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11
 12 UNITED STATES DISTRICT COURT
 13 NORTHERN DISTRICT OF CALIFORNIA
 14

15 GOOGLE INC. AND YOUTUBE LLC,
 16
 Plaintiffs,
 17
 v.
 18 IPVALUE MANAGEMENT INC.
 19
 Defendant.
 20

CASE NO. 3:11-MC-80016-RS
**GOOGLE’S REPLY IN SUPPORT OF
 MOTION TO COMPEL PRODUCTION
 OF DOCUMENTS FROM THIRD PARTY
 IPVALUE MANAGEMENT INC.**

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1 **Introduction**

2 Before Google brought its motion, IPValue raised no issue regarding its numerous boiler-
3 plate objections, burden, cost-shifting, or any other of the myriad of reasons it now uses to seek to
4 avoid its obligation to respond to Google’s lawful subpoena. The sole issue IPValue raised,
5 through its and Delaware Plaintiff Xerox’s counsel Cravath, Swaine & Moore, was that internal
6 IPValue documents that would be responsive to Google’s subpoena were irrelevant. Accordingly,
7 Google’s Motion to Compel sought to compel internal communications of IPValue responsive to
8 Google’s subpoena to IPValue.

9 Since the filing of Google’s motion to compel, however, the issues IPValue has with
10 Google’s subpoena have expanded and changed. For example, through Cravath, IPValue
11 represented it would produce documents responsive to Google’s Request Nos. 1-6 and 8-12 that
12 were shared with Xerox. IPValue’s Opposition even states “IPValue has produced its external
13 communications.” This is false. IPValue has yet to produce a single document to Google. And
14 throughout its Opposition, IPValue repeatedly suggests the Court should not enforce Google’s
15 subpoena at all. Thus, although Google did not think this was an issue on which it needed to
16 move, apparently Google needs the Court’s assistance in compelling these external
17 communications as well.

18 IPValue’s main objection to Google’s subpoena is now one of burden—grounded in the
19 fiction that IPValue is somehow an uninterested third party to the underlying litigation. But, as
20 IPValue glosses over in a footnote, IPValue works on a “contingency” basis and has done
21 extensive work with respect to the patent-in-suit on behalf of Xerox. The implication of this
22 footnote is clear: IPValue has a direct stake in the litigation. If Xerox obtains a financial
23 recovery—whether by verdict or settlement—IPValue will get a portion of that recovery.
24 Therefore, any advantage Xerox gets from Google not getting the discovery it seeks or for Google
25 to expend further resources in this case, actually goes to IPValue, too. Yet, IPValue incredibly
26 asks this Court and Google for Google to foot half the bill—and to provide \$50,000 up front
27 before it even begins searching for documents.

1 In any event, notwithstanding the true nature of IPValue's relationship to this matter, "the
2 scope of discovery through subpoena is the same as that applicable to Rule 34 and the other
3 discovery rules." *Viacom Int'l Inc. v. YouTube, Inc.*, 2009 WL 102808, *2 (N.D. Cal. Jan. 14,
4 2009) (citing Advisory Committee Notes (1970)) (underlining added). A party may "obtain
5 discovery regarding any nonprivileged matter that is relevant to any party's claim or defense." *Id.*
6 (citing Fed. R. Civ. P. 26(b)). IPValue provides no legitimate basis for its continued failure and
7 refusal to produce documents responsive to Google's subpoena.

8 **I. IPVALUE SHOULD IMMEDIATELY PRODUCE THE EXTERNAL**
9 **DOCUMENTS IT PREVIOUSLY AGREED TO PRODUCE.**

10 IPValue agreed to produce all documents responsive to Google Request Nos. 1-2 and 13,
11 and documents responsive to Google Request Nos. 3-6 and 8-12 that were communicated to
12 Xerox. (*See* Novikov Dec., Ex. F.) Accordingly, Google's motion to compel was not directed at
13 those documents.

14 Yet, in the parties' meet and confer following the February 3 teleconference with this
15 Court, IPValue's counsel stated he was not even aware of this agreement. (Wu Dec., 3/3/11 email
16 ("Regarding Cravath's agreement with Google, I am not aware of any such agreement").) And
17 while IPValue's Opposition states that "IPValue has produced its external communications,"
18 Google has yet to receive a single document from IPValue. Indeed, IPValue seems to back away
19 from its promise suggesting it need not produce any documents, making broad arguments
20 regarding Google's purportedly expansive document requests and arguing that the Court should
21 not enforce Google's subpoena at all. (Opp., 13-14.) In any event, after agreeing to produce such
22 documents, it is improper for IPValue to challenge that it is required to do so. The Court should
23 order IPValue to keep its word and immediately produce the promised documents.

24 **II. IPVALUE FAILS TO JUSTIFY ITS REFUSAL TO PRODUCE RELEVANT**
25 **INTERNAL DOCUMENTS AND GOOGLE'S PROPOSED SEARCH TERMS ARE**
26 **SPECIFICALLY TARGETED TO LOCATE THEM.**

27 **A. The Requested Internal Documents are Relevant Because They Seek**
28 **Information About IPValue's Analysis of the Patent-In-Suit and Accused**
Products.

1 Google moves to compel the production of internal communications and documents
2 responsive to Request Nos. 3-6 and 8-12. (*See* Novikov Dec., Ex. E; Google Brief, 4 (citing
3 document requests).) Before Google moved to compel, relevance was IPValue’s only objection to
4 the discovery Google sought to compel. As set forth in Google’s moving papers, however, each of
5 these Requests seeks relevant documents and/or documents that are reasonably calculated to lead
6 to the discovery of admissible evidence.

7 IPValue suggests that the requested documents might not be relevant (Opp. at 6, 8), but
8 fails to actually explain why each of Google’s Requests is not relevant. The closest IPValue
9 comes to arguing relevance is to contend that the Requests are not limited to the patent, Xerox, or
10 the assertions against Google, citing Request Nos. 11 and 12. This is incorrect. Request Nos. 11
11 and 12 seek documents relating to IPValue’s efforts to license patents in the same fields as the
12 ‘979 patent. (Novikov Dec., Ex. E, Nos. 11 and 12.) Such documents may, among other things,
13 identify relevant prior art to the ‘979 patent. Thus, they are “reasonably calculated to lead to the
14 discovery of admissible evidence” and within the proper scope of discovery. *Viacom*, 2009 WL
15 102808 at *2 (relevant information need not be admissible evidence as long as it is “reasonably
16 calculated to lead to the discovery of admissible evidence”) (citing Fed. R. Civ. P. 26(b)).

17 **B. Google’s Search Terms Are Targeted to Locate Relevant and Responsive**
18 **Documents.**

19 The parties agree on 15 search terms. (*See* Opp., 4.) The remaining terms proposed by
20 Google are appropriate and IPValue gives no good reason to exclude them.

21 For example, IPValue objects (although not explicitly in its brief) to Google’s inclusion of
22 variations of the names of the accused products, such as AdSense for Content, AFC, and Content
23 Ads, on its list of proposed search terms. But IPValue does not contend that it is inappropriate for
24 Google to seek documents regarding the accused products. Indeed, it asserts that its own search
25 terms are appropriate because IPValue claims they relate to the accused products. (Opp., 10).
26 But these are the terms IPValue says encompass the “accused products”:

27 organized classification of document content
28 automatically identifying a set of entities
automatically categorizing the selected document content

1 automatically formulating the query to restrict a search
2 formulat! /3 query
3 DocSouls
4 Document Souls
5 XLP56
6 XLP57

7 These are just phrases from the patent and internal Xerox codes. These terms do not “encompass”
8 the accused products at all, as Google’s terms appropriately do.

9 IPValue also complains that Google’s search terms such as infring* and licens* could
10 encompass “IPValue’s work related to clients other than Xerox that read on Google’s (or
11 Yahoo!’s) products.” (Opp., 10). Any concern that Google’s proposed search terms could extend
12 beyond the underlying lawsuit to other work IPValue is currently doing against Google or Yahoo!
13 could be dealt with via the search terms. For example, IPValue argued that Google’s search terms
14 could identify documents relating to work that IPValue has done for Multimedia Patent Trust.
15 (Wu Dec., 3/1/11 email.) Google proposed using the search terms to exclude documents relating
16 to that matter from the search results, such as “but not MPT” or “but not Multimedia Patent Trust”
17 or terms for any other matters that IPValue thought should be excluded. (*Id.*, 3/2/11 email.)
18 IPValue did not even respond to Google’s suggestion. And IPValue fails to even acknowledge
19 Google’s proposal in its Opposition. There is no reason why this perceived problem with
20 Google’s proposed search terms cannot be remedied. Moreover, IPValue will, of course, have the
21 opportunity to review the documents triggered by the proposed search terms before production;
22 Google is not demanding that IPValue produce documents that are not relevant to this litigation.

23 IPValue also claims that several of Google’s proposed search terms have “no connection to
24 patent assertion.” (Opp., 11 (emphasis in original). This too is incorrect. For example, seven of
25 the terms listed by IPValue, Content Match, Y!Q, Contextual Search, Right Media, RMX, Yahoo!
26 Publisher Network, and Yahoo! Search Marketing, relate to co-defendants’ Yahoo! and Right
27 Media’s accused products. (*See* Opp., at 11.) The other terms are based on Xerox’s infringement
28 theories expressed to date. For example, content* is included in Google’s proposed search strings;
Xerox alleges that Google’s AdSense for Content analyzes the “content” on a web page.

1 Similarly, automat* is included in Google’s proposed search strings; several steps of asserted
2 claim 1 of the ‘979 patent disclose doing certain things “automatically.”

3 In addition, there are at least 20 search strings IPValue purports to oppose, but does not
4 even address in its brief. These include boolean searches such as "(Google or Yahoo!) w/5 'prior
5 art'" In each of these searches, Google seeks to have IPValue search for certain terms within a
6 certain number of words of Google or Yahoo!.² IPValue provides no explanation as to why any
7 of these search terms are inappropriate. Accordingly, these terms are appropriately included with
8 the list of terms IPValue is to use as well.

9 **C. IPValue’s Claims of Burden to Search the Files of Employees With Relevant**
10 **Information for the Relevant Time Frame Are Without Merit.**

11 **1. IPValue Presents No Detail Regarding Its Claim of “Burden,” Which**
12 **Would be Outweighed by the Likely Benefit of the Discovery in Any**
13 **Event.**

14 Before Google filed the present motion, IPValue did not raise burden as an issue at the
15 parties’ meet and confers. Yet, IPValue seeks to raise this issue as a centerpiece of its Opposition.
16 This alone should preclude IPValue from raising it at this time.

17 Further, at the February 3 teleconference, the Court made clear that if considered, any
18 claim of burden would need to be supported by a specific showing. IPValue does not provide any
19 detail regarding how Google’s requested search terms, timeframe, or custodians affects the
20 number of documents IPValue will need to produce or log. Every argument of burden is based on
21 the same type of attorney conjecture that could be made in response to any subpoena or document
22 request.

23 Moreover, even if the speculative burden identified by IPValue exists, it does not outweigh
24 the likely benefit of the discovery. *Viacom*, 2009 WL 102808 at *3 (citing Fed. R. Civ. P. 26).
25 Xerox outsourced the task of commercializing the ‘979 patent to IPValue. This included

26 ² In addition to "prior art," the other words in these suggested boolean searches are
27 complaint*, court, generat*, investigat*, Xerox, quer*, sue, sued, suit, violat*, offer*, case, and
28 cases. (*See Opp.*, 4-6.)

1 negotiating with Defendants on Xerox’s behalf. Had Xerox kept these efforts “in house,”
2 Defendants would be able to obtain the requested documents directly from Xerox. But, because of
3 Xerox’s decision to have an outside consulting company analyze and attempt to license the ‘979
4 patent, the only way for Defendants to get the requested discovery is from IPValue. The
5 discovery, which covers Xerox’s agent’s analysis of the patent-in-suit, is clearly important to the
6 issues in the underlying litigation which will undoubtedly seek millions of dollars of damages
7 from the Defendants. Thus, the likely benefit of the requested discovery outweighs any purported
8 burdens to IPValue which may have been alleviated earlier had IPValue been more forthcoming in
9 the meet and confer process. As a result, these purported burdens do not warrant denying
10 Google’s motion.

11 **2. Google’s Request that the Files of In-House Counsel Who Furthered**
12 **the Business Goals of IPValue be Searched is Not Unduly Burdensome.**

13 While IPValue claims that it is burdensome to require it to search the files of in-house
14 counsel because privileged documents will need to be logged, Google offered to limit IPValue’s
15 search for responsive documents to those counsel who acted in furtherance of IPValue’s business
16 in the manner explained by *Diagnostic Systems Corp. v. Symantec* (Case No. SA CV 06-1211
17 DOC (ANx)) (C.D. Cal. Aug. 12, 2008)³ In that case, DSC was in the business of acquiring,
18 licensing, and enforcing patented technologies. *Diagnostic Systems* at 3. The court explained that
19 documents “created when DSC employees were functioning in the capacity of business executives
20 furthering the business goals of DSC,” were not privileged. *Id.* at 8-9. On the other hand,
21 documents created when employees were functioning primarily as attorneys representing DSC
22 were privileged. *Id.*

23 Similarly here, IPValue is an intellectual property consulting company that acted as
24 Xerox’s “agent” to commercialize the ‘979 patent. (Novikov Dec., Ex. B.) Thus, documents
25 created by IPValue’s in-house counsel when “functioning in the capacity of business executives
26 _____

27 ³ A copy of the referenced order in *Diagnostics Systems* is attached as Appendix A hereto for
28 the Court’s convenience.

1 furthering the business goals of” IPValue—in this context, for example, to license the ‘979 patent
2 or identify targets of such licensing—are not privileged.

3 Google told IPValue that if it represents that its in-house counsel did not do work related to
4 IPValue’s attempts to license or otherwise enforce the ‘979 patent, then Google would agree that
5 those individuals’ files need not be searched and logged as privileged. Despite Google’s repeated
6 inquiries, IPValue has not made that representation.⁴ (See Wu Dec., 2/22/11, 2/28/11, 3/1/11,
7 3/2/11, 3/3/11 emails.) Accordingly, it is appropriate for Google to seek documents from these
8 custodians.

9 **3. Google’s Request that IPValue Produce Documents Dated After the**
10 **Filing of the Complaint is Not Unduly Burdensome.**

11 Another issue that IPValue never raised before Google moved to compel is that it should
12 not need to produce documents dated after the filing of the complaint. IPValue concludes without
13 support that this will be unduly burdensome because there may be privileged documents
14 associated with responding to Google’s subpoena and IPValue would have to log them.

15 Initially, if this is really IPValue’s concern, then the date it would seek would be the date
16 of the subpoena—November 10, 2010—not the date of the complaint months earlier—February 9,
17 2010. In actuality, IPValue likely proposes cutting-off the collection as of the filing of the
18 complaint because it has continued its work enforcing the ‘979 patent after that date. IPValue’s
19 arguments regarding using the complaint as a cut-off date are also inconsistent with its contention
20 that it is a true third party, unrelated to the litigation. If IPValue were truly unrelated to the case,
21 the filing of the complaint would not have any bearing on its response to Google’s subpoena.

22 In any event, that some documents dated after the filing of the complaint may be privileged
23 does not mean that there might not also be non-privileged documents. And to the extent this is
24 really IPValue’s concern, Google will agree that genuinely privileged communications solely

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26 ⁴ IPValue offers in its Opposition to re-visit this issue if the documents produced demonstrate
27 that IPValue’s counsel are significantly involved in business-related issues. There is no reason to
28 delay searching these individuals’ files, however, when IPValue cannot even represent that these
individuals are not involved in these activities.

1 concerning responding to the subpoena need not be logged. Accordingly, there is no good reason
2 to cut-off IPValue's production at the date the complaint was filed.

3 **4. Google Does Not Request Damages Documents at this Time.**

4 IPValue also argues that it should not be required to produce "damages" documents.
5 Google does not disagree, but asked IPValue to clarify the categories of documents it would
6 withhold on this basis. (Wu Dec., 3/2/11, 3/3/11 emails.) IPValue did not respond. Google is
7 entitled to know for which Requests IPValue intends to withhold documents on this basis.

8 **III. IPVALUE'S BOILERPLATE OBJECTIONS, WHICH IT DID NOT RAISE IN THE
9 PARTIES' PRE-FILING MEET AND CONFER, DO NOT PROVIDE ANY BASIS
10 TO DENY GOOGLE'S MOTION.**

10 IPValue argues that the Court should resolve all its objections before ruling on Google's
11 motion. (Opp., 14-15.) Initially, these objections were not raised in the parties' pre-filing meet
12 and confer, and it is improper for IPValue to now raise these objections at this late date. *See In re*
13 *Heparin Products Liability Litigation*, --- F.Supp. 2d ---, 2011 WL 233838, *8 (N.D. Ohio Jan. 24,
14 2011) (boilerplate written objections that were not substantiated were deemed waived).

15 Even if the Court were to consider IPValue's other objections, they are unfounded and not
16 sufficient grounds to withhold production of relevant documents. "Bare assertions that the
17 discovery requested is overly broad, burdensome, oppressive or irrelevant are ordinarily
18 insufficient, standing alone, to bar production." *Continental Ill. Nat. Bank and Trust of Chicago*,
19 136 F.R.D. 682, 685-86 (D. Kan. 1991) Here, IPValue's objections are nothing more than
20 boilerplate. (See Novikov Dec., Ex. F.) Specifically, IPValue objected to Request Nos. 3-6 and 8-
21 12 (i.e. every Request at issue) as overbroad. But, IPValue does not explain how each of these
22 Requests is overbroad. IPValue objected to Request Nos. 4-6 and 8-10 as vague and ambiguous.
23 But, IPValue does not explain what about each Request is vague or ambiguous. Indeed, IPValue
24 does not further elaborate on or defend its boilerplate objections in its Opposition. This Court
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1 should give as much weight to these objections as did IPValue in the meet and confer process and
2 its Opposition: none.⁵

3 **IV. GOOGLE COMPLIED WITH THE LOCAL RULES.**

4 Although it never raised this issue either in its letter brief to the Court, the parties' lengthy
5 teleconference with the Court, or during the parties' meet and confer, IPValue now argues that
6 Google's motion should be denied because it did not identify the requests on which it moved to
7 compel and does not comply with the Local Rules. (Opp, 7.) The Requests are identified by
8 number on page 4 of Google's brief. If it was actually unclear, IPValue would have certainly
9 sought clarification before. Further, contrary to IPValue's arguments, in compliance with Local
10 Rule 37-2, Exhibit E to the Novikov Declaration sets forth Google's Requests and Exhibit F sets
11 forth the Requests and each of IPValue's objections. The body of Google's motion stated the
12 basis for Google's contentions, that is, that internal communications and documents are relevant.
13 The Requests and objections are not set forth in the body of Google's motion because the only
14 dispute—relevance—applied to all of the Requests equally. Given IPValue's supposed concern
15 regarding wasting resources, IPValue's suggestion that Google's motion should be denied so the
16 parties can apparently brief this all again does not pass the straight face test.

17 **V. IPVALUE'S REQUEST FOR COST-SHIFTING IS INAPPROPRIATE HERE
18 BECAUSE IT HAS A FINANCIAL INTEREST IN THE OUTCOME OF THE
19 CASE.**

19 Lastly, the cost-shifting requested by IPValue is not appropriate here. As discussed above
20 IPValue is not a true third party. It acted as Xerox's proxy in analyzing the '979 patent,
21 potentially infringing products, potentially invalidating prior art, and in negotiating with third
22 parties, including Defendants. And, by its own admission, IPValue has a success-fee arrangement,
23 such that it will seek a financial award should Xerox prevail in the underlying litigation. Given
24

25 ⁵ IPValue objected to Request No. 8 as seeking documents that are publicly available or
26 available from other sources, such as Xerox. IPValue, however, agreed to produce responsive
27 documents that were communicated to Xerox; it refused to produce internal documents which, by
28 their very nature would not be available from other sources. Thus, this objection does not apply to
what is at issue in the present motion.

1 that IPValue will be compensated by Xerox in accordance with Xerox and IPValue’s agreement,
2 Google should not have to reimburse Google for the costs incurred by IPValue in responding to
3 this subpoena. *Wells Fargo Bank, N.A. v. Konover*, 259 F.R.D. 206, 207 (D. Conn 2009) (denying
4 request for cost-shifting in responding to subpoena where third party had an interest in the
5 outcome of the litigation).

6 Further, the very nature of IPValue’s services and the manner in which it is compensated
7 for them suggests that cost-shifting is inappropriate. IPValue is in the business of creating patent
8 disputes. Given that IPValue’s work for Xerox may lead to patent infringement litigation against
9 licensing targets, as it did here, responding to subpoenas served in such patent infringement
10 litigation by those licensing targets should be considered part of IPValue’s business. *Id.* (“a
11 number of courts have looked to whether the non-party was substantially involved in the
12 underlying transaction and could have anticipated that such transaction could potentially spawn
13 litigation or discovery”). Google has already expended a tremendous amount defending against
14 the action that resulted from IPValue’s work, and it will have to continue doing so. If anyone
15 should reimburse IPValue for the costs associated with responding to a subpoena for documents
16 clearly relevant to the underlying patent litigation, it would be Xerox. Again, had Xerox not
17 chosen to outsource this portion of its business, Google could get the requested discovery from
18 Xerox at Xerox’s costs, just as Google has to date incurred all the costs of responding to Xerox’s
19 discovery. Google should not have to pay for discovery of relevant information in the possession
20 of Xerox’s agent.

21 Further, IPValue provides no back-up for its claim that an outside vendor will cost
22 \$25,000-30,000. It does not indicate the volume of data that will need to be searched. Nor does it
23 explain how it got from the \$25,000-30,000 estimate to its \$50,000 demand. This alone shows it
24 should be rejected. Even more, however, IPValue asks this Court to order Google to IPValue to
25 pay \$50,000 as an advance on these fees and costs. Even though IPValue is seeking
26 reimbursement for *half* its expenses, its request for an advance is for essentially *twice* its
27 “estimated” expenses. Here again, IPValue provides no support for this figure. IPValue cites no
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1 case law supporting its request for such relief under similar circumstances or any legitimate basis
2 for an unusual request which also should be rejected.

3 If anything, it is Google that should be entitled to its costs and fees in relation to getting a
4 response to its subpoena. It was Google that had to file a motion a compel and undergo significant
5 efforts to meet and confer only to have IPValue raise inappropriate objections and make
6 speculative and frivolous demands for payment and cash advances from Google, all under the ruse
7 that it is a disinterested third party. Indeed, Google still has yet to receive a single document from
8 IPValue, now over three months after the return date of Google's subpoena.

9 **Conclusion**

10 Google respectfully requests that the Court order IPValue to comply with Google's
11 subpoena in full. Specifically, Google requests that IPValue be ordered to produce all external
12 documents and communications responsive to Google's requests. As to internal documents and
13 communications, Google requests that IPValue be ordered to search for responsive documents
14 using Google's proposed search terms, in the files of the employees that worked on Xerox's
15 assertion of the '979 patent including in-house counsel who functioned in furtherance of IPValue's
16 business, and produce all non-privileged responsive documents. Filed concurrently herewith is a
17 Revised Proposed Order, setting forth specifically the custodians whose files should be searched
18 and the search terms that should be used, as well as reasonable deadlines by which IPValue should
19 be ordered to produce such documents.⁶

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⁶ IPValue should be ordered to begin its production within 7 days of the Court's order granting Google's motion, complete its production within 21 days of the Court's order, and serve its privilege log within 28 days of the Court's order. These dates are reasonable because Google served its subpoena three months ago, in November 2010, and IPValue agreed to produce external documents in December 2010.

1 DATED: March 15, 2011

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4 By 
Andrea Pallios Roberts

5 Attorneys for Google Inc. and YouTube LLC
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