

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

SOFTWARE RIGHTS ARCHIVE, LLC

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v.

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CIVIL NO. 2:07-CV-511 (CE)

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**GOOGLE INC., YAHOO! INC., IAC
SEARCH & MEDIA, INC., AOL LLC,
and LYCOS, INC.**

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**PLAINTIFF'S MOTION TO COMPEL GOOGLE TO
DISCLOSE *FUNCTION MEDIA* DISCOVERY AND TRANSCRIPT**

Plaintiff Software Rights Archive, LLC (“SRA”) moves to compel Defendant Google Inc. to disclose certain discovery and the trial transcript in Civil Docket No. 2:07-CV-279; *Function Media, LLC v. Google, Inc.*; in the United States District Court for the Eastern District of Texas, Marshall Division. These documents are relevant to this case in multiple respects, and Google’s purported objection—that they contain confidential information—is overcome by the fact that this Court has entered a protective order in this case protecting just such information.¹

INTRODUCTION

In July 2007 Function Media, L.L.C. filed suit in this Court alleging that Google “infringed . . . [Function Media’s] patent[s] by its manufacture, use, sale, importation, and/or offer for sale of products and services utilizing Google’s AdSense and AdWords technologies. . . .”² Discovery proceeded for over two years and involved depositions and written discovery from experts on both sides as well as depositions of present and former Google employees including Sergey Brin (Google’s “Co-Founder & President, Technology”) and Susan Wojcicki

¹ Function Media has confirmed that it does not object to the provision of the requested materials to SRA.

² Function Media First Amended Complaint (Ex. 1) at 2.

(Google's "Vice President, Product Management").³ These witnesses disclosed information regarding the operation of Google's AdWords and AdSense programs—both accused instrumentalities in this case. Google's lay and expert witnesses also disclosed information regarding Google's business model, revenues, licensing history, and other facts relevant to damages in this case. Google's witnesses also testified to the company's history and the development of its technology—facts relevant to willful infringement, laches, and other issues here. SRA expects that additional relevant evidence was disclosed, though SRA's insight into *Function Media* has been significantly limited by the protective order in that case. The case proceeded to trial in January 2010, and the parties are currently engaged in post-trial briefing.

Recognizing that *Function Media* involved much evidence relevant to this case, SRA requested Google to produce three targeted categories thereof: (1) transcripts of depositions of Google employees, past and present; (2) expert reports and depositions; and (3) the trial transcript.⁴ Google refused. Google asserted that, because *Function Media*'s patents covered different terrain than SRA's patents, all the discovery in that case was automatically irrelevant to SRA's case:

The patents and technologies involved in the *Function Media* case relate to user interfaces for formatting and managing advertisements. SRA has previously characterized the patents in this case as relating to the 'analysis of non-semantic hyperlink relationships.' . . . Because these materials relate to different underlying technologies and patents, they are neither relevant nor discoverable.⁵

³ See Order Granting Brin Depo. (Ex. 2) Google Mgmt. Page from website. (Ex. 3)

⁴ See 3/31/10 Kaplan-Walsh Letter. (Ex. 4) Because trials are typically conducted under time limits, the depositions and expert reports are likely to cover issues that were not raised at trial but would be important to this case. SRA cannot make that determination without being allowed to review the materials. Critically, Google has demonstrated no reason why SRA should not be allowed to conduct such a review.

⁵ 5/11/10 Walsh-Kaplan Letter. (Ex. 5)

The parties conducted a meet-and-confer session on May 18, 2010 with lead and local counsel participating and failed to resolve the disagreement.⁶

ARGUMENT

This Court should compel Google to produce three specific categories of evidence from the *Function Media* case: (1) transcripts of depositions of Google employees, past and present, and any other witnesses called by Google to testify; (2) expert reports and depositions; and (3) the trial transcript. All of these materials are relevant; piecemeal production will not suffice.

This Court has held: “Rule 26(b)(1) governs the scope of discovery, providing that ‘[p]arties may obtain discovery regarding any nonprivileged matter that is relevant to any party’s claim or defense’ or ‘appears reasonably calculated to lead to the discovery of admissible evidence.’” *Tyco Healthcare Group LP v. E-Z-EM, Inc.*, 2010 WL 774878, at *1 (E.D. Tex. Mar. 2, 2010) (quoting FED. R. CIV. P. 26). This rule is “accorded a broad and liberal treatment to effect [its] purpose of adequately informing litigants in civil trials.” *Id.* Specifically, the phrase “‘relevant to the claim or defense of any party’ . . . is defined expansively in Local Rule CV-26(d).” *Blackboard, Inc. v. Desire2Learn, Inc.*, 2007 WL 3389968, at *1 (E.D. Tex. Nov. 14, 2007). Under that rule, “something is relevant if:

- (1) It includes information that would not support the disclosing parties’ contentions;
- (2) It includes those persons who, if their potential testimony were known, might reasonably be expected to be deposed or called as a witness by any of the parties;
- (3) It is information that is likely to have an influence on or affect the outcome of a claim or defense;

⁶ Several days after the meet-and-confer session, Google offered a “compromise” that would involve Google’s producing a very small subset of the requested *Function Media* materials, while withholding the rest. SRA declined Google’s insufficient offer.

- (4) It is information that deserves to be considered in the preparation, evaluation, or trial of a claim or defense; and
- (5) It is information that reasonable and competent counsel would consider reasonably necessary to prepare, evaluate, or try a claim or defense.”

Id. n.1 (quoting L.R. CV-26(d)).⁷ The requested materials from the *Function Media* case are discoverable in multiple respects.

I. The Requested *Function Media* Materials Are Relevant To Damages.

This Court has held: “In an infringement case, the patent holder may recover damages in the form of lost profits and/or a reasonable royalty. . . . A reasonable royalty may be based upon an established royalty, if there is one, or if not, upon the supposed result of hypothetical negotiations between the plaintiff and defendant. . . . Determining the royalty which would result from a hypothetical negotiation is often made by assessing factors such as those set out in *Georgia-Pacific Corp.*” *Tyco Healthcare Group, LP v. Applied Med. Res. Corp.*, 2009 WL 5842064, at *2 (Mar. 17, 2009) (internal quotation marks omitted).⁸ But “[t]he *Georgia Pacific*

⁷ In the context of a motion to compel, this Court has held, “[t]he moving party bears the burden of showing that the materials and information sought are relevant to the action or will lead to the discovery of admissible evidence. Once the moving party establishes that the materials requested are within the scope of permissible discovery, the burden shifts to the party resisting discovery to show why the discovery is irrelevant, overly broad, or unduly burdensome or oppressive, and thus should not be permitted.” *SSL Servs., LLC v. Citrix Sys., Inc.*, 2010 WL 547478, at *2 (E.D. Tex. Feb. 10, 2010) (internal citations omitted).

⁸ The *Georgia-Pacific* factors are as follows:

1. The royalties received by the patentee for the licensing of the patent in suit, proving or tending to prove an established royalty.
2. The rates paid by the licensee for the use of other patents comparable to the patent in suit.
3. The nature and scope of the license, as exclusive or non-exclusive; or as restricted or non-restricted in terms of territory or with respect to whom the manufactured product may be sold.
4. The licensor’s established policy and marketing program to maintain his patent monopoly by not licensing others to use the invention or by granting licenses under special conditions designed to preserve that monopoly.

factors for determining a reasonable royalty are not exclusive.” *IEX Corp. v. Blue Pumpkin Software, Inc.*, 2005 WL 6426934, at *5 (E.D. Tex. Dec. 14, 2005). Further, “it is not strictly correct under present case law to say that the jury determines past damages based solely on information available at the time of the hypothetical negotiation.” *Ariba, Inc. v. Emptoris, Inc.*, 567 F. Supp. 2d 914, 917 (E.D. Tex. 2008). For example, “The jury may consider the infringer’s actual sales and revenue up to the date of trial as part of the ‘book of wisdom.’” *Id.*

5. The commercial relationship between the licensor and licensee, such as, whether they are competitors in the same territory in the same line of business; or whether they are inventor and promoter.

6. The effect of selling the patented specialty in promoting sales of other products of the licensee; that existing value of the invention to the licensor as a generator of sales of his non-patented items; and the extent of such derivative or convoyed sales.

7. The duration of the patent and the term of the license.

8. The established profitability of the product made under the patent; its commercial success; and its current popularity.

9. The utility and advantages of the patent property over the old modes or devices, if any, that had been used for working out similar results.

10. The nature of the patented invention; the character of the commercial embodiment of it as owned and produced by the licensor; and the benefits to those who have used the invention.

11. The extent to which the infringer has made use of the invention; and any evidence probative of the value of that use.

12. The portion of the profit or of the selling price that may be customary in the particular business or in comparable businesses to allow for the use of the invention or analogous inventions.

13. The portion of the realizable profit that should be credited to the invention as distinguished from non-patented elements, the manufacturing process, business risks, or significant features or improvements added by the infringer.

14. The opinion testimony of qualified experts.

15. The amount that a licensor (such as the patentee) and a licensee (such as the infringer) would have agreed upon (at the time the infringement began) if both had been reasonably and voluntarily trying to reach an agreement

Georgia-Pacific Corp. v. U.S. Plywood Corp., 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970).

The requested evidence pertains to these factors. For example, in *Function Media* both parties retained experts who prepared reports and testified regarding damages. That evidence by definition applied the factors that govern here to facts that, while perhaps not entirely coextensive, nevertheless largely overlap with the facts relevant here. For instance, the experts' reports and testimonies undoubtedly contain data and analyses regarding Google's business models, past, present, and projected revenues, market share, and profitability. *See, e.g., OPTi Inc. v. Apple, Inc.*, 2009 WL 4727912, at *4 (E.D. Tex. Dec. 3, 2009) ("This total revenue evidence is relevant to *Georgia-Pacific* factor number 6-derivative sales."). Such data are highly relevant to this case, notwithstanding differences among the patents, because they pertain to the very same search advertising business from which Google derives the vast majority of its revenue. The experts' reports and testimonies also likely contain lists and valuations of licenses in the web search industry. *See Georgia-Pacific*, 318 F. Supp. at 1120 ("The rates paid by the licensee for the use of other patents comparable to the patent in suit."). They also likely contain information regarding Google's licensing practices, *see id.* ("The rates paid by the licensee for the use of other patents comparable to the patent in suit"), particularly in obtaining licenses from patentees who are not "competitors in the same territory in the same line of business." *Id.* As a final of many potential examples, they also likely contain data and analyses regarding Google's history and product development—facts directly relevant, among other factors, to "[t]he extent to which the infringer has made use of the invention" and "[t]he portion of the realizable profit that should be credited to the invention." *Id.* That the asserted patents have differences is thus beside the point. How Google makes its money is accused in both lawsuits—and that has not changed.

II. The Requested *Function Media* Materials Contain Evidence Relevant To Infringement.

To establish infringement, “a plaintiff must establish by a preponderance of the evidence that one or more claims of the patent read on the accused device literally or under the doctrine of equivalents.” *TGIP, Inc. v. AT&T Corp.*, 527 F. Supp. 2d 561, 570 (E.D. Tex. 2007) (internal quotation marks omitted). Here, SRA has accused AdWords and AdSense of infringing the patents-in-suit. Those programs incorporate infringing link analyses into their pricing algorithms. AdWords and AdSense were also the accused programs in *Function Media*. Different features of those programs were accused. But the witnesses presented by Google in *Function Media* likely testified broadly to the history, development, and functionality of AdWords and AdSense—and of Google’s technology generally—and the parties’ experts likely also discussed functionalities beyond those strictly accused in the case. Therefore, once again, notwithstanding distinctions among the patents, overlaps among the accused instrumentalities demonstrate the relevance of the requested information.

III. The Requested *Function Media* Materials Likely Contain Evidence Relevant To Other Issues.

Under this Court’s rules, parties must produce “information that deserves to be considered in the preparation, evaluation, or trial of a claim or defense.” L.R. CV-26(d). SRA has asserted claims, such as willful infringement, and Google has asserted defenses, such as laches and unclean hands, that may be affected by evidence raised in the *Function Media* case. For example, willful infringement depends in part on “whether the infringer deliberately copied the ideas or design of another” and the “duration of the defendant’s misconduct.” *i4i*, 670 F. Supp. 2d at 593. The *Function Media* case involved testimony from Sergey Brin and Susan Wojcicki—high-level executives involved with Google from its inception—that may have concerned the development of the company, its adoption of various technologies over time, and

its exposure to different patents. Willful infringement was expressly asserted in *Function Media*.⁹ Likewise, laches involves proving that “the plaintiff delayed filing suit for an unreasonable and inexcusable length of time from the time the plaintiff knew or reasonably should have known of its claim against the defendant,” that “the delay operated to the prejudice or injury of the defendant,” and that in light of all the circumstances, the equities warrant application of the defense. *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1032 (Fed. Cir. 1992). Though laches was not asserted in *Function Media*, Brin, Wojcicki, and other witnesses may have furnished testimony relevant to laches in this case, such as the circumstances surrounding Google’s creation and development, including Google’s responses over time to patent infringement demands and suits. As a third example, Google asserted an inequitable conduct defense in *Function Media*.¹⁰ In developing a defense to that argument, Function Media may have elicited facts relating to Google’s own conduct before the USPTO or otherwise—facts relevant to SRA’s defense of Google’s “unclean hands” defense here.

IV. The Requested *Function Media* Materials “Include[] Those Persons Who, If Their Potential Testimony Were Known, Might Reasonably Be Expected To Be Deposed Or Called As A Witness” In This Case.

Under this Court’s rules, parties must produce information that “includes those persons who, if their potential testimony were known, might reasonably be expected to be deposed or called as a witness by any of the parties.” L.R. CV-26(d). One of the witnesses deposed in *Function Media*—Sergey Brin—has already been named a relevant fact witness in this case by both Google and SRA.¹¹ SRA also believes that another witness—Susan Wojcicki—is also a

⁹ Function Media First Amended Complaint at 3. (Ex. 1)

¹⁰ Google Answer at 7. (Ex. 6)

¹¹ See SRA Initial Discl. at 7. (Ex. 7) SRA does not attach Google’s Initial Disclosures because they were designated as confidential.

relevant fact witness here. SRA intends to notice both these witnesses' depositions shortly. The depositions of these witnesses in *Function Media* by definition "includes th[e]se persons." As argued above, by likely testifying to the origin and development of Google, its technology, and its business model, as well as Google's licensing history and other issues, these witnesses almost certainly furnished evidence relevant to this case. Further, SRA is entitled to these witnesses' deposition transcripts for impeachment purposes. More generally, given the overlaps between the issues in this case and those in *Function Media*, SRA is entitled to the deposition transcripts of all of Google's witnesses in that case. To paraphrase this Court's rule, if SRA could know the potential testimony of those persons, then SRA might reasonably depose or call them as witnesses. Such a production could also shorten the depositions taken in this case. This Court granted a similar motion in *Function Media*: "The Court grants Plaintiff's Motion to Compel Previously-Taken Deposition Testimony of Google Executives (Dkt. No. 275) and hereby orders Google to produce: (1) the deposition transcript plus any accompanying deposition exhibits of Eric Schmidt in the *Viacom* case; and (2) any other depositions in the *Viacom* case or otherwise that relate to the reasons why Google acquired a company in the advertising space."¹² This Court should grant the same relief here.

V. Google's Objections Regarding Confidentiality and Overbreadth Lack Merit.

In conferences between counsel, Google has objected to SRA's request based on supposed confidentiality and overbreadth concerns. Those objections are ill-taken. Google is already protected from such concerns. After lengthy negotiations, the parties agreed to a thorough protective order that this Court then signed.¹³ The protective order is designed

¹² Order Granting Exhibits and Testimony in *Viacom* case. (Ex. 8)

¹³ The one issue on which the parties disagreed—access by in-house counsel—was resolved in Defendants' favor.

precisely for this purpose: “[t]o expedite the flow of discovery materials” and “to adequately protect information the parties are entitled to keep confidential.”¹⁴ It restrains SRA from misusing Google’s information: “All Protected Information shall be held in confidence by each person to whom it is disclosed, shall be used only as allowed by the terms of this protective order, shall not be used for any business purpose, and shall not be disclosed to any person who is not entitled to receive such information as herein provided.”¹⁵ Google’s approach—withholding relevant evidence in its entirety, or at best, redacting evidence so that the disclosures contain mere hand-picked selections—ignores these protections and forfeits the advantages secured by the protective order. It creates delay, raises costs, and ensures future disagreements regarding the scope of the production. All three are already overabundant in this case.

Further, any irrelevant evidence produced will not be allowed in evidence in this case. Again, it would be far less expensive, and quicker, for Google simply to produce what SRA has requested, rather than spending tens of thousands or dollars in attorney time to slowly pick and choose what it deems sufficiently relevant to produce. Such a selective production would cost Google much more than would a broader production and would increase the risk of disagreements and motion practice. Can there be any doubt why Google is advocating the more expensive, burdensome—and restrictive—approach?

CONCLUSION

This Court should order Google to produce from the *Function Media* case the following documents in unredacted form: (1) transcripts of depositions of past and present Google

¹⁴ Protective Order at 1. (Dkt. No. 161)

¹⁵ Protective Order at 12. (Dkt. No. 161)

employees and all witnesses called by Google; (2) expert reports and depositions from both sides; and (3) the trial transcript.

Respectfully submitted,

Lee Kaplan (by KD)

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CERTIFICATE OF CONFERENCE

I certify that SRA has complied with the meet and confer requirement in Local Rule CV-7(h). This motion is opposed. The personal conferences required by this rule have been conducted. The date of the conference was March 18, 2010. The participants in the conference were Lee Kaplan, Charley Ainsworth, and other counsel for SRA, and Ruffin Cordell, Melissa Smith, and other counsel for Google. No agreement could be reached because the parties disagree regarding the discoverability of the specific categories of information from the *Function Media* proceedings requested by SRA. The discussions have conclusively ended in an impasse leaving open issues for this Court to resolve.

Lee Kaplan (by ED)

Lee Kaplan, Lead Trial Counsel for SRA

/s/ Charley Ainsworth

Charley Ainsworth, Local Counsel for SRA

CERTIFICATE OF SERVICE

I hereby certify that all counsel of record who are deemed to have consented to electronic service are being served with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a)(3) on the 24th day of May, 2010.

Raj Duvvuri

Raj Duvvuri