EXHIBIT 18

Doc. 446 Att. 3

Dockets.Justia.com

FOR THE DISTRICT OF DELAWARE

LEADER TECHNOLOGIES,)
INC.,)
Plaintiff,)
C.A. No. 08-862-JJF-LPS
V.)

IN THE UNITED STATES DISTRICT COURT

FACEBOOK, INC., a)
Delaware corporation,)
Defendant.)

Wednesday, December 23, 2009 11:00 a.m. Teleconference

844 King Street Wilmington, Delaware

BEFORE: THE HONORABLE LEONARD P. STARK
United States District Court Magistrate

APPEARANCES:

POTTER, ANDERSON & CORROON, LLP BY: PHILIP A. ROVNER, ESQ.

-and-

KING & SPAULDING BY: PAUL ANDRE, ESQ.

Counsel for Plaintiff

1	competitor with Facebook is in dispute. Do you
2	agree with that?
3	MR. ANDRE: I believe it will be in
4	dispute, Your Honor. Yes.
5	THE COURT: And do you agree that
6	Facebook is entitled to make the best possible .
7	case to support the position that you're not
8	competitors?
9	MR. ANDRE: Your Honor, of course,
10	any party can make their best case in any
11	contested legal element. Of course.
12	THE COURT: And so your position is
13	that simply by providing technical documents
14	without access to your product and without access
15	to your source code is a sufficient basis, is
16	fair enough for as a basis for Facebook to
17	make the argument that you're not a competitor?
18	I guess that's your position.
19	MR. ANDRE: Your Honor, if they're a
20	competitor or not, it's our burden. I will say
21	that.
22	And our burden is to show that they
23	are competitors in the marketplace. We plan on
24	doing that using our documents that we put

If we cannot meet that burden, then 2 3 it's on us. And Facebook will not be a competitor in that circumstance if we can't meet 4 our burden.

forward and provided them already.

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What they're trying to do is say that not only do we have to prove that they're competitors, but that somehow the products are identical or that we had to prove infringement of our own patent. That's not what the Federal Circuit has set forward in the test.

They say if they're a market competitor, our patent gives us a right to exclude them from the market. That's an irreparable harm issue.

That's the only issue they bring us up on. Are we competitors for the issue of irreparable harm? If we can't prove it with the documents we've provided them already and the documents we produced in this case and the testimonial evidence and whatever -- anything else we put forward in this case, we will fail our burden. But we believe we can prove it with the documents we've put forward.

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1 If they can show in any way that 2 we're not competitors, that's not their burden. The burden is on us. 3 4 THE COURT: But they have made out representations that they can show that you're 5 not competitors, if only they have access to your 6 7 product and your source code. So what am I to make of that? 8 9 MR. ANDRE: Well, the only purpose they would -- what they're really saying is not 10 11 that we're not competitors, what they are saying 12 is that we don't practice our invention, that we 13 do not have a -- they're going to go in and try to put in evidence that our product is not 14 15 infringing our patent. 16 That is not a competitor basis. 17 That's not how you determine if one party is a competitor of the other party. 18 The products will 19 look different. Whether our product is covered by our patent or not can be determined by the 20 21 documents we've produced and the testimony that we're willing to give. 22 23 This is not a case where they're 24 accusing us of infringing their patent, and

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therefore, they get a look at our product in that 1 2 level. This is a case where all they're saying 3 is that we're not competitors. Well, if they can prove that in the 4 market -- in the marketplace, that's where the 5 6 determination is. That's what the Federal 7 Circuit has said. That is what courts have said 8 throughout the country is a marketplace determination. 9 10 If we can't prove we're competitors in the marketplace, then we will not be able to 11 achieve the first prong of the four-part test for 12 getting to injunction. This is an issue where --13 obviously an equitable issue that Judge Farnan 14 15 will decide. 16 I think at this point in the case, there's absolutely no reason to open up our 17 18 source code, which is very sensitive to us, to Facebook, especially in light of the fact that 19 we've produced ten times the documents about our 20 product than they've produced to us. 21 22 THE COURT: All right. Ms. Keefe, you may go ahead at this point. 23 24 MS. KEEFE: Thank you, Your Honor.

1 Not much to add. 2 They've told -- they've represented 3 to us and the Court that they do practice their They've marked their product with the 4 5 patent number. All of their documentation says that the product is patented by the '761 patent. And they use that in order to try to establish that we're a competitor. One factor in 8 9 determining competition is whether or not you know both products practice the same claim. 10 11 That's one way that you can be a competitor. 12 Regardless of whose burden it is to 13 establish competition, we still deserve the right to be able to challenge the fact of competition. 14 And one of the things we need to investigate is 15 16 what their product does. And we can't do that 17 without a membership to this service. We can't 18 even use the product right now. 19 THE COURT: Well, is that what you 20 mean by your request for a fully functioning 21 version of the product? Fully functioning 22

includes some type of membership, I take it?

MS. KEEFE: I believe so, yes.

THE COURT: Okay. All right.

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Well, I'm prepared to rule on this one. And having weighed the competing arguments, I am persuaded that Facebook is entitled to some relief on this issue, and specifically I am going to order that Leader provide fully functioning copies of the Leader to Leader, and I guess Leader to Leader Enterprise social networking products.

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I'm looking specifically at

Facebook's Request for Production Number 65 and

66, which are attached as Exhibit 18 to Docket

Entry 182.

So with respect to 65 and 66, I'm overruling Leader's objections and I'm granting the motion to compel of Facebook. I do believe that while the burden of proving competition in connection with the request for an injunction and other types of damages or damages relief, while that burden is on Leader, a defendant here, Facebook, has a right to defend itself, not solely by arguing that the plaintiff has failed to meet its burden, but also by, if it can, proactively proving that the two companies, in this case, are not competitors.

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And I think that Facebook is entitled to access fully functioning access to the product that is the basis for the contention of Leader that the companies are competitors. Facebook's entitled to access to that product to determine if it may have a basis for arguing through the product that the two companies are not competitors.

At this point, I'm denying the request for relief under Production Request

Number 67, which seeks a copy of the complete source code for Leader to Leader. I do recall fairly well the back and forth over many weeks or months and phone calls that we had which led ultimately to the production of the entire source code of Facebook to Leader.

And it may turn out that Facebook will persuade me that they need access to the entirety of Leader's source code. But seeing as Facebook has not yet even had access to a fully functioning version of the product, seeing as I'm sure Leader will view the source code as the most important commercial property, and seeing as I think, I would want a very strong showing before

1	I'm going to provide access to the source code
2	just as I required when Leader was seeking
3	Facebook's source code, I just don't think that
4 .	showing has or can be made at this point given
5	that Facebook has not even had a moment to access
6	fully functioning access to the product to the
7	Leader product.
8	So that's my ruling on that issue.
9	We should talk about the timing for
10 -	when Leader can provide the fully functioning
11	product. Mr. Andre, given the holidays, you want
12	to suggest a date by which you could do this?
13	MR. ANDRE: Your Honor, I will
14	endeavor to do all the issues you brought up by
15	January 15th, if that's acceptable.
16	THE COURT: That is acceptable. So
17	you'll do that by January 15th.
18	I believe that addresses all the
19	issues raised in the letters.
20	Is that correct, Ms. Keefe?
21	MS. KEEFE: It does, Your Honor. I
22	had one other question, if you don't mind.
23	THE COURT: Just one second.
24	Mr. Andre, were there any other issues in the

1	State of Delaware)
2	New Castle County.)
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4	
5	CERTIFICATE OF REPORTER
6	
7	I, Heather M. Triozzi, Registered
8	Professional Reporter, Certified Shorthand
9	Reporter, and Notary Public, do hereby certify
10	that the foregoing record, Pages 1 to 78
11	inclusive, is a true and accurate transcript of
12	my stenographic notes taken on December 23, 2009,
13	in the above-captioned matter.
14	
15	IN WITNESS WHEREOF, I have hereunto
16	set my hand and seal this 30th day of December,
17	2009, at Wilmington.
18	
19	
20	
21	Heather M. Triozzi, RPR, CSR Cert. No. 184-PS
22	
23	
24	

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EXHIBIT 19

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE LEADER TECHNOLOGIES, INC., Plaintiff,) C.A. No. 08-862-JJF-LPS v. FACEBOOK, INC., a Delaware corporation, Defendant. Friday, March 12, 2010 3:31 p.m. Oral Argument 844 King Street Wilmington, Delaware BEFORE: THE HONORABLE LEONARD P. STARK United States District Court Magistrate

APPEARANCES:

POTTER, ANDERSON & CORROON, LLP BY: PHILIP A. ROVNER, ESQ.

-and-

KING & SPAULDING BY: PAUL ANDRE, ESQ. BY: JAMES HANNAH, ESQ.

Counsel for Plaintiff

2	APPEARANCES CONTINUED:
3	
4	BLANK ROME, LLP BY: STEVEN L. CAPONI, ESQ.
5	
6	-and-
7	WHITE & CASE BY: HEIDI L. KEEFE, ESQ.
8	Counsel for Defendant
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1 single engineering roadmap produced in this 2 case. 3 So the burden here is going to be very light. We're asking for very -- a very 4 focused set of documents from a few individuals. 5 6 So the burden on Facebook is next to none. 7 They have been stonewalling us on 8 this document production since discovery began on this case. And at this point, it's getting 9 10 to a point where it's going to be prejudicial to 11 And the burden versus the prejudice is -us. 12 the weighing is not even close. 13 THE COURT: Okay. 14 MR. ANDRE: Thank you, Your Honor. 15 THE COURT: Let's move on now to 16

THE COURT: Let's move on now to the final issue, which is Facebook's effort to compel access to the Leader source code. We will hear from Facebook on this one.

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MS. KEEFE: We will be very brief on this one. The last time we were before Your Honor, we said that we needed access to Leader's product, because they're claiming to be a competitor. So we need to understand if, in fact, they are a competitor, if in fact, they do

practice the patent.

Your Honor said, Let's go back and look at what happened with you guys and your source code. I'll give you access to the product itself.

And if by using the product, you find that you can't do the analysis without access to the underlying source code, we can revisit it. That's where we are here today.

Mr. Weinstein has used the service. I used the service. And we absolutely cannot figure out which metadata is being stored by using the front-end facing portions of the website.

expert found when using our own website.

Similarly, just to make sure that there wasn't something that we were missing, that there was something in the product that made it easier, we asked Mr. Fathbruckner, who is one of the engineers who worked on the Leader to Leader product whether or not he could tell us, looking at the screen shots, what metadata was being stored. And he said, No. He said, you'd

1 probably have to look at the code or something 2 else, because it wasn't within the service 3 itself. So we're here, Your Honor, asking 4 5 for access to that source code so that we can make the analysis that we asked for before. 6 THE COURT: So Leader argues that in addition to Mr. Fathbruckner, there were 8 9 other witnesses you could have asked a whole 10 bunch of technical questions to, and that that would be less burdensome than producing their 11 whole source code. 12 13 Were there other witnesses? 14 if so, why didn't you ask them these questions? MS. KEEFE: There were no other 15 witnesses that I can think of that I could have 16 17 asked that question of. I may have been able to ask Mr. Lamb. Mr. Lamb is no longer an employee 18 19 and so no longer has access to their source code. 20 21 And so I did -- I wasn't -- I wouldn't have been able to ask him, And where 22 23 would you find it in that, because he doesn't 24 see where it exists today or what it is today.

1	THE COURT: And what's
2	Mr. Fathbruckner's position?
3	MS. KEEFE: He's currently one of
4	their engineers. He's an engineer at the
5	company.
6	THE COURT: What about the
7	argument that they can be your competitor, even
8	if they're not practicing their own patent?
9	MS. KEEFE: You know, Your Honor,
10	the case law is pretty specific. In order to be
11	a competitor, you actually in order to be a
12	competitor within the realm of the patent
13	itself, you actually have to be practicing it.
14	I'm not sure I'm sure there may
15	be a way that someone might be able to show that
16	they are a competitor. They don't use this
17	exact piece of technology.
18	But you always are head to head
19	with each other on pinches and sales. And maybe
20	they could do that.
21	But this is certainly an extremely
22	relevant factor. We also have a false marking
23	claim in this case.
24	And in order to determine whether

	•
1	or not their product was properly marked, we
2	would also need to analyze the product.
3	THE COURT: Okay. Thank you.
4	MS. KEEFE: Thank you, Your Honor.
5	THE COURT: Let me hear from
6	Leader, please.
7	MR. ANDRE: Your Honor, what is
8	being involved since the day this case began,
9	it's a product-to-product comparison. That's
10	what they're looking to do here.
11	THE COURT: But I can prevent that
12	at trial, right, just by letting them see the
13	source code? I mean, the jury's never going to
14	see the source code of your product.
15	MR. ANDRE: I agree, Your Honor.
16	And one of the things that we that is a
17	little bit surprising about their talk about
18	they want to know how the metadata is stored, it
19	doesn't matter how it's stored, just that it is
20	stored. That's what's relevant here.
21	They did have other sources.
22	Mr. McKibben, who's the lead inventor, founder
23	of the company, designer of our product, was
24	also our 30(b)6 witness on this specific topic.
J	

1 .	We designated him. He was ready to testify on
2	this specific topic.
3	We had Leader to Leader up and
4	running on their computer. We activated it for
5	them for his deposition both days.
6	THE COURT: You had the program or
7	the source code?
8	MR. ANDRE: We had the actual
9	program running. He could show on the program
10	itself.
11	You can actually see the questions
12	that were asked, how the metadata is being
13	updated and things of that nature. So they had
14	that information available to them.
15	More importantly, and I apologize
16	to Your Honor, but this was inadvertently left
17	off as an exhibit to our letter. We were rushed
18	in getting this out.
19	We actually gave them a printout
20	on the database file. This is something they put
21	on their stand-alone computer that has
22	everything.
23	This is a document that's been
24	produced to them. This has the database schema.

It actually has right here how the metadata is
being updated.
I would kill to get this from
Facebook. They won't give it to me.
But we gave it to them. So they
have everything.
They have the database schema on
their stand-alone computer. We talked about the
stand-alone computer.
We can't mark that out. We can't
mark it as an exhibit in this case.
We show it, but we can't print it
out and use it. We can't take it home with us
and study it back within our office.
So we had given them not only the
database schema, all the development emails we
had on our server developing the product, which
we didn't get a single email from them, from any
of their developers as they developed their
product.
Those emails identified
individuals who they had subpoenaed and
cancelled the deposition.
THE COURT: I don't know why you

	F
1	don't give them the source code if you gave them
2	all that. Why
. 3	MR. ANDRE: I don't understand why
4	we should have to. That's my point.
5	It's something
6	THE COURT: Are you intending to
7	tell the jury, in one fashion or another, that
8	you practice your patent?
9	MR. ANDRE: Yes.
10	THE COURT: So then why aren't
11 .	they allowed to test out and determine for
12	themselves whether you really practice the
13	patent?
14	MR. ANDRE: It's not a case
15	whether our product is infringing the patent or
16	not.
17	THE COURT: No, but you're going
18	to make a representation to the jury or attempt
19	to prove a premise to the jury, We practice our
20	patent. Our Leader-to-Leader product practices
21	or is an embodiment of our patent.
22	They're allowed to defend
23	themselves with respect to that premise, are
24	they not?
	<i>1</i>

MR. ANDRE: Well, and we've given them the information to do so, Your Honor. The source code, in this particular instance, is something that because our product is not being accused of infringement, as that's what this is turning into. It's turning into is our product infringing our own patent, and it just keeps going further and further down this road. So that's our concern.

You asked if there's a major -- an issue of prejudice to us. The prejudice to us is and why we don't produce it is because we produced everything. The inequities of this discovery in this case is getting to be burdensome.

So if they get source code, that means we're going to have to set up a system to put our source code on a stand-alone computer, have it set up for them to come to visit the computer how many times they want to come visit.

They have deep pockets and they can suck a lot of our resources from us. They have every single document they need.

They have more than -- we've

1	provided them more information about our product
2	than they provided about their product. So I
3	think this is just one of those unduly
4	burdensome requests by Facebook in this
5	particular instance.
6	THE COURT: Okay.
7	MR. ANDRE: Thank you, Your Honor.
8	THE COURT: Thank you. Ms. Keefe,
9	anything else?
10	MS. KEEFE: Just to say, Your
11	Honor, I do know that we have the database
12	schema and it's not sufficient. That just shows
13	how it's stored, not what causes it to be
14	stored. And the code would help us do that.
15	So thank you, Your Honor.
16	THE COURT: Okay. We're going to
17	take a short recess, and I'll come back and give
18	you at least some rulings. Okay.
1,9	THE CLERK: All rise.
20	(A brief recess was taken.)
21	THE CLERK: All rise. You may be
22	seated.
23	THE COURT: Unless you all have
24	dissolved any of these issues in the last few

everything that Leader's expert will need in order to undertake that task.

Finally, Facebook moves to compel access to Leader's source code. And I'm going to grant this request of Facebook's.

I am convinced that Facebook does need access to Leader's source code in order to evaluate the premise that Leader claims and will claim in front of the jury that Leader itself and the Leader-to-Leader product practices the patent.

Facebook is not obligated to rely on that premise. It can challenge that premise.

And I'm persuaded that in order to have fair opportunity to challenge that premise, it needs not just technical documents, but it needs access to the source code for all the same reasons that I was persuaded earlier in the case, that Leader needed access to Facebook's source code.

I understand the concern about this case in front of the jury not turning into a product-by-product comparison. There's only one product in the case. I believe it's only

1 one. 2 There's only Facebook products in 3 the case that are alleged to have infringed. 4 And that's what the trial will primarily be 5 about. 6 But for purposes of analyzing the contention of Leader that they are practicing 7 their own patent, that they're a competitor and 8 9 perhaps for other reasons as well, it's relevant for Facebook to have a chance to determine for 10 11 themselves if Leader does practice the patent. 12 And I think that any burden on 13 Leader is fully taken care of the advantage by 14 the protective order, which of course, remains in place and will apply to the same, to access 15 to Leader's source code, that it applies to 16 access to Facebook's source code. 17 18 So that is my ruling on the issues 19 that are before us today. As you heard me say on the phone, I don't want to have any argument. 20 21 We've had plenty of argument. But I do want to make sure I am 22 23 clear in what I have ruled. Mr. Andre?

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715 North King Street - Wilmington, Delaware 19801
(302) 658-6697 FAX (302) 658-8418

MR. ANDRE:

24

)

Just the timing, Your

1	State of Delaware)
2	New Castle County)
3	
4	
5	CERTIFICATE OF REPORTER
6	•
7	I, Heather M. Triozzi, Registered
8	Professional Reporter, Certified Shorthand Reporter,
9	and Notary Public, do hereby certify that the
10	foregoing record, Pages 1 to 80 inclusive, is a true
11	and accurate transcript of my stenographic notes
12	taken on March 12, 2010, in the above-captioned
13	matter.
14	
15	IN WITNESS WHEREOF, I have hereunto set my
16	hand and seal this 19th day of March, 2010, at
17	Wilmington.
18	:
19	
20	
21	Heather M. Triozzi, RPR, CSR
22	Cert. No. 184-PS
23	
24	

Exhibit 20

THIS EXHIBIT HAS BEEN REDACTED IN ITS ENTIRETY

Exhibit 21

King & Spalding

King & Spalding LLP 333 Twin Dolphin Drive Suite 400 Redwood Shores, CA 94065 Tel: (650) 590-0700 Fax: (650) 590-1900 www.kslaw.com

VIA UPS OVERNIGHT AND E-MAIL

Meghan Wharton Direct Dial: (650) 590-0729 Direct Fax: (650) 590-1900 MWharton@kslaw.com

April 14, 2009

Craig W. Clark White & Case LLP 3000 El Camino Real 5 Palo Alto Square, 9th Floor Palo Alto, CA 94306

Re: Leader Technologies, Inc. v. Facebook, Inc., 1:08-cy-00862-JJF (D. Del)

Dear Craig:

Enclosed please find a CD containing documents produced by Leader Technologies, Inc. in Civil Action No. 1:08-cv-00862-JJF bearing Bates Nos. LTI 000913 to 074166.

Pursuant to Delaware L.R. 26.2, Facebook is required to limit the disclosure of all documents produced by Leader at this time to "members and employees" of trial counsel. These documents are produced and designated in accordance with the confidentiality provisions established in the [Proposed] Stipulated Protective Order transmitted by counsel for Leader to counsel for Facebook on April 8, 2009. These confidentiality of these documents will be governed by the Stipulated Protective Order at such time that it is entered by the Court.

Contrary to some of your recent correspondence, Leader has never purported to withhold documents until such time that the Court enters the Protective Order. As we informed you during our last call, this was an assumption Facebook made but never discussed with Leader. Because Leader's production contains a substantial number of documents, Leader chose to produce the documents once it was certain the parties were close to finalizing the Protective Order and the parties had reached agreement as to the confidentiality designations to be affixed to documents under the Protective Order. Leader did not want to make such a large production only to have to re-produce the documents with different confidentiality designations in the future. Such re-production would have forced Leader to ensure that Facebook destroyed and/or returned all previously produced electronic and paper versions of the documents and would clearly have been a waste of the parties' resources. As the parties have no agreed to the exact

Craig W. Clark April 14, 2009 Page 2

form of the confidentiality designations to be affixed to documents produced in this matter, Leader makes the production enclosed herein.

Sincerely,

Meghan Wharton

MW:ks Enclosure

Exhibit 22

King & Spalding

King & Spalding LLP 333 Twin Dolphin Drive Suite 400 Redwood Shores, CA 94065 Tel: (650) 590-0700 Fax: (650) 590-1900 www.kslaw.com

Gladys Tong Direct Dial: 650-590-1910 Direct Fax: 650-590-1900 gtong@kslaw.com

August 3, 2009

VIA E-MAIL & OVERNIGHT DELIVERY

Craig W. Clark, Esq. White & Case LLP 3000 El Camino Real 5 Palo Alto Square, 9th Floor Palo Alto, CA 94306

Re: Leader Technologies, Inc. v. Facebook, Inc. Civil Action No. 1:08-cv-00862-JJF

Dear Craig:

Enclosed please find 2 DVDs containing Leader Technologies, Inc.'s document production bearing bates numbers LTI074167 through LTI134198. Please note that some of these documents have been designated "Confidential" or "Highly Confidential - Attorneys' Eyes Only" pursuant to the Stipulated Protective Order.

Very truly yours,

Gladys Tong

Enclosures (via overnight delivery)

Exhibit 23

KING & SPALDING

King & Spalding LLP 333 Twin Dolphin Drive Suite 400 Redwood Shores, CA 94065 Tel: (650) 590-0700 Fax: (650) 590-1900 www.kslaw.com

Gladys Tong Direct Dial: 650-590-1910 Direct Fax: 650-590-1900 gtong@kslaw.com

August 18, 2009

VIA E-MAIL & OVERNIGHT DELIVERY

Craig W. Clark, Esq. White & Case LLP 3000 El Camino Real 5 Palo Alto Square, 9th Floor Palo Alto, CA 94306

Re: Leader Technologies, Inc. v. Facebook, Inc. Civil Action No. 1:08-cv-00862-JJF

Dear Craig:

Enclosed please find a DVD containing Leader Technologies, Inc.'s document production bearing bates numbers LTI134199 through LTI145927. Please note that some of these documents have been designated "Confidential" or "Highly Confidential - Attorneys' Eyes Only" pursuant to the Stipulated Protective Order.

Very truly yours,

Gladys Tong

Enclosures (via overnight delivery)