IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

WATSON INDUSTRIES, INC.,

Plaintiff,

ORDER

v.

02-C-524-C

MURATA ELECTRONICS NORTH AMERICA, INC. and MURATA MANUFACTURING CO., LTD.,

Defendants.

Before the court is Watson's motion to compel an answer to Interrogatory No. 15, which asks MMC to "State the total number of 'Products' sold worldwide by year," with "Products" tightly defined. Watson claims this information is relevant because MMC is challenging Watson's patent on the ground of obviousness, and evidence of commercial success can be an indicum of non-obviousness. MMC opposes the motion, labeling it a thinly-veiled request for reconsideration of the court's June 19, 2003 decision not to allow Watson to learn the identity of MMC's foreign customers. As far as MMC is concerned, this court's previously ruling controls, and to the extent Watson did not raise this argument before, it is waived. MMC also claims burden and prejudice.

For the reasons stated below I am granting the motion to compel.

The June 19, 2003 order addressed the dispute over Watson's request for extraterritorial sales information, which Watson claimed to need to investigate its theory of inducement liability, to prove up damages, and to identify potential new defendants for new lawsuits. Watson did not claim to need this information to rebut the defense of obviousness. In my order, I focused on Watson's hunt for new defendants, which seemed to be Watson's primary goal. I deemed it a tardy, misdirected fishing expedition and admonished that "if Watson wishes to pursue Sony and its Handycams, it will have do so in a separate lawsuit." (Which Watson now has done, but that's irrelevant to the instant motion).

MMC contends that the court's ruling governs Watson's instant motion to compel, if not directly, then because Watson waived its current argument by failing to raise it the first time. Pretrial discovery in civil cases is not a situation in which a waiver is determined by specific rules or case law; it is a decision within the court's discretion. Sometimes there are solid, logical reasons to deem an issue waived, sometimes not. This is a "not" situation. Watson could have raised the defense-to-obviousness argument before, but its failure to do so did not mislead the court and it has not yet prejudiced MMC. Interrogatory 15 asks for slightly different information and Watson has provided a legitimate rationale for deeming it relevant. Therefore I will address the motion to compel on its merits.

MMC argues that the relevance of the requested information is marginal, that Watson already has provided it in another form, that it is burdensome to collect, and that

MMC will be prejudiced by the last-minute introduction of sales information into this case because expert reports already have been or are about to be filed.

First, the evidence sought by Interrogatory No. 15 is sufficiently relevant to allow discovery. Commercial success is a recognized secondary indicator of nonobviousness; this would include the commercial success of the allegedly infringing product. *See Brown & Williamson Tobacco Corp. v. Phillip Morris, Inc.*, 229 F.3d 1120, 1130 (Fed. Cir. 2000), citation omitted. *In Re Huang*, 100 F.3d 135 (Fed. Cir. 1996), cited by MMC, is not to the contrary; when the court observed that "evidence related solely to the number of units sold provides a very weak showing of commercial success," it was criticizing an inadequately narrow evidentiary showing by the inventor to the PTO. *Id.* at 140. Such information can be more useful as part of a broader and more sophisticated showing of commercial success, as the Federal Circuit noted in *B&W*.

Second and third, the format in which MMC claims to have provided this information (through the deposition of Takayuki Hamano) is not sufficiently rigorous or detailed to absolve MMC's obligation to provide a written response to No. 15. If Hamano had access to this information (although counsel qualified his knowledge at the time), then it should be no undue burden for MMC to produce it again.

This leaves MMC's fourth argument, potential prejudice. MMC fears that Watson will incorporate MMC's sales information into its December 12, 2003 expert report, after MMC already has provided its expert report (disclosure was due on November 24, the same

day MMC filed its response to Watson's November 19, 2003 motion). This court has a strong anti-sandbagging policy that *could* apply here, depending on how things shake out. But the fear of potential sandbagging is not a ground to deny Watson's motion to compel. If Watson hereafter attempts to use this information in a fashion that unfairly prejudices MMC, then MMC may file a motion for appropriate relief.[1]

ORDER

Watson's motion to compel is GRANTED and MMC must forthwith answer Interrogatory No. 15. Each side shall bear its own costs on this motion.

Entered this 4th day of December, 2003.

BY THE COURT:

STEPHEN L. CROCKER
Magistrate Judge

[1] I am not inviting future motions. However, if MMC decides to file one, it must do so ASAP to avoid invocation of the policy against sandbagging-the-sandbagger. This court has a low irony tolerance threshold.