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BLOG

Potential Pitfalls for Foreign Plaintiffs to Avoid When Enforcing U.S. Patents and Engaging in U.S.-Style Discovery in Federal District Court

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A recent order from *Largan Precision Co., Ltd. v. Motorola Mobility LLC*, No. 4:21-cv-9138 (N.D. Cal. December 30, 2024) made two key discovery rulings that: (i) allow defendant Motorola Mobility LLC (Motorola), a wholly owned subsidiary of PRC-based Lenovo Group, Ltd., to depose the CEO of the opposing party, Largan Precision Company (Largan); and (ii) require fact depositions of Largan's corporate witnesses to take place in-person within the district.

The case was brought in the Northern District of California by Taiwan-based Largan, a global leader in high-end camera lens design, accusing the Motorola One 5G Ace smartphone and its wide camera lens of infringing Largan's utility patents for image-capturing lens assemblies. Early in the case, the parties agreed to limit the overall recording time of fact witness depositions to a certain number of hours, but did not specify or limit where these depositions could be held. (Joint Case Management Statement of February 18, 2022). Nor was the agreed-upon discovery plan further amended in the parties' subsequent joint report to the Court. (Joint Case Management Statement of August 11, 2023). The district court judge adopted the parties' discovery plan with minimal modifications. (Scheduling Orders dated February 22, 2022 and August 16, 2023 respectively).

With the Scheduling Order silent on this issue and nearing the close of fact discovery, a dispute arose as to whether the defendant's Rule 30(b)(6) depositions of the plaintiff's witnesses under the Federal Rules of Civil Procedure should be taken in the Northern District of California or in Taiwan. Rule 30(b)(6) allows a party to depose and examine an organization on topical matters that it describes with "reasonable particularity." The corporate entity who receives notice of such topics must designate one or more witnesses who is reasonably educated on those topics to testify on the entity's behalf. Here, following four meet-and-confer sessions about the 72 topics that Motorola gave notice of on September 19, 2024, Largan designated three corporate witnesses to cover the subject matter, but insisted that those depositions occur in Taiwan, where the witnesses resided. Motorola disagreed and sought to depose those 30(b)(6) witnesses in California.

In her December 30th ruling, Magistrate Judge Ryu emphasized the presumption that plaintiff's corporate witnesses designated under Rule 30(b)(6) deposition shall take place in the district in which the plaintiff filed suit. While Largan argued its witnesses would have to travel far distances and deal with a translator, the Court downplayed these obstacles as a "conventional inconvenience, particularly for patent litigation which often involves foreign parties and witnesses." Because Largan did not meet its burden of proving undue hardship or exceptional circumstances to overcome the legal presumption, it must produce its corporate representatives in northern California for deposition.

Another contested issue was whether to allow the deposition of Largan's CEO. Motorola sought to depose Largan's CEO on his knowledge of a prior license agreement pertaining to camera lens technology from several generations earlier (predating front lens cameras in smartphones), between Motorola and another lens company, Fujifilm aka Fujinon. Depositions of high-level executives, or "apex" depositions, are traditionally disfavored so as to minimize a lawsuit's disruption to a party's business operations; however, the party seeking to avoid an apex deposition bears the burden of demonstrating why the deposition should not be allowed. Here, the magistrate judge found that Largan's CEO had first-hand knowledge of positions taken in the prior licensing negotiations that may be relevant to damages, which outweighed countervailing concerns raised by Largan. She therefore permitted a limited 2-hour deposition of the CEO to be conducted remotely via video (or at a physical location agreed upon by the parties).

TAKEAWAYS

Plaintiff's counsel should anticipate and try to get ahead of the issue of alternative locations to conduct depositions of corporate witnesses residing outside of the chosen forum and finalize any negotiated concessions as early as the Rule 26(f) discovery plan in the parties' joint case management statement. Failing that, if defense counsel disputes the proposed location, then the foreign plaintiff should articulate time-sensitive business reasons or other practical justifications—beyond the hardship of international travel—for refusing to produce its designated witnesses in the United States. Additionally, during pre-suit diligence, in-house and outside counsel should identify and flag any unique, first-hand knowledge by high-ranking executives of any past licenses (a) to which the would-be defendant was a counterparty or (b) involve comparable technology—even those from legacy or prior generations—underlying the patents to be asserted, to better manage client expectations about whether those officers might be subpoenaed during fact discovery.

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