

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FUJITSU LIMITED,

Plaintiff,

v.

TELLABS OPERATIONS, INC., TELLABS
INC, AND TELLABS NORTH AMERICA,
INC.,

Defendants.

Civil Action No. 1:09-CV-4530

Civil Action No. 1:12-CV-3229

JUDGE JAMES HOLDERMAN
MAGISTRATE JUDGE COLE

JURY TRIAL DEMANDED

**FUJITSU LIMITED'S *MOTION IN LIMINE* #4 TO EXCLUDE EVIDENCE OR
TESTIMONY REGARDING ANY WILLFUL BREACH OF FUJITSU' S ALLEGED
RAND OBLIGATION**

I. INTRODUCTION

Fujitsu Limited (“Fujitsu”) moves this Court to enter an Order *in limine* to preclude Tellabs Operations, Inc., Tellabs Inc., and Tellabs North America, Inc. (“Tellabs”) from introducing evidence or argument that Fujitsu willfully breached any alleged obligation to offer U.S. Patent No. 5,521,737 (“the ‘737 Patent”) on reasonable and non-discriminatory (“RAND”) terms. This Court should preclude Tellabs from offering evidence or argument regarding any allegedly willful breach because Illinois does not recognize a cause of action for a willful breach of contract.

II. ARGUMENT

A RAND obligation is a contractual obligation. *See, e.g. Microsoft Corp. v. Motorola, Inc.*, 854 F. Supp. 2d 993, 999 (W.D. Wash. 2012) (holding that a RAND commitment to a standard setting organization is a binding contractual commitment to which another member of the standard-setting organization is a third-party beneficiary). A willful breach of contract is not a cause of action in Illinois, nor is intent relevant to a breach of contract action. For the following reasons, Fujitsu respectfully asks this Court to enter an order finding that whether Fujitsu’s willfulness with respect to an alleged breach of a RAND obligation is irrelevant as a matter of law.

In this Motion *in limine*, Fujitsu applies Illinois law to the breach of contract claim and principles. Tellabs is based in Illinois and Fujitsu’s alleged failure to offer a RAND license rate occurred in Illinois, where communication between the parties has taken place and the litigation has proceeded. *See, e.g., Rambus Inc. v. Infineon Technologies Ag*, 318 F.3d 1081, 1087 (Fed. Cir. 2003) (applying Virginia common law to fraud claims in the context of a failure to disclose a patent to a standard setting

organization).

Illinois does not recognize a claim for a “willful” breach of contract. Specifically, characterizing a breach of contract as “willful and wanton” in Illinois does not change the fact that plaintiffs seek to recover for harm that is a contract-like interest. *Morrow v. L.A. Goldschmidt Associates, Inc.*, 112 Ill. 2d 87, 98, 492 N.E.2d 181, 185 (1986); *see also Lansing v. Carroll*, 11 C 4153, 2012 WL 4759241 (N.D. Ill. Oct. 5, 2012).

A contract does not become a tort simply because the breach was willful and wanton. *Id.* The sole purpose of contract damages is to compensate the nonbreaching party, and, therefore, as a general rule, even punitive damages are not recoverable for a breach of contract, even if willful. *Naiditch v. Shaf Home Builders, Inc.*, 160 Ill. App. 3d 245, 262, 512 N.E.2d 1027, 1037 (2d Dist. 1987). The only instance in Illinois in which a breach of contract may warrant damages beyond typical contract damages is when the alleged breach also amounts to an independent tort. To justify damages other than contract damages (i.e. punitive damages) there must be allegations of malice, wantonness, or oppression. “Illinois continues to adhere to the view that tort and contract law are founded on different policies which justify separate rules with respect to recovery of punitive damages.” *Id.* at 1037.

The purpose of the “independent tort” exception to the rule in Illinois barring punitive damages is to separate mere willful breaches of contract, which do not require any more compensation than an unwilling breach in order to make the Plaintiff whole, from wanton or malicious acts that cause distinct injury separate and apart from contract and which merit additional damages. *Hardin, Rodriguez & Boivin Anesthesiologists, Ltd. v. Paradigm Ins. Co.*, 962 F.2d 628, 639 (7th Cir. 1992). Willful breaches of contract in

Illinois do not alter the available remedy. In the case of RAND obligations, a non-breaching party implementing the patent can easily be compensated for the breach by limiting the patent-holder's potential damages.

WHEREFORE, because Illinois does not recognize particular or heightened damages for willful breaches of contract, Fujitsu respectfully requests that this Court enter an Order precluding any testimony or evidence regarding a willful breach of contract.

Respectfully submitted,

Dated: June 20, 2014

/s/ David C. Van Dyke

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Attorneys for **FUJITSU LIMITED**

CERTIFICATE OF SERVICE

I hereby certify that on June 20, 2014, I provided service to the persons listed below by causing a true and correct copy of **FUJITSU LIMITED'S MOTION IN LIMINE #4 TO EXCLUDE EVIDENCE OR TESTIMONY REGARDING ANY WILLFUL BREACH OF FUJITSU' S ALLEGED RAND OBLIGATION** to be served on all counsel of record by electronic mail and/or as agreed to by the parties.

Dated: June 20, 2014

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