

EXHIBIT B

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CLERK US DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

BY [Signature] DEPUTY

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

WI-LAN INC.,

Plaintiff,

v.

RESEARCH IN MOTION CORPORATION,
RESEARCH IN MOTION LTD., MOTOROLA,
INC., UTSTARCOM, INC., LG
ELECTRONICS MOBILE COMM U.S.A.,
AND LG ELECTRONICS, INC.,

Defendants.

10 CV 0859 W CAB
Misc. No. _____

PENDING IN THE UNITED STATES
DISTRICT COURT FOR THE
EASTERN DISTRICT OF TEXAS

Civil Action No. 2:08-CV-247

JURY TRIAL DEMANDED

**MEMORANDUM AND POINTS OF
AUTHORITIES IN SUPPORT OF WI-
LAN INC.'S MOTION TO COMPEL
THIRD PARTY QUALCOMM,
INCORPORATED TO PRODUCE
DOCUMENTS, INFORMATION AND
OBJECTS**

Judge: _____

Courtroom: _____

Hearing Date: _____

Time of Hearing: _____

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ORIGINAL

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Mirror Worlds, LLC v. Apple, Inc.,
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1 This is a miscellaneous action brought pursuant to Federal Rule of Civil Procedure
2 45(c)(2)(B)(i) to compel discovery in connection with a lawsuit for patent infringement pending
3 in the United States District Court for the Eastern District of Texas, *Wi-LAN, Inc. v. Research in*
4 *Motion*, No. 08-Civ-247. Plaintiff Wi-LAN, Inc. (“Wi-LAN”) respectfully moves the Court for
5 an Order compelling Qualcomm Incorporated (“Qualcomm”), a third-party, to produce source
6 code and other technical and business information required by the subpoena, (the “Subpoena,”
7 Ex. A¹), issued from this District to Qualcomm on October 20, 2009 pursuant to an existing
8 protective order issued by the United States District Court for the Eastern District of Texas on
9 September 1, 2009 (“Protective Order”).

10 PRELIMINARY STATEMENT

11 Wi-LAN seeks from Qualcomm, a third party, information that is vital to its patent
12 infringement claims against the defendant mobile handset manufacturers.² Specifically, Wi-
13 LAN seeks access to source code and other technical and business information relating to the
14 infringing products that Defendants sell (the “Confidential Information”). No one disputes that
15 Wi-LAN is entitled to the Confidential Information, most if not all of which is solely within
16 Qualcomm’s control.

17 Yet Qualcomm refuses to allow Wi-LAN access to the Confidential Information unless
18 Wi-LAN agrees to unreasonable conditions that would cripple its ability to pursue its claims.
19 Qualcomm proposes, for example, that any expert or consultant who is permitted access to
20 Qualcomm’s source code must agree to refrain from any commercial product development for
21 any company—competitor or not—until 1 year “after the issuance of a final, non-appealable
22 decision resolving all issues in the case.” At bottom, Qualcomm proposes that Wi-LAN’s
23 experts and consultants agree to forfeit their careers for the foreseeable future as this case works
24 its way through trial and appellate courts. Wi-LAN’s experts, as their affidavits make clear,
25 simply cannot agree to terms that so significantly threaten their ability to provide for themselves
26

27 ¹ All Exhibits referred to herein are attached to the Affidavit of Laura Handley.

28 ² The defendants are Motorola, Inc., UTStarcom, Inc., LG Electronics Mobilecomm U.S.A.,
Inc., LG Electronics, Inc. and Personal Communications Devices, LLC (collectively
referred to herein as the “Defendants”).

1 and their families. Wi-LAN has spent over a year locating non-conflicted, competent experts
2 and getting these individuals up to speed. Acceding to Qualcomm's unreasonable demands is
3 not an option; Wi-LAN will not be able to find a single competent expert that would agree to the
4 terms that Qualcomm insists upon.

5 Wi-LAN has made every effort to go above and beyond to accommodate Qualcomm's
6 purported confidentiality concerns, but Qualcomm remains insistent upon over-reaching
7 measures that serve no useful end. The Protective Order that is already in place imposes more
8 than ample restrictions upon Wi-LAN attorneys and consultants to ensure that competitively
9 sensitive materials, including each company's "crown jewels," are safeguarded. Tellingly, other
10 wireless chipmakers litigating against Wi-LAN (such as Intel Corp., Broadcom, Atheros and
11 Marvell)—sophisticated technology companies represented by experienced counsel—all found
12 the terms of the Protective Order perfectly acceptable. Qualcomm's protestations are simply an
13 artifice to avoid its discovery obligations.

14 As the party seeking an overly restrictive protective order, Qualcomm bears the burden of
15 showing the Court that its proposed restrictions are necessary. Qualcomm cannot satisfy that
16 burden with mere speculation. Accordingly, Wi-LAN respectfully requests that the Court issue
17 an order requiring Qualcomm to produce all documents, information and things responsive to
18 Wi-LAN's Subpoena under the terms of the existing Protective Order. In the alternative, Wi-
19 LAN requests that the Court direct Qualcomm to produce all documents, information and things
20 responsive to Wi-LAN's Subpoena under the terms of the Protective Order as modified by Wi-
21 LAN's proposed revisions.

22 **BACKGROUND**

23 **I. THE UNDERLYING LAWSUIT AND THE SUBPOENA**

24 In June 2008, Wi-LAN commenced patent infringement litigation against leaders in the
25 mobile handset industry based upon their use of Wi-LAN's patented technology that enables
26 WiFi capability and wireless data transfer on CDMA-2000 cellular handsets. (*See Ex. B.*)

27 In October 2009, Wi-LAN issued a third party subpoena to Qualcomm, which
28 manufactures micro-chips for wireless data transfer used in Defendants' infringing mobile

1 handsets. (Ex. A.) The subpoena included a copy of the Protective Order in place in the Texas
2 action. The Protective Order expressly protects third parties such as Qualcomm. (See Ex. D.
3 ¶ 41.)

4 Wi-LAN's entitlement to discovery from Qualcomm, including discovery of the source
5 code used in Qualcomm micro-chips, is undisputed. Qualcomm, however, refuses to produce or
6 permit inspection of, most notably, its source code. Qualcomm claims that the protections
7 afforded by the Protective Order are inadequate. (See Ex. C at 138.)

8 **II. THE PROTECTIVE ORDER**

9 The terms of the Protective Order were agreed upon after more than a year of negotiation
10 in a case brought by Wi-LAN against chip manufacturers such as Intel styled *Wi-LAN Inc. v.*
11 *Acer, et al.*, Civ. A. No. 2:07-CV-474(TJW) (E.D. Tex.). (See Ex. N.) Many of the attorneys
12 representing the parties in the above-captioned case were involved in the negotiation of the *Acer*
13 protective order. The *Acer* protective order was, more or less, adopted as the Protective Order in
14 this case. (Compare Ex. N with Ex. D.) The Protective Order's provisions safeguard the trade
15 secrets of parties and non-parties alike. (See Ex. D ¶ 41.)

16 Other wireless chip manufacturers such as Intel, Broadcom, Marvell and Atheros have
17 permitted Wi-LAN access to their source code in the *Acer* litigation under the same safeguards
18 contained in the Protective Order. (Handley Aff. ¶ 15.) Moreover, these manufacturers have
19 agreed that confidential information produced in the *Acer* litigation may be utilized in this case.
20 (See Ex. O.) While the Protective Order is acceptable to other wireless chip makers with highly
21 sensitive source code, Qualcomm claims it is insufficient to protect its source code. (See Exs. C
22 at 138, E at 172-73, F at 175.)

23 **III. WI-LAN'S EFFORTS TO COMPROMISE**

24 Over the past several months, Wi-LAN has engaged in an extensive dialogue with
25 Qualcomm, agreeing to incorporate additional safeguards into the already expansive Protective
26 Order. (See Exs. F, G, H, I, J, K.)

27 Notwithstanding Wi-LAN's good faith efforts, Qualcomm remains insistent upon over-
28 reaching requirements with respect to three provisions: (1) the "Development Bar" (2) the

1 “Prosecution Bar;” and (3) the source code printing protocol. Qualcomm has refused to permit
2 Wi-LAN access to its Confidential Information code unless it agrees to these provisions.

3 **A. The Development Bar**

4 There are a number of provisions already contained in the Protective Order that prevent
5 parties from utilizing the competitively sensitive confidential information of the producing party.
6 The most noteworthy of these is the “Use Restriction” set forth in Paragraph 26. Pursuant to
7 Paragraph 26, all parties receiving confidential information of a Producing Party must
8 acknowledge that such information “shall only be used for the purposes of the litigation and shall
9 not be used in any other way.” (Ex. D ¶ 26). In addition to the Use Restriction, the Protective
10 Order provides that no employee of any party to the litigation shall be permitted any access to
11 confidential information produced by third parties like Qualcomm. (*Id.* ¶¶ 7, 11, 16(c).)

12 Despite these safeguards, Qualcomm proposes that, before gaining access to Qualcomm
13 source code, Wi-LAN’s experts must:

14
15 *Agree in writing not to perform hardware or software*
16 *development work or product development work directly or*
17 *indirectly intended for commercial purposes substantially related*
18 *to the technology disclosed in Non-Party Qualcomm’s Designated*
Materials for a period of one year after the issuance of a final,
non-appealable decision resolving all issues in the case.

19 (Ex. L at 315 (emphasis added).)³ Such a provision is referred to as a “development bar”
20 because it prevents experts and consultants from doing any commercial product development
21 work in the specified field.

22 Qualcomm’s proposed bar purports to preclude activity in a broad field that could
23 potentially be construed to include integrated circuits, semi-conductors, microchips and
24 microprocessors of any type. Therefore, Qualcomm’s overreaching proposal virtually precludes
25

26
27 ³ Qualcomm proposed alternative language that is equally unsatisfactory. Specifically,
28 Qualcomm proposes that Wi-LAN’s agree to refrain from performing “non-litigation-
related consulting work substantially related to the technology disclosed in . . .
Qualcomm’s Designated Material, for a period of one year after the issuance of a final,
non-appealable decision resolving all issues in the case.” (Ex. L at 316.)

1 an electrical engineer from working in any facet of his field of training for an unascertainable
2 period of time.

3 Wi-LAN advised Qualcomm that the development bar is unreasonable and unacceptable
4 to its existing experts Richard D. Gitlin, Miguel Gomez, Alexander Haimovich, Thomas Payne
5 and Trevor Smedley. (See Exs. C, F at 174, I at 214-15.) Each of these experts have been
6 approved by wireless chip makers Intel Corp., Broadcom, Atheros and Marvell and have been
7 permitted to review their source code under terms identical to those contained in the Protective
8 Order. Messrs. Gitlin, Gomez, Haimovich, Payne and Smedley have submitted affidavits
9 explaining that Qualcomm's proposed conditions impose an unreasonable restraint upon their
10 right to earn a living and that they cannot possibly agree to them. (See Ex. P.)

11 Notwithstanding the Protective Order's existing provisions—which also provided that (i)
12 experts with access to Qualcomm's Confidential Information could not be affiliated with a
13 Qualcomm competitor, and (ii) any expert who subsequently determined to accept employment
14 with a competitor would advise Qualcomm in advance—Wi-LAN went the extra mile to further
15 allay Qualcomm's concerns. (Ex. D ¶¶ 12, 16(d), Atts. A, B.) Most notably, Wi-LAN agreed to
16 limit the number of experts with access to Qualcomm's Confidential Information. (Ex. I at 214-
17 15.) This protection was not provided to any of the Defendants or any of the parties in the *Acer*
18 litigation.

19 Yet Qualcomm insists upon the proposed development bar. While Qualcomm maintains
20 that the bar is necessary to protect its trade secrets (in contrast to the other wireless chip makers
21 in Wi-LAN's pending litigation), it has in the past agreed to a protective order that does not
22 contain such a development bar. (See Ex. M.)

23 **B. The Prosecution Bar**

24 The Prosecution Bar set forth in the Protective Order is expansive, and can be broken out
25 into three main components: (1) a broad scope of prohibited activities; (2) a broad field of
26 subject matter in which activities are prohibited; and (3) a long duration. (See Ex. D ¶ 25.)

27 1. *Broad Scope of Prohibited Activities*

28 The Protective provides that:

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Wi-LAN employees, officers, directors, in-house counsel, experts or consultants who personally receive any [Confidential Information] . . . *shall not participate in or be responsible for Wi-LAN for preparation or prosecution before a Patent Office of any patent, patent application, or for drafting or revising patent claims* (excluding such activities conducted in the context of post-grant adversarial proceedings including reexamination or opposition proceedings filed in relation to the patents-in suit or foreign counterparts).

(*Id.* (emphasis added).) This means that any Wi-LAN consultants who review Qualcomm’s Confidential Information cannot be involved at all in *any substantive aspect* relating to the drafting of patent applications, or the “prosecution” of such applications with the United States Patent and Trademark Office (e.g., the amending of claims or the preparation of written responses to objections raised by the patent examiner).

2. *The Broad Prohibited Field*

The “field” that the Prosecution Bar relates to is expansive and covers virtually everything within an electrical engineer’s area of expertise. Specifically, the relevant field set forth in the Protective Order is “wireless or RF communications, DSL, integrated circuits, semiconductors, microchips, or microprocessors of any type, or products incorporating those items.” (*Id.*)

3. *The Lengthy Duration*

The duration of the Prosecution Bar is lengthy and spans

from the time of receipt . . . through and including one (1) year following the first to occur of (i) the complete resolution of this case through entry of a final non-appealable judgment . . . (ii) the complete settlement of all claims against the Producing Party; or (iii) the individual person(s) cease to represent the Receiving Party or respective client in this case.

(*Id.*)

4. *Qualcomm’s Proposed Expansive Prosecution Bar*

Qualcomm seeks to vastly expand the pool of persons already subject to the Prosecution Bar. Qualcomm seeks a prosecution bar that must be adhered to by every person—including

1 outside litigation counsel⁴ that are not involved in the prosecution of patents for Wi-LAN or a
2 Defendant. Specifically, Qualcomm proposes that “*any individual*” who personally receives its
3 source code

4 Shall not participate or be responsible for preparation or
5 prosecution before a Patent Office of any patent, patent
6 application, or for drafting or revising patent claims that are
7 substantially related to the technology disclosed [by Qualcomm]
8 . . . from the time of receipt . . . through and including one year
9 following the first to occur of” (i) the complete resolution of the
10 case . . . (ii) the complete settlement of all claims in this action; or
11 (iii) the individual persons cease to represent the Receiving Party
12 or respective client in this case.

13 (Ex. L at 315.) Qualcomm’s proposed bar thus prevents everyone, including non-inventing
14 entities such as law firms, from performing any role in the preparation and prosecution of
15 patents.

16 Wi-LAN agreed that the terms of the Protective Order should be amended to cover
17 Defendants’ employees, officers, directors, in-house counsel, experts or consultants who were
18 granted access to Qualcomm’s source code, as well as Wi-LAN’s. (*See* Ex. C at 137.) Wi-LAN,
19 however, advised Qualcomm’s counsel that the provision otherwise imposed an unacceptable
20 restraint upon an attorney’s practice of law. (*Id.*)

21 C. Source Code Printing Protocol

22 The Protective Order contains specific restrictions concerning the manner in which
23 source code may be handled. (Ex. D ¶¶ 21-23.) For example, the Protective Order provides that
24 source code will be made available for inspection only at secure locations, during specified
25 times, and that a log shall be kept tracking any specific requests for printed sections of code. (*Id.*
26 ¶¶ 21, 23.) Notwithstanding these provisions, Qualcomm insists that Wi-LAN agree to, among
27 other things, a maximum number of pages (10) of continuous source code that it may print
28 during the course of its review of Qualcomm’s source code.

⁴ (*See* Ex. D ¶ 11 (defining “Counsel of Record,” which refers to, among others, Wi-LAN’s litigation counsel, McKool Smith P.C.)

1 Even though Qualcomm historically has not asked for such a limitation, and even though
2 Wi-LAN's experts frequently had to print more than 10 pages of continuous source code during
3 their review of each other chipmaker's source code, Wi-LAN agreed to partially accommodate
4 Qualcomm's request. Specifically, Wi-LAN agreed that it would not print any continuous block
5 of more than 10 pages, but reserved the right to print in excess of 10 pages in situations where
6 necessary to "establish how the code is maintained in the ordinary course of business." (Ex. G at
7 194 (¶ 25(d)).) Qualcomm rejected this effort to compromise as well.

8 **ARGUMENT**

9 **I. QUALCOMM SHOULD BE ORDERED TO PRODUCE ITS SOURCE CODE
10 AND OTHER CONFIDENTIAL INFORMATION**

11 Given the ample safeguards already imposed under the Protective Order and the
12 additional safeguards Wi-LAN has agreed to, there simply is no basis for Qualcomm's continued
13 refusal to produce its Confidential Information. Any purported concerns that Qualcomm has
14 regarding the safety of its "crown jewels" under the terms of the Protective Order—which has
15 been deemed sufficient by every one of the similarly situated chipmakers—are simply a red
16 herring. Wi-LAN has gone the extra mile, but the protections Qualcomm seeks are
17 overreaching, unreasonable as a matter of law and will result in significant hardship to Wi-LAN.

18 **A. Qualcomm's Trade Secrets Are Well Protected**

19 The Protective Order, both as currently drafted and including Wi-LAN's proposed
20 additional modifications, ensures that Qualcomm's trade secrets will remain protected. The
21 Protective Order contains scores of restrictive provisions in addition to the certification forms
22 (Ex. D, Atts. A, B), Prosecution Bar (*Id.* ¶ 25), and source code protocol (*id.* ¶¶ 21-23),
23 referenced above, including:

- 24
- 25 • The Use Restriction providing that all parties receiving confidential information,
26 including source code, of a Producing Party must acknowledge that such
27 information "shall only be used for the purposes of the litigation and shall not be
28 used in any other way." (*Id.* ¶ 26);
 - No Wi-LAN employee, nor any Defendant employee will have access to
Qualcomm Confidential Information. (*Id.* ¶¶ 7, 11, 16(c))

- Any outside consultants or experts that review Wi-LAN's source code must be pre-approved by the producing party. (*Id.* ¶¶ 19-20)

These protections were good enough for Qualcomm's peers and each of the Defendants. Chip manufacturers Intel, Broadcom, Marvell and Atheros *all* produced source code under such Protective Order terms and have agreed that their materials can be used in the instant case under the Protective Order's terms. (Handley Aff. ¶ 15.)

B. Qualcomm Cannot Satisfy Its Burden Of Establishing Good Cause For The Restrictions It Seeks

As the party seeking to limit discovery, Qualcomm must demonstrate "clearly defined and serious injury" that would result in the absence of the provisions that it proposes. *L.G. Philips LCD Co., Ltd v. Tatung Co.*, No. C-07-80073WHA, 2007 WL 869256, at * 2 (N.D. Cal. Mar. 20, 2007). Otherwise stated, Qualcomm must establish "good cause" why it is entitled to additional protections. *See id.* at *3; *Mirror Worlds, LLC v. Apple, Inc.*, No. 6:08-CV-88, 2009 WL 2461808, at *1 (E.D. Tex. Aug. 11, 2009); *Document Generation Corp. v. Allscripts, LLC*, No. 6:08-CV-479, 2009 WL 1766096, at *2 (E.D. Tex. June 23, 2009) ("When parties . . . agree on entry of a protective order but differ on the order's terms, the party seeking to limit discovery bears the burden of demonstrating . . . 'good cause.'"). When a party seeks protective measures that would bar patent professionals from performing their day-to-day work, such party must establish an "unacceptable opportunity for inadvertent disclosure." *Avocent Redmond Corp v. U.S.*, 85 Fed. Cl. 640, 645-46 (Fed. Cl. 2009).

Qualcomm cannot possibly satisfy its burden here. To be clear, the only party representatives that will have access to its Confidential Information are: (1) litigation counsel, who do not participate in any competitive decision-making on behalf of Wi-LAN; and (2) outside consultants that Qualcomm has pre-approved.⁵ Moreover, access will be restricted pursuant to the detailed source code protocol that, among other things, requires logging of every piece of source code that is printed. Qualcomm's cry that the Protective Order does not

⁵ As is customary, the Protective Order also provides that the presiding Court in the Eastern District of Texas and court personnel are authorized to review confidential information. Likewise, designated arbitrators and mediators and professional vendors may have access to the materials provided they agree to certify in writing compliance with the terms of the Protective Order.

1 sufficiently protect its Confidential Information thus rings hollow when chipmakers Intel,
2 Broadcom, Marvell and Atheros—each of whom would have similar interests in preserving their
3 confidential information—found the terms perfectly acceptable. Furthermore, each of these
4 chipmakers already has cleared Wi-LAN’s proposed experts. In sum, Qualcomm has not
5 suggested to Wi-LAN any facts suggesting an unacceptable opportunity for inadvertent
6 disclosure or any clearly defined and serious injury.

7 **C. Qualcomm’s Prosecution And Development Bars Are Unreasonable As A**
8 **Matter Of Law**

9 Courts routinely reject sweeping prosecution bars, such as those proposed by Qualcomm,
10 as an unreasonable restraint upon the practice of law. *See, e.g. Avocent*, 85 Fed. Cl. at 645-46;
11 *Hochstein v. Microsoft Corp.*, No. 04-73071, 2008 WL 4387594, at *3-4 (E.D. Mich. Sept. 24,
12 2008). As recently explained in *Island Intellectual Property LLC v. Promontory Interfinancial*
13 *Network*, “Patent prosecution bars . . . are not required when one party simply asserts that
14 opposing counsel prosecutes patents involving the same technology at issue in a lawsuit.” 658 F.
15 Supp. 2d 615, 617 (S.D.N.Y. 2009); *see also Chan v. Intuit, Inc.*, 218 F.R.D. 659, 662 (N.D. Cal.
16 2003) (declining to extend prosecution bar to in-house supervisory patent personnel).

17 The same reasoning applies with equal force to Qualcomm’s proposed Development Bar.
18 The provision prohibits an unreasonably broad scope of commercial activity for an unidentified
19 period of time—all in the name of protecting secrets that already are well-protected. Under the
20 terms of Qualcomm’s proposed development bar, a Wi-LAN expert could resign from the case
21 today, but would be unable to do any development work in her field of expertise until one year
22 after this litigation ended, which might be 10 years from now. The affidavits of Messrs. Gitlin,
23 Gomez, Haimovich, Payne and Smedley establish just how unreasonable Qualcomm’s
24 development bar is. (*See Ex. P.*)

25 **D. The Restrictions That Qualcomm Proposes Will Cause Undue Hardship To**
26 **Wi-LAN**

27 Any *de minimis* benefit that might arguably result from Qualcomm’s restrictive measures,
28 is overwhelmed by the hardship that Wi-LAN, its consultants and litigation counsel would

1 sustain. See *Avocent Redmond Corp v. U.S.*, 85 Fed. Cl. at 645 (citing *U.S. Steel Corp. v. United*
2 *States*, 730 F.2d 1465 (Fed. Cir. 1984)).

3 Wi-LAN spent over a year negotiating the Protective Order with chipmaker Intel—which
4 negotiated on behalf of defendants that were similarly situated to chipmaker Qualcomm. Wi-
5 LAN spent a similar period of time locating experts that were acceptable to those chipmaker
6 Defendants. Wi-LAN's counsel and experts already have spent countless hours developing case
7 strategy, and some of Wi-LAN's experts have been reviewing source code since May 2009. Wi-
8 LAN will lose the value of its investment in these experts if Qualcomm obtains its prohibitive
9 Development Bar. With trial less than a year away, Wi-LAN will be back at square one, faced
10 with the impossibility of finding competent, non-conflicted experts that are willing to risk their
11 livelihood over the next several years.

12 Qualcomm's proposed Prosecution Bar likewise imposes serious hardship upon Wi-
13 LAN's litigation counsel. Its expansive scope prevents Wi-LAN's litigation counsel from
14 performing *any prosecution work* across a broad field for *any client* for an indefinite period of
15 time.⁶ Courts have recognized the highly prejudicial impact of such a restraint on litigation
16 counsel and rejected requests for prosecution bars virtually identical to the bar Qualcomm seeks
17 here. See, e.g., *Island Intellectual Property*, 658 F. Supp. 2d at 620.

18 CONCLUSION

19 Qualcomm's Confidential Information, including its source code, is well protected under
20 the terms of the Protective Order. Wi-LAN respectfully requests that the Court Order
21 Qualcomm to produce its source code to Wi-LAN pursuant to the terms of the Protective Order
22 or, in the alternative, under the terms of the Protective Order as modified by Wi-LAN's proposed
23 revisions.
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28 ⁶ Wi-LAN's outside litigation counsel do not currently prosecute patents in the field, but
are licensed by the Patent and Trademark Office to do so.

1 Dated: April 21, 2010.

Respectfully submitted,

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9 UNITED STATES DISTRICT COURT
10 SOUTHERN DISTRICT OF CALIFORNIA
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12
13 WI-LAN INC.,

14 Plaintiff,

15 v.

16 RESEARCH IN MOTION
CORPORATION, RESEARCH IN
17 MOTION LTD., MOTOROLA, INC.,
UTSTARCOM, INC., LG ELECTRONICS
18 MOBILE COMM U.S.A., AND LG
ELECTRONICS, INC.,
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20 Defendant.
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CASE NO. 3:10-CV-00859

**PENDING IN THE UNITED STATES
DISTRICT COURT FOR THE EASTERN
DISTRICT OF TEXAS – CASE NO. 2:08-
CV-247**

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
QUALCOMM' MOTION TO QUASH
THIRD PARTY SUBPOENA;
ALTERNATIVELY, MOTION FOR
PROTECTIVE ORDER**

**Date: June 30, 2010 (Telephonic
Conference)**

Judge: Hon. Cathy Ann Bencivengo

McDERMOTT WILL & EMERY LLP
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1 I. OVERVIEW.

2 Wi-LAN, Inc. is a non-practicing entity that filed a patent suit in the Eastern District of
3 Texas on two of its patents – one of which purportedly relates to CDMA technology. Wi-LAN
4 served a subpoena on Qualcomm, which broadly demands that Qualcomm produce its
5 confidential CDMA licenses and all negotiation documents related to those licenses. Qualcomm
6 has nearly 200 licensees and the negotiation histories sought date back to the 1990's. If this
7 subpoena is not quashed, Qualcomm will be forced to collect, cull through, review, screen for
8 privilege and produce hundreds of thousands, if not millions, of pages of documents and likely at
9 a cost of hundreds of thousands of dollars, if not more. Complying with the subpoena would
10 impose a huge and unnecessary burden upon Qualcomm and, on that basis alone, the subpoena
11 should be quashed. Further, producing anything from its confidential licensing files will also
12 trigger significant notice obligations Qualcomm owes to its licensees because by contract (*i.e.*, the
13 express terms of the license agreements) Qualcomm cannot disclose the confidential terms and/or
14 the negotiation details without the written permission of its licensees.

15 The reason that Wi-LAN wants all of Qualcomm's CDMA licenses and negotiation
16 documents is to bolster a reasonable royalty damages claim in its Texas Action, asserted
17 (ironically) against three Qualcomm licensees. Wi-LAN already has two of those three licensees'
18 licenses. They were produced by the defendants/licensees to Wi-LAN in the Texas Action.
19 Qualcomm contacted and informed the third licensee, Motorola, that it did not object to Motorola
20 producing its license to Wi-LAN in the Texas Action. These three licenses are more than
21 sufficient to satisfy Wi-LAN's bolstering efforts.

22 Wi-LAN holds itself out as a patent holding and licensing company. *Why aren't its*
23 *licenses, and those of the defendants in the Texas Action, sufficient?* Wi-LAN has never offered a
24 reasonable explanation. Recently, the Federal Circuit held in *ResQNet.com, Inc. v. Lansa, Inc.*,
25 594 F.3d 860, 868 (Fed. Cir. 2010), that "the trial court must carefully tie proof of damages to the
26 claimed invention's footprint in the marketplace." The court reversed the damages award
27 because plaintiff's expert relied on licenses having no relation to the claimed invention.
28 Certainly, if a plaintiff's own licenses not related to the patented invention are irrelevant,

1 Qualcomm's licenses – which have no connection whatsoever to the two patents in the Texas
2 Action – are irrelevant to any damages claim Wi-LAN intends to assert in the Texas Action.
3 Qualcomm certainly is recognized as a leading CDMA licensing company. But it is not a library
4 open to the public, as Wi-LAN seems to presume. Qualcomm's licensing files should not be
5 treated as documents that can be "checked out" on demand merely because an unrelated plaintiff
6 wants them.

7 Unsuccessful in its effort to "meet and confer" to convince Wi-LAN to withdraw the
8 subpoena, Qualcomm seeks an order under Federal Rule of Civil Procedure 45 quashing the
9 subpoena and a protective order against both the subpoena and any further discovery related to
10 Qualcomm's licenses under Federal Rule of Civil Procedure 26.

11 **II. RELEVANT FACTS**

12 **A. The Parties and Their Respective and Completely Different Licensing** 13 **Businesses.**

14 The following facts are offered for background to assist the Court, to establish the huge
15 burden that compliance with the subpoena would require, and to confirm the complete lack of any
16 relevance of Qualcomm's licenses to Wi-LAN's reasonable royalty damages claim.

17 *Wi-LAN, Inc.* Wi-LAN is a Canadian company based in Ottawa, Canada.¹ Wi-LAN is a
18 plaintiff in several pending cases filed by Wi-LAN in the Eastern District of Texas.² The cases
19 include a case pending in Tyler, Texas against Motorola, LG Electronics, and UT Starcom (the
20 "Texas Action"³ and collectively the "Texas Action Defendants"). The Texas Action Defendants
21 are Qualcomm licensees.⁴ In connection with the meet and confer effort and to avoid this motion,
22 Qualcomm confirmed that both LG Electronics and UT Starcom had already produced their
23 license agreements to Wi-LAN.⁵ In an effort to convince Wi-LAN to withdraw the subpoena,
24 Qualcomm's counsel contacted and informed Motorola's counsel that Qualcomm did not object

25 ¹ Ex. 2 to the Declaration of David H. Dolkas ("Dolkas Dec."), Wi-LAN's Complaint filed in the Texas
26 Action at ¶ 1. Dolkas is counsel for Qualcomm.

26 ² Dolkas Dec., ¶ 7.

27 ³ The Texas Action is set for trial in January 2011, with expert reports to be exchanged beginning in
27 October. Dolkas Dec., ¶ 3.

27 ⁴ See the Declaration of Louis M. Lupin ("Lupin Dec."), ¶ 15.

28 ⁵ Dolkas Dec., ¶ 16.

1 to Motorola's production of its license agreements.⁶ Wi-LAN asserts two patents against the
 2 Texas Action Defendants and Qualcomm understands that one of the patents relates to CDMA
 3 technology (and the other patent relates to Wi-Fi technology).⁷

4 Based on publicly-available information, Wi-LAN employs approximately 38 people⁸ and
 5 claims to own 67 Canadian and U.S. patents pertaining to wireless, DSL/ATM, v-chip, cable,
 6 location tracking and other areas.⁹ On its Web site, Wi-LAN touts having "220 licenses" and lists
 7 the following companies as having "licensed inventions in our portfolio": Asus, Cisco,
 8 Foxconn, Fujitsu, Funai, Infineon, Nokia, Panasonic, Samsung and RIM.¹⁰ (If these public
 9 statements by Wi-LAN are true, and there really are that many licenses, there is no reason why
 10 Qualcomm's licenses are necessary. Wi-LAN's damages expert can rely on Wi-LAN's licenses,
 11 not Qualcomm's.)

12 Wi-LAN does not practice any of its patents and makes no products.¹¹ On its Web site,
 13 Wi-LAN states: "Realizing the value that its intellectual property brought to the industry, Wi-
 14 LAN chose in 2006 to focus its business on developing, protecting and monetizing inventions."¹²
 15 Lawsuits by Wi-LAN soon followed that 2006 decision with six cases filed in Texas between
 16 2007-2010, including the Texas Action, and one case filed in the Southern District of New York
 17 against LG Electronics in October 2009.¹³ It appears that the business of Wi-LAN is principally
 18 licensing and litigation with an emphasis on infringement actions in Texas.

19 **Qualcomm.** In support of this motion, Qualcomm submits the Declaration of Louis M.
 20 Lupin. Mr. Lupin began his career at Qualcomm in 1995. He served as Qualcomm's General
 21

22 ⁶ *Id.*

23 ⁷ Ex. 2 to the Dolkas Dec. The two asserted patents in the Wi-LAN Texas Action are also the subject of
 24 two other cases pending in the Eastern District of Texas before Judge Ward: *Wi-LAN v. ACER, Inc., et. al*
 25 (28 defendants total) 2:07-cv-00473-TJW (E.D. Tex); and *Wi-LAN v. Westell Tech. et. al.*, 2:07-cv-00474-
 26 TJW (E.D. Tex). The two patents are U.S. Patent No. 5,282,222 ("222 Patent") and U.S. Patent No.
 27 RE37,802 ("802 Patent"), which is a continuation-in-part of the '222 Patent. The '222 Patent apparently
 28 relates to a method and apparatus for multiple access between transceivers in a wireless network; while the
 '802 Patent apparently relates to multicode direct sequence spread spectrum.

⁸ Dolkas Dec. at ¶ 5 and Ex. 3.

⁹ Dolkas Dec. at ¶ 5 and Ex. 4.

¹⁰ *Id.*

¹¹ Dolkas Dec., ¶ 6 and Ex. 4.

¹² Dolkas Dec., Ex. 4.

¹³ Dolkas Dec., ¶ 7.

1 Counsel from 2000-2007, and is currently a legal consultant for Qualcomm's licensing division.
2 Before discussing the details of Qualcomm's licensing business, referenced in Mr. Lupin's
3 declaration, a few points require emphasis.

4 Qualcomm is unquestionably the industry leader in CDMA technology, having built its
5 business by pioneering and establishing CDMA as one of the world's leading wireless
6 technologies. Given the size, coverage and importance of Qualcomm's world-wide patent
7 portfolio, the wireless cellular industry acknowledges that a company cannot develop,
8 manufacture or sell products that use CDMA technology without a license to use Qualcomm's
9 intellectual property. More importantly, any royalty rates or terms found in Qualcomm's licenses
10 are principally due to Qualcomm's position, stature in the wireless cellular industry, pioneering
11 research and development efforts and the depth and scope of its vast world-wide patent portfolio
12 built over the last 25 years, all at a cost of billions of dollars. The provisions of Qualcomm's
13 license agreements in no way can or should be used or relied upon by Wi-LAN for any sort of
14 comparative purpose to support a damages claim in the Texas Action. The negotiation documents
15 leading up to those licenses agreements are completely irrelevant and the demand for such
16 documents is hard to understand as anything short of harassment.

17 In 1989, Qualcomm publicly introduced the concept that a digital communication
18 technique called CDMA (code division multiple access) could be commercially successful in
19 cellular wireless communications.¹⁴ Thereafter, Qualcomm both evangelized the wireless cellular
20 industry as to the benefits of CDMA and – largely on its own – developed CDMA technology to
21 the point where CDMA is now one of world's leading wireless cellular network technologies.¹⁵

22 Qualcomm has a significant licensing business segment known as Qualcomm Technology
23 Licensing or QTL, which grants licenses to use Qualcomm's intellectual property portfolio,
24 including approximately 12,600 granted U.S. patents and pending patent applications and
25 approximately 59,000 foreign granted patents and pending patent applications.¹⁶ Qualcomm
26

27 ¹⁴ Lupin Dec. ¶ 3.

¹⁵ *Id.*

28 ¹⁶ *Id.* at ¶ 5.

1 employs over 16,000 people world-wide.¹⁷ A portfolio license from Qualcomm typically
2 includes rights to Qualcomm's extensive patent portfolio in CDMA and numerous other
3 technologies.¹⁸

4 In 1989, Qualcomm entered into its first CDMA license with AT&T and, shortly
5 thereafter in 1990, with Texas Action Defendant Motorola – then the world's leading supplier of
6 cellular handsets.¹⁹ Licenses with other major technology companies followed, including a
7 license with another Texas Action Defendant, LG Electronics, entered into in the mid-1990's.²⁰
8 Today Qualcomm has over 175 licensee agreements and, under the terms of those agreements,
9 Qualcomm licenses its substantial patent portfolio to the world's major cellular handset suppliers
10 (e.g., HTC Corporation, Huawei, LG Electronics, Motorola, NOKIA, Palm, RIM, Samsung
11 Electronics, Sony).²¹

12 Qualcomm's license with UT Starcom, one of the Texas Action Defendants, was entered
13 into in 2004, *i.e.*, a time period in which Qualcomm was perceived as the industry leader of
14 CDMA technology.²² In the press release that announced the license agreement, Qualcomm
15 stated: "Under the terms of the worldwide royalty-bearing agreement, Qualcomm has granted UT
16 Starcom a patent license to develop, manufacture and sell subscriber and infrastructure equipment
17 for use in CDMA2000®, WCDMA (UMTS) and TD-SCDMA systems. The royalties payable by
18 UT Starcom are at Qualcomm's standard rates and are the same irrespective of CDMA standard
19 for which the subscriber and infrastructure equipment are sold."²³

20 The three licenses from Motorola, LG Electronics and UT Starcom are more than
21 sufficient because they are representative from a timing standpoint of important phases of
22 Qualcomm's development of CDMA.²⁴ By making this assertion, Qualcomm does not in any
23

24 ¹⁷ *Id.* at ¶ 4.

25 ¹⁸ *Id.* at ¶ 7.

26 ¹⁹ *Id.* at ¶ 15.

27 ²⁰ *Id.* at ¶ 16.

28 ²¹ *Id.* at ¶ 6.

²² *Id.* at ¶ 17.

²³ The press release dated March 22, 2004 is attached as Exhibit 1 to the Lupin Declaration. See ¶ 17 of the Lupin Declaration.

²⁴ *Id.* at ¶ 15.

1 way suggest that those licenses are relevant to Wi-LAN's reasonable royalty claim. They are
2 not.

3 All licensing negotiations and Qualcomm's dealings with its licensees are subject to both
4 nondisclosure agreements ("NDA") and confidentiality provisions of the license agreement.²⁵
5 Under the confidentiality provisions, Qualcomm is prohibited from sharing the terms of any
6 particular license, e.g., the royalty rate, with third parties.²⁶ There are also strict notice provisions
7 in the license agreements mandating that Qualcomm provide notice to any licensee before any
8 portion of the license agreement is disclosed for any reason, including in response to a subpoena
9 or court order, and requiring written approval from the licensee before disclosing the terms of the
10 license agreement.²⁷ As a practical matter, licensees do not want their confidential license terms
11 disclosed or made part of any court record even under the terms of a protective order.²⁸ Should
12 Qualcomm attempt to inform a licensee, not involved in this lawsuit, that it is turning over its
13 license to Wi-LAN, that licensee would not only object, but would likely wonder how any
14 reasonable basis could possibly exist to require such a disclosure.

15 The negotiations surrounding Qualcomm's license agreements can transpire over a matter
16 of years, because in most instances the negotiations are continuous and on-going.²⁹ In general,
17 after the licensee enters into the initial license agreement – which can require months or even
18 years of negotiations – Qualcomm and the licensee may commence negotiations over
19 amendments to the existing license agreements.³⁰ The license agreements are modified by
20 amendments, and not by new agreements, which supersede prior agreements.³¹ In many
21 instances, there are numerous amendments that span years of on-going negotiations.³² Because
22 of the length and complexity of the negotiations, the documentation surrounding just a single
23 license agreement can and is voluminous.

24 _____
25 ²⁵ *Id.* at ¶ 9.

26 ²⁶ *Id.*

27 ²⁷ *Id.*

28 ²⁸ *Id.*

29 ²⁹ *Id.* at ¶ 10.

30 ³⁰ *Id.*

31 ³¹ *Id.*

32 ³² *Id.*

B. The Wi-LAN Subpoena and the Follow-On Attempts By Qualcomm to Convince Wi-LAN to Withdraw the Subpoena.

On April 16, 2010, Wi-LAN served Qualcomm with a subpoena (hereafter the “Wi-LAN Subpoena”), which demanded that Qualcomm produce 14 days later (on April 30) the following:

1. License Agreements relating to Qualcomm Products that comply with Accused Standards,³³ to Defendants’ Accused Products³⁴ and/or incorporate or utilize Accused Technologies.³⁵ [The “Accused Standards” cover essentially all of the pertinent CDMA standards and this request asks for all of Qualcomm’s license agreements.]

2. All License Agreements with MediaTek. [This agreement is addressed in the Lupin Declaration at paragraph 21 and is not in any way relevant to Wi-LAN’s damages claim.]

3. All documents related to the negotiation of any License Agreement. [This request alone would require the production of vast numbers of documents as discussed and in the Lupin Declaration.]

4. All documents, including but not limited to press releases, related to Qualcomm’s licensing practices. [This request seeks, quite literally, all documents Qualcomm has concerning its licensing business.]

5. All documents relating to Qualcomm’s statement that a licensee’s ‘customers do not receive rights to any of Qualcomm’s patents.’ (See, e.g., Exhibit E attached hereto).”³⁶ [The quoted language is taken from a press release posted on Broadcom’s Web site and purportedly is Broadcom’s characterization of one aspect of the Qualcomm/Broadcom settlement agreement. Apparently, Wi-LAN wants Qualcomm to determine what Broadcom meant in its press release and then root around for documents on this point.]

On April 30, 2010, Qualcomm timely served objections to the Wi-LAN Subpoena and, in sum, objected to each request and refused to produce documents.³⁷ In his Declaration, Mr. Lupin

³³ The Wi-LAN Subpoena (Ex. 1 to the Dolkas Dec.) identifies the “Accused Standards” as standards applicable to IEEE 802.11 (Wi-Fi), CDMA (2000) (including EVDO Rev.A, IS2000, CDMA 2000 1X, CDMA 2000 1xRTT, TIA-2000, and TIA/EIA-2000), CDMA2000 1xEV-DO Rev. A, IS-856 Rev. A. See Wi-LAN Subpoena, Ex. 1 to the Dolkas Dec., p. 4 (Definitions), ¶ 13.

³⁴ The term “Defendants’ Accused Products” is defined as “any product compliant with an Accused Standard [see the footnote above] or using one or more of the underlying Accused Technologies [referring to either OFDM or MC-DSSS for use in devices capable of wireless communication], including a long list of Qualcomm products set forth in Exhibit B to the Wi-LAN Subpoena. See Wi-LAN Subpoena, Ex. 1 to the Dolkas Dec., p. 4 (Definitions), ¶ 14 and Exhibit B to the Wi-LAN Subpoena.

³⁵ The “Accused Technologies” refer to either OFDM or MC-DSSS for use in devices capable of wireless communication. See Ex. 1 to the Dolkas Dec. (Definitions), ¶ 12.

³⁶ Exhibit E to the Wi-LAN Subpoena is press release apparently printed from Broadcom’s Website regarding the Broadcom/Qualcomm settlement.

³⁷ Ex. 5 to the Dolkas Dec.

1 discusses the huge burden that would be placed upon Qualcomm if the subpoena is deemed
2 enforceable:

3 • “For Qualcomm to produce its license agreements and related
4 communications, Qualcomm would need to staff a large team to first gather all of the
5 license agreements required to be produced, along with an enormous volume of related
6 communications, much of which has been sent to storage long ago.”³⁸

7 • “I believe that, at minimum, millions of pages of paper and electronic
8 documents would have to be gathered and searched.”³⁹

9 • “Qualcomm would need to provide notice to each licensee and seek the
10 licensee’s written consent, which again would be quite time consuming and would involve
11 a series of discussions with the licensees in order to explain the purpose of the request,
12 what will be done with the information provided, and how, if at all, the Court will protect
13 the licensee’s confidential information.”⁴⁰

14 • “Once the information was gathered and assuming Qualcomm obtained
15 permission to release some or all of the information, Qualcomm would then need to
16 assemble a team of paralegals and attorneys to review the information to segregate out the
17 privileged communications and attorney work product... [M]any of the license
18 agreements, such as the Broadcom agreement, were negotiated while litigation was
19 pending and the negotiations were, as mentioned above, influenced by pending cases. The
20 communications related to the negotiations of the licenses agreements were intertwined
21 with the confidential litigation strategy discussions.”⁴¹

22 • “In certain instances, *e.g.*, Qualcomm’s agreement with Broadcom, the
23 agreements are entered into following extensive, protracted and highly-contested
24 litigation.⁴² The agreements and the terms agreed-upon in such instances reflect, in part,
25 the culmination and settlement of litigation matters.”⁴³

26 The Lupin Declaration unquestionably demonstrates undue burden on Qualcomm should
27 the Wi-LAN subpoena not be quashed. The Lupin Declaration also demonstrates the highly-
28 confidential nature of the Qualcomm license agreements and surrounding negotiation documents.

29 **C. Qualcomm’s Efforts to Meet and Confer with Wi-LAN.**

30 On May 10, attorneys for Qualcomm and Wi-LAN spoke by phone and addressed the Wi-
31 LAN Subpoena for the Qualcomm licensing documents.⁴⁴ Qualcomm’s attorneys reiterated their

32 ³⁸ Lupin Dec., ¶ 13.

33 ³⁹ *Id.*

34 ⁴⁰ *Id.* at ¶ 14.

35 ⁴¹ *Id.*

36 ⁴² *Id.* at ¶ 10.

37 ⁴³ *Id.*

38 ⁴⁴ Dolkas Dec., ¶ 11.

1 objections to the subpoena.⁴⁵ Thereafter, the parties' attorneys had several calls and exchanges of
2 emails in an extended effort to meet and confer, which are described in the Dolkas Declaration.
3 Qualcomm's goal was to convince Wi-LAN to withdraw the Wi-LAN Subpoena. As mentioned,
4 Qualcomm confirmed that LG Electronics and UT Starcom had already produced their license
5 agreements and Qualcomm's counsel reached out to Motorola.⁴⁶ Qualcomm offered to produce a
6 license agreement template (*i.e.*, a draft "standard" agreement without specific terms) to Wi-LAN
7 in exchange for a withdrawal of the Wi-LAN Subpoena.⁴⁷ Wi-LAN refused the offer and
8 informed Qualcomm that it would move to compel enforcement of the Wi-LAN Subpoena as
9 written and not as narrowed by or through any meet and confer discussions with Wi-LAN.⁴⁸

10 Finally, Wi-LAN previously served another subpoena on Qualcomm for source code and
11 other technical documents.⁴⁹ This earlier subpoena was served much earlier and in October
12 2009.⁵⁰ In the context of that separate subpoena, Wi-LAN asserted that the justification for
13 obtaining Qualcomm's highly-proprietary source code and technical documents was that
14 Qualcomm's chipsets were used in the defendants' "Accused Products" in the Texas Action.⁵¹
15 Qualcomm agreed to produce and produced its source code and other technical documents to Wi-
16 LAN.⁵² There are no issues as to Qualcomm's compliance and cooperation with that subpoena.
17 In Wi-LAN's Texas Action, Wi-LAN had until December 4, 2009 to add new parties.⁵³ Despite
18 its knowledge of Qualcomm and the involvement of Qualcomm's chipsets in the Accused
19 Products, Wi-LAN chose not to sue Qualcomm. As discussed below, Qualcomm's standing as a
20 non-party to the Texas Action must be factored in as an important consideration in granting the
21 requested relief sought by Qualcomm.

22
23
24 ⁴⁵ *Id.*

25 ⁴⁶ *Id.* at ¶ 16.

26 ⁴⁷ Exh. 7 to the Dolkas Dec.

27 ⁴⁸ *Id.* at ¶ 15.

28 ⁴⁹ Dolkas Dec., ¶ 10.

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² *Id.*

⁵³ *Id.* at ¶ 3.

1 **III. ARGUMENT**

2 **A. The Court Has The Power To Quash The Subpoena.**

3 If the Court concludes that compliance with the Wi-LAN Subpoena would constitute an
4 undue burden on Qualcomm, then the Court must quash (or modify) the subpoena. (Rule
5 45(c)(3)(A).) If the Court concludes that compliance with the subpoena requires the disclosure of
6 confidential commercial information, the Court may quash the subpoena. (Rule 45(c)(3)(B).

7 The party who moves to quash has the burden of persuasion. *See Moon v. SCP Pool*
8 *Corporation*, 232 F.R.D. 633, 637 (C.D. Cal. 2005) (where court found the subpoena imposed an
9 undue burden on the nonparty and entered an order quashing the subpoena). An evaluation of the
10 undue burden requires the court to weigh the burden to the subpoenaed party against the value of
11 the information to the serving party. *Moon, Id.* (citation omitted.) In particular, the court ruling
12 on the non-party's motion to quash should consider the following factors: relevance; the need of
13 the party for the documents; the breadth of the document request; the time period covered and the
14 particularity with which the documents are described; and, finally, the burden imposed. *Id. citing*
15 *and quoting, United States v. IBM*, 83 F.R.D 97, 104 (S.D.N.Y. 1979).

16 In *WM High Yield v. O'Hanlon*, 460 F.Supp. 2d 891 (S.D. Ind. 2006), the court granted
17 the non-party's motion to quash a subpoena served by the defendant Deloitte & Touche for all
18 documents between the non-party and a former plaintiff and current plaintiffs in the action
19 brought against Deloitte. The court rejected Deloitte's argument that relevance is an improper
20 consideration in the court's evaluation of a motion to quash: "Relevancy is one of several factors
21 a court must consider when computing undue burden." *Id.* at 895, *citing Goodyear Tire & Rubber*
22 *Co. v. Kirk's Tire & Auto Servicer of Haverstraw, Inc.*, 211 F.R.D. 658, 662-63 (D. Kan.
23 2003). "Additionally, non-party status is a significant factor a court must consider when
24 assessing undue burden for purpose of a Rule 45 motion." *Id.* at 895-896 (citation omitted and
25 emphasis added.) The court granted the motion to quash because Deloitte failed to show the
26 relevance of the non-party's dealings with a former plaintiff; nor had Deloitte shown that the
27 information sought related to the non-party and could not be obtained from the current plaintiffs.

1 **B. Requiring Qualcomm To Produce Its Confidential Licenses and Related**
2 **Communications Imposes a Huge and Undue Burden Upon Qualcomm, A**
3 **Non-Party To The Texas Action.**

4 The Lupin Declaration sets forth in detail the huge burden imposed on Qualcomm if it is
5 forced to gather and produce its “confidential commercial information” in the form of its licenses
6 and related negotiation documents to Wi-LAN. On these grounds, the Court should quash the
7 Wi-LAN Subpoena. Further and as Mr. Lupin explains, all of Qualcomm’s dealings with its
8 licensees are covered by both nondisclosure agreements and confidentiality provisions in the
9 license agreements. If Qualcomm is burdened with having to produce all of its license
10 agreements, that will trigger notice obligations to nearly 200 licensees located all over the world.
11 Licensees, as a practical matter, do not like the provisions of their license agreements to be
12 disclosed to any third party or in court proceedings – particularly where there is no reasonable
13 justification for the demand, as here.

14 The license agreement negotiations span years, if not decades in some instances like with
15 Motorola, and gathering the information will take enormous resources of time, people and money.
16 The license agreements and negotiations related to the amendments to the license agreements will
17 be extensive and will, in turn, require hundreds of hours of sifting through documents to ensure
18 that Qualcomm’s attorney client privileged communications and the company’s work product are
19 fully-protected. This burden and the associated expenses are not justified in light of the lack of
20 relevance of Qualcomm’s licenses. But even assuming, *arguendo*, that the Court finds some trace
21 of relevancy, the burden upon Qualcomm in complying with the Wi-LAN Subpoena far
22 outweighs any marginal relevance.

23 **C. Qualcomm’s Licenses Are Completely Irrelevant To Wi-LAN’s Reasonable**
24 **Royalty Claim.**

25 1. *Recent Federal Circuit cases establish that Qualcomm’s licenses are*
26 1. *irrelevant to Wi-LAN’s reasonable royalty damages claim in the Texas*
27 1. *Action.*

28 The Federal Circuit’s recent holding in *ResQNet.com, Inc. v. Lansa, Inc.*, 594 F.3d 860
(Fed. Cir. 2010) confirms that Qualcomm’s licenses and related documents are completely
irrelevant to Wi-LAN’s reasonable royalty claim. In *ResQNet*, the defendant appealed a damages

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1 award of over \$500,000 for past infringement based on a hypothetical royalty of 12.5%. The
2 Federal Circuit reversed and remanded the damages award, concluding in the strongest possible
3 terms that damages award was based on “speculative and unreliable evidence divorced from
4 proof of economic harm linked to the claimed invention and is inconsistent with sound damages
5 jurisprudence.” *Id.* at 868.

6 The court discussed certain general principles relating to the recovery of a reasonable
7 royalty under Section 284 of the Patent Act, which derives from “a hypothetical negotiation
8 between the patentee and the infringer when the infringement began.” *Id.* The court stated:

9 “At all times, the damages inquiry must concentrate on compensation for the economic
10 harm caused by infringement of the claimed invention.”

11 “[T]he trial court must carefully tie proof of damages to the claimed invention’s footprint
12 in the market place.”

13 “Any evidence unrelated to the claimed invention does not support compensation for
14 infringement but punishes beyond the reach of the statute.” *Id.* at 869 (citations omitted).

15 Pointing to its recent decision in *Lucent Techs, Inc. v. Gateway*, 580 F. 3d 1301 (Fed. Cir.
16 2009), where the court reversed a \$350 million damages award against Microsoft, the court in
17 *ResQNet* stated: “[T]his court just recently rejected a patentee’s reliance on licenses because
18 some of the license agreements [were] radically different from the hypothetical agreement under
19 consideration.” *Id.*

20 In *ResQNet*, the court found that the plaintiff’s expert based his damages calculation on
21 seven *ResQNet* licenses, five of which had no relation to the claimed invention. In fact, none of
22 the licenses, according to the court, “even mentioned the patents in suit or showed any other
23 discernible link to the claimed technology.” *Id.* at 870. The court concluded that the plaintiff’s
24 expert had relied on these five licenses to artificially pump up his damages calculation: “The
25 inescapable conclusion is that Dr. David [plaintiff’s damages expert] used unrelated licenses on
26 marketing and other services – licenses that had a rate nearly eight times greater than the straight
27 license on the claimed to technology in some cases – to push the royalty up into double figures.”
Id. The court stated that the licenses relied upon “simply have no place in this case.” *Id.* at 871.

28

2. *Qualcomm's licenses are not relevant to Wi-LAN's royalty claim.*

1
2 In *ResQNet*, the Federal Circuit took issue with the plaintiff's expert's reliance on several
3 licenses of the plaintiff that had no connection to the asserted patents. Here, Wi-LAN apparently
4 intends to have its expert rely on Qualcomm's licenses to Qualcomm's patent portfolio to argue
5 for a royalty rate owed for a hypothetical license agreement related to two Wi-LAN's patents.
6 But, Qualcomm is neither a hypothetical licensee nor licensor in the Texas Action and its licenses
7 have absolutely no connection to Wi-LAN's asserted patents in the Texas Action. It is not
8 enough that Wi-LAN has asserted that one of its patents relates to CDMA. (Further to
9 Qualcomm's understanding, that point is contested by the defendants in the Texas Action.)
10 Because there is no connection between Qualcomm's license agreements and Wi-LAN's asserted
11 patents, Qualcomm's license agreements and related documents are irrelevant to Wi-LAN's
12 damages claim.

13 Qualcomm's licenses and the terms set forth therein reflect Qualcomm's preeminence in
14 the wireless cellular industry, the industry's recognition of that preeminence, and Qualcomm's
15 substantial world-wide portfolio amassed over the last 25-plus years at a cost of billions of
16 dollars, including the development of numerous patented inventions deemed essential to making
17 any CDMA product. The terms of Qualcomm's licenses in no way apply to Wi-LAN.

18 Certain of the licenses and agreements that are swept up by the Wi-LAN Subpoena, for
19 example, Qualcomm's agreement with Broadcom, reflect terms that emanate from years of
20 extensive and hard-fought litigation and have no applicability to the hypothetical negotiations that
21 Wi-LAN's expert will need to create for purposes of Wi-LAN's reasonable royalty claim in the
22 Texas Action. The request for "[a]ll documents related to the negotiation of any License
23 Agreement" is even more remote. If the terms of the actual licenses are irrelevant – and they
24 clearly are – then the vast back-and-forth communications comprising the negotiations are most
25 certainly irrelevant.

26 The demand for such documentation is absurd merely from a practical standpoint. Even if
27 Qualcomm were to spend months and thousands upon thousands of dollars producing an
28 enormous volume of negotiation documents, no Wi-LAN damages expert would ever have the

1 time or ability to review or understand them all. It is production for the mere sake of production
2 and not for the sake of finding and using something relevant to Wi-LAN's damages claim in the
3 Texas Action.

4 For these reasons, the Court should rule that the Qualcomm licenses and related
5 communications are irrelevant to Wi-LAN's damages claim in the Texas Action and on that basis
6 alone enter an order quashing the Wi-LAN Subpoena.

7 **D. Wi-LAN Should Base Its Reasonable Royalty Damages On Its Own Licenses;**
8 **Qualcomm's Licenses Are Not Necessary Or Needed.**

9 A subpoena should be quashed where the plaintiff can obtain the information from other
10 sources, such as its own files or from other defendants. *Moon, supra*, 232 F.R.D. at 637-638
11 (where court found the plaintiff should seek the documents from the defendant and not a
12 nonparty). The information from Qualcomm is not needed or necessary because Wi-LAN can
13 and should base its reasonable royalty claim on Wi-LAN's licenses for the patents asserted in the
14 Texas Action. Wi-LAN claims to have entered into 220 licenses with numerous top tier
15 technology firms. If so, there is no reason why those licenses, and not Qualcomm's, should be
16 relied upon by Wi-LAN's damages expert. Furthermore and without in any way conceding the
17 relevance of any of Qualcomm's licenses, to the extent Wi-LAN's experts seeks to use some of
18 Qualcomm's CDMA licenses for comparison purposes, Wi-LAN can rely on the licenses from
19 the Texas Action Defendants/Qualcomm licensees: Motorola, LG Electronics and UTStarcom.

20 **IV. THE COURT SHOULD ISSUE A PROTECTIVE ORDER AGAINST ANY**
21 **FURTHER DISCOVERY FROM QUALCOMM REGARDING ITS LICENSES OR**
22 **LICENSING PRACTICES.**

23 Rule 26(c) permits a court to grant a protective order to protect Qualcomm from undue
24 burden or expense. In addition to asking the Court to quash the Wi-LAN Subpoena, Qualcomm
25 asks the Court to also enter a protective order precluding Wi-LAN from seeking any further
26 discovery from Qualcomm and/or its licensees (other than from the Texas Action Defendants)
27 about or concerning Qualcomm's licenses, the negotiations leading to those licenses and/or
28 Qualcomm's licensing practices. By this motion, Qualcomm has established the utter lack of any
relevance of Qualcomm's license agreements to Wi-LAN's damages claim; and, Qualcomm has

1 established the considerable burden and expense that would be incurred absent an order quashing
2 the subpoena. Qualcomm has spent thousands of dollars in meet and confer efforts and in
3 responding to the Wi-LAN subpoena by this motion. Qualcomm should not be made to travel
4 down this road again should Wi-LAN serve additional discovery requests pertaining to
5 Qualcomm's licenses, *e.g.*, third-party deposition notices. Accordingly and as set forth in the
6 proposed Order submitted with this motion, Qualcomm asks the Court to enter a protective order
7 barring any further discovery from Qualcomm concerning its license agreements and related
8 topics.

9 V. CONCLUSION

10 For the several reasons discussed, Qualcomm respectfully asks that the Court enter an
11 Order quashing the Wi-LAN Subpoena under Rule 45(c) and issue a Protective Order under Rule
12 26(c) precluding any further discovery from Qualcomm by Wi-LAN concerning its licenses or
13 licensing practices.

14 Dated: June 16, 2010

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15
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