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主旨: ASUSTeK (Force MOS) Summary of Pre-Trial Conference

PRIVILEGED & CONFIDENTIAL

Dear All,

I am writing to provide a summary of the Pre-Trial Conference that we conducted with Chief Judge Gilstrap last week in the Force MOS case. The conference went well for our side overall. Chief Judge Gilstrap heard arguments on a large number of issues. We won some, and we lost some. But we consider the Pre-Trial Conference to be a success for two main reasons: (1) we won the most important issues; and (2) ASUSTeK gained credibility with Chief Judge Gilstrap, whereas Force MOS may have lost some credibility. In fact, the judge had to extend the conference into a second day because he was angry that Force MOS had violated his order by combining too many documents into a single exhibit (e.g., 1001 SEM images directed to 7 different components in just one trial exhibit).

Below we provide a detailed summary of the proceeding. If you have any questions, please let us know.

Mediation Order

At the end of the conference, Chief Judge Gilstrap ordered the parties to try mediation again with Judge Folsom before the January 13 trial. Force MOS agreed (off the record) that the mediation will be by Zoom. We are coordinating schedules, and we expect to conduct the mediation around the middle of this month.

Biggest Wins of the Pretrial Conference

Our two biggest wins relate to Force MOS's SEM evidence and ASUSTeK's sales data.

Force MOS's SEM Evidence - Prior to the Pre-Trial Conference we forced Force MOS to withdraw hundreds of SEMs that it had produced through MA-Tek, which was a major victory by itself. That left Force MOS with only the 1,001 Microtech SEMs. We objected to Force MOS using any of the SEMs that Dr. Neikirk did not address in his expert report. We are pleased to report that Chief Judge Gilstrap agreed with us, and he admitted only 7 SEM images into evidence. We believe it will be difficult for Force MOS to prove infringement with only those 7 SEMs in evidence, as explained in more detail below.

The judge told Force MOS that it could use other SEMs as demonstrative exhibits, which may be shown to the jury but are not evidence. We will object to any demonstrative exhibits or expert testimony that exceed the scope of Dr. Neikirk's expert report. The judge will not rule on those objections until trial, but he acknowledged our position and stated that it is our right to do so. We think the possibility that Force MOS may be limited only to 7 SEMs makes Force MOS nervous.

ASUSTeK's Sales Data - Chief Judge Gilstrap ruled that we can use the ASUSTeK "maximum slot count" data at trial. He was skeptical of this data at first, but after we explained it to him in detail he credited our approach as reasonable. This provides a much more favorable and realistic count of the accused components than Force MOS's approach. We think ASUSTeK gained credibility in the exchange.

Exhibit Objections

Chief Judge Gilstrap does not like to rule on exhibits, so we were judicious—and successful—with our objections, challenging only three categories of exhibits:

1. We objected to Force MOS's plan to display the live ASUS.com website during trial. Force MOS's counsel responded by standing up to withdraw this "exhibit" in the middle of our objection—even before the judge ruled on it.
2. We objected to a self-serving PowerPoint presentation that Force MOS prepared to make itself look good to the jury. Force MOS also withdrew this exhibit before the Court ruled on it.
3. As noted above, we objected to all SEMs that Dr. Neikirk did not discuss in his expert report. Chief Judge Gilstrap sustained our objections and permitted only 7 of the 1,001 Microtech SEMs into evidence. A detailed listing of the specific accused components and asserted patents affected by these 7 SEMs appears below.

Chief Judge Gilstrap also sustained some of Force MOS's objections, but not on any exhibits that are critical for us at trial. As to two of our exhibits (Inergy and Panjit documents on which our damages expert relied), the judge ordered ASUSTeK to request short depositions from Inergy and Panjit to provide more information about the documents. These two exhibits are important, so we are coordinating with Inergy and Panjit to arrange the depositions.

Summary Judgment Motions

Chief Judge Gilstrap rarely grants summary judgment motions, and he continued that trend here. The judge did not grant any of the parties' summary judgment motions, but he did delay his decision on one of our motions and asked the parties for additional briefing.

- **ASUSTeK Motion Regarding Lack of Standing to Assert the '409 Patent**

This is the motion on which the judge delayed his decision. He ordered the parties to submit additional briefing addressing the defects we have identified in the Force MOS assignment documents and whether those defects can be cured. Those briefs are due on December 5.

- **ASUSTeK Motion re Invalidity of the '346 Patent Due to Incorrect Inventorship**

Taking a very strict approach, Chief Judge Gilstrap denied this motion because M.T. Chung was not asked at his deposition about every feature of every asserted claim. The judge ruled that he could not grant our motion without testimony about every claimed feature confirming that M.T. Chung did not invent that feature. We can still present this defense at trial, but it will be difficult to provide any further evidence if M.T. Chung does not attend trial. (Even if the Court had granted this motion, we expected Chief Judge Gilstrap would likely order the inventorship error corrected.)

- **ASUSTeK Motion re Force MOS Failure to Mark and No Direct Infringement**

Chief Judge Gilstrap denied our motion as to marking because he found that we had not met our initial burden of identifying specific Force MOS products as having been imported but not marked. We addressed the topic specifically in Dr. Ugone's expert report, but there had been no disclosure of the argument earlier in the case.

As to direct infringement, the judge expressed concern that the defense was raised only late in the case and denied our motion because he found there are factual disputes that the jury must decide. For example, the judge ruled that the jury must consider ASUSTeK's ownership of the ASUS.com domain name and ASUS trademarks, both of which are used by ASUS Computer International to sell the accused products in the United States. In light of the court's ruling, we are further studying the court's recent decision in the *Orange Electronics* case to evaluate whether to present the no-direct-infringement argument or withdraw the defense.

- **Force MOS Motion re Inequitable Conduct Intent as to All Patents**

The judge delayed ruling on this motion until after the jury trial. The judge had already ruled that he would address inequitable conduct separately in a bench trial if necessary after the jury trial. We are maintaining inequitable conduct claims for the '634 and '409 patents. We withdrew the much weaker inequitable conduct claim for the '346 patent.

- Force MOS Motion re Inequitable Conduct on the '346 Patent

This motion was moot because of our withdrawal of the '346 inequitable conduct claim.

Daubert Motions to Strike

- Force MOS Motion to Strike Opinions of Dr. Shanfield

Force MOS moved to strike 5 portions of Dr. Shanfield's opinions. We withdrew one of the opinions, and the Court granted the motion on one opinion. For the other three, the court denied Force MOS's motion.

The withdrawn/struck opinions will not significantly affect the trial. One relates to non-infringing alternatives, which are far less important since the judge granted our motion to strike Force MOS's claim for lost profits (which significantly reduced the potential damages amount). The other relates to a non-infringement opinion Dr. Shanfield provided that conflicts with the court's subsequent Claim Construction Order. We would have had a difficult time presenting that opinion at trial anyway.

- Force MOS Motion to Strike Opinions of Dr. Ugone

Chief Judge Gilstrap granted this motion for reasons similar to the marking decision discussed above. The judge found that ASUSTeK had not disclosed non-infringing alternatives in Dr. Shanfield's opening report. The judge also concluded that ASUSTeK had not sufficiently disclosed non-infringing alternatives during fact discovery, and that it was too late to argue this for the first time in a rebuttal damages expert report. Again, the issue of non-infringing alternatives is far less important now that lost profits are out of the case.

Motions in Limine

Nothing significant happened in the MIL rulings.

Impact of Limiting Force MOS SEMs

Chief Judge Gilstrap's ruling on the Force MOS SEMs will significantly impact Force MOS's infringement claims at trial. As noted above, the judge admitted only 7 of the 1,001 SEMs that Force MOS initially offered. Those 7 SEMs relate to the following components and asserted patents:

- 634 Patent
 - Panjit 2N7002K - 1 image
 - Panjit 2N7002KDW - 1 image
 - LRC L2N7002SLT1G - 1 image
 - uPI - QM3016AM - 1 image
 - uPI - QM3058M6 - 1 image
- 409 Patent
 - Panjit 2N7002K - 1 image
 - LRC L2N7002SLT1G - 1 image
- 346 Patent
 - None

As noted above, Chief Judge Gilstrap said that Force MOS may use other SEM images as demonstrative exhibits, but that would be subject to our objection that Force MOS cannot use SEMs that Dr. Neikirk did not discuss in his expert report on infringement.

We already won a major victory when we forced Force MOS's to withdraw all of the MA-Tek images. Now Force MOS is left with very few SEMs related to the disputed claim limitations. Beyond the 7 SEMs listed above, we

believe there may be only one other relevant SEM that Dr. Neikirk discussed in his report and could be used as a demonstrative exhibits. That one image relates to the 634 Patent and the EMC EMB20N03V.

Beyond that, Force MOS might try to argue that it can use some of the other 993 Microtech SEMs as demonstratives even though Dr. Neikirk did not discuss them in the relevant sections of his expert report. We will continue to object to this, and we feel strongly about the objections. Chief Judge Gilstrap is normally very strict about limiting expert witnesses to the opinions disclosed in their expert reports. If he follows that approach in our case, then he will not permit Force MOS to use any of these other SEMs as demonstrative exhibits for the disputed limitations of the asserted patents.

Trial Schedule

Our trial remains scheduled to begin on January 13. However, the judge still has a very busy trial calendar, with multiple cases scheduled for trial on that same day. We think it is likely that the judge will postpone our trial again to a later date. For now, we are continuing to prepare for the January 13 trial.

If you have any other questions, please let us know

Best regards,
Charlie

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vCard Bio

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