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16 UNITED STATES DISTRICT COURT  
17 NORTHERN DISTRICT OF CALIFORNIA  
18 SAN FRANCISCO DIVISION

19 IN RE: TFT-LCD (FLAT PANEL)  
20 ANTITRUST LITIGATION

Case No. 3: 07-md-1827 SI  
MDL No. 1827

21 This Document Relates To:  
22 ALL INDIRECT PURCHASER CLASS  
23 ACTIONS

**INDIRECT PURCHASER PLAINTIFFS'  
MEMORANDUM OF POINTS AND  
AUTHORITIES IN OPPOSITION TO  
DEFENDANT LG DISPLAY'S MOTION  
FOR PARTIAL SUMMARY JUDGMENT  
ON WITHDRAWAL**

Date: September 23, 2011  
Time: 9:00 a.m.  
Dept.: Courtroom 10, 19<sup>th</sup> Floor  
Judge: The Hon. Susan Illston

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**TABLE OF CONTENTS**

**I. STATEMENT OF ISSUE..... 1**

**II. INTRODUCTION AND SUMMARY ..... 1**

**III. FACTUAL BACKGROUND ..... 3**

    A. .... 3

    B. .... 3

    C. THERE IS NOTHING IN THE RECORD TO SHOW THAT LG DISPLAY  
EFFECTIVELY WITHDREW FROM THE CONSPIRACY; INDEED THE  
RECORD SHOWS THE CONTRARY..... 4

**IV. ARGUMENT ..... 5**

    A. STANDARD FOR SUMMARY JUDGMENT ..... 5

    B. IN ORDER TO WITHDRAW FROM A CONSPIRACY A CONSPIRATOR  
MUST NOTIFY THE OTHER CONSPIRATORS ..... 7

    C. THE LEE DECLARATION IS INADMISSIBLE AND MAY NOT BE  
CONSIDERED IN SUPPORT OF LG’S MOTION..... 10

**V. CONCLUSION..... 13**

TABLE OF AUTHORITIES

**Cases:**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
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20  
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23  
24  
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<i>Anderson v. Liberty Lobby, Inc.</i> , 477 U.S. 242 (1986) .....	7
<i>Boyd v. City of Oakland</i> , 458 F.Supp.2d 1015 (N.D. Cal. 2006).....	12
<i>Celotex Corp. v. Catrett</i> , 477 U.S. 317 (1986) .....	7
<i>Cermetek Inc. v. Butler Avpak, Inc.</i> , 573 F.2d 1370 (9th Cir. 1978).....	11
<i>Fraser v. Goodale</i> , 342 F.3d 1032 (9th Cir. 2003).....	11
<i>Hyde v. United States</i> , 225 U.S. 347 (1912) .....	8
<i>Krause v. Perryman</i> , 827 F.2d 346 (8th Cir. 1987).....	10
<i>Marino v. United States</i> , 91 F.2d 691 (9th Cir. 1937).....	8
<i>Nationwide Life Ins. Co. v. Bankers Leasing Ass’n, Inc.</i> , 182 F.3d 157 (2d Cir. 1999).....	7
<i>Orr v. Bank of America, NT &amp; SA</i> , 285 F.3d 764 (9th Cir. 2002).....	10, 11, 12
<i>Radobenko v. Automated Equipment Corp.</i> , 520 F.2d 540 (9th Cir. 1975).....	11
<i>Real v. Driscoll Strawberry Associates</i> , 603 F.2d 748 (9th Cir. 1979).....	7
<i>States v. Borelli</i> , 336 F.2d 376 (7th Cir. 1964).....	8, 9, 10
<i>Stockdale v. Hartley</i> , 2010 U.S. Dist. LEXIS 94122 (C.D. Cal. June 4, 2010).....	13
<i>Stowers v. Evans</i> , 2008 U.S. Dist. LEXIS 38514 (E.D. Cal. May 12, 2008).....	12
<i>Texas Industries, Inc. v. Radcliff Materials, Inc.</i> , 451 U.S. 630 (1981) .....	
<i>Till v. American Family Mutual Ins. Co.</i> , 2007 U.S. Dist. LEXIS 50715 (D. Or. June 26, 2007).....	12
<i>United States v Mayes</i> , 512 F.2d 637 (6th Cir. 1975).....	7
<i>United States v. Finestone</i> , 816 F.2d 583 (9th Cir. 1987).....	7
<i>United States v. Greenfield</i> , 44 F.3d 1141 (2d Cir. 1995).....	9
<i>United States v. Lothian</i> , 976 F.2d 1257 (9th Cir. 1992).....	8

28

1	<i>United States v. Read,</i> 658 F.2d 1225 (7th Cir. 1981).....	9
2	<i>United States v. Socony-Vacuum Oil Co.,</i> 310 U.S. 150 (1940) .....	7
3		
4	<i>United States v. United States Gypsum Co.,</i> 438 U.S. 422 (1978) .....	7
5	<i>William Inglis &amp; Sons Baking Co. v. ITT Continental Baking Co.,</i> 668 F.2d 1014 (9th Cir. 1981).....	7
6		
7	<b><u>Federal Statutes:</u></b>	
8	15 U.S.C. §1 .....	1
9	Fed.R.Civ.P. 56 .....	7, 13
10	<b><u>Other Authorities:</u></b>	
11	<u>2 McCormick On Evidence</u> 253 (6th ed.) .....	12
12		
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1 **I. STATEMENT OF ISSUE**

2 1. Whether on this record the Court should hold as a matter of law that LG Display  
3 withdrew from an admitted conspiracy after July 13, 2006, and ceased engaging in a contract,  
4 combination, and conspiracy to fix prices for TFT-LCD panels in violation of Section 1 of the  
5 Sherman Antitrust Act, 15 U.S.C. §1, and various state antitrust laws.

6 2. Whether withdrawal from a conspiracy may be accomplished when a defendant  
7 does not give notice of withdrawal to the other co-conspirators and takes no affirmative acts to  
8 disrupt the conspiracy or discontinue its participation.

9  
10 **II. INTRODUCTION AND SUMMARY**

11 The evidence adduced in this case overwhelmingly shows that movant LG Display, a self-  
12 confessed, convicted felon and price-fixer, combined and conspired, along with other defendants,  
13 to fix, raise, and stabilize prices for TFT-LCD panels. (ECF No. 749-2, Dec. 8, 2008) (LG Display  
14 Guilty Plea). As the guilty plea reflected, LG Display executives were present at price-fixing  
15 meetings, exchanged information at those meetings, and otherwise entered into agreements to fix  
16 prices for TFT-LCD panels. LG Display now moves for partial summary judgment finding that it  
17 withdrew from this conspiracy in July, 2006, and that its liability for damages caused by the  
18 conspiracy ends as of the date of its withdrawal. Neither the evidence nor the law supports such a  
19 finding.

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Display either changed its pricing after July 2006, or that its co-conspirators changed their conduct because of what LG Display did or did not do. As Plaintiffs demonstrate through the accompanying Declaration of economist Dr. Janet S. Netz, Ph.D., who has studied the underlying economic data in this case for years, LG Display did **not** change its pricing behavior **after** July 2006 and continued to act in a manner consistent with membership in the cartel. All LG Display

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1 can offer to dispute that it was not price-fixing after July, 2006, is unsupported and inadmissible  
2 hearsay and speculation in the Bang Soo Lee Declaration, which opines that unidentified  
3 individuals in “senior management” would not “permit” unidentified employees to reach  
4 agreements at the price-fixing meetings that LG Display continued to attend after July 2006. *Lee*  
5 *Decl.* ¶ 3. Significantly, the affidavit does not deny that LG Display employees continued to enter  
6 into such illegal agreements. Under Rule 56, the Court of course cannot consider such  
7 inadmissible evidence, and LG Display has therefore wholly failed to establish either the absence  
8 of material issues of fact or its right to judgment as a matter of law.

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10 **III. FACTUAL BACKGROUND**  
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With clear evidence that the conspiracy and its involvement continued, LG Display implausibly argues that it did not engage in price-fixing after July, 2006. The sole evidentiary

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<sup>1</sup> See Exhs. A-C. These exhibits reflect the decision to send lower level employees was made and implemented in mid 2005, and LG Display admits the meetings continued after July 13, 2006.



1 basis on which LG Display relies is a skeletal, vague, and conclusory declaration, which on its face  
 2 lacks any showing of first-hand knowledge, necessarily based on inadmissibly hearsay, and  
 3 concluding with impermissible speculation, from an officer in the "Business Support Center." *See,*  
 4 *generally, Lee Decl.*<sup>2</sup> ...

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 7 . Whatever he has to say about the conspiracy and LG Display's role in it both lacks  
 8 foundation and must be entirely hearsay. He also provides no foundation for his "opinion," which  
 9 is nothing more than sheer speculation and conjecture, that "senior management and legal counsel"  
 10 would not "permit" price-fixing. There is no statement in his declaration that his purported  
 11 evidence and conclusions are based on first-hand knowledge and anything other than hearsay. *Lee*  
 12 *Decl.*, ¶3. Finally, he does not deny that LG Display continued to enter into price-fixing  
 13 agreements after July, 2006. There is no other evidence before the Court to support LG Display's  
 14 motion.

15 Mr. Lee's unsupported speculation that unspecified "senior management" of LG Display  
 16 would not "permit" price-fixing after July, 2006, is not only inadmissible, but also contradicted by  
 17 the economic evidence in the record. <sup>1</sup>

#### 22 **IV. ARGUMENT**

##### 23 **A. STANDARD FOR SUMMARY JUDGMENT**

24 Summary judgment may only be entered if there is no genuine dispute as to any material  
 25 fact and that the movant is entitled to judgment as a matter of law. Fed.R.Civ.P. 56(a). Further, the  
 26 Court may grant summary judgment whenever "the pleadings, depositions,... and admissions on  
 27

28 <sup>2</sup> Plaintiffs have not deposed Mr. Lee but have asked LG Display to produce him for  
 deposition. The parties are still negotiating.

1 file, together with the affidavits, if any, show that there is no genuine issue as to any material fact  
2 and that the moving party is entitled to judgment as a matter of law.” Fed.R.Civ.P. 56(c)(2).  
3 Because summary judgment is a "drastic device," the moving party bears a "heavy burden" of  
4 demonstrating the absence of any triable issue of material fact. *Real v. Driscoll Strawberry*  
5 *Associates*, 603 F.2d 748, 753 (9th Cir. 1979); *Nationwide Life Ins. Co. v. Bankers Leasing Ass'n,*  
6 *Inc.*, 182 F.3d 157, 160 (2d Cir. 1999).

7 In determining whether summary judgment should be granted, the facts and inferences  
8 therefore must be viewed in the light most favorable to the non-moving party. *Driscoll*, 603 F.3d at  
9 753. A disputed material fact is not "genuine" unless a reasonable jury could return a verdict for  
10 the non-moving party on the basis of deciding that fact in favor of the non-moving party. That is,  
11 the determination must be "whether the evidence presents a sufficient disagreement to require  
12 submission to a jury or whether it is so one-sided that one party must prevail is a matter of law."  
13 *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 251-52 (1986).

14 On a motion for summary judgment, the moving party bears the burden of "showing -- that  
15 is, pointing out to the District Court -- that there is an absence of evidence to support the  
16 nonmoving party's case." *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-324 (1986).

17 Although it is not enough for the party opposing a properly supported Motion for Summary  
18 Judgment to "rest on mere allegations or denial of his pleadings," all evidence, and all inference  
19 that may reasonably be drawn from the evidence, must be viewed in the light most favorable to the  
20 non-moving party. *Anderson, supra*, 477 U.S. at 256. If any genuine issue of material fact appears  
21 to the trial court, it is not the function of the trial court to weigh evidence on that issue. Even if the  
22 weight or believability of the evidence is clearly in favor of one party, the other party is entitled to  
23 a trial by jury to determine the facts. *Id.*

1 **B. IN ORDER TO WITHDRAW FROM A CONSPIRACY A CONSPIRATOR MUST**  
 2 **NOTIFY THE OTHER CONSPIRATORS**

3 It is well-established law that antitrust co-conspirators are jointly and severally liable  
 4 for all damages caused by the conspiracy. *Texas Industries, Inc. v. Radcliff Materials, Inc.*, 451  
 5 U.S. 630, 646 (1981) (“[J]oint and several liability simply ensures that the plaintiffs will be able to  
 6 recover the full amount of damages from some, if not all, participants.”); *William Inglis & Sons*  
 7 *Baking Co. v. ITT Continental Baking Co.*, 668 F.2d 1014, 1053 (9th Cir. 1981), *cert. denied*, 459  
 8 U.S. 825, 74 L. Ed. 2d 61 (1982). It is also well settled that “an accused conspirator’s participation  
 9 in a criminal conspiracy is presumed to continue until all the objects of the conspiracy had been  
 10 accomplished or until the last overt act is committed by any of the conspirators.” *United States v.*  
 11 *Finestone* 816 F.2d 583, 588 (9th Cir. 1987), *citing inter alia*, *Hyde v. United States*, 225 U.S.  
 12 347, 369 (1912). A conspiracy is a partnership in crime, and each member of the conspiracy is  
 13 liable for the actions of their co-conspirators. *See United States v. Socony-Vacuum Oil Co.*, 310  
 14 U.S. 150, 253-54 (1940). As an admitted member of a price-fixing conspiracy, LG Display is  
 15 unquestionably jointly and severally liable for the actions of its co-conspirators.

16 Since *Hyde, supra.*, 225 U.S. 347, the Supreme Court has set forth “rigorous  
 17 requirements” to show withdrawal from an illegal conspiracy. Thus, “the burden of establishing  
 18 withdrawal lies on the defendant.” *United States v. Borelli*, 336 F.2d 376, 388 (7th Cir. 1964).

19 A leading modern case on withdrawal from an antitrust conspiracy is *United States v.*  
 20 *United States Gypsum Co.*, 438 U.S. 422 (1978). In that case, the Supreme Court considered, *inter*  
 21 *alia*, what constitutes withdrawal from a price-fixing conspiracy. The Court concluded,  
 22 “Affirmative acts inconsistent with the object of the conspiracy *and communicated in a manner*  
 23 *reasonably calculated to reach co-conspirators* have generally been regarded as sufficient to  
 24 establish withdrawal or abandonment.” *Id.*, 438 U.S. at 464-65 (emphasis added); *accord, Marino*  
 25 *v. United States*, 91 F.2d 691, 695 (9th Cir. 1937) (“...a conspirator may avoid guilt by  
 26 withdrawing from the conspiracy prior to the commission of an overt act. In this connection,  
 27 however, affirmative action on the part of the accused is required, to show withdrawal from the  
 28 conspiracy, for a conspiracy once established is to presumed to continue until the contrary is

1 established”); *United States v Mayes*, 512 F.2d 637, 642-43 (6th Cir. 1975) (“where a conspiracy  
2 contemplates a continuity of purpose and a continued performance of acts, it is presumed to exist  
3 until there has been an affirmative showing that it has terminated; and its members continue to be  
4 conspirators until there has been an affirmative showing that they have withdrawn”).

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11 withdrawal from the conspiracy.

12 LG Display cites a number of cases in support of the notion that because they spoke to the  
13 government, as a matter of law they must be free of civil liability. These cases do not so hold. In  
14 *Borelli*, the Seventh Circuit considered the statute of limitations in the context of the withdrawal  
15 defense and reiterated the test that: “...until he does some act to disavow or defeat the purpose he  
16 is in no situation to claim the delay of the law. Mere cessation activity is not enough to start the  
17 running of the statute; there must be also be affirmative action either the making of a clean breast  
18 to the authorities or... communication of the abandonment in a manner reasonably calculated to  
19 reach co-conspirators.” *Borelli*, 336 F.2d at 388.

20 *United States v. Lothian*, 976 F.2d 1257 (9th Cir. 1992), which Defendant also cites,  
21 involved a mail fraud conviction where the Plaintiff Government chose not to rebut a *prima face*  
22 showing of withdrawal. There was no private plaintiff in a civil case as there is here. In that case,  
23 the standard of prove was beyond a reasonable doubt. While not factually similar, it is instructive  
24 because it makes clear that withdrawal will not shield a defendant from liability from the inevitable  
25 consequences of the actions the defendant took what was participating in the conspiracy. *Id.*, 976  
26 F.2d at 1263. Further, the case makes clear that the issue of withdrawal is a factual matter.

27 Because withdrawal from a conspiracy is closely akin to withdrawal from a mail or  
28 wire fraud scheme, we begin with the withdrawal defense as it applies to a charge of  
conspiracy. To withdraw from a conspiracy a defendant must either disavow the  
unlawful goal of the conspiracy, affirmatively act to defeat the purpose of the

1 conspiracy, or take “definite, decisive, and positive’ steps to show that the  
2 [defendant’s] disassociation from the conspiracy is sufficient.” *United States v.*  
3 *Loya*, 807 F.2d 1483, 1493 (9th Cir. 1987) (quoting *United States v. Smith*, 623 F.2d  
4 627, 631 (9th Cir. 1980)). The crime of conspiracy consists of two elements: the  
5 defendant’s agreement to accomplish an illegal objective and an overt act on the part  
6 of some member of the conspiracy toward achieving that objective. *Id.*  
7 Withdrawal negates the element of agreement to the conspiracy’s unlawful objective  
8 because it “marks [the] conspirator’s disavowal or abandonment of the  
9 conspiratorial agreement.”

10 *United States v. Read*, 658 F.2d 1225, 1232 (7th Cir. 1981).

11 Defendants also cite *Krause v. Perryman*, 827 F.2d 346 (8th Cir. 1987) but in that case, the  
12 defendant had already withdrawn from the conspiracy prior to the events that cause the plaintiff’s  
13 injury. 827 F.2d at 351. Since the plaintiff did not disprove that the defendants had withdrawn  
14 prior to the injury, there was no tribal issue of fact and summary judgment was affirmed in favor of  
15 the defendant. These facts are inapplicable here. The moving party also relies on another criminal  
16 case outside the circuit, *United States v. Greenfield*, 44 F.3d 1141 (2d Cir. 1995) where the  
17 defendant plotted with a longtime friend to use American Express cards fraudulently and building a  
18 fraudulent ATM. The ATM scam was uncovered and the defendant Greenfield surrendered to  
19 authorities soon thereafter. A third defendant, Lyons, was arrested later in all three defendants were  
20 charged on an indictment concerning bank fraud. Lyons argued on appeal that the District Court’s  
21 sentencing calculations were in error and he should not have been held responsible for the value of  
22 the equipment fraudulently obtained by co-conspirators and that the court should not have rejected  
23 his withdrawal from the conspiracy. This Second Circuit case provides no assistance for the  
24 defendants because siding with the Government, that Court held that the claim of withdrawal was  
25 incorrect. (The Court did remand the case for factual consideration in connection with calculating  
26 the sentence). More importantly, this case once again affirms that “cessation” — which plaintiffs  
27 here dispute even occurred — is not enough; the law generally requires the taking some  
28 “affirmative action,” citing *Borelli, su pra.*, 336 F.2d at 388. In considering the reasons for this, the  
29 Second Circuit explained that “affirmative evidence,” including “the communication of the  
30 abandonment in a manner reasonably calculated to reach co-conspirators,” is a critical component  
31 that assures that the purported withdrawal is not being created *ex post*.

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4 Under the law, LG Display has failed to meet its summary judgment burden. LG Display  
5 admits that it did not tell any the co-conspirators LG  
6 Display did not even tell its own employees to stop exchanging information or participation in the  
7 conspiracy; they continued to attend the meetings. LG Display's pricing remained unchanged.  
8 *Netz Decl.* at ¶ 8. At the very least, there are issues of fact precluding partial summary judgment  
9 on the issue of LG Display's withdrawal.  
10

11 **C. THE LEE DECLARATION IS INADMISSIBLE AND MAY NOT BE**  
12 **CONSIDERED IN SUPPORT OF LG'S MOTION**

13 The declaration of Lee Declaration is the only evidence on which LG relies for its assertion  
14 that, after July 13, 2006, it merely continued meeting with its co-conspirators but did not actually  
15 reach any agreements. *Lee Decl.* at ¶ 3. This so-called evidence gets LG nowhere because it is  
16 inadmissible. Mr. Lee has no foundation for his statements, and everything he avers is hearsay or  
17 speculation. For these reasons Paragraph 3 of the Lee Declaration should be stricken from the  
18 record and not considered on LG's motion. *Radobenko v. Automated Equipment Corp.*, 520 F.2d  
19 540, 544 (9th Cir. 1975) (precluding the use of "sham" affidavit testimony during summary  
20 judgment).

21 "A trial court can only consider admissible evidence in ruling on a motion for summary  
22 judgment." *Orr v. Bank of America, NT & SA*, 285 F.3d 764, 773 (9th Cir. 2002) (citations  
23 omitted). "At the summary judgment stage, [the court] do[es] not focus on the admissibility of the  
24 evidence's form. [The court] instead focus[es] on the admissibility of its contents." *Fraser v.*  
25 *Goodale*, 342 F.3d 1032, 1036 (9th Cir. 2003) (citation omitted) (finding contents of plaintiff's  
26 diary admissible for summary judgment purposes, even though diary itself was inadmissible,  
27 because the diary's contents were "mere recitations of events within [plaintiff's] personal

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3 Ex. A-C to the *Howard Decl.*; *Lee Decl.* at ¶¶ 1-2.

1 knowledge”). LG bears the burden of showing that Mr. Lee has first-hand knowledge of the  
 2 assertions in Paragraph three of the Lee Declaration. *See Cermetek Inc. v. Butler Avpak, Inc.*, 573  
 3 F.2d 1370, 1377 (9th Cir. 1978) (offering party must show that affiant is competent to testify about  
 4 matters in the declaration). LG cannot meet its burden.

5 Rule 56(c) sets out the requirements for declarations made in support of summary  
 6 judgment:

7 An affidavit or declaration used to support or oppose a motion must  
 8 be made on **personal knowledge**, set out facts that would be  
 9 admissible in evidence, and show that the affiant or declarant is  
 competent to testify on the matters stated.

10 Fed.R.Civ.P. 56(c)(4) (emphasis added); *accord. Boyd v. City of Oakland*, 458 F.Supp.2d 1015,  
 11 1023 (N.D. Cal. 2006) (“[t]he matters **must be known to the declarant personally**, as  
 12 *distinguished from matters of opinion or hearsay*”) (emphasis added).

13 It is plain from the Lee Declaration that Mr. Lee does not have personal knowledge of the  
 14 supposed facts in Paragraph 3. In fact, Mr. Lee asserts “knowledge,” but not personal knowledge.  
 15 *Lee Decl.* at ¶ 1. Nowhere does he even attempt to show how he has the knowledge of the facts he  
 16 asserts. How does Mr. Lee know, for example, that LG “did not instruct its employees to stop  
 17 *communications with competitors?*” *Id.* at ¶ 3. How does he know that “senior management and  
 18 the legal department were then aware of both the earlier competitor communications and the DOJ  
 19 investigation?” *Id.* How does he know that “they would not permit any employees’  
 20 communication with a competitor to result in a price-fixing agreement by LG Display?” *Id.*  
 21 Presumably, Mr. Lee is not including himself among the unnamed “they.” And his use of a third-  
 22 person pronoun in this regard is telling. Clearly, Mr. Lee has no personal knowledge.

23 Not only is it apparent that Mr. Lee does not have personal knowledge of the assertions in  
 24 Paragraph 3, but it also appears from the Declaration that he does not know of any person with  
 25 personal knowledge. He identifies no one at LG that purportedly made any of the decisions or took  
 26 any of the actions he asserts. Instead, he “identifies” only “LG Display,” “employees,” and “senior  
 27 management and the legal department.” *Id.* Foundation is not laid by a third person’s assertion  
 28 that nameless, faceless other persons have personal knowledge.

1 Since Mr. Lee has no personal knowledge of his assertions in Paragraph 3, he is either  
2 speculating (reinforcing his lack of foundation), or he was told the information by some other  
3 person or persons. If he was told the information, his statements are hearsay. "Hearsay is a  
4 statement, other than one made by the declarant while testifying at the trial or hearing, offered in  
5 evidence to prove the truth of the matter asserted." *Orr*, 285 F.3d at 778 (citation and quotation  
6 omitted). Hearsay is inadmissible unless it is defined as non-hearsay by Rule 801(d) or meets a  
7 hearsay exception set out in Rules 803, 804, or 807. *See Id.* The ultimate issue where, as here,  
8 hearsay evidence is offered as a basis for summary judgment, is "whether the hearsay evidence  
9 offered [] is reliable." *See Till v. American Family Mutual Ins. Co.*, 06-CV-1376-BR; 2007 U.S.  
10 Dist. LEXIS 50715, \* 14 (D. Or. June 26, 2007), *citing 2 McCormick On Evidence* 253 (6th ed.)  
11 (other citation omitted).

12 Clearly, LG offers Paragraph 3 of the Lee Declaration for the truth of the matter asserted;  
13 namely that, even though its employees continued to communicate with its co-conspirators, LG did  
14 not fix any prices during those communications. It is equally clear that Mr. Lee has no personal  
15 knowledge of the matter asserted. He is regurgitating what he was told. This is rank hearsay. *See,*  
16 *e.g., Stockdale v. Hartley*, CV 09-236-RGK (PJW), 2010 U.S. Dist. LEXIS 94122, \* 13-14 (C.D.  
17 Cal. June 4, 2010) (witnesses' "account of what happened was based on what someone told them,  
18 rendering it rank hearsay and inadmissible"); *Stowers v. Evans*, CIV S-05-2067 MCE GGH P,  
19 2008 U.S. Dist. LEXIS 38514, \* 27 (E.D. Cal. May 12, 2008) ("defense investigator[']s recitation  
20 of what [witness] supposedly said to him was rank hearsay ...").

21 Paragraph 3 of the Lee Declaration is inadmissible both in form and in substance. Mr. Lee  
22 lacks personal knowledge of the matters stated; and whatever he states is either hearsay or his own  
23 unsubstantiated speculation — all of which makes the declaration inadmissible. Because this  
24 paragraph is the only purported proof that LG did not fix prices after July 13, 2006, LG has no  
25 admissible evidence of this asserted fact, and its motion for partial summary judgment must  
26 therefore be denied.



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**V. CONCLUSION**

For the foregoing reasons, the Court should deny the Motion for Partial Summary Judgment.

Dated: August 5, 2011

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