Leader Technologies, Inc., v. Facebook, Inc. Doc. 23

United States District Court
For the Northern District of California

E-FILED 03-02-2010

NOT FOR CITATION

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

LEADER TECHNOLOGIES, INC.,

Plaintiff,

v.

FACEBOOK, INC.,

Defendant.

_____/

No. C10-80028MISC JW (HRL)

ORDER GRANTING IN PART AND DENYING IN PART FACEBOOK'S AND NONPARTIES' MOTION TO QUASH AND FOR PROTECTIVE ORDER

[Re: Docket No. 1]

Leader Technologies, Inc. ("LTI") is the plaintiff in a patent infringement lawsuit currently pending against Facebook, Inc. ("Facebook") in the United States District Court for the District of Delaware ("Delaware Action"). In that action, LTI claims that Facebook willfully infringes U.S. Patent No. 7,139,761 B2 (the "'761 patent"). In the course of discovery, LTI served subpoenas seeking the depositions and documents of several former Facebook employees. At issue here are the subpoenas served on three of those individuals: (1) Karel Baloun, an engineer who reportedly worked for Facebook from May 2005 to May 2006; (2) Stephen Dawson-Haggerty, a summer 2004 engineering intern; and (3) Thyagaraja Ramakrishnan, Facebook's former Vice President of Engineering, who reportedly worked at the company from October 2005 to October 2006 (collectively, "nonparties").

Facebook and the nonparties now move this court for an order quashing the subpoenas in question. They also seek a protective order precluding LTI from obtaining the requested

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discovery. LTI opposes the motion and requests that this court issue an order to show cause why the nonparties should not be held in contempt for their failure to comply with the subpoenas. Upon consideration of the moving and responding papers, as well as the arguments of counsel, this court grants in part and denies in part Facebook's and the nonparties' motion to quash and for protective order and denies LTI's request for an order to show cause.

Rule 45 of the Federal Rules of Civil Procedure authorizes the issuance of a subpoena commanding a non-party to attend and testify; produce designated documents, electronically stored information, or tangible things in that non-party's possession, custody or control; or permit the inspection of premises. FED. R. CIV. P. 45(a)(1)(A)(iii). The scope of discovery through a Fed. R. Civ. P. 45 subpoena is the same as that applicable to Fed. R. Civ. P. 34 and the other discovery rules. FED. R. CIV. P. 45 advisory committee's note (1970).

Parties may obtain discovery about any nonprivileged matter that is relevant to any party's claim or defense. FED. R. CIV. P. 26(b)(1). Discovery is not unfettered, however. Under Fed. R. Civ. P. 26(c), the "court may, for good cause, issue an order to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense," including "forbidding the disclosure or discovery." FED. R. CIV. P. 26(c)(1)(A). A court must limit the extent or frequency of discovery if it finds that (a) the discovery sought is unreasonably cumulative or duplicative or can be obtained from a source that is more convenient, less burdensome or less expensive, (b) the party seeking discovery has had ample opportunity to obtain the information through discovery; or (c) the burden or expense of the discovery sought outweighs its likely benefit, considering the needs of the case, the amount in controversy, the parties' resources, the importance of the issues at stake, and the importance of the discovery in resolving those issues. FED. R. CIV. P. 26(b)(2)(C)(i)-(iii). Additionally, Fed. R. Civ. P. 45(c)(3) provides that the court must quash or modify a subpoena that (a) fails to allow reasonable time for compliance; (b) requires the nonparty to travel more than 100 miles from the nonparty resides, works or regularly transacts business; or (c) imposes an undue burden.

Preliminarily, LTI argues that Dawson-Haggerty's objections should be deemed waived because he did not serve his written objections until the day after the noticed date for his

deposition and document production. Fed. R. Civ. P. 45 provides that written objection to a subpoena commanding the production of documents "must be served before the *earlier* of the time specified for compliance *or* 14 days after the subpoena is served." FED. R. CIV. P. 45(c)(2)(B) (emphasis added). "The failure to serve written objections to a subpoena within the time specified by Rule 45(c)(2)(B) typically constitutes a waiver of such objections." Concord Boat Corp. v. Brunswick Corp., 169 F.R.D. 44, 48 (S.D.N.Y. 1996). However, the failure to act timely will not bar consideration of objections in unusual circumstances and for good cause shown. Id. Courts have found such circumstances where counsel for the nonparty and for the subpoenaing party were in contact with respect to the nonparty's compliance prior to the time the nonparty challenged the subpoena. Id. Here, the record indicates that when the subpoena was served on Dawson-Haggerty, only seven days remained for his compliance. (See Boyle Decl., Ex. 4). Moreover, his counsel says that Dawson-Haggerty's objections were verbally communicated to LTI's counsel before the noticed deposition/production date. (Keyes Decl. ¶ 3). So, although Dawson-Haggerty's written objections were one day late, under the circumstances presented, this court will excuse the delay.

Likewise, this court declines to deem the instant motion untimely. Essentially, LTI feels that it was misled for several weeks into believing that the nonparties objected only to the noticed date for examination. To the extent the nonparties did not intend to appear for deposition at all, their written objections are somewhat vague. (See Boyle Decl., Exs. 4-6). And, perhaps Facebook and the nonparties could have been clearer in communicating their intent to file the instant motion (or, at least better at documenting it). Nevertheless, the record presented shows that the nonparties did discuss their concern as to the purported relevance (or claimed lack thereof) of the discovery being sought. (See Boyle Decl., Ex. 7). And, the instant motion was filed within a few weeks after the service of the nonparties' respective objections, during which time Facebook and the nonparties apparently made an effort to resolve the matter without judicial intervention.

As for the requested discovery, the nonparties contend that they have no relevant information and that the subpoenas are therefore unduly burdensome. Claiming that it has

already produced substantial discovery in the Delaware Action, Facebook contends that the requested discovery is also cumulative and duplicative. Here, Facebook says that it has produced technical information about its website, including the website's source code and a repository containing versions of the source code dating back to 2006 when the '761 patent issued. (Keyes Decl. ¶ 4). Facebook says that it has also agreed to produce (or has already produced) three current Facebook engineers for deposition, as well as Fed. R. Civ. P. 30(b)(6) designees to testify about the technical aspects of Facebook's website operation. (Id. ¶¶ 5-6). LTI has also deposed two other former Facebook engineers: Dustin Moskowitz and Adam D'Angelo. Facebook contends that Moskowitz (a Facebook co-founder who worked at the company until 2008) and D'Angelo (who started at the company in 2005 and served as Chief Technical Officer from October 2006 to May 2008) both (a) worked at Facebook for a longer period of time and (b) have deeper and more recent knowledge than Baloun, Ramakrishnan or Dawson-Haggerty.

At any rate, Facebook and the nonparties contend that the requested discovery is irrelevant because Baloun, Dawson-Haggerty and Ramakrishnan all left the company before the '761 patent issued in November 2006. Indeed, acts before the issuance of a patent do not infringe. See generally Gargoyles, Inc. v. United States, 113 F.3d 1572, 1581 (Fed. Cir. 1997) ("[T]he right to exclude does not inure until the patent issues."); Nat'l Presto Indus., Inc. v. West Bend Co., 76 F.3d 1185, 1196 (Fed. Cir. 1996) (concluding that "as a matter of law [35 U.S.C. § 271(b) prohibiting the inducement of infringement] does not reach actions taken before issuance of the adverse patent."); Hoover Group, Inc. v. Custom Metalcraft, Inc., 66 F.3d 299, 304 (Fed. Cir. 1995) ("[A patentee] may of course obtain damages only for acts of infringement after the issuance of the [patent-in-suit]."); State Indus., Inc. v. A.O. Smith Corp., 751 F.2d 1226, 1237 (Fed. Cir. 1985) ("A patent has no retroactive effect."). LTI maintains that each of the nonparties in question has information pertaining to the history of Facebook's website operation and the accused features of Facebook's website. But LTI does not dispute that Baloun's, Ramakrishnan's and Dawson-Haggerty's respective tenures at Facebook ended before the patent-in-suit issued. Thus, this court finds that the burden or expense of the

discovery sought outweighs its likely benefit. Moreover, in view of the discovery that Facebook says it has already produced (or will produce), the requested discovery of Baloun, Dawson-Haggerty and Ramakrishnan also appears to be cumulative and duplicative.

Nevertheless, at oral argument, Facebook agreed that knowledge of the patent-in-suit prior to its issuance can be relevant to the alleged willfulness of any infringement. Facebook says that it has served discovery responses and declarations showing that, prior to the filing of the underlying action, it had never heard of LTI, the '761 patent or the inventor. Nonparties represent that they can attest to the same and offer to provide declarations to that effect. Accordingly, within ten days from the date of this order, nonparties Baloun, Ramakrishnan and Dawson-Haggerty shall serve declarations as to whether they knew about or were aware of LTI, the '761 patent, or the '761 patent inventor — and, if so, when. Facebook's and the nonparties' motion to quash and for protective order is otherwise granted. LTI's request for an order to show cause re contempt is denied.

SO ORDERED.

Dated: March 2, 2010

HOWARD R. LLOYD
UNITED STATES MAGISTRATE JUDGE

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