

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
TYLER DIVISION**

**INTERNET MACHINES LLC**

**v.**

**ASUS COMPUTER  
INTERNATIONAL, ET AL.**

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**Case No. 6:10-cv-548**

**ORDER**

Before the Court is Defendants PLX Technology Inc., ASUS Computer International, Avnet, Inc., CDW Corp., CDW LLC, Mouser Electronics, Inc., and Phoenix Electronics Corp.’s Motion for Protective Order and to Stay Litigation (Doc. No. 109) and Plaintiff Internet Machines, LLC’s Motion to Compel the Depositions from the Defendants and Request for Expedited Briefing and Submission Schedule (Doc. No. 110).

Plaintiff Internet Machines LLC (iMac) filed this suit against Defendant PLX Technology, Inc. (PLX) and Defendants ASUS Computer International, Avnet, Inc., CDW Corp., CDW LLC, Mouser Electronics, Inc., and Phoenix Electronics Corp. (Downstream Defendants) (collectively Defendants) alleging infringement of United States Patents Nos. 7,421,532, 7,454,552, and 7,814,259. In particular, iMac accuses certain PCI Express switches (PCIe switches) of infringing the asserted patents.

PLX manufactures the accused products while the remaining defendants distribute the accused products, incorporate the accused products into other devices, or sell devices which incorporate the accused products. The Downstream Defendants now seek to stay the litigation between themselves and iMac pending the resolution of iMac’s claims against PLX. Defendants also seek protection from iMac’s allegedly cumulative and duplicative discovery requests. iMac opposes Defendants’ motion and moves to compel depositions and e-mail production. Having

carefully considered the parties argument, the record, and the applicable law, the Court **DENIES** Defendants' motion to stay (Doc. No. 109) and **GRANTS IN PART** iMac's motion to compel (Doc. No. 110).

#### **A. Downstream Defendants' Motion to Stay**

A district court has the inherent authority to stay proceedings. “[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants.” *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936). In deciding whether to stay a proceeding, the Court “must weigh competing interests and maintain an even balance.” *Id.* at 254–55. Specifically, the Court “must first identify a pressing need for the stay, and then balance those interests against interests frustrated by the action.” *In re Sacramento Mun. Util. Dist.*, 395 F. App'x 684, 687–88 (Fed. Cir. 2010) (citing *Cherokee Nation of Okla. v. United States*, 124 F.3d 1413, 1416 (Fed. Cir. 1997)); *see also* *Nguyen v. BP Exploration & Prod., Inc.*, Civil Action No. H-10-2484, 2010 WL 3169316, at \*1 (S.D. Tex. Aug. 9, 2010) (addressing factors such as: (1) the potential prejudice from a brief stay; (2) the hardship and inequity if the action is not stayed; and (3) the judicial resources that would be saved by avoiding duplicative litigation).

The Downstream Defendants argue that PLX, as the product manufacturer, is the only true defendant in this case and that the resolution of iMac's claims against PLX would moot any dispute between iMac and the Downstream Defendants. According to the Downstream Defendants, iMac's sole liability theory in this suit—and in the earlier filed and concurrently pending *Internet Machines LLC v. Alienware Corp.*, No. 6:10-CV-23 (E.D. Tex. filed Feb. 2, 2010)—is founded upon PLX's sale of infringing products. The Downstream Defendants claim that iMac has not asserted any separate or independent theory of infringement against them. As

such, the Downstream Defendants urge the Court to stay their proceedings until the resolution of iMac's claims against PLX.

Even though PLX has not yet presented its non-infringement theories in this case, iMac contends that PLX's non-infringement position in the earlier filed *Alienware* action is contrary to the Downstream Defendants' assertions here. iMac's infringement contentions in that case involve two of the three patents at issue here and present nearly identical infringement allegations. In *Alienware*, PLX maintains that it does not ship the accused products in an infringing state and that it is ignorant of any downstream configuration by its distributors or retailers. iMac states that if PLX is correct, it will nevertheless have to proceed against the Downstream Defendants who configured the products into infringing ones. Thus, iMac concludes that a stay would be inefficient and financially burdensome because it would require a second suit against the Downstream Defendants in the event PLX succeeds at trial.

The Downstream Defendants claim it is in the interest of judicial economy to grant a stay. The Court disagrees. Granting a stay would interfere with iMac's ability to effectively litigate its suit. In addition to PLX, the Downstream Defendants are real parties of interest in this case. It would be unnecessarily duplicative to require iMac to proceed against the Downstream Defendants at some later time in the event iMac's claims against PLX fail. *See Lifelink Pharm., Inc. v. NDA Consulting, Inc.*, No. 5:07-CV-785, 2007 WL 2459879, at \*3 (N.D. Ohio Aug. 24, 2007). Judicial economy would be better served by allowing iMac to proceed against PLX and the Downstream Defendants contemporaneously. Additionally, the Downstream Defendants have not identified any hardship or inequity that would result if this action is not stayed. Because a stay in this case would needlessly prolong litigation, the Court denies the Downstream Defendants' motion to stay.

## **B. iMac's Motion to Compel**

iMac also accuses the Defendants of stonewalling the deposition process. iMac contends that the Downstream Defendants refuse to appear for any Rule 30(b)(6) depositions. Fed. R. Civ. P. 30(b)(6). iMac further alleges that it noticed Rule 30(b)(1) depositions of Avnet, Inc employees and ASUS Computer International employees but none have been produced. Fed. R. Civ. P. 30(b)(1). iMac also noticed the deposition of PLX employees Arthur Whipple and Larry Chisven, yet PLX declined to proffer either individual. iMac now requests the Court to compel these depositions. Lastly, iMac requests the Court to compel PLX to produce e-mails relating to non-transparent ports, "NT" ports, non-transparency, isolation, address domains, memory domains, isolated subsystems, failover systems, dual processor systems, and dual host systems.

Rule 26 governs the scope of discovery, providing that "[p]arties may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defense" or "appears reasonably calculated to lead to the discovery of admissible evidence." Fed. R. Civ. P. 26(b)(1). The discovery rules are accorded a broad and liberal treatment to affect their purpose of adequately informing litigants in civil trials. *Herbert v. Lando*, 441 U.S. 153, 176 (1979). Nevertheless, discovery does have "ultimate and necessary boundaries." *Oppenheimer Fund, Inc. v. Sanders*, 437 U.S. 340, 351 (1978) (quoting *Hickman v. Taylor*, 329 U.S. 495, 507 (1947)). Accordingly, "the court must limit the frequency or extent of discovery" when it is "unreasonably cumulative or duplicative, or can be obtained from some other source that is more convenient, less burdensome, or less expensive." Fed. R. Civ. P. 26(b)(2)(C)(i). This includes limiting discovery when it is more burdensome than beneficial. Fed. R. Civ. P. 26(b)(2)(C)(iii).

The Downstream Defendants respond that any deposition of their employees would not serve a legitimate purpose since iMac only accuses PLX of infringement. Thus, the Downstream

Defendants urge the Court to grant a stay until the resolution of iMac's claims against PLX. In accordance with the Court's previous discussion, a stay in this case is inappropriate because the real parties of interest in this case include both PLX and the Downstream Defendants. The deposition of the Downstream Defendants is clearly relevant to the nature and extent of any infringement, their knowledge of any infringement by their customers, their knowledge of the configuration of the non-transparent ports, and damages. Accordingly, iMac is entitled to these depositions.

PLX responds that iMac's deposition requests are duplicative and cumulative of previously provided deposition testimony. PLX argues that iMac deposed Mr. Whipple on three occasions in *Alienware* and made him available as both a corporate representative and in his individual capacity. PLX concludes that Mr. Whipple's knowledge of the issues has been exhausted and that any further deposition would be unwarranted. iMac disputes that PLX provided Mr. Whipple in his individual capacity. In *Alienware*, iMac deposed Mr. Whipple on Rule 30(b)(6) topics for which he was designated by PLX. Although Mr. Whipple has previously been deposed under Rule 30(b)(6), iMac may also take his deposition in this case under Rule 30(b)(1). But as a Rule 30(b)(1) deposition, iMac may only inquire about Mr. Whipple's personal knowledge rather than his knowledge as a corporate designee. *See Harris v. Koenig*, 271 F.R.D. 356, 368 (D.D.C. 2010).

Regarding Mr. Chisven, PLX has voluntarily agreed to provide him for deposition. As such, iMac's motion is moot on this issue.

Pursuant to Rule 37, iMac requests that the depositions occur at the offices of iMac's counsel in either Houston or Longview, Texas. Fed. R. Civ. P. 37. "[A] corporation's agents and officers are normally deposed at the corporation's principal place of business and a witness is

normally deposed at his residence or place of employment.” *Mediatek, Inc. v. Sanyo Elec. Co., Ltd.*, No. 6:05-CV-323, 2006 WL 5709449, at \*1 (E.D. Tex. Aug. 9, 2006). “[T]he movant bears the burden to show good cause for the necessity of a protective order” to deviate from the general rule. *Id.* In determining whether a defendant should be deposed away from its place of business the Court looks to:

(1) whether the parties’ counsel are located in the forum district, (2) the number of corporate representatives the plaintiff seeks to depose, (3) whether the defendant has chosen a corporate representative that lives outside the principal place of business and forum district, (4) the likelihood of significant discovery disputes that require the court’s resolution, (5) whether the deponents often travel for business purposes, and (6) the equities related to the nature of the claim and the parties’ relationship.

*Id.* iMac’s only reason for conducting the depositions at either of its counsels’ offices is Defendants’ delay in providing the depositions. iMac does not address any of the above factors or explain the necessity for deviating from the general rule. Accordingly, iMac has not satisfied its burden to show good cause to depose Defendants at iMac’s counsel’s offices.

iMac additionally requests the Court to compel PLX to produce all e-mails relating to non-transparent ports, “NT” ports, non-transparency, isolation, address domains, memory domains, isolated subsystems, failover systems, dual processor systems, and dual host systems. PLX responds that it produced documentation from its database containing the requested communications and that any further production would be duplicative and cumulative. As examples of existing e-mails not contained in PLX’s database production, iMac references internal e-mails between PLX’s field application engineers and a portion of customer submitted e-mails.

iMac has not shown good cause for its request. Such a request is cumulative, overly broad, unreasonable, and unduly burdensome. iMac fails to address its purpose in seeking these

e-mails. iMac gives no indication how these e-mails are relevant or reasonably calculated to produce admissible evidence. iMac also neglects to explain why PLX's existing disclosure is insufficient or whether there exists a "more convenient, less burdensome, or less expensive" means of discovery. Fed. R. Civ. P. 26(b)(2)(C)(i). The ten technical terms iMac references do not focus on a discrete issue, rather they appear to cover a spectrum of topics. Furthermore, iMac does not address any specific custodians in possession of these e-mails or a relevant time frame for production. In this case, the burden and expense of the proposed discovery outweighs any likely benefit. *See* Fed. R. Civ. P. 26(b)(2)(C)(iii). Therefore, PLX is under no further obligation to reproduce the requested documentation.

### **C. Conclusion**

For the foregoing reasons, Defendants' motion to stay (Doc. No. 109) is **DENIED** and iMac's motion to compel (Doc. No. 110) is **GRANTED IN PART**. Accordingly, the Court **ORDERS** Defendants to produce their individuals for deposition no later than thirty (30) days from the entry of this Order.

**It is SO ORDERED.**

**SIGNED this 5th day of January, 2012.**



MICHAEL H. SCHNEIDER  
UNITED STATES DISTRICT JUDGE