

EXHIBIT H

10/94

FORM FED-25 PENGAD INC., BAYONNE, NJ 07002

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN THE UNITED STATES DISTRICT COURT
IN AND FOR THE DISTRICT OF DELAWARE

1
JD

DISCOVISION ASSOCIATES,
Plaintiff

v.

DISC MANUFACTURING, INC.,
PIONEER ELECTRIC,
PIONEER ELECTRONIC (USA),
INC., and PIONEER ELECTRONIC
CAPITAL, INC.,

Defendants

CIVIL ACTION

NO. 95-21 (SLR)

Wilmington, Delaware
Thursday, December 7, 1995
10:00 o'clock, a.m.
**** (Telephone Conference)

BEFORE: HONORABLE SUE L. ROBINSON, U.S.D.C.J.

APPEARANCES:

MORRIS, JAMES, HITCHENS & WILLIAMS
BY: KENT A. JORDAN, ESQ.

-and-

CUSHMAN, DARBY & CUSHMAN, L.L.P.
BY: STEPHEN L. SULZER, ESQ. and
GARY J. RINKERMAN, ESQ.
(Washington, D.C.)

Counsel for Plaintiff

Leonard A. Dibbs
Official Court Reporter

1 APPEARANCES (Continued):

2 RICHARDS, LAYTON & FINGER
3 BY: FREDERICK L. COTTRELL, III, ESQ.

4 -and-

5 WILLIAN, BRINKS, HOFER, GILSON & LIONE
6 BY: HAROLD V. JOHNSON, ESQ. and
7 CHRISTOPHER M. CAVAN, ESQ.
8 (Chicago, Illinois)

9 Counsel for Defendants

10 - - -

11 P R O C E E D I N G S

12 (REPORTER'S NOTE: The following is a telephone
13 conference in chambers, beginning at 10:00 a.m.)

14 THE COURT: This is Judge Robinson.

15 MR. JORDAN: Good morning, your Honor. This is
16 Kent Jordan.

17 If your Honor permits me, we will just have a
18 quick roll call. I am here for Discovision.

19 Stephen Sulzer and Gary Rinkerman are also
20 present for Discovision.

21 MR. COTTRELL: This is Fred Cottrell, your
22 Honor, along with Harold Johnson.

23 MR. JOHNSON: I also have Chris Cavan with me.

24 THE COURT: All right. Thank you.

25 I requested this telephone conference because I

1 feel this isn't the first time we have had motions for
2 protective orders filed. I have also made some changes to
3 my scheduling order to make sure that protective orders are
4 included among the broad scope of discovery disputes that
5 go through this process, rather than motions filed.

6 I haven't actually read the papers filed by
7 plaintiff. And perhaps counsel for the plaintiff would
8 fill me in on what the dispute is and see if we can't
9 resolve it without any further expenditure of time and
10 money on filing papers.

11 MR. SULZER: I would be delighted to, your
12 Honor.

13 Your Honor, we were served with a Rule 30(b)(6)
14 deposition notice by Disc Manufacturing, Incorporated,
15 seeking testimony from a witness on behalf of Discovision
16 with respect to two patents that are in suit in this
17 action.

18 One of them is the Dakin '326 patent, which is
19 a method for recording information on a rotatable storage
20 disk, in a substantially uniform recording density.

21 The other is the Wilkinson '538 patent, which
22 deals with a method of damping or lessening vibration to a
23 mastering machine. And the type of information that DMI is
24 seeking in this 30(b)(6) notice is what has caused us to
25 reach an impasse on whether this deposition should proceed.

1 The categories that are in DMI's attachment to
2 their deposition notice called for the bases for our
3 allegations that the Dakin and Wilkinson patents are
4 infringed, our contentions regarding which claims are
5 infringed, and which apparatus are accused of infringement,
6 the structure and function and operation of each DMI device
7 that is accused of infringing, and our contentions of how
8 each asserted claim of those two patents reads on the
9 accused DMI device.

10 Those four types of information are sought with
11 respect to each patent, both patents.

12 Now, the problem we have with this is that
13 when you take a good look at these categories or subjects
14 on which DMI wants testimony of a witness, it becomes
15 very, very apparent very quickly that we have subjects
16 here and examination of witnesses that calls for extremely
17 complicated mixed questions of law with respect to claim
18 interpretation and fact with respect to DMI's machinery.

19 The fundamental nature of that testimony we
20 believe is essentially expert witness testimony. The
21 witness best qualified to respond to these subjects in the
22 notice would be one of our technical experts who ultimately
23 will testify at trial on those infringement issues.

24 And the joint discovery plan that the Court
25 and the parties put in place in this case does not permit

1 expert witness discovery to begin until October of 1996.
2 And we feel that, in essence, this is an effort to
3 circumvent the joint discovery plan and seeking the
4 information regarding our contentions at a date premature
5 under the joint discovery plan.

6 The other point that we make in our brief is
7 that this type of discovery is better accomplished through
8 contention interrogatories than through the testimony of a
9 witness. The reason being it requires someone, typically
10 if not an expert, a lawyer to assemble a broad range of
11 information, in order to fix your contentions on patent
12 infringement.

13 You need to make legal decisions about claim
14 interpretation, as we know from the Federal Circuit's
15 Markman decision. That's a question of law.

16 One needs to evaluate the prior art and see if
17 it imposes any limits on the claim scope that is being
18 asserted. And one needs to look at the accused devices for
19 which you need factual information and, essentially, one
20 person that has to sit down and pull together all these
21 disparate types of information and evaluate them and meld
22 them into a contention about infringement.

23 A lawyer typically can do that in preparing
24 responses to contention interrogatories and have them
25 ratified by the client. And then the opponent typically

1 will get a well-reasoned infringement contention as they
2 are going to get in the discovery process.

3 But DMI has not elected to seek contention
4 interrogatories, but instead they have gone with this
5 process of trying to get the testimony of a live witness.
6 And that's the other basis for our objection. And that is,
7 if this is going to be done at all, it ought to be done by
8 contention interrogatories.

9 Finally, the timing of this exercise is
10 problematic in this sense: DMI already knows full well
11 which claims of each of these patents we are asserting
12 against them. We wrote them letters in response to their
13 request.

14 And, as we had promised the Court back in
15 September, the 15th of September, and after the Amended
16 Complaint was accepted on September 29th, setting forth
17 the claims in each of those patents that we alleged are
18 infringed by DMI, at least part because of this notice
19 they already know the answer to, i.e., which claims are
20 being asserted against them based on the knowledge we have
21 so far. And that's the point here.

22 The third point is that it is all based on the
23 knowledge we have thus far, and DMI has our knowledge about
24 infringement up to this point. We had detailed discussions
25 with DMI before the Complaint was filed in this case in

1 January of 1995.

2 Back prior to the Complaint being filed, we had
3 a meeting with DMI in their offices -- actually, the
4 parent's offices in Chicago. This was back, I believe, in
5 October -- October 26th, where we submitted claim charts to
6 DMI on each of those patents.

7 We then had an exchange of views about validity
8 and infringement on those patents. We sent a detailed
9 letter to Mr. Blanchard on November 14th, 1994, with more
10 detailed analyses and rebuttal about their arguments on
11 claim scope and invalidity.

12 We then had a letter from Mr. Blanchard on
13 December 13th, with further detailed arguments. Then we
14 had a meeting in Irvine at Discovision headquarters, and a
15 further letter from either Mr. Blanchard on February 3rd,
16 where all of these exchanges of information included a
17 detailed account of infringement out in Irvine, which
18 indicated to Disc Manufacturing as to what our contentions
19 are with respect to the infringement of these two patents
20 based on the information that we had available to us as we
21 were filing the Complaint.

22 What we have thus far, and what we have
23 produced from DMI, which we are in the midst of reviewing,
24 and we have not taken any depositions of DMI yet, so our
25 knowledge of infringement is only minimally advanced

1 beyond what we knew when the case began.

2 And yet DMI is asking us to respond to
3 discovery that essentially asks us for what they already
4 know. So the bottom line here is, Judge, I think it is
5 much more efficient and makes much more sense and is less
6 harassing to Discovery if discovery is done by
7 contention interrogatories towards the end of the
8 discovery period after we have enough information from DMI
9 to be able to focus our contentions as to infringement, and
10 give them some answers to these questions that will be of
11 some use to them.

12 THE COURT: All right. Thank you.

13 Let's hear from the defendants.

14 MR. JOHNSON: Certainly, your Honor, I agree
15 with some of Mr. Sulzer's statement about the give and
16 take between the parties as far as correspondence goes.
17 Yes, all that correspondence went back and forth.

18 This is how we look at it: We didn't choose to
19 make this a ten-patent case, okay. There are ten patents
20 involved here. The analysis on our part is proceeding at
21 different rates. We are ready to proceed on infringement
22 issues on these two patents.

23 The case law which, you know, if we have to,
24 and I think it is fairly clear, is that contention
25 discovery is appropriate when there's a likelihood that it

1 will lead to dispositive motions under Rule 56 or even
2 perhaps discovering a basis for a Rule 11 violation.

3 Those two patents that we're talking about, I
4 think, can be resolved based on the information that's
5 already known to Discovision. The Dakin patent that he
6 refers to deals with CLV. It is clear from the
7 description of the patent that their CLV system is based
8 on actual measurement of head position with respect to
9 the disk.

10 We think that the claims have to be construed
11 that way. And we intend to file a summary judgment motion
12 on it.

13 As far as interrogatories go, we are entitled
14 to our discovery in the manner that we see fit, in the
15 manner which is most appropriate. And the case law that
16 they cite in their brief, which you haven't read,
17 recognized the limitations on contention infringement
18 interrogatories.

19 They are drafted by attorneys who, you know,
20 obviously are not going to give up any information that
21 they don't feel is appropriate. Even if there is a
22 follow-up contention interrogatory, it is a very long
23 process. DVA is not your typical patent party. It is a
24 licensing arm. It's full of patent attorneys whose job it
25 is to interpret patents.

1 They have technical people. They have had
2 consultants, who may or may not be their experts at trial,
3 come in and inspect our equipment. There is no reason at
4 all why they shouldn't and couldn't produce a witness who
5 could testify about the subject matter of the deposition
6 notice.

7 Now, as far as the actual categories
8 themselves, yes, they have told us what claims they're
9 asserting, but they haven't told us against what devices.
10 They haven't told us whether the infringement is literal or
11 under the doctrine of equivalents.

12 They have taken some positions in the
13 correspondence that Mr. Sulzer refers to that I don't think
14 that a witness under oath will confirm. I'm not saying
15 that Mr. Sulzer doesn't believe what he said in his
16 correspondence. I just think it is a technical matter that
17 some of the things are unsupportable and perhaps maybe
18 there was some posturing going on for purposes of trying to
19 resolve this thing in settlement.

20 But the fact of the matter is, we think that
21 there is somebody at DVA who could answer these things,
22 and should answer these things. It will advance this
23 litigation if we are permitted to take this discovery
24 early. We fully expect to file summary judgment on both
25 of these patents. And we would like just to get on with

1 it and do what we need to do.

2 THE COURT: Thank you, counsel.

3 There is always truth on both sides to any
4 question. I think there is truth in my admittedly limited
5 experience. I have never heard of contention depositions
6 in complex matters this early on in the litigation.

7 On the other hand, it is my practice to allow
8 contention interrogatories to go forward early on in a case
9 and not wait until the end of the case.

10 It seems to me as though a party who files a
11 suit has to have some contentions and should be required to
12 set those contentions forward under oath. And if they need
13 to be amended as the course of discovery goes forward,
14 that's their obligation to do so.

15 I don't believe it makes sense, and I believe
16 that entitlement to discovery is always limited by good
17 sense, and that contention depositions make no sense this
18 early on, but that contention interrogatories do. And the
19 plaintiff would be required to answer them and would be
20 required to answer them in a way that is helpful;
21 otherwise, I will get involved again.

22 So as far as the dispute that is presently
23 before me, I will grant the motion for -- I will indicate
24 that the depositions should not go forward, but that the
25 contention interrogatories, if propounded, should be

1 answered promptly and helpfully. Otherwise, the Court will
2 get involved and will do what it has to do to help the
3 defendant get the information it needs.

4 Is there anything we need to address today?

5 MR. JOHNSON: Yes, your Honor. There is one
6 other matter.

7 We were drafting a letter to send to you, but
8 since we're all on the phone, maybe we can raise it right
9 now. And that has to do with a consultant and perhaps
10 expert that has been retained by DMI by the name of Paul
11 Day.

12 Mr. Day was an employee of DVA for two years,
13 approximately 15 years ago. He agreed he would not divulge
14 any DVA confidential information. We served DVA with a
15 copy of his undertaking, and they have objected to his
16 receiving confidential information.

17 There is no, I guess, agreed-upon procedure for
18 resolving this dispute. We're bringing it to the Court's
19 attention now. Our belief -- and certainly Mr. Sulzer can
20 respond to it. But we don't know what information he
21 possibly could have that would affect his ability to be an
22 expert after 15 years. And certainly anything that
23 occurred after he left.

24 He would just be like any other expert who was
25 seeing this information for the first time. So I think

1 the objection, until I hear a real good reason as to why,
2 is not well founded. And I think it is disruptive of
3 DMI's attempt to get his case ready for trial. It's an
4 unwarranted interference with somebody's ability to make a
5 living based on employment that occurred an awfully long
6 time ago.

7 THE COURT: Should we hear someone from the
8 plaintiff's side?

9 MR. SULZER: I must say that it comes as
10 something of a surprise to us this morning to have the
11 issue of Mr. Day raised. I will try to respond to Mr.
12 Johnson's comments.

13 Our concern and objection to Mr. Day seeing
14 confidential information under the protective order is
15 based on the notion that Mr. Day had confidentiality
16 obligations to Discovision as his former employer. We
17 don't believe those obligations have changed in any way.
18 And we don't see, in a practical sense, how Mr. Day will be
19 able to build a Chinese wall inside his own mind and keep
20 fully segregated the information he obtains under the
21 protective order and the information he previously had from
22 his work at Discovision.

23 Our concern is that if Mr. Day is used as a
24 consultant or as an expert in this litigation, that
25 information which he really has no legal right to be

1 using in DMI's behalf will be hopelessly mixed together
2 and intertwined with information he received under the
3 protective order as he renders whatever consulting
4 services or gives whatever opinions he's going to give to
5 DMI.

6 It is a practical problem that we face that
7 we think that Mr. Day is not the appropriate person for
8 DMI to be utilizing to evaluate confidential information
9 from Discovision, lest he be unable to, as I think any
10 person would be able to, unable to keep segregated what he
11 gets in the litigation from what he received in his
12 previous work.

13 THE COURT: Are you telling me that this
14 confidentiality agreement had no limits to it?

15 MR. SULZER: I have not seen a copy of it, your
16 Honor.

17 My client has informed me that he executed a
18 writing when he was there. I don't know the precise terms
19 of it.

20 What I would propose to do is to submit a
21 letter to the Court that lays out our position in greater
22 detail and address an issue like whether there is a
23 duration as to his confidentiality obligation.

24 THE COURT: Can I say something and cut this
25 short?

1 I don't know that I need to resolve this today.
2 Let me lay some groundwork.

3 It seems to me a confidentiality agreement with
4 no limits is unreasonable. It seems to me that in the 15
5 years, if I understood that information correctly, since
6 this individual left, even with my limited knowledge of
7 this technology, it seems to me as though the technology
8 has changed dramatically in 15 years.

9 MR. SULZER: May I please respond to that?

10 THE COURT: Yes.

11 MR. SULZER: That's a telling point here. The
12 work that Mr. Day may have been exposed to -- and we're
13 still digging for all the details of that -- but the work
14 he may have been exposed to in the time frame that he
15 worked at Discovision may very well be the exact subject
16 matter of some of the patents in suit.

17 If you look at the dates of some of the patents
18 in suit and the subject matter of those patents, they do go
19 back quite a ways in time. And in that sense it's not
20 unreasonable to find here that Mr. Day does have
21 confidential information from Discovision that bears
22 directly on the questions of what work was being done and
23 what work was patented that is now in suit.

24 THE COURT: What I'm saying is, without getting
25 into a long discussion here, I think 15 years is an

1 unreasonable time limit, unless the plaintiff can point to
2 specific issues before the Court to which this individual
3 has specific access that is still pertinent today.

4 Unless you can point to that kind of specific
5 conflict, as opposed to some general conflict that he was
6 there 15 years ago and might have some general information,
7 I believe that there should be no bar to his serving as an
8 expert for the defendant.

9 MR. SULZER: I understand what you are saying.

10 What we will undertake to do is a focused
11 inquiry with our client to determine whether or not such
12 specific knowledge exists on the part of Mr. Day. If
13 there is no specific knowledge that we can point to, then
14 we will withdraw our objection to them.

15 If we do have something specific, we will
16 write it up in a letter and submit it to the Court and to
17 opposing counsel, if it pleases your Honor.

18 THE COURT: Thank you very much.

19 Are there any other issues that we can
20 helpfully address this morning?

21 MR. JOHNSON: The only question I would have
22 would be a timetable for that analysis.

23 MR. SULZER: I would think we could get this
24 done within seven days, a letter out the door, or else have
25 the objection withdrawn within seven days.

1 MR. JOHNSON: That's terrific.

2 THE COURT: That is certainly a quicker
3 timetable than I had thought. Under the circumstances,
4 with the holiday season, whatever holidays you happen to
5 celebrate, it seems to me that if you can't get it done in
6 seven days, I'm not going to be upset. And hopefully
7 opposing counsel will not either.

8 Let's say by the end of the month, at least.

9 MR. SULZER: Very good, your Honor.

10 THE COURT: Anything else, counsel?

11 MR. JOHNSON: Not at this time, your Honor.

12 THE COURT: All right. We have had a court
13 reporter here for it. Thank you very much for your time.

14 We will at this point, as far as the motion
15 which has been docketed, indicate that it has been resolved
16 on the record.

17 Thank you for your time.

18 MR. SULZER: Thank you, your Honor.

19 MR. JOHNSON: Thank you, your Honor.

20 (End of telephone conference.)

21

22

23

24

25

 (handwritten signature)
 Clerk of Court
 U. S. District Court