

United States District Court
For the Northern District of California

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E-filed: 2/2/2008

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

HYNIX SEMICONDUCTOR INC., HYNIX
SEMICONDUCTOR AMERICA INC.,
HYNIX SEMICONDUCTOR U.K. LTD., and
HYNIX SEMICONDUCTOR
DEUTSCHLAND GmbH,

Plaintiffs,

v.

RAMBUS INC.,

Defendant.

No. CV-00-20905 RMW

ORDER DENYING RAMBUS'S MOTION *IN LIMINE* TO BAR MANUFACTURERS FROM USING EXHIBITS C & O

[Re Docket No. 3060]

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RAMBUS INC.,
Plaintiff,
v.
HYNIX SEMICONDUCTOR INC., HYNIX
SEMICONDUCTOR AMERICA INC.,
HYNIX SEMICONDUCTOR
MANUFACTURING AMERICA INC.,
SAMSUNG ELECTRONICS CO., LTD.,
SAMSUNG ELECTRONICS AMERICA,
INC., SAMSUNG SEMICONDUCTOR, INC.,
SAMSUNG AUSTIN SEMICONDUCTOR,
L.P.,
NANYA TECHNOLOGY CORPORATION,
NANYA TECHNOLOGY CORPORATION
U.S.A.,
Defendants.

No. C-05-00334 RMW
[Re Docket No. 1088]

RAMBUS INC.,
Plaintiff,
v.
MICRON TECHNOLOGY, INC., and
MICRON SEMICONDUCTOR PRODUCTS,
INC.
Defendants.

No. C-06-00244 RMW
[Re Docket No. 713]

This order addresses Rambus's recent motion *in limine* to prevent the Manufacturers from putting into evidence two allegedly privileged documents. The court has reviewed the papers and considered the arguments of counsel. For the following reasons, the court denies the motion.

I. BACKGROUND

Earlier in this and parallel litigation, Rambus was ordered to produce allegedly privileged

1 documents pursuant to a series of piercing orders.¹ For example, on January 31, 2005, this court
2 ordered Rambus to produce allegedly privileged documents relating to Rambus's document retention
3 and production under the "crime/fraud" exception. The court described that decision regarding
4 whether Hynix had established "reasonable cause to believe" that Rambus had spoliated documents
5 a "close one." At the conclusion of a bench trial on Hynix's unclean hands defense related to alleged
6 spoliation, the court concluded that "Rambus did not engage in unlawful spoliation of evidence."
7 Findings of Fact and Conclusions of Law on Unclean Hands Defense, Docket No. 1577, C-00-
8 20905, at 25 (N.D. Cal. Jan. 5, 2006). Since the court found that Rambus did not spoliolate evidence,
9 the "crime/fraud" exception can no longer be said to justify the production of privileged documents.

10 On September 10, 2007, the court ordered Rambus to produce all materials that Rambus had
11 previously been ordered to produce to give all of the parties access to the full scope of the discovery
12 taken in these cases. *See* Docket No. 399, C-05-334, ¶¶ 1, 2 (N.D. Cal. Sept. 12, 2007). The order
13 acknowledged that "[b]y producing these materials in response to this Order, Rambus is not waiving
14 any protection to which it is otherwise entitled under the attorney-client privilege or work product
15 doctrine, and nothing in this Order shall preclude Rambus from challenging the admissibility of any
16 documents or testimony at trial on any basis, including without limitation on the basis of the
17 attorney-client privilege and/or work-product protection." *Id.* ¶ 4.

18 On January 4, 2008, the Manufacturers disclosed their trial exhibit list, which contains
19 thirteen documents produced pursuant to the piercing orders. Rambus filed objections to the use of
20 these documents on January 16, 2008, and filed this motion *in limine* on January 22. Rambus and
21 the Manufacturers filed additional briefing with regard to two documents, "Exhibit C" and "Exhibit
22 O," and this order resolves Rambus's motion with respect to those two documents only.

23 II. ANALYSIS

24 A. "Reasonable Efforts"

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26 ¹ In *Hynix Semiconductor, Inc. v. Rambus, Inc.*, C-00-20905 (N.D. Cal. filed Aug. 29,
27 2000), the piercing orders were entered on February 26, 2004, January 31, 2005, February 28, 2005,
28 August 26, 2005, October 3, 2005, October 19, 2005, and October 20, 2005. In *Micron Technology, Inc.
v. Rambus Inc.*, C-00-792 (D. Del. Aug. 28, 2000), the piercing orders were entered on May 16, 2001,
February 10, 2006, and June 15, 2006.

1 The circumstances surrounding a disclosure of allegedly privileged documents determine
2 whether the disclosure waived the attorney-client or work products privileges. *United States v. de la*
3 *Jara*, 973 F.2d 746, 749-50 (9th Cir. 1992). In general, a disclosure compelled by a court order like
4 the piercing orders in this case does not waive the attorney-client and work product privileges.
5 EDNA SELAN EPSTEIN, THE ATTORNEY-CLIENT PRIVILEGE AND THE WORK-PRODUCT DOCTRINE 412
6 (5th ed. 2007); PAUL R. RICE, ATTORNEY-CLIENT PRIVILEGE IN THE UNITED STATES § 9:26, 9-78 (2d
7 ed. 2007 rev.); *cf. Transamerica Computer Co., Inc. v. Int'l Bus. Machines Corp.*, 572 F.2d 646, 651
8 (9th Cir. 1978) (discussing general acceptance of the principle that waiver cannot result from
9 compelled production). The caveat to this general principle is that the party claiming privilege must
10 take efforts "reasonably designed" to protect the privilege. *de la Jara*, 973 F.2d at 950.

11 Rambus has strenuously objected every time it has been ordered to produce allegedly
12 privileged documents. Furthermore, this court's most recent production order expressly recognized
13 that Rambus could reassert any claim of privilege in the form of an evidentiary objection at trial.
14 The court imagines such assurances prevented Rambus from further complicating these proceedings
15 by appealing the court's production order. It would be perverse now for the court to hold that
16 reliance on the court's order was not "reasonably designed" to protect the asserted privileges. While
17 a "strenuous or Herculean efforts" rule may have required Rambus to file a preemptory motion *in*
18 *limine* in those instances, the law only requires "reasonable efforts." *de la Jara*, 973 F.2d at 950.
19 Requiring more than what Rambus did to avoid production would suggest that Rambus should have
20 expanded and intensified this already over-litigated dispute despite everyone's knowledge that
21 Rambus objects to production of the documents. The Ninth Circuit's rule in *de la Jara* requires
22 reasonable efforts, and those were taken in this court.

23 The Manufacturers point out that the two documents that Rambus now wants excluded from
24 evidence were utilized in public proceedings in the District of Delaware and the Eastern District of
25 Virginia and remain available to the public in Virginia. As in this court, Rambus vigorously
26 objected to production of the documents during discovery. In Virginia, Rambus even applied to the
27 Federal Circuit for a writ of mandate when ordered to produce the documents. When the documents
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1 were used at trial, Rambus again objected to their use. Rambus also moved the courts to use various
2 methods to at least prevent the public from seeing the documents. Without belaboring the point and
3 recounting each instance where Rambus objected to the documents' use and disclosure, the court
4 finds that Rambus took reasonable steps to lodge objections and preserve the documents' alleged
5 privileged status.

6 **B. Applicability of the Attorney-Client Privilege**

7 Of course, even if Rambus made all reasonable efforts to protect alleged privileges in the
8 documents, it still must show that the privileges actually apply. Rambus claims that both Exhibit C
9 and Exhibit O are protected by the attorney-client privilege. It is Rambus's burden to demonstrate
10 that the attorney-client privilege applies. *United States v. Martin*, 278 F.3d 988, 999-1000 (9th Cir.
11 2002). The Manufacturers argue that Rambus has failed to show that the two documents are in fact
12 privileged.

13 **1. Exhibit C – "Strategy Update 10/98"**

14 "Exhibit C" is a copy of a Powerpoint presentation entitled "Strategy Update 10/98" made by
15 Joel Karp, Rambus's Vice President of Intellectual Property. *See* Karp Decl., ¶ 3. Mr. Karp is not an
16 attorney, though he states that the document "reflects legal advice I received from Mr. Steinberg
17 related to patent prosecution and infringement analysis." *Id.* ¶ 5.² Mr. Karp presented the strategy
18 update to Rambus's "Board of Directors and/or to the Rambus executive staff on or around October
19 1998." *Id.* ¶ 4.

20 The fact that Mr. Karp, and not Mr. Steinberg, conveyed Mr. Steinberg's legal advice to
21 Rambus's directors would not necessarily be fatal to the attorney-client privilege. *United States v.*
22 *ChevronTexaco Corp.*, 241 F. Supp. 2d 1065, 1077 (N.D. Cal. 2002) (adopted report of J. Brazil).
23 The issue is whether Mr. Karp was conveying Mr. Steinberg's legal advice, which would be
24 privileged, or Mr. Karp's business analysis, which would not. *Id.*

25 Mr. Karp's declaration does not reveal which portions of the presentation supposedly
26 "reflect" Mr. Steinberg's legal advice, and Rambus's briefing does not shed light on this question.

27 _____
28 ² Neil Steinberg was Rambus's outside counsel when Mr. Karp prepared Exhibit C. *Id.*

1 The court cannot distinguish what portion, if any, of the presentation reflects Mr. Steinberg's legal
2 advice, as opposed to Mr. Karp's business strategy. Indeed, some of the most relevant portions of
3 the document are explicitly prefaced as Mr. Karp's opinions – for example, "What is compelling
4 business reason? I can't think of any." and "[In my humble opinion], risks of damaging
5 establishment of dominant standard outweigh potential return." Furthermore, the content appears
6 not to be "legal advice," but instead a discussion of a business plan and strategy that Mr. Karp was
7 recommending which may have taken into account advice from Mr. Steinberg as to Rambus's legal
8 positions. However, the document does not reveal any confidential communications between Mr.
9 Karp and Mr. Steinberg. As discussed, it is Rambus's burden to demonstrate that the attorney-client
10 privilege applies. A vague declaration that states only that the document "reflects" an attorney's
11 advice is insufficient to demonstrate that the document should be found privileged.

12 **2. Exhibit O – "Intellectual Property Update, November 23, 1999"**

13 "Exhibit O" is a Powerpoint presentation entitled "Intellectual Property Update, November
14 23, 1999." Karp Decl. ¶ 6. Mr. Karp "prepared the slides . . . together with Rambus's attorney Neil
15 Steinberg." *Id.* ¶ 8.³ Mr. Karp then presented the slides to "Rambus employees at Chaminade in or
16 around November 23, 1999." *Id.* ¶ 7. The Chaminade retreat was a company-wide meeting at which
17 Mr. Karp presented Exhibit O. *See Vega Decl.*, Ex. 2 at 562:17-563:4. The slides discuss how
18 many patents have issued to Rambus, announce the name for Rambus's patent enforcement
19 campaign, and generally inform the employees about Rambus's intent to enforce its patents.

20 The attorney-client privilege only protects legal advice provided to a client. *See*
21 *ChevronTexaco*, 241 F. Supp. 2d at 1069; *see generally* EPSTEIN, at 134-155 (discussing how the
22 attorney-client privilege applies to corporations as clients). An employee of a corporation can be a
23 "client," for example, where an employee is questioned by an attorney conducting an internal
24 investigation. *Upjohn Co. v. United States*, 449 U.S. 383 (1981). In *Upjohn*, the Supreme Court

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26 ³ The Karp Declaration's paragraphs are erroneously numbered 1, 2, 3, 4, 5, 6, 4, 5. Such
27 an error is understandable given the short time available for preparing the declaration. The court's
28 citation to paragraph "8" refers to the second paragraph 5. Likewise, paragraph "7" is the second
paragraph 4.

1 rejected limiting the definition of "client" to merely the corporation's "control group," instead
2 focusing on the subject matter of the attorney's communication with the employee. *Id.* at 394-95;
3 Epstein, at 142-45. In a sense, whether an employee is a "client" collapses into whether the
4 communication between the attorney and the employee constitutes the giving or receiving of legal
5 advice.

6 Rambus argues that the slide presentation reflects the legal advice given to Mr. Karp by Mr.
7 Steinberg, and then conveyed to the entire company. The court cannot agree that the slides represent
8 "legal advice," nor can the employees who heard the presentation be called "clients" within the
9 meaning of the attorney-client privilege. To the contrary, the slides are more akin to a press release
10 – albeit, shared with Rambus's employees only – informing them of the company's business plans.
11 Rambus had no legal need to "advise" its rank-and-file employees about when it planned to begin
12 enforcing its patents. In that sense, the communication here is quite unlike the sensitive (and
13 personalized) internal investigation conducted by in-house counsel in *Upjohn*. Perhaps the most
14 relevant piece of evidence in the document to the upcoming trial – that Rambus named the initiation
15 of its patent enforcement campaign "Lexington – the Shot Heard Around the World" – cannot
16 credibly be referred to as "legal advice." It is a marketing slogan designed to inspire Rambus's
17 employees at an uncertain time in Rambus's existence. While the presentation was obviously
18 confidential, it is not privileged.

19 As discussed, the two documents clearly contain confidential Rambus business information.
20 That is not, however, a basis for excluding them from evidence. Rambus's motion under Rule 403 is
21 rooted in these documents being protected by the attorney-client privilege. Even were the court to
22 hold that the documents were erroneously ordered produced in discovery, Rambus has not
23 demonstrated that the two Powerpoint presentations are privileged. Accordingly, Rambus has not
24 demonstrated that admitting the documents into evidence would cause substantial unfair prejudice.

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III. ORDER

For the foregoing reasons, the court denies Rambus's motion *in limine* to exclude Exhibits C and O.

DATED: 2/2/2008



RONALD M. WHYTE
United States District Judge

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Notice of this document has been electronically sent to:

Counsel for Plaintiff(s):

Craig N. Tolliver	ctolliver@mckoolsmith.com
Pierre J. Hubert	phubert@mckoolsmith.com
Gregory P. Stone	gregory.stone@mto.com
Carolyn Hoecker Luedtke	luedtkech@mto.com
Peter A. Detre	detrepa@mto.com
Burton Alexander Gross	burton.gross@mto.com,
Steven McCall Perry	steven.perry@mto.com

Counsel for Defendant(s):

Matthew D. Powers	matthew.powers@weil.com
David J. Healey	david.healey@weil.com
Edward R. Reines	Edward.Reines@weil.com
John D Beynon	john.beynon@weil.com
Jared Bobrow	jared.bobrow@weil.com
Leeron Kalay	leeron.kalay@weil.com
Theodore G. Brown, III	tgbrown@townsend.com
Daniel J. Furniss	djfurniss@townsend.com
Jordan Trent Jones	jtjones@townsend.com
Kenneth L. Nissly	kennissly@thelenreid.com
Geoffrey H. Yost	gyost@thelenreid.com
Susan Gregory van Keulen	svankeulen@thelenreid.com
Patrick Lynch	plynch@omm.com
Jason Sheffield Angell	jangell@orrick.com
Vickie L. Feeman	vfeeman@orrick.com
Mark Shean	mshean@orrick.com
Kai Tseng	hlee@orrick.com

Counsel are responsible for distributing copies of this document to co-counsel that have not registered for e-filing under the court's CM/ECF program.

Dated: 2/2/2008

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Chambers of Judge Whyte