

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

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

TIVO, INC. . DOCKET NO. 2:04CV01
VS. . TEXARKANA, TEXAS
ECHOSTAR COMMUNICATIONS . MAY 30, 2008
CORPORATION . 9:53 A.M.

STATUS CONFERENCE

BEFORE THE HONORABLE DAVID FOLSOM,
UNITED STATES DISTRICT JUDGE.

APPEARANCES:

FOR PLAINTIFF: MR. ANDREI IANCU
MR. MORGAN CHU
IRELL & MANELLA
1800 AVENUE OF THE STARS
SUITE 900
LOS ANGELES, CA. 90067

MR. SAMUEL F. BAXTER
MCKOOL SMITH
P.O. BOX O
MARSHALL, TX. 75670

FOR DEFENDANT: MR. HAROLD J. MCELHINNY
MR. JOSE L. PATINO
MORRISON & FOERSTER
425 MARKET ST. - 34TH FLOOR
SAN FRANCISCO, CA. 94105

MR. DAMON M. YOUNG
MR. JOHN PICKETT
YOUNG PICKETT & LEE
P.O. BOX 1897
TEXARKANA, TX. 75504

COURT REPORTED: MS. LIBBY CRAWFORD, CSR
OFFICIAL COURT REPORTER
500 STATE LINE AVENUE

TEXARKANA, TX. 75501
903.794.4067 EXT. 237

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

PROCEEDINGS RECORDED BY MANUAL STENOGRAPHY, TRANSCRIPT
PRODUCED BY CAT SYSTEM.

P R O C E E D I N G S

TEXARKANA, TEXAS

MAY 30, 2008

(OPEN COURT)

THE COURT: GOOD MORNING. PLEASE BE SEATED. WE ARE
HERE PURSUANT TO MY ORDER OF APRIL 23RD TRYING TO DETERMINE
AFTER THE FEDERAL CIRCUIT OPINION WHAT REMAINS TO BE UNDONE.
I HAVE READ YOUR CORRESPONDENCE. ARE THOSE BOTH A PART OF THE
RECORD?

MR. CHU: YES, YOUR HONOR.

MR. MCELHINNY: YES, YOUR HONOR.

THE COURT: SO SAVE ME THE ARGUMENT TODAY. YOU KNOW,
IF THIS CASE HOLDS TRUE FROM PAST ENCOUNTERS, YOU CAN AGREE
UPON NOTHING.

MR. CHU: WELL, WE ACTUALLY HAVE SOME GOOD NEWS, YOUR
HONOR.

THE COURT: GOOD. YOU HAVE AGREED.

MR. MCELHINNY: WE HAVE AGREED ON SOMETHING, YOUR
HONOR.

MR. CHU: THERE WAS INITIALLY A DISAGREEMENT ON THE
BILL OF COSTS. WE WERE ABOUT \$120,000 APART. YESTERDAY, WE
PROPOSED THAT WE SPLIT IT, AND THE PROPOSAL WAS ACCEPTED.

THE COURT: GOOD.

MR. CHU: SO I ASSUME IT WILL BE PAID VERY SOON.

THE COURT: THE CHECK IS IN THE MAIL.

1 MR. MCELHINNY: NOTHING ELSE, YOUR HONOR. WE WON'T
2 AGREE ON ANYTHING ELSE, BUT WE GOT THAT ONE.

3 THE COURT: WELL, YOU AGREED ON THE EASY ISSUE.
4 ANYWAY, I HAVE READ -- I AM AWARE OF YOUR POSITION. I SIMPLY
5 WANT TO HEAR FROM YOU WHAT BY WAY OF DISCOVERY AND TIME FRAME
6 FROM THE PLAINTIFF'S STANDPOINT, AND THEN WE WILL LET THE
7 DEFENDANT RESPOND. DO YOU THINK YOU NEED SIXTY, NINETY DAYS,
8 WHATEVER, TO ACCOMPLISH WHAT YOU FEEL NEEDS TO BE DONE AT THIS
9 POINT, HOW MUCH DISCOVERY, AND THEN WE WILL HAVE A RESPONSE ON
10 BEHALF OF ECHOSTAR.

11 MR. CHU: THANK YOU VERY MUCH, YOUR HONOR.

12 THE COURT: SO ESSENTIALLY WE ARE TALKING NOW TWO
13 UNRESOLVED ISSUES, THE INJUNCTION ISSUE AND THEN DAMAGES THAT
14 HAVE ACCRUED SINCE THE JUDGMENT.

15 MR. CHU: YES, EXACTLY. AND, GOOD MORNING. SAM
16 BAXTER, MORGAN CHU AND ANDREI IANCU ON BEHALF OF PLAINTIFF
17 TIVO. ON THE FIRST ISSUE, WHETHER THE INJUNCTION HAS BEEN
18 VIOLATED, THERE ARE REALLY TWO PARTS TO IT. WE BELIEVE THAT
19 WE COULD HAVE A HEARING AT THE EARLIEST POSSIBLE DATE
20 CONVENIENT FOR THE COURT TO DETERMINE WHETHER ECHOSTAR OUGHT
21 TO BE HELD IN CONTEMPT BECAUSE IT HAS VIOLATED THE INJUNCTION
22 ON ITS FACE. THE INJUNCTION STATES PLAINLY --

23 THE COURT: WELL, LIKE I SAID, I DON'T WANT TO HEAR A
24 BUNCH OF ARGUMENT. HOW LONG DO YOU THINK THAT NEEDS TO BE,
25 WHAT TIME PERIOD, AND WHAT DISCOVERY, IF ANY, IS NEEDED?

1 MR. CHU: FOR THE QUESTION OF WHETHER THERE IS A
2 VIOLATION ON ITS FACE, WE DON'T NEED ANY DISCOVERY BECAUSE THE
3 ONLY THING PERTINENT IS THE INJUNCTION ITSELF, THE TERMS OF
4 THE INJUNCTION, AND WHETHER THEY IN FACT VIOLATED IT OR NOT.
5 DID THEY DISABLE THE DVR FUNCTIONALITY?

6 THE SECOND PART OF THE INJUNCTION QUESTION IS THIS: IF
7 THE COURT SOMEHOW DECIDED THAT THAT WAS NOT A VIOLATION OF THE
8 INJUNCTION, THEN WE WOULD NEED SOME LIMITED DISCOVERY ABOUT
9 THEIR POSITION ON WHY THEIR SUPPOSED DESIGN-AROUND DOES OR
10 DOESN'T WORK; AND WE COULD TAKE THAT DISCOVERY, AT THE SAME
11 TIME, GOING TO THE SECOND ISSUE, WE WOULD BE TAKING DISCOVERY
12 WITH RESPECT TO DAMAGES.

13 WE SERVED UPON THEM A STATEMENT OF WHAT DISCOVERY WE
14 WANTED. WE WANT IT TO BE LIMITED DISCOVERY, AND WE ARE
15 REQUESTING THE COURT'S PERMISSION TO GO FORWARD WITH THAT
16 DISCOVERY. WE ARE HOPEFUL THAT WE WILL BE ABLE TO WORK OUT
17 DIFFERENCES OF OPINION IN DISCOVERY ALONG THE WAY.

18 IF WE ARE GOING DOWN THE DISCOVERY ROUTE, AND WE NEED TO
19 AT LEAST FOR DAMAGES, EVEN IF IT'S NOT FOR THE INJUNCTION, WE
20 WOULD THINK THAT ALL OF THAT OUGHT TO BE COMPLETED IN FORTY-
21 FIVE DAYS, IN THAT TIME PERIOD.

22 THE COURT: BUT ARE YOU SAYING THAT NEED NOT BE TAKEN
23 UP UNTIL I HAVE THE INITIAL HEARING AND A RULING ON THE
24 INITIAL PHASE OF THE INJUNCTION?

25 MR. CHU: YES, AND IN PARALLEL, DAMAGES' DISCOVERY

1 COULD GO ON WHILE WE ARE AWAITING THE HEARING AND RULING ON
2 THE INITIAL INJUNCTION CONTEMPT ISSUE. AND I THINK THAT'S
3 BASICALLY IT.

4 THE COURT: IS YOUR MOTION IN PLACE THAT TEES UP THE
5 FIRST ISSUE CONCERNING THE INJUNCTION?

6 MR. CHU: NO. WE WERE AWAITING THIS HEARING, YOUR
7 HONOR, AND, AS I SAID, THAT IS SOMETHING THAT WE COULD BE HERE
8 IN TWO WEEKS. WE COULD HAVE AN ACCELERATED BRIEFING SCHEDULE,
9 WHATEVER IS CONVENIENT.

10 THE COURT: I ASSURE YOU MY SCHEDULE DOESN'T ALLOW
11 TWO WEEKS. PROBABLY MORE LIKE TWO OR THREE MONTHS.

12 MR. CHU: WHATEVER THE EARLIEST POSSIBLE DATE IS,
13 YOUR HONOR.

14 THE COURT: SO HOW LONG WOULD YOU NEED TO FILE THAT
15 MOTION, A WEEK, TEN DAYS?

16 MR. CHU: TEN DAYS, YOUR HONOR.

17 THE COURT: VERY WELL. LET'S HEAR FROM MR. MCELHINNY
18 ON BEHALF OF ECHOSTAR.

19 MR. MCELHINNY: GOOD MORNING, YOUR HONOR. HAROLD
20 MCELHINNY, DAMON YOUNG, JOHN PICKETT AND MY PARTNER, JOE
21 PATINO, WHO I THINK IS NEW TO THE COURT.

22 WITHOUT REPEATING ANY OF THE ARGUMENT IN OUR LETTER, OUR
23 POSITION IS THAT THIS CASE, FOR ALL PRACTICAL PURPOSES, IS
24 CONCLUDED AND SHOULD BE CONCLUDED RELATIVELY QUICKLY.
25 OBVIOUSLY, WE ARE NOT PARTICULARLY INTERESTED IN A ROLLING

1 SERIES OF CONTEMPT HEARINGS DETERMINING ON IF THEY LOSE THE
2 FIRST ONE, THEN WE ROLL INTO THE SECOND. AND WE THINK THAT
3 THE FEDERAL CIRCUIT HAS MADE IT CLEAR THAT A PERSON WHO IN
4 GOOD FAITH IS ATTEMPTING TO DESIGN AROUND A PATENT SHOULDN'T
5 BE HELD TO A SERIES OF CONTEMPT HEARINGS, THAT THAT'S NOT THE
6 APPROPRIATE WAY.

7 SO OUR VIEW IS THAT JUST ON THE CONTEMPT PROCEEDING, OUR
8 VIEW IS THAT CONTEMPT IS NOT THE WAY. OBVIOUSLY THEY CAN FILE
9 WHATEVER MOTION THEY WANT. THE COURT IS NOT GOING TO PRECLUDE
10 THEM. BUT THE CASES ARE QUITE CLEAR THAT THE COURT AT A VERY
11 INITIAL STAGE MAKES A DETERMINATION ABOUT WHETHER CONTEMPT IS
12 OR IS NOT THE CORRECT PROCEDURE, BECAUSE IF DISCOVERY IS GOING
13 TO BE REQUIRED, IF THERE ARE AFFIDAVITS THAT ARE COMING IN, IF
14 THERE ARE EXPERTS, IF THERE IS A GOOD FAITH ATTEMPT TO DESIGN
15 AROUND, THEN CONTEMPT IS NOT THE CORRECT PROCEDURE TO GO
16 FORWARD.

17 THE COURT: WHAT DO YOU THINK THE CORRECT PROCEDURE
18 IS?

19 MR. MCELHINNY: THE CASES ARE QUITE CLEAR THAT THE
20 CORRECT PROCEDURE IS THAT TIVO FILES A NEW SUIT ACCUSING THE
21 NEXT PRODUCT OF INFRINGEMENT. THAT'S THE WAY THE QUESTIONS
22 ABOUT WHETHER PRODUCTS THAT HAVE NOT PREVIOUSLY BEEN BEFORE
23 THE COURT ARE RESOLVED.

24 SO ANSWERING DIRECTLY YOUR HONOR'S QUESTION, IF THEY
25 INTEND TO PROCEED THROUGH CONTEMPT, WE THINK IT WOULD BE VERY

1 HELPFUL FOR THEM TO FILE A MOTION. I THINK WE MADE CLEAR THAT
2 WE ARE NOT REALLY CLEAR -- IT'S NOT CLEAR TO US WHAT THEIR
3 SUMMARY CONTEMPT ARGUMENTS ARE. THE FIRST ONE SEEMS TO BE
4 THAT WE ARE IN -- WELL --

5 THE COURT: WELL, THEN OBVIOUSLY THE FILING OF A
6 MOTION MIGHT CLARIFY THAT.

7 MR. MCELHINNY: AND DECLARATIONS AND WHATEVER THEIR
8 SHOWING IS FOR WHY CONTEMPT IS APPROPRIATE WOULD BE HELPFUL.
9 IF WE ARE GOING TO GO DOWN THE CONTEMPT ROAD TO DETERMINE
10 WHERE THE CONTEMPT IS, WE WOULD PREFER TO DO IT IN ONE, YOU
11 KNOW, FELL SWOOP. I MEAN, IF THEY THINK THEY CAN GET CONTEMPT
12 ON THE DESIGN-AROUND RATHER THAN DOING, YOU KNOW, A FIRST
13 HEARING TO DETERMINE WHETHER OR NOT THERE IS A, YOU KNOW, A
14 PRIMA FACIE VIOLATION, THEN A SECOND HEARING, IF THE DISCOVERY
15 IS GOING TO BE GOING ON IN THE SAME TIME AND IF THE COURT IS
16 NOT GOING TO MOVE US IN FRONT OF EVERYTHING ELSE ON YOUR
17 SCHEDULE, THEN IT MAKES SENSE TO ME TO HAVE THEM HAVE ONE
18 CONTEMPT MOTION AND THEN THE COURT CAN DETERMINE --

19 THE COURT: AND DO THE DISCOVERY ON THAT ISSUE AND
20 DETERMINE THAT ISSUE IN ONE --

21 MR. MCELHINNY: IF THAT'S THE WAY IT'S GOING TO GO,
22 THEN THAT'S FINE. OUR, JUST SO THAT IT'S CLEAR FOR THE
23 RECORD, WE THINK -- WE THINK IT'S CERTAINLY IN OUR BEST
24 INTEREST, BUT WE THINK IT'S THE WAY THE COURT SHOULD PROCEED
25 IN TERMS OF ITS TIME, THAT THE COURT, BASED ON WHATEVER THEY

1 DO FILE, BASED ON, YOU KNOW, WHAT IS NOW IN THE RECORD IN
2 TERMS OF OUR LETTERS, THE OPINIONS OF COUNSEL, THE COURT CAN
3 MAKE A VERY PRELIMINARY DETERMINATION THAT THE NATURE OF THE
4 ISSUES THAT ARE GOING TO BE DISPUTED ARE NOT APPROPRIATE UNDER
5 THE FEDERAL CIRCUIT GUIDELINES FOR A SUMMARY HEARING, AND THAT
6 THEY SHOULD BE RESOLVED IN A MORE TRADITIONAL FASHION.

7 THE COURT: WHAT ABOUT THE DAMAGE ISSUE?

8 MR. MCELHINNY: THE DAMAGES ISSUE IS VERY
9 INTERESTING. AGAIN, THE MANDATE FROM THE COURT OF APPEALS
10 TELLS THIS COURT TO DETERMINE THE DAMAGES, IF ANY, WHILE THE
11 INJUNCTION WAS STAYED. IF THE COURT WERE TO DETERMINE, AS
12 FRANKLY I THINK THE LIKELY OUTCOME IS GOING TO BE, THAT, YOU
13 KNOW, THE RIGHT WAY TO DO THIS IS TO APPLY THE ROYALTY RATE
14 THAT THE JURY HAD DETERMINED --

15 THE COURT: AND, AGAIN, WE ARE NOT GOING TO RESOLVE
16 THAT ISSUE TODAY. I HAVE READ THE MICROSOFT CASE, AND
17 OBVIOUSLY THE PARTIES ARE GOING TO BE IN DISAGREEMENT ABOUT
18 THAT ISSUE. BUT WHAT ABOUT WHAT DISCOVERY, IF ANY, DO YOU
19 THINK IS APPROPRIATE, THAT NEEDS TO BE DONE, AND --

20 MR. MCELHINNY: WELL, IF WE ARE GOING TO HAVE A MINI-
21 TRIAL BEFORE YOUR HONOR ABOUT WHAT THE APPROPRIATE MEASURE OF
22 DAMAGES IS, THEN WE WOULD LIKE TO TAKE, YOU KNOW, THE SAME,
23 YOU KNOW, SORT OF THE SAME KINDS OF DISCOVERY BECAUSE WE WOULD
24 LIKE TO GO INTO THE CHANGED CIRCUMSTANCES AND THE LICENSES
25 THAT THEY HAVE ENTERED INTO, AND THE VALUE OF -- YOU KNOW, WE

1 HAVE TO RETRY THE ROYALTY ISSUE.

2 THE COURT: HAVE YOU GENTLEMEN HAD A CHANCE TO READ
3 THE ORDER I ENTERED IN *PAICE*, AT LEAST THE SCHEDULING ORDER?
4 YOU KNOW, MUCH THE SAME ISSUE, WHERE MR. BAXTER IS OBVIOUSLY
5 INVOLVED IN THAT CASE, WHERE I WENT FORWARD IN A PROCESS WHERE
6 A MOTION IS FILED WITH DECLARATIONS, AND A RESPONSE WITH
7 DECLARATION, AND EACH PARTY IS GIVEN THE OPPORTUNITY, IF YOU
8 DESIRE, TO DEPOSE THE PERSON WHO EXECUTED THE DECLARATION, AND
9 LIMIT IT TO ABOUT THREE HOURS. DO YOU THINK THAT SORT OF
10 ARRANGEMENT WOULD BE APPROPRIATE ON THIS ISSUE?

11 MR. MCELHINNY: I AM FAMILIAR WITH THE ORDER, AND WE
12 THINK THAT THAT WOULD BE EXACTLY APPROPRIATE FOR THIS, YOUR
13 HONOR.

14 THE COURT: MR. CHU?

15 MR. CHU: YES, WE AGREE. WE THINK IT WOULD BE
16 APPROPRIATE.

17 THE COURT: OKAY. THEN OBVIOUSLY WE HAVE A
18 DISAGREEMENT. AND I AM GOING TO GIVE YOU A CHANCE TO RESPOND,
19 MR. CHU, TO THE INJUNCTION. OBVIOUSLY, MR. MCELHINNY TAKES
20 THE POSITION WE DON'T NEED TO DO THIS IN TWO BITES, SO TO
21 SPEAK. WHY DO YOU FEEL THAT YOU NEED TWO HEARINGS, SO TO
22 SPEAK, OR PERHAPS TWO HEARINGS?

23 MR. CHU: I ACTUALLY THINK WE CAN RESOLVE THE CORE
24 INJUNCTION ISSUE IN ONE HEARING. ECHOSTAR HAD ABOUT 4 MILLION
25 DVRS IN AN INSTALLED BASE. THE ORDER SAID DISABLE THEM. THEY

1 HAVEN'T BEEN DISABLED. THAT'S THE ISSUE THAT WE ARE PROPOSING
2 FOR THIS MOTION WE COULD FILE IN TEN DAYS.

3 THE COURT: THEN I THINK EVERYONE WOULD HAVE MORE
4 GUIDANCE IF YOU COULD FILE YOUR MOTION WITHIN TEN DAYS. ANY
5 REASON WHY YOU WOULD NEED MORE THAN TWENTY-FIVE OR THIRTY
6 PAGES IN THE BODY OF THE --

7 MR. CHU: NO.

8 THE COURT: WE WILL LIMIT IT TO NO MORE THAN TWENTY-
9 FIVE PAGES. DO YOU WANT A BRIEF IN CONNECTION WITH THE
10 MOTION, SUPPORTING BRIEF?

11 MR. CHU: YES.

12 THE COURT: AND SAY NO MORE -- AGAIN, I WANT TO PUT
13 SOME PRETTY STRICT LIMITS, NO MORE THAN TWENTY PAGES.

14 MR. CHU: THAT'S FINE, YOUR HONOR.

15 THE COURT: RESPONSE, HOW LONG, MR. MCELHINNY, YOUR
16 NORMAL RESPONSE TIME?

17 MR. MCELHINNY: WE WOULD LIKE THE NORMAL RESPONSE
18 TIME, YOUR HONOR.

19 THE COURT: VERY WELL, NORMAL RESPONSE TIME. THE
20 SAME LIMITS ON RESPONSE AND BRIEFING, AND THEN YOU MAY HAVE A
21 REPLY NOT TO EXCEED TEN PAGES. THEN IF THERE IS A REQUEST FOR
22 A SUR-REPLY, YOU WILL NEED LEAVE OF COURT.

23 MR. CHU: VERY GOOD.

24 THE COURT: NOW, WHY DON'T WE TALK ABOUT A POTENTIAL
25 DATE TO HEAR THIS. OR PERHAPS I WOULD HAVE MORE GUIDANCE

1 AFTER I SEE THE MOTION, BUT IT'S GOING TO BE MID-AUGUST TO
2 SEPTEMBER PROBABLY BEFORE I CAN SET THIS, ESPECIALLY WITH THIS
3 BRIEFING SCHEDULE.

4 MR. CHU: I WOULD THEN PREFER TO, IF IT'S CONVENIENT
5 FOR THE COURT, TO TRY AND SET A DATE NOW SO THAT WE HAVE ALL
6 COUNSEL HERE AND WE KNOW WE HAVE A CERTAIN DATE SO THAT THERE
7 WOULD NOT BE ANY FURTHER DELAY.

8 THE COURT: WHAT DO WE HAVE LATER IN AUGUST?

9 MR. CHU: I WANT TO ALERT YOUR HONOR THAT I KNOW THE
10 15TH IS GOOD FOR ME, IF IT'S A FRIDAY.

11 THE COURT: IT'S GOING TO HAVE TO BE AFTER THE 15TH.

12 MR. CHU: THE 22ND IS GOOD.

13 THE COURT: WELL, LET'S SEE WHAT I HAVE AND THEN --

14 MR. CHU: YES, YOUR HONOR, OF COURSE.

15 THE COURT: I THINK THAT'S THE WAY WE APPROACH IT.

16 MR. CHU: YES, OF COURSE. THAT'S THE WAY IT'S ALWAYS
17 DONE, YOUR HONOR, AND I APOLOGIZE.

18 THE COURT: AT LEAST THAT'S MY NORMAL CUSTOM. MAYBE
19 A DATE THE WEEK OF AUGUST 25. CAN'T HAVE IT THE 28TH. MAYBE,
20 YOU KNOW, AUGUST 26TH OR 7TH. DOES EVERYONE KNOW IF THAT IS
21 GOOD WITH YOUR SCHEDULE?

22 MR. CHU: BOTH DATES ARE GOOD.

23 THE COURT: MR. MCELHINNY?

24 MR. MCELHINNY: YOUR HONOR, I AM IN -- I AM FREE
25 THOSE DAYS, BUT I AM IN AN ITC HEARING UP UNTIL THE FRIDAY

1 BEFORE, AND IF I COULD HAVE ONE MORE WEEK THAT WOULD GIVE ME A
2 CHANCE TO PREPARE.

3 THE COURT: UNFORTUNATELY, THEN I JUMP INTO MY
4 SEPTEMBER DOCKET, WHICH --

5 MR. MCELHINNY: WELL, WE WILL TAKE WHAT'S GOOD FOR
6 THE COURT, YOUR HONOR.

7 THE COURT: WELL, MRS. SCHROEDER TELLS ME THAT WE
8 COULD SET IT THURSDAY, SEPTEMBER THE 4TH. HOW IS THAT?

9 MR. MCELHINNY: THAT WOULD BE VERY HELPFUL FOR ME,
10 YOUR HONOR.

11 MR. CHU: THAT'S FINE, YOUR HONOR.

12 THE COURT: TEN O'CLOCK. ANY THOUGHTS ON HOW MUCH
13 TIME MIGHT BE NEEDED? I MEAN, I KNOW BOTH OF YOU ARE PROBABLY
14 GOING TO ENVISION A DIFFERENT WAY TO APPROACH THIS. YOU ARE
15 PROBABLY THINKING WITNESSES. ECHOSTAR IS PROBABLY NOT. SO
16 WHAT ARE YOUR THOUGHTS ON --

17 MR. CHU: WE ACTUALLY THINK WE WILL NOT NEED
18 WITNESSES. WE THINK THAT A TOTAL OF THIRTY MINUTES WOULD BE
19 SUFFICIENT.

20 THE COURT: MR. MCELHINNY?

21 MR. MCELHINNY: I AM SORRY, YOUR HONOR, I HAVE TWO
22 ISSUES NOW, WHICH IS LEFT HANGING HERE IS THIS QUESTION ABOUT
23 DISCOVERY THAT THEY ARE ASKING FOR ABOUT THE DESIGN-AROUND
24 ITSELF IN ORDER TO --

25 THE COURT: WELL, I THOUGHT WE WERE GOING TO APPROACH

1 IT WHERE ANYONE THAT SIGNS A DECLARATION, EXPERT WITNESS, THE
2 OTHER PARTY IS ENTITLED TO --

3 MR. MCELHINNY: FINE, YOUR HONOR.

4 THE COURT: AND THEN WE NEED THE TOPIC OF WRITTEN
5 DISCOVERY. I SEE YOU HAVE ALREADY SENT SOME INTERROGATORIES.
6 DO YOU ENVISION ANYMORE NEED OF INTERROGATORIES OR ANYTHING OF
7 THAT --

8 MR. CHU: SO TWO SEPARATE ISSUES, THE INJUNCTION
9 HEARING WE WERE JUST TALKING ABOUT. ON THE DISCOVERY SIDE,
10 THE BASIC REQUEST FOR DISCOVERY RELATING TO DAMAGES WE HAVE
11 LAID OUT. WE HAVEN'T --

12 THE COURT: LET'S TALK ABOUT THE INJUNCTION HEARING
13 FIRST.

14 MR. CHU: OKAY. SO FOR THE PURPOSES OF THIS
15 INJUNCTION, WHETHER THERE HAS BEEN A VIOLATION OF THE
16 INJUNCTION ON ITS FACE, I DON'T THINK WE NEED FURTHER
17 DISCOVERY FOR THAT PURPOSE. THERE COULD BE, IF, FOR EXAMPLE,
18 THEY RAISE CERTAIN ISSUES, BUT I CAN'T ANTICIPATE WHAT THEY
19 MIGHT BE, THERE MIGHT BE A NEED. BUT RIGHT NOW I DON'T SEE
20 THAT WE WOULD NEED DISCOVERY FOR THAT QUESTION.

21 MR. MCELHINNY: THAT SOLVES MY PROBLEM.

22 THE COURT: THEN LET'S JUST SAY NO ADDITIONAL
23 DISCOVERY UNLESS LEAVE OF COURT IS FIRST OBTAINED BY EITHER
24 PARTY.

25 MR. CHU: LET ME CONSULT, IF I MAY, YOUR HONOR, JUST

1 TO BE CERTAIN.

2 (BRIEF SIDE BAR, OFF THE RECORD, BETWEEN MR. CHU AND MR.
3 IANCU)

4 (OPEN COURT)

5 MR. CHU: THERE IS AN ISSUE THAT'S SEPARATE FROM WHAT
6 WE WERE JUST DISCUSSING. THEY HAVE STATED THAT THEY'VE
7 INSTALLED NEW BOXES, OR CHANGED BOXES, OR SWAPPED OUT BOXES.
8 SO WE ARE TALKING ABOUT SOMETHING DIFFERENT FROM THE INSTALLED
9 BASE AND THE PARTICULAR MODEL NUMBERS AGAINST WHICH THE
10 INJUNCTION WAS SPECIFICALLY ORDERED. AND THERE IS THE
11 QUESTION OF WHETHER THOSE ADDITIONAL BOXES ARE COLORABLY
12 DIFFERENT AND WITHIN THE SCOPE OF THE INJUNCTION.

13 AND OUR SUGGESTION WOULD BE THAT WE TAKE DISCOVERY
14 RELATED TO THAT ON A PARALLEL TRACK IN TIME, BUT I DON'T
15 ANTICIPATE THAT THAT WILL BE THE SUBJECT OF THE INJUNCTION
16 HEARING WE ARE DISCUSSING RIGHT NOW, THAT WE COULD TAKE THAT
17 DISCOVERY WHILE WE ARE TAKING THE DAMAGES' DISCOVERY.

18 THE COURT: WELL, AND WHAT DO YOU THINK YOU NEED WITH
19 THIS SUGGESTION ABOUT DEPOSING ANYONE THAT MIGHT SIGN A
20 DECLARATION OR AN EXPERT REPORT? IS THAT SUFFICIENT?

21 MR. CHU: WELL, IT DEPENDS ON WHAT WE LEARN. SO WE
22 ARE TALKING ABOUT I WILL CALL THEM NEW BOXES AS THIS CATEGORY
23 THAT IS DIFFERENT FROM THE --

24 THE COURT: BUT YOU DON'T NEED ANY DISCOVERY IN THAT
25 CONNECTION FOR THE HEARING THAT WE HAVE SET FOR THE 4TH OF

1 SEPTEMBER?

2 MR. CHU: RIGHT. THE ONE THAT'S FOCUSED ON WHETHER
3 THEY VIOLATE THE INJUNCTION ON ITS FACE.

4 THE COURT: WELL, WHAT WOULD BE WRONG WITH THEM
5 SIMPLY LEAVING IN PLACE NO DISCOVERY UNTIL YOU KNOW MORE ABOUT
6 THAT SUBJECT AND YOU REQUEST LEAVE OF COURT?

7 MR. CHU: THE REASON IS THIS, YOUR HONOR. WE DO
8 KNOW, BECAUSE THEY HAVE STATED IT, THAT THEY ARE CLAIMING THAT
9 CERTAIN BOXES, FOR EXAMPLE, THAT HAVE BEEN INSTALLED SINCE THE
10 END OF THE TRIAL ARE NOT INFRINGING FOR ONE REASON OR ANOTHER.
11 AND WE HAVE A DISAGREEMENT ON WHETHER THEY ARE WITHIN THE
12 SCOPE OF THE INJUNCTION OR NOT, AND THEREFORE AT SOME POINT IN
13 TIME WE ARE GOING TO NEED DISCOVERY ON IT. AND RATHER THAN
14 HAVE THAT DELAYED IN TERMS OF BEGINNING THE DISCOVERY UNTIL
15 SOME DATE IN SEPTEMBER, WE THINK WE OUGHT TO PROCEED WITH
16 OBTAINING THAT LIMITED DISCOVERY NOW.

17 THE COURT: MY QUESTION IS, IN WHAT FORM, HOW MUCH?

18 MR. CHU: I THINK IT'S THE BASIC TECHNICAL
19 DOCUMENTATION. I THINK IT WOULD ALSO BE PROBABLY A VERY SMALL
20 TWO DEPOSITIONS, MAYBE THREE, FOR PEOPLE TO EXPLAIN THE BASIC
21 DOCUMENTATION THEIR GROUNDS FOR CLAIMING THAT IT'S OUTSIDE THE
22 SCOPE OF THE INJUNCTION.

23 THE COURT: IS THIS GOING TO BE ADDRESSED IN YOUR
24 INITIAL MOTION SO WE HAVE MORE BACKGROUND IN THIS REGARD?

25 MR. CHU: NO, YOUR HONOR, BECAUSE I AM SEPARATING THE

1 INSTALLED BASE. WE THINK WE CAN ADDRESS THAT IN A VERY SLIM,
2 PINPOINTED FASHION, AS OPPOSED TO THEIR NEW ARGUMENTS WITH
3 THESE OTHER BOXES.

4 THE COURT: MR. MCELHINNY, WHAT'S YOUR RESPONSE ON
5 THIS TOPIC?

6 MR. MCELHINNY: YOUR HONOR, THIS IS EXACTLY WHAT WE
7 DON'T WANT. THIS IS WE WOULD LIKE TO FILE CONTEMPT MOTION
8 ONE, AND WHILE WE ARE DOING THAT, WE WOULD LIKE TO DO
9 DISCOVERY, THAT THERE IS ABSOLUTELY NO LEGAL RIGHT FOR AT ALL,
10 TO SEE IF WE HAVE CONTEMPT MOTION TWO. THE FACTS ARE
11 COMPLETELY DIFFERENT. I MEAN, THE ACCURATE FACTS ARE SET OUT
12 IN THE LETTERS. THEY ARE NOT SET OUT IN WHAT WAS JUST TOLD TO
13 THE COURT.

14 WE ARE DEALING WITH REDESIGNED SOFTWARE WHICH, AS YOUR
15 HONOR KNOWS, WAS DOWNLOADED TO THE BOXES, AND TIVO BEFORE, IN
16 OUR LIFETIME, TIVO INTENDS TO CHALLENGE THAT SOFTWARE; AND
17 WHAT THEY ARE TRYING TO DO IS START THAT CASE NOW BY TAKING
18 DISCOVERY WITHOUT EVER FILING A MOTION ON IT OR DOING
19 ANYTHING. THAT'S WHAT THIS SECOND MOTION IS ALL ABOUT. AND
20 OUR POSITION ON THAT IS THEY SHOULDN'T BE ABLE TO DO IT AT
21 ALL.

22 THE COURT: VERY WELL. I WILL LOOK AT THE PARTIES'
23 CORRESPONDENCE AND GIVE SOME GUIDANCE ON THAT ISSUE. NOW, SO
24 YOU ARE ESSENTIALLY NEEDING NO DISCOVERY ON THE INITIAL
25 MOTION?

1 MR. CHU: YES.

2 THE COURT: I AM ASSUMING YOU ARE IN AGREEMENT? MR.
3 MCELHINNY, YOU DON'T NEED ANY DISCOVERY?

4 MR. MCELHINNY: WHAT WE HAVE AGREED TO, YOUR HONOR,
5 IF WE SEE THEIR MOTION AND THERE IS SOMETHING IN THERE THAT WE
6 NEED DISCOVERY, WE WILL COME TO YOUR HONOR AND ASK FOR IT.

7 THE COURT: YOU WILL FILE FOR LEAVE OF COURT, VERY
8 WELL. DAMAGES --

9 MR. MCELHINNY: WE HAVE AGREED TO THE --

10 THE COURT: -- THE SAME PROCESS?

11 MR. MCELHINNY: -- *PAICE* ORDER.

12 MR. CHU: YES.

13 THE COURT: WHAT TIME PERIOD ARE WE TALKING ABOUT IN
14 THAT REGARD, OR WHEN THAT DISCOVERY IS TO BE DONE?

15 MR. CHU: I WOULD THINK THAT WE OUGHT TO BE ABLE,
16 COOPERATING, TO COMPLETE IT IN FORTY-FIVE DAYS OR SO.

17 MR. MCELHINNY: WE ASSUMED THAT YOU WOULD GIVE US THE
18 SAME TIME THAT YOU GAVE THE PARTIES IN *PAICE*, YOUR HONOR.

19 THE COURT: VERY WELL. DO YOU THINK THE PARTIES CAN
20 LOOK AT THE *PAICE* ORDER, AT LEAST AS A ROADMAP, AND DO A
21 DOCKET CONTROL ORDER ON BOTH OF THESE ISSUES, THE INJUNCTION,
22 THE DAMAGES, AND THEN I WILL TAKE A LOOK AT THE OTHER ISSUE
23 AND GIVE YOU GUIDANCE IN THAT REGARD?

24 MR. MCELHINNY: WE CAN, YOUR HONOR.

25 MR. CHU: WE WILL DO SO, YOUR HONOR.

1 THE COURT: WITHIN FOURTEEN DAYS?

2 MR. CHU: WE WILL DO THAT.

3 MR. MCELHINNY: YES, YOUR HONOR.

4 THE COURT: WHAT ELSE NEEDS ATTENTION NOW? I DON'T
5 KNOW IF WE EVER GOT TO YOUR REPLY, RESPONSE, MR. MCELHINNY, ON
6 THE INITIAL INJUNCTION HEARING THE 4TH OF SEPTEMBER THAT WAS
7 SUGGESTED. THIRTY MINUTES A SIDE, IS THAT ENOUGH? DO YOU
8 WANT MORE TIME, LESS TIME?

9 MR. MCELHINNY: WE WILL TAKE THIRTY MINUTES, AND IF
10 WE NEED IT, WE WILL ASK FOR MORE, YOUR HONOR.

11 THE COURT: VERY WELL, THIRTY MINUTES A SIDE.

12 MR. CHU: THANK YOU, YOUR HONOR.

13 THE COURT: WELL, I APPRECIATE EVERYONE'S --

14 MR. MCELHINNY: WE DID RAISE ONE ADDITIONAL ISSUE.
15 THE ISSUE WE RAISED IS THIS QUESTION OF HOW TO REPAIR BOXES
16 THAT ARE LEGITIMATELY IN THE FIELD. AND SO WE HAVE, AS YOUR
17 HONOR KNOWS, WE WERE ALLOWED TO KEEP A THOUSAND, 1,900 BOXES.
18 IN OUR TRADITIONAL REPAIR, IF SOMEBODY WANTS IT REPAIRED, WE
19 SIMPLY EXCHANGE A BOX WITH THEM SO THEY DON'T HAVE TO WAIT FOR
20 IT TO GET SENT, FIXED, AND SENT BACK.

21 WE ASKED TIVO TO STIPULATE THAT WE COULD DO THAT, BUT
22 THEY SAID NO.

23 THE COURT: HOW DO WE WANT TO APPROACH RESOLVING
24 THAT?

25 MR. MCELHINNY: WHAT WE WILL DO IS ON THE SAME TIME

1 PERIOD THAT THEY ARE DOING THEIR EXPEDITED MOTION, WE WILL
2 FILE A MOTION FOR CLARIFICATION OF THE INJUNCTION ABOUT
3 WHETHER OR NOT YOUR HONOR WILL LET US DO IT. WE WILL HAVE IT
4 HEARD ON THE SAME --

5 THE COURT: SAME DATE?

6 MR. MCELHINNY: SAME DAY, YOUR HONOR.

7 THE COURT: SEPTEMBER 4TH.

8 MR. MCELHINNY: AND THERE WOULD BE NO DISCOVERY WITH
9 IT. IT'S THE SAME.

10 THE COURT: MR. CHU?

11 MR. CHU: ALMOST EVERYTHING IS FINE WITH US. THEIR
12 PAPERS DON'T SPELL OUT WHAT IS REALLY HAPPENING, AND I THINK
13 IF WE SEND THEM A LETTER SAYING WE WOULD LIKE TO KNOW SOME
14 DETAILS AFTER WE SEE THEIR MOTION TO SPELL OUT EXACTLY WHAT IS
15 HAPPENING, THAT MAY BE ALL THE ADDITIONAL INFORMATION WE NEED.

16 THE COURT: VERY WELL. SO YOU WILL FILE THAT MOTION
17 IN THE SAME PERIOD REQUESTED TO FILE THE INITIAL INJUNCTION
18 MOTION?

19 MR. MCELHINNY: YES, YOUR HONOR.

20 THE COURT: ANY OTHER MATTERS?

21 MR. MCELHINNY: NOTHING, YOUR HONOR.

22 MR. CHU: THANK YOU.

23 THE COURT: VERY WELL. I APPRECIATE EVERYONE -- OH,
24 THE COURT DID NOT HAVE A TECHNICAL ADVISOR INITIALLY. WHAT ARE
25 THE PARTIES' THOUGHTS ON PERHAPS A TECHNICAL ADVISOR FOR THIS

1 PHASE OF THE CASE?

2 MR. CHU: I DON'T THINK ONE WILL BE NECESSARY. THAT
3 IS CERTAINLY THE CASE FOR THE SEPTEMBER 4TH HEARING.

4 THE COURT: AND I MEANT PRIMARILY IN CONNECTION WITH
5 THE INJUNCTION ISSUE.

6 MR. CHU: RIGHT. I THINK IT'S STRICTLY A LEGAL
7 QUESTION, YOUR HONOR.

8 THE COURT: VERY WELL.

9 MR. MCELHINNY: I AGREE WITH THAT FOR THE SEPTEMBER
10 4TH HEARING.

11 THE COURT: VERY WELL. THEN IF THERE IS NOTHING
12 MORE, WE WILL BE IN RECESS.

13 (ADJOURNED AT 10:15 A.M.)

14

15 REPORTER'S CERTIFICATION

16 I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT FROM
17 THE RECORD OF PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

18 DATE: JUNE 2, 2008

/S/LIBBY CRAWFORD

19

OFFICIAL COURT REPORTER

20

21

22

23

24

25