

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

LEADER TECHNOLOGIES, INC., a
Delaware corporation,

Plaintiff and Counterdefendant,

v.

FACEBOOK, INC., a Delaware
corporation,

Defendant and Counterclaimant.

Civil Action No. 1:08-cv-00862-JJF

PUBLIC VERSION OF
HONORABLE LEONARD P. STARK DATED
DECEMBER 21, 2009
(D.I. 183)

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The Hon. Leonard P. Stark
J. Caleb Boggs Federal Building
U.S. District Court for the District of Delaware
844 N. King Street, Unit 26, Room 6100
Wilmington, DE 19801-3556

Re: **Leader Technologies, Inc. v. Facebook, Inc., Civ. No. 08-862-JJF-LPS**

Dear Judge Stark:

After the close of written discovery, a number of issues have crystallized. Specifically, Facebook seeks an order compelling LTI to: (1) produce all documents where privilege has been waived by disclosure to third-party potential or actual investors; (2) provide a complete response to Interrogatory Nos. 19, 20 and 24, which request disclosure of all potential and actual investors who received information regarding the '761 patent or this litigation; (3) produce all documents provided by third-parties to LTI in response to Facebook's subpoenas; (4) provide information regarding the roles of each person listed on LTI's 370 page privilege log and disclose which documents on the log have been sent to third-parties; and (5) produce a fully functional copy of and source code for the products LTI intends to rely upon in this case.

LTI should be compelled to produce all documents it sent to third-party potential investors. Prior to filing this action, LTI attempted to induce numerous third-parties to invest in LTI. Based on the limited discovery received to date, those communications include admissions about prior art, invalidity and potential inequitable conduct.

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These documents clearly establish that LTI's admissions to potential investors are highly relevant. LTI though has refused to produce the bulk of its communications with those third-parties, claiming to both Facebook and the Court that they are not relevant. LTI used the same "irrelevance" objection in refusing to answer Interrogatory Nos. 19, 20 and 24, which ask LTI to disclose all third-party potential and actual investors. Exs. 6-7. LTI should be compelled to produce all documents it provided to third parties and provide a complete response to Interrogatory Nos. 19, 20 and 24.¹ LTI should further be compelled to confirm that it has produced or logged all documents referring or relating to the '761 patent, a representation that LTI has refused to make. Ex. 8.

One meet and confer letter suggests that LTI is withholding these documents based on the common interest doctrine. Ex. 9. However, that doctrine only applies when the purpose of the disclosure was to further an identical *legal* interest. This Court has specifically held that the privilege does *not* extend to communications with the third parties made for soliciting investments, as is the case here. *Corning Inc. vs. SRU Biosystems, LLC*, 223 F.R.D. 189, 190 (D. Del. 2004) (citing *Union Carbide Corp. v. Dow Chemical Co.*, 619 F. Supp. 1036, 1047 (D. Del. 1985)). Ex. 10. In *Corning*, Judge Farnan held that opinions of counsel generated by a patent infringement defendant and disclosed to third-party potential investors were not privileged:

. . . the Court views the negotiations between these two corporations to review that SRU's disclosures to BD were made not in an effort to formulate a joint defense but rather to persuade BD to invest in SRU. Accordingly, the Court concludes that SRU has failed to demonstrate that the parties had agreed to a joint defense strategy or that the opinions were a precaution against anticipated joint litigation.

Id. at 190-191. This case is precisely on point and LTI has no basis for withholding any documents it sent to third-parties for purposes of seeking investments.²

LTI should also be compelled to produce all documents that third-parties provided to LTI in response to Facebook's subpoenas. After subpoenas were issued by Facebook, LTI notified several third-parties that

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LTI has received those documents, but did not produce them.

¹ LTI's simple recital under 33(d) that the names can be found in documents will not suffice because LTI has not represented that *all* third-parties can be identified from the documents.

² LTI's argument that somehow their communications should be exempted since they were solicitations for investments in a "litigation" not a company are nonsense and unsupported by caselaw.

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Instead, LTI issued privilege logs despite the fact that the third parties themselves did not believe them to be privileged. Exhibits-15-17. LTI should be compelled to produce these documents.

LTI should further be compelled to provide the employer and role of each individual listed in its 370 page privilege log (Ex. 20) and, if the individual is an attorney, a representation that the attorney was representing LTI and not a third-party. This log contains thousands of entries without any information regarding the role of senders and recipients. Because LTI has refused to provide this information, LTI has failed to make the necessary showing that it did not waive privilege by disclosure of privileged information to a third-party. LTI bears the burden of establishing privilege and Facebook should not be required to guess as to whether the individuals identified on LTI's log are Leader employees or third-parties.

LTI should also be compelled to provide information regarding all individuals and companies who received copies of the documents appearing on LTI's log. LTI claims it has no obligation to disclose recipients unless the recipient is explicitly listed on the face of the document. This is insufficient because LTI apparently sent numerous documents to third-parties in hard copy, which does not result in the recipient being apparent on the face of the document.

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Compare Ex. 16 and Ex. 20. All of this raises serious doubts about the accuracy of LTI's 370 page privilege log. LTI should therefore, at a minimum, be compelled to disclose the identities of any third-parties to whom it sent copies of the documents on its privilege log.

Finally, LTI should be compelled to provide a fully functional copy of each product (and its source code) LTI intends to rely on at trial. Request for Production Nos. 65-67 request this material but LTI has refused to produce it. Ex. 18 at 17-18. LTI's refusal is without merit because LTI is seeking a permanent injunction, lost profits and other relief based on its claim that LTI's products compete with Facebook. There is little burden associated with this type of production and Facebook deserves the opportunity to investigate these assertions. Moreover, this Court's denial of Facebook's motion to compel LTI to provide a claim chart for these products was expressly premised on Facebook's access to these products. Ex. 19 at 17-18.

Very truly yours,


Steven L. Caponi (I.D. No. 3484)