

**UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA**

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Willis Electric Co., Ltd.,

Case No. 15-cv-3443 WMW-KMM

Plaintiff,

v.

Polygroup Trading Limited f/k/a  
Polygroup Limited (Macao Commercial  
Offshore), Polygroup Macau Limited  
(BVI), Polytree (H.K.) Co. Ltd,

Defendants,

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**PLAINTIFF'S OBJECTION TO  
MAGISTRATE JUDGE'S ORDER  
ON PLAINTIFF'S SECOND  
AMENDED MOTION TO COMPEL**

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### **Introduction**

Plaintiff Willis Electric Co., Ltd. (“Willis”), through its undersigned counsel, objects to Paragraph 10 of the Honorable Magistrate Judge Katherine M. Menendez’s Order granting in part and denying in part Willis’s Second Motion to Compel [ECF No. 487 (hereinafter “Order”)] and respectfully requests that the District Court not follow the same, for the reasons set forth below and in Willis’s prior briefing.

### **Factual Background**

On December 11, 2019, Willis served an Amended Notice of Deposition notice pursuant to Federal Rule of Civil Procedure 30(b)(6) on Polygroup. On December 16, 2019, Willis served deposition notices individually on the following Polygroup executives and sales managers: Scott Hershock, Samuel Kwok, Paul Cheng, He Change, Nick Ho, Elmer Cheng, Ricky Tong, Bill Kaufman, Tim Boone, Scott Schueler, Patricia Walesh, Alan Leung, and Lewis Cheng. On December 19, 2019, Polygroup’s counsel e-mailed Willis’s counsel to stated that it would only produce Polygroup witnesses in Hong Kong. (ECF No. 451 at 17.)

On January 30, 2020, Willis filed an Amended Second Motion to Compel Discovery, seeking, in part, an order compelling Polygroup to produce its witnesses for deposition in the United States. (*See id.* at 35-37.) In its opposition to Willis’s Motion, Polygroup re-asserted its refusal to produce witnesses in the United States. (*See* ECF No. 469 at 35-39.) On February 13, 2020, the Court heard the parties’ arguments on Willis’s Amended Second Motion to Compel, including the parties’ positions on the issue of deposition location. Willis has consistently maintained that it would be willing to

conduct the corporate depositions anywhere in the United States. (*See* Alton Decl.<sup>1</sup>, Ex. A at 32:16-33:2.) Willis pointed out that Polygroup’s principals travel to the United States, and that after Polygroup had objected to the depositions occurring in the United States, Willis learned of a recent trip to the United States for a trade show and of plans for executive Lewis Cheng to visit California during the fact discovery period. (*Id.* at 32.) Polygroup is a large multinational corporation whose executives travel to the United States in the ordinary course of business, a fact conceded by Polygroup’s counsel at the hearing on Willis’s motion. (*See id.* at 43:23-44:9.) Indeed, the three executives, Alan Leung, Ricky Tong, and Elmer Cheng, appear to regularly travel to the United States for sales meetings with retailers and trade shows. (*Id.*) Polygroup is also responsible for knowingly selling infringing products into the United States market since 2012. (*Id.*)

Counsel noted that travel for United States counsel to Hong Kong would be unfairly burdensome. Specifically, it was argued that meeting individuals flying here from Hong Kong did not pose an equivalent risk as spending weeks in Hong Kong, and that Counsel should not have to do on behalf of her client. (*Id.* at 32.) Counsel further noted that travel to the United States was not likely to cause business disruption, given that the impact of the virus was that business in China could not move forward. (*Id.*) Hong Kong depositions are more burdensome and expensive because there is not the

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<sup>1</sup> All citations to the “Alton Decl.” herein refer to the Declaration of Larina A. Alton in Support of Plaintiff’s Objections to Magistrate’s Order Granting in Part and Denying in Part Willis’s Second Motion to Compel, filed concurrently herewith.

same access court reporters, or an office - Counsel noted that the depositions would take weeks to complete, that it would be difficult to print or assess exhibits, and ultimately that “I think it’s asking a lot of us.” (*Id.*)

The Court denied Willis’s request for at least some deponents (including Polygroup’s executives travelling here) to be produced in the United States:

My general order is that it is appropriate for these depositions to take place in Hong Kong. I find that there is no reason and that specifically Willis hasn't shown a reason to upset that general rule, particularly given that Willis is also a company with headquarters in Asia. Polygroup is a company with headquarters in Asia. Even though the U.S. courts are the ones that honor this patent or fight for this patent, it's completely expected that these depositions are going to occur in Hong Kong or China. And here it's not just that Hong Kong is convenient. I've been educated that Hong Kong makes specific sense. However, if there are people who are traveling to the United States, they have to be deposed in the United States. If they are coming here at a time it's convenient for Ms. Alton to depose them prior to the end of discovery, and she finds out about it and I find out about it, and then they went back to Hong Kong for depositions, unless there's a really good reason that that doesn't work, like you all are in Hong Kong for depositions, they should be deposed here. But, otherwise, I'm not requiring all of these witnesses to come to the United States for depositions.

....

I'm not going to change my ruling based on the coronavirus risk right now because there is no record before me that makes clear that one or the other things makes sense, but if that changes, I'm open to readdressing this issue. (*Id.* at 53-54.) For these reasons, the Court denied Willis’s motion for an order compelling the depositions of Polygroup’s witnesses in the United States. (*See* ECF No. 487, ¶ 10.)

Nevertheless, pursuant to the Magistrate's invitation to do so, Willis scheduled such a conference regarding the COVID-19 pandemic on March 3, 2020, with the express purpose of learning whether the Magistrate may reconsider in light of factual developments in a manner that may moot its upcoming Objection deadline. In its informal submissions, Willis reiterated its position that the "regularity of Polygroup's travel to the United States coupled with Polygroup's substantial resources weigh heavily in favor of requiring Polygroup to make these deponents available in the United States." (Alton Decl., Ex. B (March 2 Letter from Willis Counsel).) Though the Court noted that deponents coming to the United States anyway should appear for their deposition, Polygroup informed the Court that the preexisting plans of Lewis Cheng to visit the United States in April had been cancelled. (Alton Decl., Ex. C.)

Willis also argued that Hong Kong depositions work substantial prejudice on the Plaintiff with respect to safety and expense. On February 28, after the Court's formal hearing, the Centers for Disease Control and Prevention upgraded its travel advisory regarding Hong Kong from 0 to 1, issuing a travel advisory noting that "multiple instances of community spread [of the coronavirus] have been reported in Hong Kong. Community spread means that people in Hong Kong have been infected with the virus, but how or where they became infected is not known." (*Id.*, Ex. 1.) Several news outlets have reported that political unrest in Hong Kong, which has led to increasing political instability and rising tensions between Hong Kong and China in recent months, is exacerbating the spread of the coronavirus. (*Id.*, Ex. 2-3.) Though Hong Kong's reported infections have not rapidly increased and remain at only 93 cases, the reported number is

the subject of citizen unrest and suspicion. (*See, e.g., id.*, Ex. 3.) There have also been at least three deaths due to the virus. Hong Kong still has open borders with China, a country the CDC has issued a level 3 warning travel advisory to. Willis further voiced the concern that the spread of the coronavirus will very likely continue to impact the ability of Americans to re-enter the country after traveling abroad. The continued global spread of the coronavirus has led to speculation that the United States government may consider closing the border entirely to prevent the spread of the disease from travelers returning from abroad. (*Id.*, Exs. 5-6.) There are currently no travel restrictions (or quarantine) on persons coming from Hong Kong to the United States.<sup>2</sup>

At the informal teleconference, the Court voiced the opinion that travel-related, but not expense-related, information would be properly incorporated into Willis's objections to J. Wright.<sup>3</sup> At the informal conference, the Magistrate noted that she had

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<sup>2</sup> Though counsel misstated that they may need to be self-quarantined for a period of time at the original February 13, 2020 hearing, this advisory only applies to persons with a known exposure to the virus. The misstatement was corrected in the informal filing.

<sup>3</sup> Willis has requested, and will submit, the transcript for the informal conference when it becomes available. In the meantime, it has referenced the general discussion at the conference to its best recollection. It is Willis's position that because its informal letter and evidence were before the Magistrate at her invitation, they are properly incorporated here: the facts are developing, and the references in Willis's supplemental informal filing had developed since the formal hearing. *See, e.g., Jalin Realty Capital Advisors, LLC Hartford Cas. Ins. Co. v. Rhythm*

taken the opportunity to review news sources regarding the advance of the coronavirus in Hong Kong using her own Internet searches.<sup>4</sup> Based upon this review, she concluded that because the United States had already reported a potentially greater number of infections as Hong Kong, it was not relatively safer to travel to the United States or visa versa.

Willis's counsel argued that the United States was still safer because it was far larger than Hong Kong and most geographical areas had no known exposure to the disease.

## **Argument**

### **1. Legal Standard**

Upon proper objection, a district court reviews a magistrate judge's report and recommendation and sets aside any part of the order that is clearly erroneous or contrary to law. 28 U.S.C. § 636(b)(1)(A); Fed. R. Civ. P. 72(a); D. Minn. LR 72.2(a)(3). Under the "clearly erroneous standard," the district court should overturn a magistrate judge's ruling when it is "left with the definite and firm conviction that a mistake has been

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*Stone Media Grp. LLC*, No. CV 11-165 (JRT/LIB), 2017 WL 5197133, at \*2 (D. Minn. Nov. 8, 2017).

<sup>4</sup> Courts may take judicial notice of certain news items, but it is more typical that they be made a part of the record, and that counsel be given an opportunity to review and comment on such materials. The Magistrate did not take formal judicial notice of any such records, but did note them as a basis of consideration in reaching her factual opinions. Willis reserves the contention that the consideration of evidence outside of the judicial record was in error until it is able to review the forthcoming transcript.

committed.” *Concrete Pipe & Prods. of Cal., Inc. v. Constrs. Laborers Pension Trust*, 508 U.S. 602, 622 (1993). A legal conclusion that fails to apply or misapplies case law, statutes, or procedural rules is contrary to law. 28 U.S.C. § 636(b)(1)(A).

**2. Magistrate Judge Menendez erred in refusing to order the depositions of Polygroup’s China-based personnel in the United States.**

While the general rule provides that depositions are taken in the location where the deponent lives or works, “[c]ourts have discretion to select another location, though, if one party shows that there are ‘peculiar’ circumstances favoring depositions at a different location, such as cost, convenience, and litigation efficiency.” *Webb v. Ethicon Endo-Surgery, Inc.*, No. CIV. 13-1947 JRT/JJK, 2015 WL 317215 (D. Minn. Jan. 26, 2015) (citing *Six W. Retail Acquisition, Inc. v. Sony Theatre Mgmt. Corp.*, 203 F.R.D. 98, 107 (S.D.N.Y. 2001)).

When determining whether to order the depositions of corporate representatives in a location other than the corporation’s principal place of business, the court considers five factors: “(1) the location of counsel for both parties, (2) the size of the defendant corporation and regularity of executive travel, (3) the resolution of discovery disputes by the forum court, (4) the nature of the claim and relationship of the parties, and (5) expense.” *Webb v. Ethicon Endo-Surgery, Inc.*, No. CIV. 13-1947 JRT/JJK, 2014 WL 7685527, at \*4 (D. Minn. Aug. 8, 2014), *aff’d*, No. CIV. 13-1947 JRT/JJK, 2015 WL 317215 (D. Minn. Jan. 26, 2015).

**A. The Magistrate abused her discretion in requiring United States counsel to risk travel to Asia during a pandemic.**

In the Course of exercising its discretion, the Magistrate is required to consider whether there are “peculiar” circumstances or equity favoring a particular location for depositions. *E.g.*, *Webb*, No. CIV. 13-1947 JRT/JJK, 2015 WL 317215, at \*4. Courts in Minnesota have acknowledged that potential harm to counsel in the course of travel for depositions is a valid and necessary consideration in setting the location of depositions. In *Azarax, Inc. v. Wireless Commc’ns Venture LLC*, No. 16-CV-3228 (JRT/LIB), 2018 WL 1773965, at \*10 (D. Minn. Apr. 13, 2018), the Court considered counsel’s argument that counsel “contend[s] that because they may not travel to Brazil to depose [a witness] without risking severe consequences, including arrest, this Court should order [the witness] to appear for his deposition in the United States.”

Here, Willis has provided a detailed record of its ongoing lost sales and price erosion causing it mounting harm. (ECF No. 215, at 11-14, 24-33 (“Willis has already presented evidence of lost sales and lost market share. Willis is prejudiced by the harm that continues to befall its business. . .”) (citing (ECF No.103; ECF No. 81 ¶¶2-7.)) Because of the ongoing, mounting harm to Willis’s competitive business, counsel’s representation of Willis requires speed. However, there are currently risks to staying in hotels in Hong Kong for long periods of time, as it has an open border with China and active community transmissions of a novel virus. Additionally, there are ongoing reports of civil unrest in Hong Kong. As articulated to the Magistrate, it is unfair to ask counsel to choose between risking the health of herself and her staff and adequate representation of a client whose business is at risk.

**B. The Magistrate’s consideration of the parties’ respective locations, rather than counsel’s, was legal error.**

The Magistrate erred as a matter of law in evaluating the location of the respective parties, rather than the respective counsel, in setting the location of depositions. *Webb*, No. CIV. 13-1947 JRT/JJG, 2014 WL 7685527, at \*4 (listing location of counsel as a factor to be considered). The Magistrate considered the location of the parties, rather than counsel, in connection with where the depositions should be located. (Alton Decl., Ex. A, at 53-54 (“I find that there is no reason and that specifically Willis hasn't shown a reason to upset that general rule, particularly given that Willis is also a company with headquarters in Asia. Polygroup is a company with headquarters in Asia.”).) However, Willis Electric’s counsel, rather than Willis Electric’s business, is involved in the deposition process. Willis’s counsel resides in Minnesota. And Polygroup hired counsel based in the United States, not Asia, in connection with its defenses in those depositions. Polygroup’s counsel resides in several offices throughout the United States.

**C. The size of the defendant corporation, regularity of travel and the relationship between the parties all support depositions in the United States.**

The Magistrate erred in failing to expressly consider this element. However, the facts underlying these elements are not in dispute, and the Magistrate made no contrary findings. Where the defendant directs illegal activities to the United States, travels to the United States in the course of its business, and is the larger competitor, it may fairly be required to appear there for depositions. *E.g., In re Honda American Motor Co., Inc. Dealership Relations Litigation*, 168 F.R.D. at 539 (ordering Japanese nationals to appear for depositions in the United States, noting deponents “have conducted extensive business

in the United States for a number of years, availing themselves of the laws and protections afforded American citizens.”).

Polygroup does not dispute that it is the largest worldwide seller of prelit artificial Christmas trees, that its executives travel to the United States in connection with that business, or that its infringing activities are directed at the United States. (*See* Alton Decl., Ex. A, at 32-35, 43:23-44:9.) These facts also distinguish this case from the cases cited by Polygroup in opposition to Willis’s motion. *Cf. Dagen v. CFC Grp. Holdings Ltd.*, No. 00 CIV. 5682 (CBM), 2003 WL 21910861, at \*3 (S.D.N.Y. Aug. 11, 2003) (no U.S. depositions ordered where they would have a significant adverse impact on the defendant’s business); *Sloniger v. Deja*, No. 09CV858S, 2010 WL 5343184, at \*9 (W.D.N.Y. Dec. 20, 2010) (refusing to compel deposition of natural person in the United States where the plaintiff failed to cite “cases involving natural persons as defendants being compelled to leave their domicile to be deposed” and distinguishing cases cited by the plaintiff clearly recognizing that “[c]orporate defendants are frequently deposed in places other than the location of the principal place of business, especially in the forum, for the convenience of all parties and in the general interests of judicial economy.”).

**D. The expense of Hong Kong depositions favors Willis Electric.**

Finally, while Polygroup submitted that the fifth factor, expense, weighs in favor of conducting the depositions in Hong Kong because Willis would only have to fly its counsel to Hong Kong (as opposed to Polygroup flying all of its deponents to the U.S.), the parties’ and court’s discussion of the evolving situation in Hong Kong and China reveals that this is a more complicated inquiry. At the hearing, counsel noted that she would be required to

remain in Hong Kong for a matter of weeks, without support services for printing, obtaining, and reviewing potential documents, that a court reporter would not be available in Hong Kong, and that there was no office space available for preparations. (Ex. A, 32-35.)

Because Magistrate Judge Menendez misapplied the case law, her denial of Willis's request to depose Polygroup's corporate representatives in the United States was clearly erroneous, and this Court should sustain Willis's objection to Paragraph 10 of the Order.

### **CONCLUSION**

For the foregoing reasons, and those contained in Willis's prior briefing, the Court should reject the Order and grant the relief denied in Paragraph 10 of the Magistrate Judge's Order.

### **MASLON LLP**

Dated: March 5, 2020

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