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February 2, 2011

Hon. Bernard Zimmerman  
U.S. Magistrate Judge  
U.S. District Court for the Northern District of California

Re: Google and YouTube v. IPVALUE, No. C11-80016 MISC RS (BZ)

Dear Judge Zimmerman,

IPVALUE Management, Inc. (“IPVALUE”) hereby responds to your Order dated January 28, 2011. As set forth below, IPVALUE has agreed to produce documents relevant to the underlying patent litigation, including communications with Xerox or others regarding the patents-in-suit, and any prior art to the patents. IPVALUE, however, should not be required to produce internal documents that were never communicated to Xerox. The internal musings of a non-party are irrelevant to the determination of whether the patents are valid and infringed, and should not be required, particularly where production of those internal documents would dramatically increase the burden of production.

IPVALUE is a patent licensing company that works with a select number of technology leaders, such as Xerox (including PARC), British Telecom, and NXP, to obtain a return on their R&D investments through commercialization of their patent portfolios. IPVALUE typically communicates with these companies and potential licensees through a limited number of IPVALUE contact persons. Other team members support those contact persons, but their communications are primarily internal to IPVALUE.

Already, IPVALUE has agreed to produce any responsive, non-privileged documents that were sent to or by Xerox. IPVALUE will also produce any responsive, non-privileged documents that were communicated to or from the defendants in the Delaware action or other companies with which Xerox or IPVALUE had relevant licensing communications. IPVALUE also would be willing to produce prior art to the patents-in-suit, although IPVALUE disclosed all such documents to Xerox, and therefore IPVALUE’s documents are cumulative to those in Xerox’s possession.

Beyond prior art or IPVALUE’s external communications, Google, Inc. and YouTube LLC (together, “Google”) appear to be “fishing” for documents that would have no relevance even if they existed. Google theorizes that “an IPValue employee analyzing the patents in suit could have ... found a reason why the asserted claims ... do not read on the accused products.” (Motion, at 6:17-20.) Even if such documents existed, the issue of infringement will be resolved based on proof of how Google’s products actually work, as

shown by Google's confidential technical information—information to which IPVALUE has never had access. The internal opinions of a non-party regarding infringement will not constitute the sort of factual evidence of how the accused products work that is relevant to infringement. Likewise, the issue of validity will be determined by the actual prior art, not IPVALUE's internal opinions regarding validity. A hypothetical statement regarding "the value of the patents-in-suit, the prospects of the instant lawsuit, and flaws in Xerox's infringement case" (Motion at 6:20-23) would merely be the opinion of one non-party employee based on publicly-available information; it would not constitute either the technical evidence that would be dispositive of infringement, or the financial records that would drive the damages calculation. Google cites no authority for the proposition that a non-party's internal documents are relevant in an infringement case, and the cases it does cite are inapposite.<sup>1</sup> Given this lack of relevance, the burden on IPVALUE cannot be justified. *IP Co., LLC v. Cellnet Tech., Inc.*, No. C08-80126 MISC MMC (BZ), 2008 WL 3876481, at \*1 (N.D. Cal. Aug. 18, 2008) ("Rule 45 emphasizes the need to minimize the burden of a subpoena on a nonparty").

Collecting and producing the internal documents that Google seeks would place a staggering and undue additional burden on IPVALUE by dramatically increasing both the number of employees from whom documents must be collected, and the document types that must be collected from each person. Although as many as ten individuals or more worked on the Xerox matter over a period of approximately four years, most of them had minimal or no external communications. Although external communications can be collected through a search of e-mail files, collecting all internal documents would require, generally, collection of paper files, archives, servers, and individual hard drives. In short, production of the internal documents sought by Google would require roughly a third of IPVALUE's employees to review and collect four years worth of documents; all of which documents are either irrelevant or cumulative to information Google can get from other sources. IPVALUE is a 39-employee company, with limited administrative staff, and this collection would significantly disrupt its operations.

Further, producing internal documents will raise additional complications. Significantly, many of the internal documents include information that is confidential to IPVALUE, which IPVALUE has not shared with Xerox and/or Xerox's attorneys. Internal documents are likely to include information that is confidential to IPVALUE's other clients or is subject to other clients' privileges. Also, IPVALUE's internal documents are highly likely to include privileged communications between IPVALUE's in-house attorneys and other IPVALUE employees, such that ordering production of internal documents will require preparation of a much larger privilege log. These complications add to the burden on IPVALUE, all in the name of Google's quest for utterly irrelevant documents.<sup>2</sup>

For all the foregoing reasons, Google's motion to compel should be denied. However, IPVALUE will fully brief and argue these issues if necessary.

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<sup>1</sup> For example, *Phoenix Solutions, Inc. v. Wells Fargo Bank, N.A.*, 254 F.R.D. 568, 582-83 (N.D. Cal. 2008), concerned a plaintiff's refusal to produce licensing and settlement communications with third parties regarding the patents in suit. IPVALUE is not a party, and has agreed to produce communications with third parties.

<sup>2</sup> A number of IPVALUE's objections to the subpoena have not been addressed in the instant Motion. If the instant motion is granted, those objections would still need to be resolved. For example, IPVALUE objected to Request Nos. 11 and 12 -- which seek documents relating to broad areas of technology licensing, not limited to the patents-in-suit, Xerox, or Google -- as vastly overbroad, unduly burdensome, vague, and ambiguous.

Respectfully submitted,



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