

United States District Court
For the Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

M.A. MOBILE LTD., a limited liability
company chartered in Dominica; and
MANDANA D. FARHANG

Plaintiffs,

v.

INDIAN INSTITUTE OF TECHNOLOGY
KHARAGPUR, an Indian Institute of
Technology incorporated under the “Institutes
of Technology Act, 1961”; PARTHA P.
CHAKRABARTI; and DOES 1 through 100,
inclusive,

Defendants.

Case No. C-08-02658-RMW

**ORDER DENYING PLAINTIFFS’
MOTION FOR DISQUALIFICATION
AFTER RECONSIDERATION**

[Re Docket No. 467]

Plaintiffs Mandana Farhang (“Farhang”) and M.A. Mobile Ltd. (collectively “plaintiffs”) move the court to reconsider its January 13, 2010 Order Denying Plaintiffs’ Motion to Disqualify the law firm Orrick, Herrington & Sutcliffe LLP (“Orrick”) as counsel for defendants Indian Institute of Technology Kharagpur (“IIT”) and Partha P. Chakrabarti’s (“Chakrabarti”). The court’s prior ruling was based on the premise that Attorney Neel Chatterjee, lead counsel for defendants, did not enter into an attorney-client relationship with the defendants until after Attorney James Telfer, an Orrick attorney who represented Farhang from July 2000 to January 2001, had left the Orrick firm. Dkt. Nos. 86, 98. After the court issued its order, new facts were presented to the court

1 showing that Attorney Chatterjee had privileged communications with defendant Chakrabarti while
2 Attorney Telfer was still at Orrick. Dkt. No. 458-4. The court therefore granted leave to plaintiffs to
3 file a motion for reconsideration based on new material facts. *See* Local Rule 7-9(b); Dkt. No. 485.
4 After reviewing the new facts and reconsidering parties' previous submissions and the evidence, the
5 court DENIES the motion for disqualification.

6 The issue of disqualification is a difficult one to resolve and the court has carefully analyzed
7 the substantial relationship question on which the motion now turns. The parties' acrimony has led
8 to some extreme accusations in their papers that the court finds lack support in the evidentiary
9 record. *See, e.g.*, Dkt. No. 473, Orrick Opp. at 23 (stating that motion to disqualify was "a baldface
10 litigation tactic"); Dkt. No. 467, Motion to Disqualify at 23-24 (listing "facts" suggesting that
11 Attorney Chatterjee stole information from Orrick's client files for Chakrabarti). These
12 overstatements were not helpful in resolving this motion. Hopefully, the parties can avoid extreme
13 rhetoric in going forward with this case.

14 I. BACKGROUND

15 A. Current Litigation

16 In the current lawsuit, Farhang accuses defendants of taking her intellectual property and
17 breaching a joint venture agreement. Plaintiff alleges that she initiated discussion with defendants in
18 May of 2003 concerning a joint business venture and they then unsuccessfully negotiated over a
19 three-year period during which time defendants developed her invention. Plaintiff further claims
20 that defendants then stopped communicating with her and terminated their relationship. She now
21 sues on theories of breach of contract and fraud, among others.

22 B. Attorney Telfer's Prior Representation of Plaintiff

23 In July of 2000, Farhang retained Orrick in connection with her negotiations over an
24 employment agreement with the company Ikonodyne. Dkt. No. 30, Telfer Decl. ¶ 3; Dkt. No. 34-1
25 (Engagement Letter). Attorney Jim Telfer ("Attorney Telfer") was the primary Orrick attorney who
26 rendered services to Farhang. He signed an engagement letter on July 27, 2000 which defined the
27 scope of representation as providing assistance "in connection with your negotiations concerning
28 your employment agreement." Dkt. No. 34-1. The parties do not appear to dispute that the

1 employment agreement to be negotiated would define the rights of Farhang and Ikonodyne with
2 respect to intellectual property originally invented by Brian Kenville of Ikonodyne and one of his
3 former colleagues and in collaboration with plaintiff.

4 The negotiations were not successful and Telfer's representation ended in January 2001.
5 Farhang then initiated litigation against Ikonodyne's founders using different counsel. Orrick was
6 not involved in that litigation. The lawsuit settled in May 2003. Farhang acquired ownership rights
7 in the intellectual property through the May 2003 settlement. Dkt. No. 31, Farhang Decl. ¶ 14.

8 Orrick's billing records for the period of time during which it represented Farhang reflect
9 only work on an employment agreement and show that she was billed for a total of 19.5 hours of
10 time: James Telfer- 19 hours; Greg Schick- 0.25 hours and Richard Rahm- 0.25 hours. Telfer and
11 Schick were in Orrick's Compensation and Benefits Group while Rahm was in the Employment
12 Law Group. None of the three was still with Orrick at the time Farhang instituted the current lawsuit
13 against IIT and Chakrabarti. Telfer left Orrick on January 14, 2008; Schick left June 8, 2007 and
14 Rahm departed September 23, 2003. Dkt. No. 34 (Kaufman Decl.) ¶¶ 6, 7.

15 **C. Attorney Chatterjee's 2004 and 2006 Communications with Chakrabarti**

16 While Attorney Telfer was still employed at Orrick, Orrick Attorney Neel Chatterjee
17 ("Attorney Chatterjee") had privileged communications with defendant Chakrabarti about plaintiff
18 Farhang and a "business proposal." *See* Dkt. No. 463-4 (Dec. 31, 2013 privilege log) (Priv. 251,
19 "email chain" between Attorney Chatterjee and defendant Chakrabarti "providing legal advice
20 regarding business proposal" on April 8, 2006; Priv. 252, 253, August 30, 2006 email regarding
21 same; Priv. 307-310, March 28, 2004 email "regarding potential legal assistance"); *see also* Dkt.
22 No. 458-11 (Aug. 17, 2013 privilege log) (disclosing March 28, 2004 and April 2004 emails
23 between Attorney Chatterjee and defendant Chakrabarti "regarding potential legal assistance"); *see*
24 *also* Dkt. No. 458-4 (Nov. 6, 2012 letter from Attorney Chatterjee to the court disclosing
25 "communications with [defendant Chakrabarti] in which he sought my legal advice regarding Ms.
26 Farhang."). The court refers to these communications as the "Chakrabarti-Chatterjee"
27 communications.
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D. Prior Motion to Disqualify

In May 2009, Farhang, at that point proceeding pro se, filed a Motion to Disqualify Orrick. Dkt. No. 29. The basis for her motion was that the current litigation between her and IIT and Chakrabarti is substantially related to the representation provided to her by Orrick, and, therefore, Orrick should be disqualified under California’s imputed conflicts rule. *See* Cal. R. Prof. Conduct 3-310(E).

After reviewing the parties’ submissions, the court focused on whether the conflicted attorneys, prior to leaving, shared Farhang’s confidential information with other attorneys in the firm or whether other attorneys had any dealings with Farhang. Dkt. No. 86. To answer this question, the court held an evidentiary hearing on January 12, 2010. *See* Dkt. No. 100. The court heard from five witnesses and determined that “no current Orrick attorney has confidential information material to the current litigation” Dkt. No. 98 at 3. The court therefore denied the motion to disqualify. *Id.* Critical to the court’s decision was the fact that Telfer, Schick, and Rahm had all left Orrick prior to the filing of Farhang’s lawsuit against IIT and Chakrabarti.

E. Subsequent Litigation

Following denial of the motion to disqualify, litigation proceeded with Orrick as counsel for defendants. On November 6, 2012, Attorney Chatterjee sent a letter to the court indicating that he had communications with Chakrabarti about Farhang that were not revealed at the 2010 hearing. Dkt. No. 458-4 (Nov. 6, 2012 letter).

This letter “deeply concerned” the plaintiffs and counsel, who began “to investigate this matter further.” Dkt. No. 468-2 (Singh Decl., Ex. 1A) (Nov. 27, 2012 letter). One year later, plaintiff’s counsel subpoenaed Attorney Chatterjee, seeking his deposition to probe his relationship with Chakrabarti. Defendants moved to quash the subpoena. Dkt. No. 458.

The court held a hearing on the motion to quash, and expressed its concern that the pre-suit communications raised new issues regarding the earlier motion to disqualify. Dkt. No. 466 (Hearing Tr. at 3-4). Following the hearing, plaintiffs filed the instant Motion for Reconsideration of the prior Order Denying Disqualification. Dkt. No. 467. The court granted the motion to quash because

1 deposing Attorney Chatterjee was not likely to lead to relevant, non-privileged information, but
2 authorized plaintiffs' filing of the Motion for Reconsideration. Dkt. No. 485.

3 After the hearing on the motion for reconsideration, Orrick submitted the Chakrabarti-
4 Chatterjee communications for *in camera* review by the court. Consistent with defendants' privilege
5 logs, the communications show that Attorney Chatterjee had provided Chakrabarti with confidential
6 legal advice while Attorney Telfer was still at Orrick. Contrary to plaintiffs' speculation, nothing in
7 the communications contains any suggestion that Attorney Chatterjee talked to Attorney Telfer or
8 accessed Attorney Telfer's files. The communications are consistent with Orrick's representations
9 throughout this lawsuit: Attorney Chatterjee and Chakrabarti know each other through family
10 connections, and Chakrabarti reached out to Attorney Chatterjee personally for legal assistance.
11 Attorney Chatterjee provided legal advice without first running a conflicts check through Orrick
12 because he was essentially giving advice on the spot to a family friend.

13 The court now reconsiders its prior Order Denying Disqualification.

14 II. ANALYSIS

15 A. Imputed Conflicts of Interest

16 A motion to disqualify counsel implicates two competing issues: the current client's right to
17 the attorney of his or her choice versus the need to maintain ethical standards of professional
18 responsibility. *Jessen v. Hartford Cas. Ins. Co.*, 111 Cal. App. 4th 698 (2003).

19 Farhang moves to disqualify Orrick under California Rule of Professional Conduct 3-310(E).
20 Rule 3-310(E) prohibits an attorney from later agreeing to represent an adversary of the attorney's
21 former client unless the former client provides an "informed written consent" waiving the conflict.
22 If the attorney fails to obtain such consent and undertakes to represent the adversary, the former
23 client may disqualify the attorney by showing a "substantial relationship" between the subjects of
24 the prior and the current representations. *Flatt v. Superior Court*, 9 Cal. 4th 275, 283 (1994).

25 Here, the undisputed facts show that Attorney Chatterjee had confidential attorney-client
26 communications with Chakrabarti while Attorney Telfer was still at Orrick. Therefore, under
27 California's imputed conflicts rule, Orrick must be disqualified if there is a substantial relationship
28 between the two representations. There is no need to inquire as to whether any Orrick attorney

1 actually received confidential information, which was a key question on the prior Motion to
2 Disqualify. *See* Dkt. Nos. 86, 98 (applying imputed conflicts rule for departed law firm attorneys).
3 However, as part of reconsidering the prior Order Denying Disqualification, the court takes a second
4 look at whether such a substantial relationship exists. *See also* Dkt. No. 473 (Orrick Opp.) at 20
5 (requesting that the court reconsider its prior finding of a substantial relationship).

6 **B. Reconsideration of the Issue of Whether there is a Substantial Relationship**
7 **Between the Telfer Representation and the Current Representation**

8 To determine whether there is a substantial relationship between successive representations,
9 the courts focus less on the meaning of the words substantial and
10 relationship and look instead at the practical consequences of the
11 attorney’s representation of the former client. The courts ask whether
12 confidential information material to the current dispute would normally
13 have been imparted to the attorney by virtue of the nature of the former
14 representation.

15 *H. F. Ahmanson & Co. v. Salomon Bros., Inc.*, 229 Cal. App. 3d 1445, 1454 (1991). *Jessen*
16 elaborated on the *Ahmanson* test, and concluded that

17 successive representations will be “substantially related” when the
18 evidence . . . supports a rational conclusion that information material to
19 the evaluation, prosecution, settlement, or accomplishment of the former
20 representation given its factual issues is also material to the evaluation,
21 prosecution, settlement, or accomplishment of the current representation
22 given its factual and legal issues.

23 *Jessen*, 111 Cal. App. 4th. at 713.

24 As mentioned above, the Telfer representation involved negotiation of an employment
25 agreement between Farhang and Ikonodyne. Some of the issues addressed included Farhang’s role
26 within Ikonodyne, compensation for her services, and formation of a new company which would
27 hold a license to certain rights in Ikonodyne’s technology. Dkt. No. 473-5 (Employment
28 Agreement) (filed under seal); Dkt. No. 31 (Farhang Decl.) ¶ 5. However, this agreement was never
signed, and Farhang actually acquired her interest in the intellectual property in her later litigation
settlement with Ikonodyne. Farhang Decl. ¶ 14 (“In 2003, I acquired rights to the Invention as part
of a confidential agreement that I entered into with Mr. Kenville and Ikonodyne This
foundation enabled me to immediately embark upon my plans to develop and market the
Invention”).

1 Plaintiffs allege that Orrick’s involvement with the intellectual property creates the
2 substantial relationship. Farhang alleges that Orrick learned of her “long term goals as they
3 pertained to the Invention,” “what rights [she] preferred to own regarding the Invention,” and “what
4 role [she] intended to play in furthering the work of the Invention.” *Id.* ¶¶ 3, 5.

5 Farhang’s client file suggests that the only legal service Orrick provided to Farhang was to
6 attempt to negotiate an employment agreement with Ikonodyne or Kenville or otherwise splitting
7 the Invention between Farhang and Ikonodyne. Orrick did not prosecute any patents on the
8 intellectual property. It does not appear that Orrick provided any advice tailored to the intellectual
9 property beyond what was included in the draft employment agreement. Farhang had intellectual
10 property counsel from the Fenwick firm accompany her at the settlement discussions with
11 Ikonodyne. In fact, Farhang testified that no one gave her advice concerning the intellectual
12 property during the litigation with Ikonodyne and Kenville:

13 The Court: Who did your I.P – who did you consult with for I.P. matters
14 when Orrick no longer represented you?

15 Ms. Farhang: As part of my settlement with Mr. Kenville, I actually had
16 the Fenwick firm come with me.

17 The Court: All right. But who – as I understand it, you were concerned
18 about your I.P. rights when you were negotiating the settlement with Mr.
19 Kenville.

20 Ms. Farhang: Right.

21 The Court: That wasn’t resolved until months after Orrick was no longer
22 representing you; correct?

23 Ms. Farhang: Correct.

24 The Court: Who gave you advice concerning I.P. during the time between
25 when Orrick stopped representing you and the time that you settled with
26 Kenville?

27 Ms. Farhang: No one gave me advice. The litigation counsel may have
28 used someone, but because it was not at the point yet in the case where the
I.P. was being examined, there were no experts or anything, and then I
ended up getting all the rights, so there was no negotiations at that point
about how to split the I.P. because I – it was sort of clear that I was going
to get everything. So – which I did end up getting.

The Court: So that was different than the situation when you were with
Mr. Telfer?

Ms. Farhang: Well, Mr. – yes. At the point when I was with Mr. Telfer,
there were – we were trying to settle the matter by splitting up the

1 intellectual property into different groups so that I could go my own way
2 with part of it and Mr. Kenville could go his way with part of it. But as we
3 entered the litigation it became clear that Mr. Kenville’s case was so weak
4 and really his liability was so large that I actually ended up getting all of
5 the I.P. rights and there was no need to split them up. So all – I got all the
6 parts, if you will.

7 Dkt. No. 400 (Farhang test.) at 132:25-134:17

8 The issues raised in the current litigation relate to Farhang’s attempt to develop intellectual
9 property she secured through a different agreement from the employment agreement that Attorney
10 Telfer tried to negotiate for her. Farhang’s original complaint did not mention Ikonodyne, Mr.
11 Kenville, or Farhang’s prior employment.¹ Instead, the facts giving rise to the complaint all
12 occurred after her separation from Ikonodyne and after the Telfer representation. Dkt. No. 147,
13 Third Amended Complaint at ¶¶ 22, 86. The knowledge that Orrick had acquired about Farhang and
14 the intellectual property became close to irrelevant after the Ikonodyne settlement.

15 Farhang also alleges that Orrick has acquired “playbook” knowledge of her litigation and
16 settlement strategies. In some cases, “playbook” knowledge is enough to require disqualification.
17 *See, e.g. Global Van Lines v. Superior Court*, 144 Cal. App. 3d 483, 488-89 (1983). This is not such
18 a case. Farhang was billed for less than 20 hours legal work performed in a non-litigation setting. It
19 is difficult to believe that Orrick acquired an in-depth understanding of Farhang’s litigation
20 philosophy or “substantial knowledge of [her] policies, attitudes, and practices.” *Id.*

21 In addition, a significant amount of time passed between the Telfer representation and the
22 Chakrabarti-Chatterjee communications. During that time, Farhang had entered into a litigation
23 settlement with Ikonodyne in which Orrick played no role or even had knowledge. The Telfer
24 representation related to events involving Farhang and the intellectual property that are two steps
25 removed from the current dispute. Based on the court’s more critical analysis of the legal services
26 Orrick rendered to Farhang, the court reconsiders its previous finding of a substantial relationship
27 and now finds that there is not a substantial relationship between Orrick’s current representation of
28 IIT and Chakrabarti and Orrick’s past representation of Farhang. The court finds that it is highly


¹ The current complaint, the Third Amended Complaint contains two references to Ikonodyne. The first states that plaintiff maintained confidentiality of the IP owned by Ikonodyne while working there. Dkt. No. 147 at 21:7-11. The second alleges that Farhang showed Chakrabarti an “Ikonodyne Business Plan.” *Id.* at 41:14.

1 unlikely that confidential information material to the current dispute would have been imparted to
2 Attorney Telfer by virtue of the nature of his representation of Farhang. Therefore, in light of the
3 court's reconsideration of the relationship between the Orrick firm and Farhang, it continues to deny
4 disqualification. As an added assurance that Orrick respects the confidentiality of its past
5 communications with Farhang, it must continue to wall-off Farhang's client file and its ethics
6 counsel from all other Orrick attorneys.² See Dkt. No. 473-1 (Alderman Decl.) ¶ 8.

7 **III. ORDER**

8 For the reasons explained above, the court denies the motion to disqualify.

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11 Dated: April 4, 2014


12 Ronald M. Whyte
13 United States District Judge

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28 ² The court therefore denies the motion for a finding of implied limited waiver of privilege. Dkt. No. 472.