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12
 13 UNITED STATES DISTRICT COURT
 14 NORTHERN DISTRICT OF CALIFORNIA
 15 SAN FRANCISCO DIVISION
 16

17 ELAN MICROELECTRONICS
 CORPORATION,
 18
 Plaintiff and Counterdefendant,
 19 v.
 20 APPLE, INC.,
 21 Defendant and Counterplaintiff.

Case No. 09-cv-01531 RS (PSG)

**ELAN MICROELECTRONICS
 CORPORATION'S OBJECTIONS TO
 MAGISTRATE JUDGE GREWAL'S
 NONDISPOSITIVE PRETRIAL ORDER
 COMPELLING THE PRODUCTION OF
 PRIVILEGED DOCUMENTS (DKT 382)
 PURSUANT TO FED. R. CIV. P 72(A)
 AND 28 U.S.C. § 636(b)(1)(A)**

22 AND RELATED COUNTERCLAIMS
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1 Elan Microelectronics Corporation (“Elan”) hereby objects to aspects of Magistrate Judge
2 Grewal’s nondispositive Order Granting-in-Part Defendant Apple’s Motion to Compel (Dkt No.
3 382). Specifically, Elan objects to that portion of the Order compelling Elan to produce privileged
4 communications among Elan’s in-house IP Legal Department found in section (B)(3), pages 9-10.
5 Pursuant to Fed. R. Civ. P. 72(a), Elan respectfully requests the Court to set aside that aspect of the
6 Order as erroneous and contrary to the law of privilege. *See* Appendix 1.

7 In particular, Magistrate Judge Grewal held that Elan waived any claim of privilege for
8 certain of its documents because Elan did not timely provide adequate detail in its privilege log
9 entries. Order at 10. To the contrary, Elan timely served its privilege logs and those logs provided
10 sufficient detail to support its claim of privilege. Courts generally reserve severe sanctions only for
11 the most flagrant violations such as unjustified delay, inexcusable conduct, or bad faith.¹ Elan has
12 not committed any of these infractions and Judge Grewal’s Order cites no such misconduct. To the
13 extent there were any issues with Elan’s privilege logs, “[m]inor procedural violations, good faith
14 attempts at compliance, and other such mitigating circumstances militate against finding waiver.”
15 *First Sav. Bank, F.S.B. v. First Bank Sys.*, 902 F. Supp. at 1361 (*citation omitted*). Elan has
16 repeatedly provided additional information on its privilege logs to address Apple’s concerns. There
17 is simply no basis for the harsh and irreversible sanction imposed in the Magistrate’s Order.
18 Whether a privilege objection is waived by a party for failure to assert a timely or proper objection
19 requires the Court to balance several factors. *Burlington Northern & Santa Fe Ry. v. United States*
20 *Dist. Court*, 408 F.3d 1142, 1149 (9th Cir. 2005). These factors include: (1) the precautions taken to
21 properly assert the privilege, (2) the time taken to rectify the error, (3) the scope of discovery, (4)
22 the extent of the objection or claim of privilege, and (5) overriding issues of fairness. *Id.*
23 Particularly, the *Burlington* Court has found that a later-produced privilege log could sufficiently
24 assert privileges for the first time even if the boilerplate objections in initial responses fail to
25 adequately assert the privilege. *Id.* The Order did not evaluate any of the *Burlington Northern*

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27 ¹ *First Sav. Bank, F.S.B. v. First Bank Sys.*, 902 F. Supp. 1356, 1361 (D. Kan. 1995); *EEOC v.*
28 *Safeway Store, Inc.*, No. C-00-3155 TEH (EMC), 2002 U.S. Dist. LEXIS 25200, at *8 (N.D. Cal.
Sept. 16, 2002) (“[w]hile the Court could in its discretion find a waiver [of privilege on untimely
ground], it is reluctant to do so here given the harshness of the sanction”).

1 factors. Even if Elan’s logs were deficient in some way, on this basis alone, the Court should sustain
2 Elan’s objection and reverse the finding that Elan waived its claim of privilege.²

3 During 2010, as it produced documents in this case, Elan served Apple with three privilege
4 logs. In response to an inquiry from Apple on a different set of documents, Elan served a revised
5 privilege log in October 2010. Bu Decl., Exh. B-D. Apple first raised questions regarding the
6 documents at issue here on **May 25, 2011**. Apple’s objection was not that Elan’s privilege log
7 entries were not sufficient; rather it claimed that Mr. Wayne Chang, the head of Elan’s legal and IP
8 department, was not a licensed attorney and that his communications were not entitled to a claim of
9 privilege. Bu Decl., Exh. E. On Friday, May 27, Elan responded that it would look into this issue
10 and revise its logs if necessary. *Id.* In response, on the Saturday of the Memorial Day holiday
11 weekend, Apple threatened to file a motion to compel on the next business day if Elan did not agree
12 to produce all of the challenged documents. *Id.* Elan again stated that it would review the logs to
13 determine whether any privilege assertions could be withdrawn. *Id.* Nevertheless, on May 31, a
14 mere 3 business days after first raising the issue, Apple filed its motion.

15 Elan has been involved in several litigation matters in the United States and has prosecuted
16 numerous U.S. patent applications, so the number of potentially privileged documents was large and
17 the majority of them were in Chinese. Moreover, the application of privilege law in foreign

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19 ² Indeed, because finding privilege waiver is such a harsh sanction, many federal courts, after
20 evaluating the *Burlington Northern* factors, take a permissive stance on deficient privilege logs.
21 *See, e.g., Humphreys v. Regents of the Univ. of Cal.*, No. C 04-03808 SI, 2006 U.S. Dist. LEXIS
22 34769, at *3 (N.D. Cal. May 22, 2006) (declining to find a waiver of privilege objection, while
23 finding the privilege deficient, the Court believes that the log contains sufficient information to
24 constitute a good faith effort at compliance with this Court’s order); *Dominguez v.*
25 *Schwarzenegger*, No. C 09-2306 CW (JL), 2010 U.S. Dist. LEXIS 94549, at *23 (N.D. Cal. Aug.
26 25, 2010)(finding although the defendants have dragged their heels to fix the privilege log, a
27 blanket waiver of privilege for the deficient entries is still a too drastic remedy). *See also Best Buy*
28 *Stores, L.P. v. Manteca Lifestyle Ctr., LLC*, No. 2:10-cv-0389-WBS-KJN, 2011 U.S. Dist. LEXIS
62817, at *20 (E.D. Cal. June 13, 2011)(finding defendant’s “boilerplate” privilege were
insufficient; however, in light of “holistic” analysis required by *Burlington Northern*, the court
was not convinced that the defendant has waived the privilege”); *Carl Zeiss Vision Int’l GmbH v.*
Signet Armorlite Inc., Civil No. 07-cv-0894-DMS (POR), 2009 U.S. Dist. LEXIS 111877, at *15
(S.D. Cal. Dec. 1, 2009) (noting that despite the deficiencies in the content and timing of the
privilege logs, plaintiff has not automatically waived the privilege); *United States v. Union Pac.*
R.R. Co., No. CIV 06-1740 FCD KJM, 2007 U.S. Dist. LEXIS 40178, at *12 (E.D. Cal. May 23,
2007)(declining to make a finding of waiver, even though the most recent re-vision of the
privilege log still does not contain the requisite detail, on the basis that the party’s privilege log
has been enhanced over time to improve its utility).

1 jurisdictions is a complex legal issue. In light of these complexities Elan diligently reviewed each
2 document subject to a claim of privilege. On July 1, 2011, Elan served its revised privilege log.
3 Elan determined that a substantial number of documents could be produced, and they were removed
4 from the log. Bu Decl. Exhs. F-H. For the remaining entries at issue in this Objection, Elan
5 determined that each entry was a communication in furtherance of obtaining legal advice from
6 Elan's U.S. attorneys involved either in prosecution of Elan patents, or in handling this and other
7 litigation matters for Elan.³ As a result, Elan's revised privilege log made clear that Elan was not
8 relying on a claim that Mr. Chang's position as head of Elan's legal department alone provided a
9 basis for assertion of privilege.

10 Elan initially asserted a good-faith claim of privilege over internal communications among
11 Elan's legal department members, based upon the legal nature of the services provided by Elan's in-
12 house legal department in Taiwan.⁴ This privilege assertion treads in an area of privilege law that is
13 recognized to be "especially difficult," namely, a unique foreign legal system's impact on U.S.
14 privilege doctrines.⁵ Given Elan's good faith assertion that Mr. Chang is the functional equivalent
15 of an in-house counsel in its original privilege logs in 2010, those logs were entirely sufficient to
16 state all information required to support a finding of privilege, and those logs were timely served.
17 Indeed, Apple did not challenge these entries for more than six months, and when Apple did
18 challenge them, Elan fully addressed Apple's concerns in just over a month. Therefore Judge
19 Grewal's finding of untimeliness cannot be fairly upheld under these circumstances.

20 In his Order, Judge Grewal also takes issue with Elan's July 2011 revised logs, because

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22 ³ See, e.g., *AT&T Corp. v. Microsoft Corp.*, 2003 U.S. Dist. Lexis 8710, *1-2, 8-9 (N.D. Cal. 2003)
23 (finding that corporate internal documents drafted under the direction of corporate executives are
24 subject to the privilege protection because they address matters upon which the party intended to
25 seek legal advice).

26 ⁴ See, e.g., *Heidelberg Harris, Inc. v. Mitsubishi Heavy Indus.*, 1996 U.S. Dist. LEXIS 19274, *27
27 (N.D. Ill. Dec. 9, 1996) (finding a foreign non-licensed legal professional is a "functional
28 equivalent" of a U.S. in-house counsel to determine whether privilege attaches to his or her
communications with the foreign corporation); see also Bu. Decl. Exh. A.

⁵ *Am. Nat'l Bank & Trust Co. v. Equitable Life Assur. Soc'y of the United States*, 406 F.3d 867,
879 (7th Cir. Ill. 2005)(reversing the lower court's sanction of waiver on the basis of lack of bad
faith and good faith effort to voluntarily amend the logs in light of universally difficult legal issues
relating to privilege).

1 Elan's privilege logs do not name the specific attorneys among Elan's outside counsel involved
2 with each communication. Order at 10:2-8. Elan respectfully disagrees that its logs are inadequate.
3 Elan's revised privilege logs entries far exceed mere "boilerplate" objections. Rule 26(b)(5). For
4 example a typical entry states that "Elan internal communication reflecting instruction of U.S.
5 counsel re the Elan v Apple litigation" or "Elan internal communication for purposes of seeking
6 legal advice re Elantech v Synaptics litigation." Each entry includes the date, the author, recipient
7 and the copied recipient if applicable and the descriptions clearly identify the legal advice, the
8 subject matter of the advice, and the basis of the privilege assertion.⁶ Bu Decl., Exh. F-H.
9 Therefore, the descriptions on the logs, in light of Apple's knowledge of Elan's various U.S.
10 litigation matters, are more than adequate to provide Apple the required notice.⁷ Indeed, correcting
11 the purported deficiency identified by Magistrate Grewal would be as simple as adding the name of
12 an attorney to each entry, which Elan offered to do during the hearing on Apple's motion. Elan
13 should be permitted to further amend its logs to make this simple change. In sum, there is no
14 prejudice to Apple, and absolutely no misconduct on Elan's part to warrant the harsh sanction
15 imposed by Judge Grewal. This is particularly true in light of Elan's initial good faith efforts to
16 revise the logs. Indeed, many federal courts, including this Court have reached such a finding in
17 numerous cases.⁸

18 In addition, the Order does not address the fact that a small number of the challenged entries
19 involve privileged communications exchanged after filing of this lawsuit. The parties have agreed

20 ⁶ From March 2006 to present day, Elan has been actively engaged in litigations with Synaptics
21 Inc., then Apple. Elan's internal IP Legal department, including Mr. Chang actively supported the
22 outside U.S. counsel for all aspects of the pre-suit investigation and the litigations. Apple is fully
aware of Elan's litigation history through the ITC hearing. Elan's revised logs clearly reflect such
information. *See* Bu Decl. Exh. A.

23 ⁷ *See, e.g., Carl Zeiss Vision Int'l GmbH*, 2009 U.S. Dist. LEXIS 111877, at *13 (finding the
24 description "legal advice of counsel re: Group I [or II] patents" constitutes more than a
"boilerplate objection" and that to "require [the party] to disclose additional information would
25 come perilously close to requiring disclosure of the substance of the privileged communication").

26 ⁸ *See, e.g., Humphreys*, 2006 U.S. Dist. LEXIS 34769, at *3 (finding the log inadequate but
27 recognizing the party's good faith effort and encouraging the parties to meet and confer to produce
a description of the disputed document and to provide a complete log); *Aristocrat Techs. Austl.*
28 *PTY Ltd. v. Int'l Game Tech.*, C 06-03717 RMW (PSG), 2011 U.S. Dist. LEXIS 37301, at *11
(N.D. Cal. Mar. 29, 2011) (allowing revision of privilege logs), *Helm v. Alderwoods Group, Inc.*,
No. C 08-01184 SI, 2010 U.S. Dist. LEXIS 86353, at *7 (N.D. Cal. July 27, 2010) (same); *Union*
Pac. R.R. Co., 2007 U.S. Dist. LEXIS 40178, at *12 (same).

1 that such post-filing documents need not be logged, however those entries were inadvertently
2 included on the log in the first instance. Judge Grewal did not find that the challenged materials are
3 not privileged; his Order is confined to finding waiver based upon purported lack of timeliness.
4 Therefore, the post-filing communications that should not have been on the log should not be
5 included in the waiver ordered by Judge Grewal.

6 Finally, to the extent that the Court has any concern that the documents subject to the
7 erroneous order are privileged, Elan respectfully requests that the Court conduct an *in camera*
8 review of a sampling of the documents at issue. *See. e.g, Am. Nat'l Bank and Trust Co.*, 406 F.3d at
9 879-880 (“[d]istrict courts should be highly reluctant to order disclosure without conducting an *in*
10 *camera* review of allegedly privileged materials”)(internal citations omitted). Elan is certain that
11 such a review would confirm that, if upheld, the Order would unjustifiably compel Elan to produce
12 privileged documents and likely lead to a claim by Apple that the production acts as a waiver as to
13 many other privileged and work product documents. *See Appendix 1.*

14 As such, the Order is an unduly harsh sanction where there was no misconduct. Had the
15 Magistrate applied the *Burlington Northern* factors, there could be no order finding waiver. The
16 scope of discovery in this matter is undisputedly vast; some 1.3 million pages of documents have
17 been produced by Elan. Elan has in good faith endeavored to ensure that its privileged
18 communications and its attorneys’ work product have been protected from waiver. After Apple
19 raised its objections, Elan promptly and thoroughly responded, producing documents where
20 warranted and providing additional detail to support its remaining claims of privilege. Elan has, at
21 all times asserted its good faith belief that its documents were privileged. As such, fundamental
22 notions of fairness cannot permit Apple to review documents that are unquestionably privileged,
23 where Apple has not suffered any prejudice. Elan therefore respectfully requests that the Order be
24 overruled as to the documents reflecting Elan’s communications with its outside U.S. attorneys, or
25 made in furtherance of obtaining legal advice. To the extent that the Court believes that specific
26 U.S. attorneys be named on Elan’s privilege log for these documents, Elan should be given the
27 opportunity to provide that detail.

