UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 05-80387 CIV RYSKAMP/VITUNAC

STEVEN A. SILVERS, an individual,

Plaintiff,

v.

GOOGLE INC., a Delaware corporation,

Defendant.
_____/

GOOGLE INC., a Delaware corporation,

Counterclaimant,

v.

STEVEN A. SILVERS, an individual; STELOR PRODUCTIONS, INC., a Delaware Corporation; STELOR PRODUCTIONS, LLC, a Delaware limited liability company, and STEVEN ESRIG, an individual,

Counterdefendants.
_____/

STELOR PRODUCTIONS, LLC'S REPLY IN SUPPORT OF MOTION FOR PROTECTIVE ORDER AS TO PRIVILEGED COMMUNICATIONS AND OPPOSITION TO GOOGLE, INC.'S CROSS-MOTIONS TO COMPEL PRODUCTION OF DOCUMENTS AND PRIVILEGE LOG AND FOR COSTS AGAINST STELOR AND ESRIG

Stelor Productions, LLC hereby submits its reply in support of its motion for a protective order and for reconsideration and its opposition to Google Inc.'s improper cross motions to compel and for sanctions.

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Introduction

Stelor has moved to preserve the fundamental privileges protecting it communications with its licensor and consultant regarding the protection of the Googles trademarks and intellectual property. Some of the communications, of course, discuss the very issues with Google that are the foundation of Stelor's and Silvers' parallel claim against Google for trademark infringement. Google's effort to obtain this material – which is tangential at best to the phase I issues related to the validity of Silvers' trademark registration – is entirely inconsistent with the attorney-client, work product and common interest privileges.

Nor do Google's arguments overcome Stelor's well-supported Motion for Protective Order (the "Motion"). The heart of Google's argument is that because Stelor and Silvers now have a dispute with respect to License Agreement, the common interest privilege no longer applies. To make this argument, Google completely ignores the operative agreements, as well as the controlling case law cited by Stelor. The law and the joint defense agreement clearly provide that where parties such as Silvers and Stelor have a common interest, their privileged communications shall remain privileged as the third parties even if they dispute subsequently arises between the two. Even more fundamentally, Google ignores that the Federal Rules of Procedure apply the work product privilege to parties in a consulting relationship, which was clearly present.

A. Rule 26(b)(3)

Google ignores Federal Rules of Procedure, Rule 26(b)(3), which expressly extends work product protection to representatives, consultants and agents of a party. It is beyond dispute that

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Silvers and Stelor had a consulting agreement providing that Silvers must "cooperat[e] in every way necessary and desirable to strengthen, establish and maintain any intellectual property right granted under this [agreement]," or the License Agreement. (*See* Motion, Ex. B ¶ 3.a.)

It is true that the Consulting agreement does no make Silvers an agent for purposes of entering any agreement on behalf of Stelor, (*see* Motion, Ex. B ¶ 2), but that is beside the point. As a consultant of Stelor, Silver's work product is entitled to protection. *See* Fed. R. Civ. Pro. 26(b)(3); *see also Briggs and Stratton, Corp. v. Concrete Sales and Services*, 174 F.R.D. 506, 508 (M.D. Ga. 1997) (applying work product protection to environmental consultants). Google does not even address this point, much less refute it.

B. Common Interest Privilege

Contrary to Google's argument, Stelor has established a common interest between itself and Silvers with respect to defending the intellectual property rights the agreements between Stelor and Silvers. Articles VIII and XI of the License Agreement specifically address protection of intellectual properties. (*See* Motion, Ex. A.) Furthermore, the Consulting Agreement, (Motion, Ex. B ¶ 3(a)), discussed Silvers role in "maintaining any intellectual property right under this Agreement" or the License Agreement. In addition to those two documents, Stelor and Silvers entered into a Joint Privilege Agreement, which specifically discusses the common business interest between the parties with respect to the Google's marks. (*See* Motion, Ex. C.) Google's Opposition simply ignores these arguments and makes a conclusory claim that "there was never a common interest between Silvers and Stelor as to

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enforcement of right as to third parties." (Opposition at 9.)[1] Google's attempt to wish away the common interest between Stelor and Silvers fails.

Furthermore, the cases Google cites are inapplicable here. *Beneficial Franchise Company, Inc. v. Bank One, N.A.*, 205 F.R.D. 212 (N.D. Ill. 2001) held that communications between trial counsel for various defendants were protected under the common interest doctrine where they had a joint defense agreement. *Id*. at 220-23. Here, there is a joint defense agreement. In *SCM Corporation v. Xerox Corporation*, 70 FRD 508 (D. Conn. 1976), the court held that certain communications were not protected by the common interest doctrine because one of the parties had only an indirect interest in the legal problems of its co-venturer. *Id*. at 513. To the contrary here, both Silvers (as the owner of the trademarks) and Stelor (as the licensee and developer of the intellectual property) were directly interested in protecting the marks.

Google next argues that because a dispute has arisen between Stelor and Silvers with respect to performance of the License Agreement, they never "shared a common legal interest." (Opposition at 9.) Again, the agreements between Stelor and Silvers prove otherwise. True, Silvers violated the various agreements by taking actions he had no right to take. The parties, though, did – and still do – have a common interest. Whether the right to bring a trademark infringement action against Google belongs to Stelor or Silvers (and clearly it belongs to Stelor under the Agreements) both Stelor and Silvers agree that an action should be brought, as their pleadings raising parallel claims against Google demonstrate.

[1] Google Inc's (1) Opposition to Stelor Production, LLC's Motion for Protective Order and Reconsideration on that basis of September 11, 2006 Order Granting Google, Inc.'s Motion to Compel; (2) Cross Motion to Compel Production of Documents and Privilege Log from Stelor and Esrig; and (3) Motion for Costs Against Stelor and Esrig shall be referred to herein as the "Opposition."

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The controlling case law, which Google ignores, holds that the existence of a dispute later between Silvers and Stelor does not change the fact that there was a common interest at the time of the communications. *See In re LTV Securities Litig*., 89 F.R.D. 595, 604 (N.D. Tex. 1981) (holding that a potential controversy between co-litigants did not undermine the common defense privilege) and *Old Tampa Bay Enterprises, Inc. v. General Electric Co*., 745 So. 2d 517, 518 (Fla. 3rd DCA 1999) (where parties to a joint defense agreement become adverse, order should be issued to prevent disclosure of "confidences gained through the agreement regarding defenses held in common.") This is especially true here, where, notwithstanding their dispute over the termination of the Agreements, both Stelor and Silvers ***still*** share a demonstrable common interest in pursuing the trademark infringement claims against Google.

Google's cases do not contradict the cases cited in the Motion. For instance, *Vermont Gas Systems, Inc. v. United States Fidelity and Guaranty Company*, 151 F.R.D. 268 (D. Vt. 1993) involved a dispute between an insurance company and the insured. The insurance company attempted to compel attorney/client communications between the insured and its attorney, claiming that the common interest doctrine entitled the insurance company to see those communications. The court ruled that, normally, insurance companies are entitled to see such communications under the common interest doctrine. But in the case before it, where the insurance company declined coverage and declined to represent the insured in the action, the common interest privilege did not apply. Here, Stelor and Silvers had agreements with respect to the intellectual property proving the common interest, which still continues.

Furthermore, *Beneficial Franchise*, 205 F.R.D. at 221-22 (cited by Google) confirms that a dispute between the defendants will not vitiate the common interest protection of earlier

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communications. In *Beneficial Franchise*, the court upheld the joint defense agreement of the defendants despite the fact that there were disputes between them. It further held that settlement discussions between those defendants were also off limits in discovery. *Id.* at 221-22.

Stelor also cites cases in which *the parties* to the common interest are permitted discovery of common interest communications after a dispute arises between them. These cases do not permit a *third party* like Google to intrude on the privilege. *See In Re Benum*, 339 BR 115, 134 (Bankr. D.N.J. 2006) (common interest privilege holder could not waive co-interest holder's rights); *Dexia v. Rogan*, 231 FRD 287, 295 (N.D. Ill. 2005) (holding that non-adverse party entitled to see common interest documents); *Ageloff v. Noranda, Inc.*, 936 F. Supp. 72, 76 (D. R.I. 1996) (holding that common defense cases are designed to keep third parties from obtaining discovery, and that "[i]n contrast, the present dispute involves the original members of the joint defense team"), *Akamai Techs Inc. v. Digital Island, Inc.*, No. C-00-3508, 2002 WL 1285126, at * 9 (N.D. Cal. May 30 2002) (holding that document shared to facilitate settlement should not be produced). These cases, therefore, do not contradict the cases cited by Stelor in its motion.

C. Google's Improper Motion to Compel Should be Denied

Although Stelor has produced in excess of ten thousand pages of documents (in contrast to the **zero** pages of documents Google produced), Google moves to compel additional documents from Google. This Motion to Compel is improper for several reasons. First, it is untimely. Stelor responded to the request for documents on May 30, 2006. Southern District of Florida Local Rule 26.1.H.1. provides that "[a]ll motions related to discovery . . . shall be filed within thirty (30) days of the occurrence of grounds for the motion" The failure to follow this

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rule, "absent a showing of reasonable cause for a later filing, may constitute a waiver of the relief sought." Google offers no excuse as to why it waited until October to bring a motion to compel for document in response to a document response supplied to it in the in May.

The Motion to Compel is also improper because it violates the local rules requiring that each disputed discovery request be reproduced verbatim, along with the objection and the reason assigned supporting the motion. S.D. Fla. L.R. 26.1.H.2. Google's lack of seriousness in bringing this motion is shown by its complete failure to comply with this rule. Other than a rather oblique reference to certain requests in the "Background" section of the Opposition (at pages 6 through 7), Google does not even make explicit which exact document requests for which it seeks to compel additional documents. Google also offers no argument as to why Stelor's objections (including its objection to Google's blanket request for all communications with Silvers – request No. 88) should be overruled.[2] In the absence of any argument from Google, Stelor maintains that those objections are valid and should be upheld by the Court. Stelor notes that it would be improper for Google to attempt to refute the objections on reply after it failed to even recite them in its improper Motion to Compel.

Finally, Google's only argument in support of its Motion to Compel is that the privilege log is improper. The Local Rule simply requires that the type of document, its general subject matter, the date and sufficient other information as to identify them for a subpoena duces tecum be provided. *See* S.D. Fla. L.R. 26.1.G(b) Stelor's log does that, although due to the volume (and in the interest in time to timely file the motion for protective order), it provided a date

[2] For the Court's convenience, Stelor sets for the requests and responses art set forth at Exhibit A hereto.

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range. Nevertheless, in response to Google's objection, Stelor has incurred the needless expense of preparing a supplemental privilege log, which sets out each communication individually. This log follows the model of the Edell privilege log, which Google indicated was satisfactory, and it clearly supports the claimed privileges. (*See* Opp. at 14.) The updated log is attached at Exhibit B hereto. Stelor also produced, on October 11, 2006, almost one thousand pages of unprivileged correspondence between Stelor and Silvers (and between their lawyers). Stelor believes that these documents fairly fell within its objections to Google's document requests, but Stelor produced them in the interest of limiting the issues to be resolved by the Court..

D. Google's Motion for Sanctions Should be Denied

It is inappropriate for Google to bring an improper, untimely and insufficiently supported motion to compel and then to request sanctions. As Google has provided no basis for obtaining sanctions against Stelor, that motion should be denied.

Wherefore, Stelor respectfully requests that its motion for protective order be granted and that Google's improper cross-motions be denied.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on October 12, 2006, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record or pro se parties identified on the attached Service List in the manner specified, either via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties who are not authorized to receive electronically Notices of Electronic Filing.

s/_____
David J. Zack

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SERVICE LIST

STEVEN A. SILVERS, Plaintiff, v. GOOGLE INC.
CASE NO. 05-80387 CIV RYSKAMP/VITUNAC

UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF FLORIDA

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