaintiff did not have an opportunity to address IBM's newly presented relevance and discoverability arguments. Plaintiff now has filed a Second Supplemental Memorandum that does so, and IBM has filed a Response to it, which the Court has considered. Having considered the matter further, the Court GRANTS Plaintiff's Motion.

Both parties present spirited arguments on the relevance of the withheld licenses. IBM bases its relevance argument on only two of the fifteen factors from Georgia-Pacific Corp. v. United States Plywood Corp., 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970), commonly used in determining a reasonable royalty rate for damages in a patent case.

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Plaintiff, however, has identified five other Georgia-Pacific factors not addressed by IBM as to which the licensing agreements in issue would be relevant. These factors include the market value of the '890 patent as a generator of sales of non-patented items, which Plaintiff argues is relevant both to its claims against IBM and as to other parties. Plaintiff cited this factor and three others as well in its Joint Stipulation, but IBM in its Supplemental Memorandum was silent on all four of these factors. In its Second Supplemental Memorandum, Plaintiff also argues that the cross-licenses might yield evidence of infringement, another Georgia-Pacific factor. IBM does not address this additional factor in its Response.

The five unanswered Georgia-Pacific factors cited by Plaintiff favor discovery, particularly so in that the relevance standards for discoverability, of course, are different and broader than they are for admissibility at trial. Fed. R. Civ. P. Rule 26(b)(1) provides that “[p]arties may obtain discovery regarding any non-privileged matter that is relevant to any party’s claim or defense.” Rule 26(b)(1) goes on to provide that “[r]elevant information need not be admissible at trial if the discovery appears reasonably calculated to lead to the discovery of admissible evidence.” “The scope of discovery under the Federal Rules is extremely broad.” Soto v. City of Concord, 162 F.R.D. 603, 610 (N.D. Cal. 1995). The question of relevance should be construed liberally and “discovery should be allowed unless the information has no conceivable bearing on the case.” Id.

IBM relies on two recent Federal Circuit cases for its relevance argument, Lucent Technologies, Inc. v. Gateway, Inc., 580 F.3d 1301, 1327-28 (Fed. Cir. 2009), and ResQNet.com v. Lansa, Inc., 594 F.3d 860, 869 (Fed. Cir. 2010), but these decisions did not concern discoverability, only admissibility of evidence at trial. They were fact based decisions particular to those cases that are not generalizable and do not establish a per se rule of inadmissibility. See Metso Minerals, Inc. v. Powerscreen Int’l Distribution Ltd., 833 F. Supp. 2d 282, 310-12 (E.D.N.Y. 2011) (expert may rely on licenses other than those covered by the patents to glean insight into defendant’s licensing approach). As for discoverability, the only decision cited by IBM using the recent Federal Circuit decisions to deny discoverability was an out-of-circuit district court decision in Colorado, Biax Corp. v. Nvidia, Corp., 271 F.R.D. 200, 213-15 (D. Colo. 2010). Biax denied discoverability of cross-licenses based on Lucent and ResQNet, but without any discussion of the different legal standards applicable to admissibility at trial and

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discoverability. Id. at 215. District court decisions in this Circuit both before and after Lucent and ResQNet have considered cross-licenses relevant for discovery purposes, noting the different legal standards for discoverability and admissibility. Barnes and Noble, Inc. v. LSI Corp., 2012 WL 1564734, at \*3 (N.D. Cal. May 2, 2012) (“While cross-licenses may be different in structure than licenses that simply provide for royalty payments, both are relevant for discovery purposes and may lead to the discovery of admissible evidence”); Atmel Co. v. Authentic Inc., 2008 WL 276393, at \*1-\*2 (N.D. Cal. Jan. 31, 2008) (compelling production of cross-licenses).

Thus, IBM’s assertion that cross-license and outbound agreements involve different technologies and markedly different structures from the hypothetical license relevant here does not preclude discovery even if those agreements are inadmissible at trial. The five unrebutted Georgia-Pacific factors are sufficient to require discovery of the licenses in issue under the broad mandate of Rule 26(b)(1). Additionally, IBM tries to distinguish Barnes & Noble because only comparable cross and outbound licenses were ordered produced, but IBM produced no declaration under oath on the comparability of these agreements and the Court would be left to take IBM’s bare word that they have no relevance even for discovery purposes.

There is no unfairness here. IBM initially agreed to produce the licenses, even asserting in the Joint Stipulation that it had not refused to do so, only later to change its mind in its Supplemental Memorandum when Plaintiff had no opportunity to respond. (The Court is not saying there was a waiver, only that IBM changed its position.) IBM’s undue burden argument fails because IBM did not provide a declaration under oath quantifying the time, money and procedure to produce the requested information and documents. In re Toys R Us-Delaware, Inc. v. Fair and Accurate Credit Transactions Act (FACTA) Litigation, 2010 WL 4942645, at \*6 (C.D. Cal. July 29, 2010).

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The Court orders IBM to serve supplemental answers to Interrogatory No. 4 and produce all documents, including cross-licenses and outbound agreements, responsive to RFP Nos. 7, 36, 45, and 46 **within 15 days** of the date of this Order.

cc: Parties

Initials of Deputy Clerk

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