

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

Cadence Design Systems, Inc. v. Intelligent Automation (Zhuhai) Co.,
Ltd.

Case No. 24-cv-07031-PCP (N.D. Cal. Jan. 26, 2026) · No. 24-cv-07031-PCP · Decided January 26, 2026

SUMMARY

The United States District Court for the Northern District of California denied nonparties Intelligent Automation Technology Inc. and Xuejian Wei’s motion for relief from a magistrate judge’s nondispositive order certifying facts regarding their civil contempt for failing to comply with document subpoenas. The court found no legal or clear factual error in the magistrate judge’s ruling under Federal Rule of Civil Procedure 72(a). The court ordered the nonparties to show cause why they should not be sanctioned for civil contempt and set briefing and hearing dates.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Casey Pitts
JURISDICTION	United States District Court for the Northern District of California
DECIDED	January 26, 2026
DOCKET	24-cv-07031-PCP
DISPOSITION	other
PROCEDURAL POSTURE	Nonparties Intelligent Automation Technology Inc. and Xuejian Wei sought relief under Federal Rule of Civil Procedure 72(a) from a magistrate judge's nondispositive order certifying facts concerning civil contempt and recommending an order to show cause.
STANDARD OF REVIEW	Under Federal Rule of Civil Procedure 72(a), a district judge may modify or set aside a magistrate judge's order on a nondispositive matter only if the order is clearly erroneous or contrary to law.
PRECEDENTIAL VALUE	Unpublished district court order; nonprecedential.

TOPICS

- contempt
- sanctions
- discovery dispute
- civil procedure

PRACTICE AREAS

civil procedure

commercial litigation

intellectual property

QUESTIONS PRESENTED

1. Whether the magistrate judge's certification of facts concerning IAT and Wei's civil contempt was clearly erroneous or contrary to law under Federal Rule of Civil Procedure 72(a).
2. Whether IAT and Wei bore the burden in the contempt proceeding to rebut Cadence's prima facie showing by demonstrating substantial compliance or that they had taken all reasonable steps to comply.
3. Whether the district court should issue an order to show cause why IAT and Wei should not be sanctioned for civil contempt.

HOLDINGS

1. The magistrate judge's order certifying facts was neither legally erroneous nor clearly erroneous because it correctly applied the civil-contempt standard and was supported by the factual record.
2. Once Cadence made a prima facie showing of noncompliance, IAT and Wei bore the burden to rebut it by showing substantial compliance or that they took all reasonable steps within their power to comply.
3. The district court denied IAT and Wei's motion for relief and issued an order to show cause why they should not be sanctioned for civil contempt.

KEY QUOTATIONS

“The district judge must then hear evidence and, if warranted, “punish such person in the same manner and to the same extent as for a contempt committed before a district judge.”” (at 1)

“She properly placed the burden on IAT and Wei to rebut Cadence’s prima facie argument by showing “substantial compliance.”” (at 2)

FACTUAL BACKGROUND

Cadence served IAT and Wei with document subpoenas containing thirteen requests for production. Although they provided written responses and produced two high-level slide decks, the magistrate judge found that they failed to produce all nonprivileged responsive documents by the court-ordered deadline. Wei searched his emails without counsel's assistance, and Cadence's counsel stated that counsel was not personally involved in the searches and relied on Wei's searches of his own files.

PROCEDURAL HISTORY

Cadence served document subpoenas on IAT and Wei. Magistrate Judge DeMarchi denied their motion to quash, ordered production, found that they failed to comply, certified facts under 28 U.S.C. § 636(e), and recommended that the district court issue an order to show cause. The district court denied relief from the magistrate judge's order and issued the requested order to show cause regarding civil contempt sanctions.

DISPOSITION

other

CASES CITED

- Coleman v. Newsom, 131 F.4th 948, 956 (9th Cir. 2025)

OPINION

Cadence Design Systems, Inc. v. Intelligent Automation (Zhuhai) Co., Ltd.

PER CURIAM.

1 2 3

4 UNITED STATES DISTRICT COURT

5 NORTHERN DISTRICT OF CALIFORNIA

6 7 CADENCE DESIGN SYSTEMS, INC., Case No. 24-cv-07031-PCP 8 Plaintiff,

ORDER DENYING NONPARTIES IAT

9 v. AND XUEJIAN WEI'S MOTION FOR

RELIEF; ORDER TO SHOW CAUSE

10 INTELLIGENT AUTOMATION

(ZHUHAI) CO., LTD., Re: Dkt. No. 74 11 Defendant. 12 Nonparties Intelligent Automation Technology Inc. (IAT) and Xuejian Wei, an employee 13 of IAT, move for relief from a nondispositive pretrial order issued by Magistrate Judge DeMarchi. 14 Dkt. 74. After plaintiff Cadence Design Systems served document subpoenas on IAT and Wei, 15 IAT moved to quash the subpoenas. Judge DeMarchi denied the motion and ordered production of 16 responsive documents by June 17, 2025. Dkts. 23, 27, 38, 39, 56. On June 16, 2025, IAT and Wei 17 provided written responses and produced only two documents, which were “high-level slide 18 decks” responsive to one of Cadence’s thirteen requests for production. Dkts. 39, 48. Cadence 19 moved to hold IAT and Wei in contempt and for Judge DeMarchi to certify facts to this Court. 20 Dkt. 48. 21 Under 28 U.S.C. § 636(e)(6)(B)(iii), a magistrate judge that finds a party in civil contempt 22 shall certify the relevant facts to a district judge and serve any relevant persons with an order to 23 show cause before that district court judge. The district judge must then hear evidence and, if 24 warranted, “punish such person in the same manner and to the same extent as for a contempt 25 committed before a district judge.” Id. Pursuant to her authority under 28 U.S.C. § 636(e), Judge 26 DeMarchi certified that IAT and Wei were in civil contempt of her prior order and recommended 27 that this Court issue an order to show cause why IAT and Wei should not be held in contempt.

1 Dkt. 73. Judge DeMarchi certified three facts to this Court:

2 1. Cadence has shown by clear and convincing evidence that IAT and Mr. Wei failed to comply with the portion of the Court’s May 3 27, 2025 order that required IAT and Mr. Wei to produce all non- 4 privileged documents responsive to Cadence’s document subpoenas by June 17, 2025. 5

2. IAT has not shown that it took all reasonable steps within its
6 power to ensure timely compliance with the Court's May 27, 2025 order, nor has it explained
why it was unable to timely comply 7 with the order. 8

3. Mr. Wei has not shown that he took all reasonable steps within his
9 power to ensure timely compliance with the Court's May 27, 2025 order, nor has he explained
why he was unable to timely comply 10 with the order. Dkt. 73 at 4. 11 IAT and Wei now move for
relief from Judge DeMarchi's order. Under 12 Federal Rule of Civil Procedure 72(a), if a party has
objections to a magistrate 13 judge's order deciding a nondispositive matter, the "district judge in
the case must 14 consider timely objections and modify or set aside any part of the order that is
clearly 15 erroneous or is contrary to law." IAT and Wei argue that Judge DeMarchi's order 16
should be set aside because it misstated the law and the factual record. 17 Judge DeMarchi's order
certifying facts did not include a legal error nor a 18 clear error with respect to her factual
findings. Judge DeMarchi correctly applied the 19 legal standard and burden-shifting framework
for a civil contempt motion. IAT and 20 Wei are incorrect that they did not have the burden to
show that they could not 21 comply with the subpoena because Judge DeMarchi was adjudicating
a motion for 22 contempt and not a motion to compel. She properly placed the burden on IAT and
23 Wei to rebut Cadence's prima facie argument by showing "substantial compliance." 24 See
Coleman v. Newsom, 131 F.4th 948, 956 (9th Cir. 2025). Judge DeMarchi also 25 did not commit
clear error because she relied on Wei's declaration that he conducted 26 a search of his emails
without the assistance of counsel. See Dkt. 56-1, Wei 27 1 IAT and Wei with their searches,
Motion for Relief at 4, Cadence's counsel declared 2 || specifically that counsel "was not
personally involved in searching for documents 3 || responsive to Cadence's subpoenas" and
"relied exclusively on Mr. Wei's searches 4 || of his own files." Dkt. 48-1, Papazian Declaration §
14. Thus, Judge DeMarchi did 5 || not clearly err in concluding that IAT and Wei failed to comply
with its previous 6 || order. 7 Therefore, the Court declines to vacate Judge DeMarchi's order and
issues 8 an order for IAT and Wei to show cause as to why they should not be sanctioned for 9 ||
civil contempt for the reasons identified in Judge DeMarchi's order. This Court will 10 || hear IAT
and Wei's argument in response to this Court's order to show cause at 10:00 11 a.m. on Thursday,
March 26, 2026. IAT and Wei may file their brief and any 12 || evidence in support of their
position by no later than February 10, 2026. Cadence 13 may file an opposition and any
supporting evidence by no later than 14 days after the 14 || filing of IAT's brief. IAT and Wei may
then file a reply by no later than 7 days after 15 || the filing of Cadence's brief. 17 IT IS SO
ORDERED. Zz 18 || Dated: January 26, 2026 19 20 Kha ~~ — . Casey Rts 21 United States
District Judge 22 23 24 25 26 27 28