Anascape, Ltd v. Microsoft Corp. et al Doc. 279

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
LUFKIN DIVISION

ANASCAPE, LTD.	§	
	§	Hon. Ron Clark
Plaintiff,	§	
	§	
v.	§	Civil Action No. 9:06-CV-00158-RC
	§	
MICROSOFT CORPORATION, and NINTENDO OF AMERICA INC.,	§	
	§	
	§	
Defendants.	§	

DEFENDANTS' JOINT RESPONSE TO ANASCAPE, LTD.'S OBJECTION TO DEFENDANTS' NOTICES OF SUBMISSION OF DOCUMENTS FOR *IN CAMERA* REVIEW

I. Introduction

In attempting to construct a privilege "trap" for Defendants, Anascape has done what the Federal Circuit has ruled is impermissible – speculate that the assertion of the attorney-client privilege supports some negative inference about what the underlying materials say or do not say. *See Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1344-1345 (Fed. Cir. 2004). Anascape's effort to either proceed with its speculation or force Defendants to waive the privilege is fundamentally inappropriate. But this is an issue the Court need not reach, since the Court need not review the privileged documents provided *in camera* by Defendants in order to grant Defendants' motion for summary judgment on the issue of willful infringement. As set forth in Defendants' summary judgment Reply, Anascape's speculation based on the privilege log does not create a material issue of disputed fact that can defeat Defendants' Summary Judgment motion. Accordingly, the Court can and should grant the motion without consideration of the privileged documents.

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Defendants' maintain the position that their submission of the documents for *in camera* review, not as affirmative evidence, but simply to demonstrate that Anascape's speculation is baseless, effects no waiver of the privilege. However, because the law is crystal clear that Anascape's effort to draw a negative inference from Defendants' assertion of the privilege is improper and should not at any way inform the determination of Defendants' motion for summary judgment, there is no need for Defendants to press the further point regarding *in camera* inspection. Accordingly, Defendants' withdraw the privileged documents and respectfully request the Court to decide their summary judgment motion without reference to either the privileged documents or to Anascape's improper effort to draw an adverse inference based on its unfounded speculation concerning Defendant's invocation of the privilege.

II. The Court can and should grant Defendants' motion for summary judgment without reviewing the privileged documents

As Defendants noted in their Reply in support of their Motion for Summary Judgment on willfulness, the Court need not even reach the issue of an *in camera* inspection in order to grant Defendants' motion. As set forth in the Defendants' motion for summary judgment, there is no evidence that either Defendant had pre-suit knowledge of the '700 patent. Defendants' interrogatory responses affirm that neither Defendant had such pre-suit knowledge. *See* Defendant Nintendo of America Inc.'s Responses to Plaintiff Anascape, Ltd.'s Corrected First Set of Interrogatories at Interrogatory No. 1, p. 4 (Ex. 1); Defendant Microsoft's Second Supplemental Response to Anascape's Interrogatory Nos. 1-19 at Interrogatory No. 1, p. 2-3 (Ex. 2). Because of this lack of pre-suit knowledge of the '700 patent, there remains no disputed issue of fact to form a basis for an assertion of willful infringement in this case.

III. Because Anascape's effort to draw an adverse inference from Defendants' assertion of privilege is so clearly impermissible, Defendants' need not press the further point regarding *in camera* inspection

Anascape attempts to rely on Defendants' privilege log entries to speculate on the content of the privileged material in order to piece together some sort of support for its willfulness argument. As an initial matter, "the privilege log itself is not evidence, but merely a discovery tool…." *Old Republic Ins. Co. v. Ness, Motley, Loadholt, Richardson, & Poole, P.A.*, No. 03-C-5238, 2006 WL 3782994, at *12-13 (N.D. Ill. Dec. 21, 2006).

Moreover, Anascape's conjecture about pre-suit knowledge is an improper effort to draw an adverse inference from the Defendants' invocation of the privilege. It is now axiomatic that "no adverse inference shall arise from invocation of the attorney-client and/or work product privilege." *Knorr-Bremse*, 383 F.3d at 1344 (adverse inference that legal opinion was or would have been unfavorable should not be drawn from patent infringement defendant's invocation of attorney-client and/or work product privileges or from such defendant's failure to consult with counsel)*; Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 225-226 (2d Cir. 1999) (overruled on other grounds, *Moseley v. V. Secret Catalogue*, 537 U.S. 418 (2003)) (lower court's "reliance on party's assertion of the attorney-client privilege" to find predatory intent was "troubling" and unsupported by precedent); *Parker v. Prudential Ins. Co. of America*, 900 F.2d 772, 775-776 (4th Cir. 1990) (negative inference "would intrude upon the protected realm of the attorney-client privilege").

Patent cases are no exception to this rule. *Knorr-Bremse*, 383 F.3d at 1344. If a client is forced to choose between asserting its privilege on the one hand, thereby enabling the opposing side to speculate on the content of the privileged material, and waiving the privilege on the other hand, the privilege itself begins to erode. *Id.* Anascape is attempting to trap the Defendants into such a unfair choice. By speculating as to the content of Defendants' privileged material,

Anascape is forcing Defendants to choose between being unable to rebut its unfounded speculation or waiving the privilege in order to rebut Anascape's baseless assertions. Such a choice undermines the integrity of the privilege and is improper. *See id.* at 1344-1345; *Parker*, 900 F.2d 772, 775-776.

Defendants maintain that neither their submission of the documents for *in camera* inspection, nor the consideration of the privileged documents by the Court would effect a waiver.[1] However, because the law is clear that Anascape's effort to draw a negative inference from Defendants' invocation of the privilege is improper, Defendants need not press further with respect to *in camera* inspection of the privileged documents. Accordingly, Defendants withdraw the privileged documents produced for *in camera* inspection.

CONCLUSION

For the foregoing reasons, Defendants' withdraw the privileged documents and respectfully request the Court to decide their summary judgment motion without reference to either the privileged documents or to Anascape's improper effort to draw an adverse inference based on its unfounded speculation concerning Defendant's invocation of the privilege.

[1]Anascape concedes that if the privileged documents are withdrawn, it will not assert a waiver based on Defendants' *in camera* submission of the documents. Objection at 1. Anascape cites a number of cases in support of its objection. *See, e.g., Kinoy v. Mitchell*, 67 F.R.D. 1, 15 (S.D.N.Y. 1975) . However, these cases are easily distinguishable – each involved a situation where the court declined to consider *ex parte* evidence in the form of privileged documents as affirmative evidence to make a determination on the merits of a claim or defense. Here, Defendants have requested just the opposite – Defendants believe that this case should go forward without the Court or the jury considering Anascape's speculation based on the invocation of privilege as to these documents. *See Knorr-Bremse*, 383 F.3d at 1344-1345*; Kinoy*, 67 F.R.D. at 15 (the lawsuit should "continue as best as it can without [the privileged documents]"). Accordingly, the Court's consideration of the privileged documents in this situation, simply to further confirm that Anascape's speculation is unfounded, would not have waived the privilege.

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Respectfully submitted,
By: /s/ James S. Blank

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CERTIFICATE OF SERVICE

I hereby certify that all counsel of record who 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 this 18th day of April, 2008. Any other counsel of record will be served by first-class mail.

/s/ James S. Blank
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