

United States District Court
For the Northern District of California

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E-FILED on 2/10/10

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

SOFTWARE RIGHTS ARCHIVE, LLC,

Plaintiff,

v.

GOOGLE INC., YAHOO! INC., IAC SERCH
AND MEDIA, INC., AOL LLC, and LYCOS,
INC.,

Defendants.

09-Misc. Action-80004 RMW

(No. 2:07-cv-511 (CE) pending in the
Eastern District of Texas)

ORDER COMPELLING COMPLIANCE
WITH YAHOO!'S SUBPOENAS

[Re Docket Nos. 1, 6]

Yahoo! Inc. (“Yahoo!”) seeks to compel the law firms of Wilson Sonsini Goodrich & Rosati (“Wilson”) and Murray & Murray (“Murray”) to comply with Yahoo!’s subpoenas seeking documents that Yahoo! claims are relevant to its standing defense. Specifically, Yahoo! contends that the documents are relevant to its claim that Software Rights Archive, LLC (“SRA”) is not the assignee of the patents-in-suit, and, therefore, may not assert claims based upon those patents.¹ Yahoo! asserts that the true owner of the patents is the bankruptcy estate of Site Technologies.

¹ At oral argument on the motion Yahoo! also argued that the two law firms may have patent files which might contain documents related to infringement or invalidity. However, since the original moving papers only argued relevance pertaining to ownership, the court only addresses the discoverability of documents related to that subject matter.

1 Wilson and Murray (bankruptcy counsel) represented Site Technologies during time periods relevant
2 to SRA's alleged acquisition of the asserted patent rights.

3 Since the original filing of these motions to compel, the court in the Eastern District of Texas
4 has rejected Yahoo!'s motion to dismiss for lack of standing. *Software Rights Archive, LLC v.*
5 *Google, Inc.*, 2009 WL 901361 (E.D. Tex. 2009). Yahoo! nevertheless argues that discovery of the
6 documents is still relevant as the ruling is not final and the documents may support a motion for
7 reconsideration. Wilson and Murray have, relying on what they assert are their professional
8 obligations, refused to produce the documents without a court order on the basis that the documents
9 are privileged by the attorney-client privilege and are protected by the work product doctrine. SRA
10 and Egger oppose the motion on the bases that the standing issue has already been fully discovered
11 and further discovery is unnecessarily burdensome. For the reasons stated below, the court grants
12 Yahoo!'s motions to compel to a limited extent.

13 I. ANALYSIS

14 The subpoenas on Wilson and Murray seek documents which are relevant to Yahoo!'s
15 standing defense. Wilson represented Site Technologies in the 1997 stock exchange agreement and
16 in December 2000 when the company was in bankruptcy proceedings. Murray represented Site
17 Technologies, Inc. in the bankruptcy proceeding. Although there is some merit to SRA's contention
18 that Google! had full discovery on the issue of standing and did not even seek the subpoenaed
19 records prior to the submission of the motion to dismiss in the Eastern District of Texas, the court
20 finds that the two law firms may well have documents relevant to the standing issue. This potential
21 relevance of the documents outweighs SRA's claim that the subpoenas are late and the discovery
22 will create an undue burden on SRA because it will have to participate in this additional discovery.

23 The parties also dispute whether a dissolved corporation may invoke the attorney-client
24 privilege and whether Site Technologies is a dissolved corporation. Although the issue is not clearly
25 settled, the applicable cases suggest that a dissolved corporation cannot assert the attorney-client
26 privilege. *See, e.g., City of Rialto v. U.S. Dep't of Defense*, 492 F.Supp.2d 1193, 1199
27 (C.D.Cal.2007) (concluding that a dissolved corporation may not assert the attorney-client
28 privilege); *Gilliland v. Geramita*, No. 2:05-CV-01059, 2006 WL 2642525, at *4 (W.D.Pa. Sept. 14,

1 2006) (noting that “there should be a presumption that the attorney-client privilege is no longer
2 viable after a corporate entity ceases to function, unless a party seeking to establish the privilege
3 demonstrates authority and good cause,” and concluding that “counsel has no duty to assert the
4 privilege on behalf of a non-functioning corporation”); *Lewis v. United States*, No. 02-2958B/AN,
5 2004 WL 3203121, at *4 (W.D.Tenn.2004)(concluding that the “attorney-client privilege cannot be
6 applied to a defunct corporation” where the corporation “is bankrupt and has no asserts, liabilities,
7 directors, shareholders, or employees”); *In re JMP Newcor Int'l, Inc.*, 204 B.R. 963, 964,
8 (Bankr.N.D.Ill.1997) (distinguishing between the attorney-client privilege, which belongs to the
9 client and ceases to exist when the corporate client dissolves, and the work-product doctrine, which
10 “belongs to both the attorney and the client” and continues after the conclusion of litigation). The
11 court concludes that a dissolved or non-functioning corporation may not assert the attorney-client
12 privilege. Although there is some question as to the exact status of Site Technologies, it appears
13 clear that it is defunct and, if not technically dissolved, dissolved for all practical purposes. It also
14 appears that there is no one who can assert the privilege on behalf of Site Technologies. The
15 attorney-client privilege, where it exists, belong to the client, not the attorney.²

16 The work product doctrine may protect documents from disclosure and the attorney, as well
17 as the client, does have standing to assert it even if the client does not. Here, neither Wilson nor
18 Murray prepared a privilege log or otherwise itemized those documents they claim are protected by
19 the work product doctrine. If they wish to do so, they must prepare a list of those documents and
20 submit them for *in camera* review if they cannot agree with Yahoo! on the disclosure of documents
21 claimed to be so protected.

22 In a post-hearing brief, SRA raises the argument that the attorney-client privilege transferred
23 to Egger in the 1998 assignment of assets. SRA cites *Soverain Software LLC v. Gap, Inc.*, 340 F.
24 Supp. 2d 760 (E.D. Tex. 2004), which holds that while transfer of some assets or a single patent
25 does not transfer the attorney-client privilege, the “transfer of control of the business and the
26 continuation of the business under new management” does pass with it the authority to assert the

27 ² The court suspects that the majority of documents held by Wilson and Murray never were
28 confidential attorney-client documents or documents subject to work product protection.

1 attorney-client privilege. *Id.* at 763. SRA submits the Bill of Sale, which describes various other
2 assets, including licenses, physical assets (e.g., CD-ROMS), and goodwill, that were also included in
3 the 1998 assignment. SRA fails to provide sufficient facts to support a contention that control of an
4 ongoing business was transferred to new management under the 1998 assignment agreement.
5 Indeed, the Bill of Sale appears limited to transferring the patents and related assets, but not, as SRA
6 contends, “all of Site Tech’s V-search business.”

7 The court does find that the document requests are overbroad and unduly burdensome,
8 particularly given the relevance is limited to the ownership of the patents. There is no indication
9 that discovery of electronically stored documents will reveal any relevant information not otherwise
10 available. Therefore, the court compels compliance with the subpoenas only to the extent set forth in
11 the order below. For example, Yahoo!’s proposed Document Request No. 1 requests “All
12 documents relating to the bankruptcy of Site Technologies . . .” and Document Request No. 2
13 requests “All documents relating to Site/Technologies/Inc.”

14 III. ORDER

15 For the foregoing reasons, the court grants Yahoo!’s motions to compel limited to the
16 following documents:

17 1. All documents relating to the bankruptcy of SITE TECHNOLOGIES including the
18 ownership, transfer, or assignment of the patents-in suit or related patents or patent applications and
19 all documents relating to the preparation of any schedules, plans, disclosure statements, and claims
20 by or against SITE TECHNOLOGIES.

21 2. All documents relating to the merger of SITE TECHNOLOGIES and SITE/
22 TECHNOLOGIES/INC., including any merger in December 2000.

23 3. All documents relating to the ownership of the patents -in-suit or any related patent or
24 patent application.

25 4. All documents relating to any actual or attempted conveyance, assignment, license, or
26 other transfer of any rights, including without limitation, transfer by operation of law, in the patents-
27 in-suit and any related patents or applications, including but not limited to any Bill of Sale,
28

1 Assignment and License Agreement between SITE TECHNOLOGIES and DANIEL EGGER dated
2 September 16,1998.

3 5. All documents relating to the corporate status of SITE TECHNOLOGIES subsequent to
4 January 1, 1996 including any reactivation attempted or effected.

5 6. All documents relating to the stock Purchase Agreement between
6 SITE/TECHNOLOGIES/INC. and SITE TECHNOLOGIES dated July 11, 1997 and any schedules
7 related thereto.


8 7. All documents relating to the corporate governance, structure, and management of SITE
9 TECHNOLOGIES and SITE/TECHNOLOGIES/INC. including by-laws, corporate charters, proxy
10 materials, and board of director minutes.

11 No search of electronically stored documents has to be made in order to comply with this order
12 absent further order following a showing that Yahoo! has a good faith belief that particular relevant
13 documents not otherwise made available are electronically stored.

14 The parties are to agree on a date by which the documents will be made available to YAHOO!
15 and, if they cannot agree, they are to submit their respective proposals for a production date deadline
16 to the court and court will determine the date.

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18 DATED: 2/9/10



RONALD M. WHYTE
United States District Judge

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1 Notice of this document has been electronically sent to:

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3 **Counsel for Defendants:**

3

4 Richard S.J. Hung rhung@mofo.com
4 Michael A. Jacobs mjacobs@mofo.com

5 **Counsel for Murray & Murray, PC:**

6 Joseph J. De Hope , Jr. jdehope@hinshawlaw.com

7 **Counsel for Wilson Sonsini Goodrich & Rosati, PC:**

8 Mark Gregory Parnes mparnes@wsgr.com

9

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

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Dated: 2/10/10

CCL
Chambers of Judge Whyte

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