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UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

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In the Matter of

CERTAIN COAXIAL CABLE CONNECTORS AND COMPONENTS THEREOF AND PRODUCTS CONTAINING SAME

Inv. No. 337-TA-650

ORDER NO. 26: GRANTING COMPLAINANT'S MOTION *IN LIMINE* TO PRECLUDE RESPONDENTS FROM CALLING ITS TRIAL COUNSEL AS A WITNESS AT TRIAL;

DENYING COMPLAINANT'S MOTIONS *IN LIMINE* (i) TO PRECLUDE EVIDENCE OF PATENT MISUSE AND EQUITABLE ESTOPPEL, (ii) TO PRECLUDE INTRODUCTION OF LAY WITNESS OPINION TESTIMONY, AND (iii) TO PRECLUDE CERTAIN CROSS-EXAMINATION OF COMPLAINANT'S EXPERT WITNESSES

(June 30, 2009)

On May 27, 2009, Complainant John Mezzalingua Associates, Inc., d/b/a PPC Inc., ("PPC") filed four motions *in limine*: (1) to preclude respondents' introduction of allegedly improper lay opinions and to limit cross-examinations of PPC's technical experts (Motion Docket No. 650-20); (2) to preclude introduction of evidence by respondents of patent misuse as an affirmative defense (Motion Docket No. 650-021); (3) to preclude respondents from calling PPC's trial counsel James R. Muldoon as a witness in trial (Motion Docket No. 650-022); and (4) to preclude the introduction of evidence by respondents Fu Ching Technical Industrial Co., Ltd., and Gem Electronics, Inc. (collectively, "Respondents") on equitable estoppel as an affirmative defense. (Motion Docket No. 650-023.) Each motion *in limine* is discussed below.

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On June 12, 2009, Respondents filed oppositions to each of the motions *in limine*, which likewise are discussed below.

Also on June 12, 2009, the Commission Investigative Staff ("Staff") filed a response stating that it does not support PPC's Motion Nos. 650-021 and 650-23 regarding the affirmative defenses of equitable estoppel and patent misuse, but supports, in part, Motion Nos. 650-020 and 650-022. Staff's arguments are reported in more detail in the discussion that follows with respect to each motion *in limine*.

I. The Introduction of Evidence on Equitable Estoppel as an Affirmative Defense.

PPC argues that Respondents have "chosen to question the integrity and good faith of PPC and its counsel prior to and during litigation," that they have identified four witnesses who will testify regarding equitable estoppel, and that all of the evidence pertaining to that defense that was provided by Respondents during discovery was "irrelevant or insufficient." (Motion No. 650-023 at 1.) PPC thus argues that all evidence on equitable estoppel at trial should be precluded as either irrelevant under Fed. R. Evid. 402 or as a waste of time under Fed. R. Evid. 403. (*Id.*) Specifically, PPC argues that the evidence provided by Respondents to support their equitable estoppel defense is of a kind that has been rejected by the Federal Circuit and should be excluded. (*Id.* at 5-9.) PPC also seeks an order precluding Respondents from introducing evidence outside the scope of their discovery responses and deposition testimony. (*Id.* at 9-10.)

Respondents argue that a motion *in limine* is inappropriate for resolving substantive issues, such as the sufficiency of evidence, as a party could improperly employ such a motion as a

substitute for a motion for summary determination. (Motion No. 650-023 at 1, *citing Bowers v. NCAA*, 563 F. Supp. 2d 508 (D.N.J. 2008).) Respondents also argue that equitable estoppel is not subject to "hard and fast rules" and thus may be proved by the kind of evidence that PPC is seeking to preclude. (Motion No. 650-023 at 3.)

Staff, in its response, opposes this motion *in limine* because, although it believes that the evidence supporting the defense is "weak," nevertheless the defense has been adequately pled. (Staff Resp. at 3.) Staff also notes that even if the motion *in limine* were to be denied, PPC's objections could still properly be raised at trial. (*Id.*)

Based on Motion No. 650-023 and the responses thereto, the Administrative Law Judge finds as follows.

By seeking to exclude evidence described as "insufficient," PPC essentially seeks summary determination on the issue of equitable estoppel by way of a motion *in limine*. Summary determination is only allowed pursuant to Commission Rule 210.18, which specifies the procedural safeguards and standards applied to motions for summary determination. *See* 19 C.F.R. § 210.18. For example, unlike motions *in limine*, a summary determination is an initial determination that may be reviewed by the Commission. *See* 19 C.F.R. § 210.18(f). If Respondents offer evidence at trial that is unduly prejudicial, irrelevant, or otherwise objectionable, PPC may raise appropriate objections at that time.

Based on the foregoing, the Administrative Law Judge DENIES PPC's Motion No. 650-023 to preclude the introduction of evidence on equitable estoppel.

II. The Introduction of Evidence on Patent Misuse as an Affirmative Defense.

PPC argues that because Respondents' motion for summary determination on the issue of non-infringement has been denied, Respondents cannot prove that PPC's claims of infringement were "objectively baseless" as required to establish a defense of patent misuse. (Motion Docket No. 650-021 at 1.) Thus, PPC argues that any evidence related to patent misuse must be excluded under Fed. R. Evid. 403. (*Id.* at 7.) PPC cites *Dominant Semiconductors Sdn. Bhd. v. Osram GMBH*, 524 F.3d 1254 (Fed. Cir. 2008), as authority for its assertion that the denial of Respondents' motion for summary determination of non-infringement forecloses further pursuit of that defense at the hearing because the ruling presupposes that PPC's infringement allegations are not baseless. (Motion Docket No. 650-021 at 6.)

Respondents argue that PPC is once again improperly using a motion *in limine* as a substitute for a motion for summary determination (Patent Misuse Opp. at 2-3); that PPC "improperly" edited case law quotations in its motion to misrepresent Supreme Court precedent (*id.* at 3); that the elements of patent misuse are distinct from the elements of an antitrust violation (*id.* at 3); and that PPC's allegations of patent infringement are baseless. (*Id.* at 4.)

In its response, Staff raises the same arguments it raised in its response to the issue of equitable estoppel, *viz.* that the defense is sufficiently pled and that any objections PPC may have with respect to evidence offered at the evidentiary hearing can be raised then. (Staff Resp. at 3.)

In the context of a summary determination motion, the evidence is viewed in the light most favorable to the non-moving party, who enjoys all reasonable inferences in its favor. *Anderson v. Liberty Lobby*, 477 U.S. 242, 255 (1986). PPC is attempting to use those favorable inferences as

they were applied in the course of considering Respondents' motion for summary determination to bolster its position with respect to its motion *in limine*. Prevailing against a summary determination motion is not, of itself, sufficient to counter an allegation that a party's position is objectively baseless. Other courts would agree. *See Media Duplication Svcs. v. HDG Software, Inc.*, 928 F.2d 1228, n.10 (1st Cir. 1991) ("successful opposition to a summary judgment motion does not always conclusively establish the reasonableness of the claim in question" for purposes of Rule 11 motion for sanctions); *Lemaster v. U.S.*, 891 F.2d 115, 121 (6th Cir. 1989) ("All courts addressing this issue have concluded that mere survival of a summary judgment motion, in which all facts are construed in the non-movant's favor, does not insulate the party from sanctions if it is later determined that all factual claims were groundless"); *but see Porous Media Corp. v. Pall Corp.*, 201 F.3d 1058, 1059 (8th Cir. 2000) (dismissing a claim of malicious prosecution because an earlier denial of summary judgment indicated that there were issues of factual dispute).

The Administrative Law Judge further finds that the case of *Dominant Semiconductors Sdn. Bhd. v. Osram GMBH,* cited by PPC is inapposite. In that case, a patent holder was sued by an alleged infringer who claimed the patent holder was guilty of unfair competition, trade libel, and contractual interference. *See Dominant Semiconductors v. Osram GMBH*, 524 F.3d 1254, 1259-60 (Fed. Cir. 2008). Underlying these claims was a contention that the patent holder had made false and misleading infringement allegations against the putative infringer and had asserted its patent rights in bad faith. *Id.* In the course of that lawsuit, the patent holder sought and obtained summary judgment that the patent holder's actions had not been objectively baseless and therefore

had not been made in bad faith. *Id.*

However, in this Investigation, Respondents' motion for summary determination related to the issues of non-infringement, invalidity, and laches. (*See* Motion Docket No. 650-14.) The Administrative Law Judge found *inter alia* that genuine issues of fact remain with respect to non-infringement, that Respondents failed to show invalidity by clear and convincing evidence, and that laches is not a valid defense to patent infringement claims brought before the Commission. (*See* Order No. 19.) Thus, unlike the situation in *Dominant Semiconductors*, there was no ruling that specifically addressed the merits of PPC's infringement allegations.

For these reasons, and the reasons discussed with respect to the Motion No. 650-023 regarding equitable estoppel, *supra*, the Administrative Law Judge DENIES PPC's Motion No. 650-021 to preclude the introduction of evidence on patent misuse.

III. The Introduction of Improper Lay Opinions and Cross-Examination of PPC's Technical Experts.

PPC argues that Respondents have designated only one technical expert (and did not provide an expert report by him) and that Respondents will call lay witnesses to improperly testify about technical matters in violation of Fed. R. Evid. 701. (Motion Docket No. 650-020 at 5-6.) PPC also argues that Respondents failed to timely identify the witnesses who will testify about technical matters as experts. (*Id.* at 12-13.) Thus, PPC argues that these witnesses should be precluded from offering testimony on technical matters. Furthermore, PPC argues that Respondents intend to seek to cross-examine PPC's experts on matters not addressed within their

expert reports in order to "rectify [Respondents'] abject failure to provide [their] own expert testimony on the issue of invalidity...." (*Id.* at 13.)

Respondents oppose this motion on three grounds: (1) the technology at issue is not complex and thus does not require expert witnesses to testify as to claim construction and other issues (Resp. at 1-2); (2) the Respondents' witnesses in question will only testify about personal knowledge of factual matters (*id.* at 3-5); and (3) Respondents' cross examination "should proceed under the established rules of court." (*Id.* at 1.)

Staff argues in its response that PPC's motion "mainly just seeks an order for normal trial procedure to occur." (Staff Resp. at 1.) Specifically, Staff argues that lay witnesses should be limited to testifying about matters of "personal knowledge ... based on their personal experience." (Staff Resp. at 1.) Thus, Staff argues that lay witnesses should not be permitted to compare the accused products to the patent in suit or to compare PPC's products to the patent in suit for purposes of determining whether a domestic industry exists, nor should these witnesses be permitted to compare prior art to the patent in suit or to testify as to the scope of the claims of the patent in suit. (*Id.* at 1-2.) Furthermore, Staff argues that it is unnecessary to order the parties to limit cross-examination to the subjects raised during direct examination, as this is "a straightforward application of normal cross-examination." (*Id.* at 2.) Thus, Staff supports the motion in part. (*Id.* at 1-2.)

The Ground Rules for this Investigation specify the manner in which the parties must identify their experts in order to offer opinion testimony at the evidentiary hearing. *See* Order No. 2, May 30, 2008, Ground Rule 6; Order No. 14, January 6, 2009. Any witness who has not been

properly identified will not be permitted to give opinion testimony at the hearing. If any party intends to offer opinion testimony, that party must be prepared to demonstrate that it has fully complied with the Ground Rules, and the Procedural Schedule set out in Order. No. 14, before its witness will be allowed to offer testimony that falls within the scope of Fed. R. Evid. 702. Furthermore, all parties are limited in their cross-examinations to the scope of testimony given in direct examination or contained in the witness's expert reports. Because of these existing rules, there is no need to issue additional pre-trial orders with respect to such evidentiary and procedural matters.

Based on the foregoing reasons, the Administrative Law Judge DENIES Motion No. 650-020.

IV. Respondents' Use of PPC's Trial Counsel As A Witness at Trial.

PPC argues that Respondents, despite never having deposed PPC's trial counsel James Muldoon, are intending to call him as a witness at trial for the purpose of adducing testimony from him about topics that are privileged or that can be obtained from other sources. (Motion Docket No. 650-022 at 1.) PPC argues that under the test in *Shelton v. Am. Motors Corp.*, 805 F.2d 1323 (8th Cir. 1986), Respondents should be precluded from calling Mr. Muldoon because there are other means for obtaining the information which the Respondents purport to be seeking from him, that the information sought by Respondents is either irrelevant or privileged, and that said information is not crucial to Respondents' case. (*Id.* at 2-7.)

Respondents argue that the factors considered by the court in *Shelton* are intended to

prevent abuse of discovery rules for ulterior purposes such as "confirm[ing] compliance with discovery" or "obtain[ing] a preview of [an] opponent's trial strategy," and do not apply to the present circumstances. (Resp. at 2.) Alternatively, Respondents argue that under the present circumstances, the *Shelton* factors are met and Mr. Muldoon can be called as a witness as to "factual, non-privileged and non-protected matters that have been placed at issue in this investigation ...." (*Id.* at 2.)

Staff supports the motion *in limine* to preclude calling Mr. Muldoon as a witness because "the majority of alleged evidence that Respondents seek ... can either be obtained by other means or, alternatively, would likely be barred by a claim of privilege or protected by the work-product doctrine." (Staff Resp. at 3.) Staff, however, notes that "in the one exceedingly narrow situation where PPC's trial counsel has factual information about separation of the accused product, a short and factually focused inquiry could be allowed." (Staff Resp. at 3.)

With respect to the narrow issue of separability, which is related to infringement of the '257 patent (Staff Resp. at 1), Respondents have made no showing that Mr. Muldoon has special expertise or in what manner his expected testimony will serve Respondents in this case. Nor have Respondents shown that Mr. Muldoon has information that may not be obtained through any other source.[1]

At this point, there has been an insufficient showing by the Respondents that their case depends on evidence that can only be obtained through testimony from PPC's trial

1 Though this situation is rare, allowing counsel to also serve as witness raises serious ethical concerns, disqualifying an attorney from serving as counsel where he was a necessary witness. See Certain Plastic Light Duty Screw Anchors, 337-TA-158, Order No. 7 (U.S.I.T.C., January 13, 1984).

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counsel. Absent a clear showing that relevant and material evidence, not otherwise available to Respondents, is necessary through testimony from Mr. Muldoon, the Administrative Law Judge GRANTS Motion No. 650-022 to preclude Respondents from calling James Muldoon as a witness at the evidentiary hearing, without prejudice to their right to renew the motion later on in the event they are then prepared to make such a showing.

Within seven days 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 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 COAXIAL CABLE CONNECTORS AND COMPONENTS THEREOF AND PRODUCTS CONTAINING SAME

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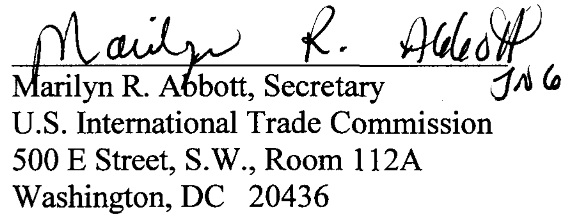
CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **ORDER 26** has been served upon, **Kevin Baer, Esq.,** Commission Investigative Attorney, and the following parties via first class mail and air mail where necessary on July 20, **2009.**



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