

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

CHAMBERS OF  
RONALD J. HEDGES  
UNITED STATES MAGISTRATE JUDGE

MARTIN LUTHER KING, JR.  
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July 7, 2004

**LETTER-OPINION AND ORDER**  
**ORIGINAL FILED WITH CLERK OF THE COURT**

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Re: **Mosaid Techs. Inc. v. Samsung Elecs. Co., et al.**  
**Civil Action No. 01-CV-4340 (WJM)**

Dear Counsel:

**INTRODUCTION**

This matter is before me on plaintiff's motion for sanctions. I have considered the papers submitted in support of and in opposition to the motion, together with papers submitted in response to a Dunbar notice. I heard oral argument on May 10 and July 1, 2004.

**DISCUSSION**

The discovery disputes at issue are established on the record, and I will not set them forth here. Plaintiff seeks the following sanctions:

- (1) a finding of infringement as to the 512M/1G parts for which defendants refused to produce schematics before the close of discovery;
- (2) an order that proof of infringement as to representative parts will determine infringement of all parts (except those already subject to a finding of infringement), and that plaintiff may elect specific representative parts and shall provide its representative infringement analyses in its expert reports;
- (3) an order that defendants are precluded from challenging plaintiff's expert evidence as to the operation of the representative parts based on any assumptions made as part of performing simulations or other analyses of representative DRAMs; and
- (4) a jury instruction adverse to defendants based on their destruction and non-production of e-mail.

(Pl.'s Br. of 6/24/04, at 3-4.) Plaintiff also seeks, and I have already granted, monetary sanctions measured by plaintiff's attorneys' fees and costs.

As I indicated during the July 1 hearing, I will not recommend the severe sanction of a finding of infringement. I now turn to plaintiff's second, third, and fourth requested sanctions, as well as to appropriate monetary sanctions.

#### I. *Order Concerning Interchangeability of Parts*

Defendants having argued that produced schematics are representative of non-produced schematics – an argument squarely contradicting their past position and made, it would appear, solely to advance a “no prejudice” defense – they are estopped from arguing the contrary at trial. If defendants' most recent position is true, then they have wasted a tremendous amount of plaintiff's and this Court's time and resources. Plaintiff's request for an order concerning the interchangeability of parts is GRANTED.<sup>1</sup> It is hereby ordered that proof of infringement as to representative parts shall determine infringement for all parts, other than those already subject to a finding of infringement. It is further ordered that plaintiff may elect specific representative parts and shall provide its representative infringement analysis in its expert reports.

#### II. *Order Concerning the Challenge to Expert Evidence Based on Simulation*

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<sup>1</sup>Defendants assert that they proposed to plaintiff in early 2004 a stipulation to this effect. If this is so, defendants surely will have no objections to this aspect of my Order.

### *Assumptions*

Plaintiff seeks to preclude defendants from challenging plaintiff's expert evidence with respect to the operation of the representative parts if such challenge is based on any assumptions made as part of performing simulations. The request rests primarily upon defendants' failure to produce their own netlists, which are, according to plaintiff's expert (see Nagel Decl. ¶¶6-12), necessary to perform simulations. The netlists are needed, plaintiff represents, because they include defendants' built-in assumptions, which cannot be recreated by deriving a netlist from mere schematics.

Defendants respond by reiterating that plaintiff can create its own netlists – an argument that was made during the first round of briefing – but this contention has now been contradicted by plaintiff's expert. Defendants further submit that plaintiff does not need netlists, owing to the newly asserted fact that all parts are the same for purposes of infringement, and also to the fact that plaintiff can present its case without them. The former basis, again, calls into question defendants' conduct to date. Moreover, if defendants' position is true, and the assumptions built into simulations are not relevant, they should have no objection to what would in effect be a superfluous order. The latter basis, namely plaintiff's ability to present its case, is not for defendants to decide unilaterally. Plaintiff is certainly entitled to discovery on its, rather than its adversaries', theory of the case. See Bowman v. Rhodes, 64 F.R.D. 62, 67-68 (E.D. Pa. 1974).

In light of the arguably indispensable nature of netlists (see Nagel Decl. ¶¶ 6-12), defendants' refusal to provide them in any meaningful quantity, and defendants' unconvincing arguments, plaintiff's request is GRANTED. Defendants are precluded from challenging plaintiff's expert evidence as to the operation of the representative parts insofar as such challenges rest on any assumptions made as part of performing simulations or other analyses of representative DRAMs.

### III. *Adverse Inference Jury Instruction Concerning E-Mails*

Defendants make several unconvincing attempts to challenge plaintiff's fourth request. They first claim that plaintiff never asked for e-mail, citing to plaintiff's definition of "document" in the latter's documents request. This argument is without merit. Plaintiff, while failing to use the actual term "e-mail," includes within its definition of "documents" ("without limiting the generality" of terms) the following: "typed ... matter," "letters," "correspondence," "notes to the files," "interoffice communications," "statements," and the like. (Pl.'s First Set of Doc. Reqs., at 3.) No reasonable litigant could believe that this request did not include e-mails. Moreover, defendants, in attempting to demonstrate plaintiff's lack of clarity concerning the latter's documents request, argue that defendants expressly asked for e-mails in their own requests. This contention, however, underscores defendants' belief that e-mails are an essential source of evidence.

Defendants next equate their failure to produce a single technical e-mail with the mere possibility that plaintiff, notwithstanding its significant production of e-mails, deleted

“potentially relevant or responsive email.” (Defs.’ Br. at 14.) This argument is nothing more than an attempt to obfuscate the real issue and is likewise without merit.

Finally, defendants argue: “Mosaid has yet to submit any evidence to the Court regarding prejudice from the lack of production of e-mail. Any last-minute claims Mosaid may make about prejudice it has suffered is contradicted by its inaction – Mosaid never raised the issue of email discovery until well after the close of discovery.” The prejudice resulting from complete and total e-mail spoliation seems particularly obvious. Further, plaintiff has submitted an affidavit by a former Samsung memory designer that testifies directly to the extensive and technical use of e-mail at defendants’ plants. (Kim Decl. ¶¶4-5.) Thus, in addition to defendants’ effective concession of absolute spoliation of technical e-mails, which is enough to support an inference, plaintiff has made a prima facie showing of relevance.

Plaintiff’s request is GRANTED. Defendants had sole control over the e-mails. See Thompson v. H.U.D., 219 F.R.D. 93, 101 (D. Md. 2003). They knew, or should have known, those e-mails were discoverable, given their heavy reliance on e-mails obtained from plaintiff during discovery, not to mention the obvious realities of modern litigation. And the fact that no technical e-mails were preserved, and that no “off-switch” policy existed, demonstrates, at the least, extremely reckless behavior. See 219 F.R.D. at 101. Moreover, while defendants should not in any event be permitted to argue irrelevance in light of this breathtaking and absolute spoliation, plaintiff has submitted evidence of the e-mails’ relevance. See 219 F.R.D. at 101.

Plaintiff shall submit its proposed jury instructions within 14 days of the date herein. Defendants’ response shall be due 14 days thereafter.<sup>2</sup>

#### IV. *Monetary Sanctions*

Defendants are hereby ordered to pay the following monetary sanctions:

- (a) reasonable attorneys’ fees and costs associated with the motion sub judice; and
- (b) reasonable attorneys’ fees and costs associated with plaintiff’s attempts to secure discovery.

Plaintiff shall submit an affidavit setting forth such expenses within 14 days of the date herein. Defendants’ response shall be due 14 days thereafter.

### **CONCLUSION**

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<sup>2</sup>The parties are referred to Stevenson v. Union Pac. R.R., 354 F.3d 739, 746-50 (8th Cir. 2004), for a discussion of adverse inference instructions.

For the reasons set forth above, plaintiff's request for a finding of infringement is DENIED. Plaintiff's requests for its second, third, and fourth sanctions is GRANTED. Defendants shall also pay monetary sanctions, the amount of which will be determined pursuant to my instructions set forth herein.

SO ORDERED.

s/ Ronald J. Hedges  
United States Magistrate Judge

Copy: Judge William J. Martini