

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
NORFOLK DIVISION

I/P ENGINE, INC.

Plaintiff,

v.

AOL, INC., *et al.*,

Defendants.

Civil Action No. 2:11-cv-512

**BRIEF IN SUPPORT OF GOOGLE'S MOTION TO COMPEL PLAINTIFF TO
PRODUCE DOCUMENTS**

I. INTRODUCTION

Defendant Google Inc. ("Google") respectfully requests that this Court compel Plaintiff I/P Engine, Inc. ("Plaintiff") to produce relevant, responsive, non-privileged documents it has improperly withheld.

Over the course of this litigation, Google has requested various documents from Plaintiff relevant to the claims or defenses in this case, or reasonably likely to lead to the discovery of admissible evidence. Plaintiff has repeatedly refused to produce several categories of relevant documents: (1) documents provided by Innovate/Protect, Inc. ("Innovate/Protect") to potential investors that concern the patents-in-suit and this litigation; (2) the consulting agreement between Dickstein Shapiro LLP ("Dickstein Shapiro") and Donald Kosak, one of the two named inventors of the patents-in-suit; (3) the complete set of responsive documents of Andrew K. Lang, the other named inventor; and (4) documents related to Dickstein Shapiro's pre-litigation

involvement in offers to sell the patents-in-suit, negotiations related to the patents-in-suit, and the actual sale of the patents-in-suit from Lycos to Plaintiff.

Rather than meaningfully engage with Google on these issues, Plaintiff has made vague statements that it has generally searched for and produced all relevant, non-privileged documents. When Google asked for confirmation that the specific documents it requested were searched for and produced or logged, Plaintiff refused to further engage, simply stating that it had presented its position and would not provide any further information.

All of these documents are responsive to Google's requests and relevant to this litigation, and, therefore, they are discoverable under the Federal Rules of Civil Procedure, and, in particular, under Rule 26(b)(1). Because Plaintiff has failed either to produce these documents or confirm all such documents have been produced or properly included on its privilege logs, Google's motion should be granted.

II. LEGAL STANDARD

Federal Rule of Civil Procedure 37 authorizes a district court to compel discovery responses. Fed. R. Civ. P. 37(a); *see also* Fed. R. Civ. P. 26(b)(1) ("For good cause, the court may order discovery of any matter relevant to the subject matter involved in the action."). Relevant information is defined in the Rules as information that "need not be admissible at the trial if the discovery appears reasonably calculated to lead to the discovery of admissible evidence." Fed. R. Civ. P. 26(b)(1). Under Rule 26(b)(1), relevance "is construed more broadly for discovery than for trial." *Truswal Sys. Corp. v. Hydro-Air Eng'g, Inc.*, 813 F.2d 1207, 1211 (Fed. Cir. 1987)); *see also Volumetrics Medical Imaging, LLC v. Toshiba Am. Medical Sys., Inc.*, No. 1:05CV955, 2011 WL 2470460, at *3 (M.D.N.C. June 20, 2011) ("Patent infringement cases are not exceptions to the rule that discovery is liberal and relevancy is broadly construed." (quoting *Murata Mfg. Co. v. Bel Fuse, Inc.*, 422 F. Supp. 2d 934, 945 (N.D. Ill. 2006))).

Additionally, "the party resisting discovery (including on relevance grounds), not the party moving to compel discovery, bears the burden of persuasion." *Id.* at *4 (citing numerous cases throughout the Fourth Circuit, including *Cappetta v. GC Servs. Ltd. P'Ship*, No. 3:08CV288, 2008 WL 5377934 (E.D. Va. Dec. 24, 2008), in support of allocating the burden of persuasion to the party resisting discovery).

III. ARGUMENT

A. I/P Engine Must Produce Communications to Potential Investors Regarding the Patents-in-Suit and this Litigation.

Defendants took the deposition of Alexander Berger, COO and CFO of I/P Engine, on July 25, 2010. I/P Engine is a wholly-owned subsidiary of Innovate/Protect. (Dkt. No. 1, ¶ 12.) Innovate/Protect and I/P Engine have identical boards of directors, identical officers, and share the same office space. Any emails sent to or from I/P Engine are sent to or received from Innovate/Protect email addresses. I/P Engine does not pay any full-time employees directly. (Declaration of Jennifer Ghaussy ("Ghaussy Decl."), Ex. A, 90:17-20; Ex. B, 28:6-11, 70:23-71:8; Ex. C, 41:8-42:2, 48:21-49:3, 53:17-54:5; 56:17-57:8.) Thus any documents in the possession, custody or control of Innovate/Protect are equally in the possession, custody or control of I/P Engine.¹

At his deposition, Mr. Berger testified that certain documents were sent to potential investors in Innovate/Protect. (*Id.*, Ex. B, 130:25-132:7.) Specifically, Mr. Berger testified that the documents provided to potential investors included a purchase agreement, compiled financial statements, the complaint in this case, and an executive summary. (*Id.*) The business of Innovate/Protect and its subsidiary I/P Engine is this litigation. Plaintiff's only business is the

¹ Indeed, Innovate/Protect has repeatedly stated that it has no documents separate and apart from those belonging to I/P Engine. (*See, e.g., id.*, Ex. D, 4-35.)

ownership of the "Lycos patents," including the patents-in-suit, and its sole effort to monetize the patents-in-suit is this litigation. (*Id.* Ex. A, 98:8-20, 100:17-101:6.) Plaintiff's parent company has publicly referred to this action as its "flagship litigation." (*Id.*, Ex. E, 10.) It has also made public representations about its patent portfolio, including the patents-in-suit, and this litigation, and has stated that the patents it acquired from Lycos, Inc. (including the patents-in-suit) constitute Innovate/Protect's "flagship patent portfolio." (*Id.*, 5.) Neither I/P Engine nor Innovate/Protect have received any revenue separate and apart from this litigation. (*Id.*, Ex. A, 123:2-7.)

Given the connection between Innovate/Protect, the patents-in-suit and this litigation, documents sent to potential investors are relevant to this litigation and responsive to many requests. For example, such documents are responsive to Google's Requests for Production to I/P Engine, including requests seeking "[a]ll DOCUMENTS concerning any communications with third parties regarding the subject matter of this Action or the PATENTS-IN-SUIT," and "[a]ll DOCUMENTS concerning any litigation, threatened litigation or possible litigation involving the PATENTS-IN-SUIT." (*Id.*, Ex. F, Nos. 37, 49). Yet, I/P Engine has not produced all communications to investors discussed by Mr. Berger.²

Therefore, after Mr. Berger's July 25 deposition testimony revealed the existence of communications to investors related to the patents-in-suit and this litigation, Google asked

² On November 29, Defendants served a document subpoena on Innovate/Protect, requesting, among other things, that Innovate/Protect produce "[a]ll DOCUMENTS and communications that REFLECT, REFER TO or RELATE TO the PATENTS-IN-SUIT." (Ghaussy Decl., Ex. G, No. 1). On December 13, 2011, Innovate/Protect responded to every one of Google's requests that "Innovate/Protect does not possess any responsive information that is not in the possession, custody and control of I/P Engine." (*Id.*, Ex. D, 4-35.) On May 7, 2012, Defendants issued a new subpoena to Innovate/Protect, in response to which Innovate/Protect produced 207 pages of documents. (Ghaussy Decl., ¶ 24.) This production also did not contain the investor communications referenced by Mr. Berger.

Plaintiff to confirm that all such communications had been produced, and if not, to provide a date certain for doing so. (Ghaussy Decl., Ex. H, 1.) On July 30, Plaintiff refused to do so. Incredibly, Plaintiff argued that such communications—which, given Innovate/Protect's business, explicitly relate to the litigation and the patents-at-issue, including the (lack of) value thereof—were neither responsive to Google's document requests nor relevant to any issue or defense in this case, and refused to produce them. (*Id.*, Ex. I, 1.) Given that such documents are responsive to Google's document requests and relevant to claims or defenses in this case, and I/P Engine's inability to justify its withholding of these documents, Plaintiff's continued refusal to produce them is without merit. Defendants' motion to compel them should be granted. *See Volumetrics*, 2011 WL 2470460, at *3-4.

B. I/P Engine Must Produce Mr. Kosak's Consulting Agreement with Dickstein Shapiro.

[REDACTED]

During the deposition, Google asked why the agreement, which explicitly relates to this litigation, had not been produced. Despite the existence of RFP's such as "All DOCUMENTS and communications that REFLECT, REFER TO or RELATE TO the PATENTS-IN-SUIT,

including any foreign counterparts to the PATENTS-IN-SUIT" and "All DOCUMENTS concerning any litigation, threatened litigation or possible litigation involving the PATENTS-IN-SUIT," Plaintiff stated that it did not believe the document would be responsive to any request. (*Id.*, 12:4-7; Ex. F, RFP Nos. 1, 49.)

On July 19, Google met and conferred with Plaintiff and again requested all of Mr. Kosak's consulting agreements. (*Id.*, Ex. L, 9-10.) Plaintiff again responded that the agreements, which relate to Mr. Kosak's relationship with I/P Engine and its counsel in connection with this case, were neither relevant nor responsive to document requests. (*Id.*, Ex. M, 5.) Google explained that the documents were directly relevant to, at minimum, the issue of Mr. Kosak's bias, and that they were responsive to at least Google's requests for documents reflecting communications or transactions among Innovate/Protect, I/P Engine, Mr. Kosak, or the predecessors-in-interest to the patents-in-suit, regarding the patents-in-suit or this litigation, or reflecting Mr. Kosak's work for I/P Engine. (*Id.*, Ex. M, 3.) Notably, although Plaintiff agreed to produce Mr. Kosak's agreement with Innovate/Protect, Plaintiff continued to refuse to produce the agreement with Dickstein Shapiro, maintaining its position that the agreement was not relevant and nonresponsive. (*Id.*, Exs. M, 2; H, 2; I, 1.)

I/P Engine's refusal to produce the consulting agreement between its counsel and Mr. Kosak is untenable. Not only is the agreement responsive to numerous requests by Google such as those discussed above, but the agreement is relevant because its terms have a direct relationship to Mr. Kosak's potential bias and credibility as a witness. *See, e.g., Adelman v. Boy Scouts of Am.*, 276 F.R.D. 681, 698-99 (S.D. Fla. 2011) (citing *United States v. Cathcart*, No. 07-4762, 2009 WL 1764642, at *2 (N.D. Cal. June 18, 2009), and *Behler v. Hanlon*, 199 F.R.D. 553, 561 (D. Md. 2001), as support for the proposition that evidence bearing on a witness's

credibility is relevant and, thus, discoverable); *Thong v. Andre Chreky Salon*, 247 F.R.D. 193, 196 (D.D.C. 2008) ("[D]iscoverable information includes evidence relevant to the credibility of a party or a key witness."). [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Google is entitled to examine Mr. Kosak's agreement with Dickstein Shapiro to understand further how the financial arrangements behind Mr. Kosak's participation in the case may affect his credibility.

Plaintiff also argued for the first time on July 30 that the consulting agreement was privileged. (*Id.*, Ex. I, 1.) It is not. Consulting agreements between a fact witness and a party who has retained that witness are not protected by attorney work product privilege and are discoverable. *See New York v. Solvent Chem. Co.*, 166 F.R.D. 284, 291 (W.D.N.Y. 1996) (compelling discovery of a consulting agreement between an important fact witness and a defendant despite assertion of the attorney work product privilege). In any event, even were the agreement privileged, Plaintiff has not identified it in any of its privilege logs, including the log served days ago on August 9. (Ghaussy Decl., Ex. N.) Thus, any privilege that could be attached to it is waived. *See In re Honeywell Intern., Inc. Secs. Litigation*, 230 F.R.D. 293, 298-300 (S.D. N.Y. 2003) (finding waiver of privilege when defendants belatedly asserted privilege and failed to amend their privilege log until after motion to compel the relevant documents had been fully briefed).

Plaintiff has failed to justify its refusal to provide the consulting agreement. Google respectfully requests that the Court order Plaintiff to produce this document.

C. I/P Engine Must Produce All Relevant and Responsive Documents of Mr. Lang.

Mr. Lang is the lead inventor of the patents-in-suit and the Chief Executive Officer of Plaintiff. (Ghaussy Decl., Ex. C, 46:7-9, 49:7-9; Dkt. 1, 4.) Plaintiff produced documents from Mr. Lang on December 21, 2011.³ (Ghaussy Decl., ¶ 23.)

As discussed above, Plaintiff produced Mr. Kosak's documents on May 30. (Ghaussy Decl., Ex. O.) This document production included relevant and responsive emails between Mr. Kosak and Mr. Lang. Although both Mr. Kosak and Mr. Lang should have had copies of these emails, Plaintiff's December 2011 production of Mr. Lang's documents did not contain these emails. (*Id.*)

Google immediately raised this issue with Plaintiff, asking Plaintiff to explain why these emails were missing from the Lang production. (*Id.*) Plaintiff initially did not respond to Google's inquiries for weeks.

The parties eventually met and conferred to discuss. During this meet and confer, Plaintiff acknowledged that the emails between Mr. Kosak and Mr. Lang should have been included in the Lang production, but had been inadvertently withheld from production. (*Id.*, Ex. L, 9.) In light of Plaintiff's error, Google asked Plaintiff to confirm that none of Mr. Lang's other documents were being improperly withheld, and that his documents had been properly maintained throughout the pendency of this litigation. (*Id.*) Plaintiff refused to answer the question. (*Id.*, Ex. M.) After Google followed up several more times (*Id.*, Exs. H, M), Plaintiff again simply repeated that it was "in compliance with [its] discovery requirements," and refused to confirm that all of Mr. Lang's documents had been produced or included on a privilege log,

³ Plaintiff produced these documents with separate "Lang" bates designations. However, as discussed above, Mr. Lang is CEO of Plaintiff, and therefore his documents are within the possession, custody or control of Plaintiff.

and that his documents had been properly maintained.⁴ (*Id.*, Ex. I.) In light of Plaintiff's admitted failure to produce all responsive documents belonging to Mr. Lang and Plaintiff's repeated failure and refusal to respond to Google's specific inquiries regarding Plaintiff's deficient production of Mr. Lang's documents, Plaintiff should be compelled to produce all of Mr. Lang's responsive to Defendants' document requests, and to the extent that any such documents have not been maintained or no longer exist provide an explanation for their destruction.

D. I/P Engine Must Produce Pre-Litigation Documents Related to Its Counsel's Efforts to License or Sell the Patents-in-Suit

1. Deposition testimony of Plaintiff and Lycos (former owner of the patents-in-suit) demonstrated that Plaintiff had not produced or logged all documents concerning Dickstein Shapiro's pre-litigation involvement in offers to purchase/sell the patents-in-suit.

At the July 25, 2012 deposition of Mr. Berger, CEO and CFO of Plaintiff, he testified that he was put in contact with Lycos through his attorneys at Dickstein Shapiro. (Ghaussy Decl., Ex. P, 13:6-17.) Mr. Berger also testified that it was Dickstein Shapiro who identified the Lycos patents, including the patents-in-suit, to him. (*Id.*, Ex. A, 61:25-64:8.)

On July 31, Defendants deposed Mark Blais, the 30(b)(6) witness for Lycos, Inc. (the previous owner of the patents-in-suit). Mr. Blais testified that Dickstein Shapiro was actively involved with the potential sale of the Lycos patent portfolio, including the patents-in-suit, beginning in 2009. Mr. Blais testified that Dickstein Shapiro conducted a due diligence investigation of the Lycos patent portfolio on behalf of third party Altitude Capital Partners in 2009. (*Id.*, Ex. R, 126:1-127:7.) Mr. Blais confirmed that Dickstein Shapiro was not

⁴ Notably, on August 9, Plaintiff served a supplemental privilege log for Mr. Lang, containing additional entries not previously included, demonstrating that it had not previously logged all of Mr. Lang's privileged documents. (*Id.*, Ex. Q.)

representing Lycos at that time. (*Id.*, 127:3-7.) Mr. Blais further testified that while Dickstein Shapiro thereafter began representing Lycos in its patent lawsuit with TiVO for infringement of patents related to the patents-in-suit, Dickstein Shapiro's representation ended at the time the litigation ended in 2010. (*Id.*, 95:24-96:1.) Mr. Blais also testified that in 2011, even though it did not represent Lycos, Dickstein Shapiro put Mr. Berger and another third party entity, Eidos Inc., in contact with Lycos to explore the possibility of purchasing Lycos' patent portfolio, including the patents-in-suit. (*Id.*, 131:13-134:23.)

Mr. Berger's and Mr. Blais' testimony demonstrates that Dickstein Shapiro was involved in offers to sell or purchase Lycos' patent portfolio, even when it did not represent Lycos at the time. However, it did not appear that all of the documents related to this involvement were included in Plaintiff's document production. Additionally, it did not appear that Plaintiff had logged all documents related to Dickstein Shapiro's pre-litigation involvement in offers to sell or purchase Lycos' patent portfolio. For example, Plaintiff's two privilege logs (served in February and April 2012) did not include any entries prior to May 2011, even though Dickstein Shapiro conducted due diligence of the Lycos patents in 2009. (*Id.*, Exs. S, T.)

There can be no legitimate dispute that such documents would be responsive to Google's document requests, such as: RFP No. 14, which requests documents concerning ownership of the patents-in-suit, including any proposed conveyance of any interest in the patents; RFP No. 37, which requests documents concerning communications with third parties regarding the patents-in-suit; RFP No. 16, which requests all documents concerning any prior art investigations, analyses or searches; RFP No. 25, which requests all documents related to any studies, analyses, opinions or pre-filing investigations or reports related to patentability, validity, enforceability or infringement of the patents-in-suit; and RFP No. 1, which requests documents

that refer or relate to the patents-in-suit. (*Id.*, Ex. F.) Nor can there be any legitimate dispute that they are relevant to the claims and defenses in the case. In particular, these documents could be relevant to damages issues in the case, including by illustrating the amounts that parties would be willing to pay or be paid for the patents-in-suit, analyses related to the strength of the patents-in-suit, etc.

2. Plaintiff improperly refused to answer the direct question of whether all responsive documents had been produced or logged.

On August 1, Google contacted Plaintiff to request documents related to "offers to sell/purchase Lycos' patent portfolio, including but not limited to the '420 and '664 patents" and any "communications, negotiations and analyses" and "due diligence" related to the potential or actual transfer of these patents. (Ghaussy Decl., Ex. U, 5-6.) Although Mr. Blais testified that Dickstein Shapiro "made the introductions," Plaintiff denied that Dickstein Shapiro was actively involved in these negotiations. (*Id.*, 5.) Plaintiff stated that "[a]ny responsive, relevant materials" were contained in Plaintiff's privilege logs, or produced if not privileged. (*Id.* (emphasis added).) During the parties' meet and confer on August 2, Google asked whether Plaintiff was limiting its answer to documents Plaintiff believed were "relevant," but Plaintiff refused to answer, questioning whether the requested documents were responsive to Google's document requests. (Ghaussy Decl., ¶ 26.) Google also requested that Plaintiff confirm that it had actually searched for and produced all responsive documents to Google's specific requests, as outlined in its August 1 email. (*Id.*) Even though the documents Defendants' requested concerned the patents-in-suit and were obviously responsive to numerous requests, Plaintiff stated it would not confirm until receiving a list of requests for production to which those documents were responsive. (*Id.*) On August 3, Google provided a list of numerous requests to which the documents were responsive. (*Id.*, Ex. U, 3-4) In response, Plaintiff again refused to

confirm that it had searched for and produced or logged all responsive documents to the specific topics requested by Google. Instead, I/P Engine simply stated that it had produced "relevant, non-privileged" documents.⁵ (*Id.*, 3)

On August 8, Google yet again requested an unambiguous answer to Google's question of whether all responsive documents had been produced in response to Google's specific requests. (*Id.*, 2.) As it had with the other requests discussed above, Plaintiff simply generally stated that it had produced or logged all responsive, non-privileged documents without addressing specifically what Defendants asked. (*Id.*) Again, Google responded and asked for an explicit and unequivocal confirmation that Plaintiff had searched for and produced or logged all Dickstein Shapiro documents in the categories covered in Google's request, including "offers, opinions, valuations, studies, negotiation, due diligence, etc.". (*Id.*, 1.) Plaintiff refused to provide this unequivocal confirmation. (*Id.*)

3. Plaintiff should be compelled to produce responsive, non-privileged documents regarding Dickstein Shapiro's pre-litigation involvement in offers to sell the patents-in-suit.

Google repeatedly asked Plaintiff for an explicit and unequivocal confirmation that it had searched for and produced or logged all documents in the categories covered in its request (offers, opinions, valuations, studies, negotiation, due diligence, etc.). Plaintiff repeatedly refused to provide this confirmation. Thus, it is unclear whether any documents are being withheld because Plaintiff deemed them irrelevant. It is unclear whether any documents are being withheld on the grounds that they are not in the possession, custody or control of Plaintiff,

⁵ While unclear, to the extent that Plaintiff's position is that it has no obligation to produce documents responsive to Google's request because those documents are in the possession of its attorneys, not Plaintiff, this position is disingenuous. Documents in the possession of Plaintiff's counsel are fairly in the possession, custody and control of Plaintiff, and any attempt to draw an artificial line between Plaintiff and its attorneys is without merit. Google should not have to subpoena Dickstein Shapiro in order to obtain these documents.

even though in the hands of its lawyers at Dickstein Shapiro. In any event, any such documents responsive to Google's requests should be produced. Accordingly, Plaintiff should be ordered to produce all documents responsive to Google's request.

IV. CONCLUSION

For the foregoing reasons, Google respectfully requests that the Court compel I/P Engine to produce the relevant, responsive, and non-privileged documents it has thus far failed to produce.

DATED: August 14, 2012

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CERTIFICATE OF SERVICE

I hereby certify that on August 14, 2012, I will electronically file the foregoing with the Clerk of Court using the CM/ECF system, which will send a notification of such filing (NEF) to the following:

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