

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

FILED UNDER SEAL

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

Introduction

Plaintiff fails to rebut Google's request for the relevant documents sought in its Motion to Compel. Instead, Plaintiff hides behind "non-parties" to the litigation, even though the requested documents are in Plaintiff's possession, custody, or control. Plaintiff also disputes the responsiveness and relevance of categories of documents Google seeks even though they directly relate to the patents-at-issue and this litigation. And in response to the clear evidence Google has provided that Plaintiff has not complied with its discovery obligations, Plaintiff merely repeats that it has complied with its discovery obligations while still refusing to provide straight answers to Google's direct questions about its production and maintenance of documents. Google's motion to compel should be granted.

I. ARGUMENT

A. **Innovate/Protect's Communications to Potential Investors are Within Plaintiff's Control, Relevant, and Should be Produced.**

Google seeks to compel documents provided by Innovate/Protect to potential investors that concern the patents-in-suit and this litigation. Contrary to Plaintiff's suggestions, this request is not limited to two documents, a form purchase agreement and compiled financial statements. (Dkt. 223, Opposition to Google's Motion to Compel ("Opp."), 10.) Rather, those documents are *examples* given by Alexander Berger, COO and CFO of I/P Engine, at his deposition of the types of documents sent to potential investors, which have not been produced. Google has requested *all* documents sent to investors regarding the patents-in-suit and this litigation, documents Plaintiff should have produced long ago, and without the need for a motion to compel. (Dkt. 210, Brief in Support of Google's Motion to Compel ("MTC"), 3-4.)

In avoiding production of these documents, Plaintiff cynically seeks to hide behind the corporate shells it has created for this litigation, stating that these documents are Innovate/Protect documents, not I/P Engine documents. (Opp., 1, 10.) Again, I/P Engine is a wholly-owned subsidiary of Innovate/Protect. (MTC, 3.) But aside from the corporate documents and tax records, there is no separateness between them in their operations or the materials they possess. Emails sent to or from I/P Engine are sent to or received by Innovate/Protect email addresses. (*Id.*) Plaintiff has not identified any separate document repositories. Indeed, Innovate/Protect has represented in the past that it did not possess "any responsive information that is not in the possession, custody and control of I/P Engine." (Dkt. 211-4.) The companies have identical boards of directors and identical officers. (MTC, 3.) There is simply no basis for Plaintiff's contention that these documents are not in Plaintiff's possession, custody, or control.

Plaintiff's other arguments are as incredible as its first. How could documents Plaintiff has sent to potential investors not relate to this litigation or to the patents-in-suit (Opp., 10-11), given that Innovate/Protect and I/P Engine's only business *is* this lawsuit? (MTC, 3-4.) And while Plaintiff contends that the documents are not responsive to Google's requests for production served on both I/P Engine and Innovate/Protect (Opp., 11), this too is untenable. These requests sought documents including "communications with third parties regarding the subject matter of this Action or the patents-in-suit" and documents related to "any computation, calculation or estimation of damages, lost profits or reasonable royalties claimed in this Action," "any steps Innovate/Protect, I/P Engine, or the predecessors in interest took to enforce the patents-in-suit against any defendants or any third party," "any proposed merger, acquisition, or sale of substantially all of the assets of Innovate/Protect, I/P Engine," "the corporate relationship between you and I/P Engine," "the value that you, I/P Engine, or the predecessors in interest paid to acquire the patents-in-suit," "any of Google's products, services, or methods alleged in to infringe the patents-in-suit, including all documents referring to, regarding, or analyzing whether Google has infringed the patents-in-suit," and "each of the legal and factual allegations and requests for relief in I/P Engine's claims." (Dkt. 211-6, 211-7.)

B. Donald Kosak's Consulting Agreement with Dickstein Shapiro is Within Plaintiff's Control, Relevant, Non-Privileged, and Should be Produced.

Plaintiff's argument that it need not produce Donald Kosak's consulting agreement merely because it is between Mr. Kosak and Dickstein Shapiro is baseless. (Opp., 8.) As a matter of law, a party may not shield an agreement from discovery by having counsel, rather than the party, enter the agreement. *See U.S. v. Under Seal (In re Grand Jury Subpoena)*, 204 F.3d 516, 522 (4th Cir. 2000) ("A client may not 'buy' a privilege by retaining an attorney to do something that a non-lawyer could do just as well.") (internal quotation omitted). Furthermore, under I/P

Engine's own argument, this document is within its control because it was created pursuant to Dickstein Shapiro's representation of I/P Engine. (Opp., 4-5.)

Plaintiff's argument as to relevance fails again as well. (Opp., 9.) As Google argued in its motion, as an inventor of the patents-in-suit, Mr. Kosak is a fact witness, and details of his obligations and benefits under the contract are directly relevant to his credibility and bias. (MTC, 6-7.) Nevertheless, Plaintiff argues that "the fact that the agreement exists and that [Mr. Kosak] is a paid consultant has already been established through Mr. Kosak's own deposition testimony," and that there is nothing "within the four corners of the agreement" that bears on Mr. Kosak's credibility. (Opp., 9.) But given the direct relation of this agreement to this litigation, this Court and Google should not have to simply take Plaintiff's word on this, especially given the other positions that Plaintiff has taken on what is or is not "relevant." Google should have the opportunity to examine the document and make this determination for itself.

The case Plaintiff relies upon is inapposite. In *Synopsis, Inc. v. Ricoh Co., Ltd.*, 2006 WL 2458721 (N.D. Cal. Aug. 22, 2006), the court declined to compel production of a consulting agreement because the moving party "[did] not provide any real argument as to why it is entitled to such documents." *Synopsis*, 2006 WL 2458721, *2. Here, in contrast, Google has explained in detail why this agreement bears on Mr. Kosak's credibility, with legal authority supporting its argument. (MTC, 6-7.) Plaintiff's argument that Mr. Kosak is a consultant, rather than a fact witness, is undermined by one of the cases cited in *Synopsis*, *Sensormatic Elecs. Corp. v. WG Sec. Prods.*, 2006 U.S. Dist. LEXIS 30591 (E.D. Tex. May 11, 2006), which makes clear that an inventor of a patent-in-suit is a fact witness, not a consulting witness. *Sensormatic Elecs.*, 2006 U.S. Dist. LEXIS 30591, *6 (holding that witness was a fact witness as inventor of patent-in-suit, and consulting expert as analyst of defendants' source code).

Plaintiff also argues that the agreement is privileged under the attorney-work product doctrine, relying on *Montgomery v. Aetna Plywood, Inc.*, 1996 U.S. Dist. LEXIS 9213, *8 (N.D. Ill. June 28, 1996). The court in *Montgomery* held that the specific agreement at issue was work product, but the case it relies on makes clear that a document must contain the mental impressions of counsel in order to qualify for that protection. *Rhone-Poulenc Rorer, Inc. v. Home Indem. Co.*, 139 F.R.D. 609, 615 (E.D. Pa. 1991) (“The only question is whether the mental impressions were documented ... in anticipation of litigation.”). But Plaintiff does not establish that the agreement contains or reflects the litigation strategy or the mental impressions and opinion of counsel. (Opp., 8-9.) See *State of N.Y. v. Solvent Chemical Co., Inc.*, 166 F.R.D. 284, 290 (W.D.N.Y. 1996) (“The court is at a loss as to why [defendant] would incorporate such sensitive information in a written contract with an important fact witness. It must have been obvious at the time the contract was drafted that other parties to the litigation ... would be likely to seek production of the document.”).

Even if the document had been privileged, that privilege has been waived because the document does not appear on a privilege log. I/P Engine argues that because Dickstein Shapiro was not subpoenaed, no privilege was waived because there was no need for it to provide a privilege log. (Opp., 9.) However, Mr. Kosak was subpoenaed, and he failed to log the document on *any* privilege log. (O’Brien Decl. ¶ 4; Opp., 8 fn. 4.) Furthermore, the document should have also appeared on I/P Engine's privilege log, and I/P Engine's failure to log is simply another attempt to hide behind an artificial distinction between I/P Engine and its counsel.

C. Mr. Lang's Documents Have Been Improperly Withheld, and Plaintiff Should Confirm They Have Been Properly Maintained.

Google moved to compel Mr. Lang's complete production in the wake of Plaintiff's failure to provide a straight answer to the question of whether Mr. Lang's documents were being

improperly withheld and whether they had been properly maintained. (MTC, 8-9.) In its opposition, Plaintiff insists that it did cooperate and answered Google's questions. (Opp. 7.) However, the very correspondence Plaintiff points to shows that I/P Engine was ducking Google's direct questions, responding merely that I/P Engine was "complying with its discovery obligations." (*Id.*) When Google followed up to request clarification whether this meant that Mr. Lang's documents were being properly maintained, I/P Engine simply repeated this statement and said that it did not understand why it had to "repeatedly confirm this fact for Defendants with respect to an individual or a company." (*Id.*; Dkt. 211-9.)

The reason Google requested that I/P Engine confirm the fact that Mr. Lang's documents were being properly maintained is that Google discovered, based on emails produced by Mr. Kosak that should also have been produced by Mr. Lang, that Mr. Lang's production was incomplete. (MTC, 8-9.) Plaintiff did not volunteer this information; rather, Google realized that the production was incomplete and had to ask Plaintiff, more than once, for an explanation. (Dkt. 211-15.) Even now, in its opposition, Plaintiff fails to confirm that Mr. Lang's documents have been properly maintained throughout the pendency of this litigation; instead it repeats the statements it previously made that Plaintiff has complied with its discovery obligations. (Opp., 7.) Given the improper withholding of Mr. Lang's documents, Plaintiff should be compelled to confirm that Mr. Lang's documents have been properly maintained, or if not, to provide an explanation for their destruction.

D. Pre-Litigation Documents Related to Dickstein Shapiro's Efforts to License or Sell the Patents are Within Plaintiff's Control, Non-Privileged, and Should be Produced.

Plaintiff opposes Google's request for pre-litigation documents related to Dickstein Shapiro's efforts to license or sell the patents-in-suit, arguing that these documents are Dickstein

Shapiro's documents. (Opp., 4-6.) This argument again is part of Plaintiff's pattern of hiding behind a false distinction between itself and a third party, here its agent and counsel.

This argument contradicts the stance that I/P Engine has taken throughout this litigation. Several months ago, Plaintiff demanded the production of a variety of deposition and trial transcripts, expert reports, motions, orders, and other documents from prior litigations involving Google AdWords. (O'Brien Decl. ¶ 2.) Google explained that it would be unduly burdensome to collect and produce all of the documents demanded by Plaintiff, many of which were in the possession of outside counsel only. *Id.* Plaintiff nonetheless insisted that, despite the burden, Google obtain certain documents from outside counsel and produce them. *Id.* Plaintiff argues in its opposition that the consequence of Google's request for documents related to Dickstein Shapiro's licensing efforts is that Plaintiff would be entitled to documents in the possession of Google's outside counsel. (Opp., 6.) This argument is disingenuous given that Plaintiff has insisted in the past on the production of documents in the possession of Google's outside counsel and has, in fact, received many such documents.

I/P Engine also argues that these documents are privileged. (Opp., 6.) To the extent that these documents were privileged, however, that privilege has been waived, because I/P Engine failed to log them all on a privilege log. Without a privilege log, Google cannot evaluate whether each withheld document is in fact privileged. It is clear that Dickstein Shapiro could not have represented all of Lycos, Altitude Capital Partners, and Eidos – parties on opposite sides of a transaction – throughout the time period in question.¹ Witness testimony confirms this. For example, the general counsel of Lycos testified that Dickstein Shapiro put Lycos in touch with

¹ For the same reason, Plaintiff's case law is inapplicable. Plaintiff has failed to establish that Dickstein Shapiro represented any specific third party at the time of all of the communications, so it cannot argue that the documents were created or collected pursuant to Dickstein Shapiro's representation of third parties.

Eidos to explore the possibility of purchasing Lycos' patent portfolio, at a time that Dickstein Shapiro did not represent Lycos. (MTC, 10.) Therefore any communications to or from Lycos during this time period are not privileged and must be produced. As to communications between Eidos and Dickstein Shapiro, it is unclear whether Dickstein Shapiro even represented Eidos at the time of the communications.²

I/P Engine also argues that it has repeatedly confirmed that it has produced relevant, non-privileged documents responsive to Google's document requests. (Opp., 3.) This does not resolve the issue. First, Plaintiff has maintained that these pre-litigation documents are not responsive to Google's document requests, even after Google pointed to the requests to which they were responsive. (MTC, 11-12.) Therefore, Plaintiff's statement that it has produced responsive documents does not mean that Plaintiff has produced these pre-litigation documents. Second, it is unclear whether documents are being withheld because *Plaintiff* deems them irrelevant, which is not the standard for discovery. Plaintiff's response leaves open the question of whether it has produced all documents in its possession, custody, or control related to Dickstein Shapiro's pre-litigation involvement in efforts to sell the patents-in-suit, and Plaintiff should be compelled to produce them.

II. CONCLUSION

For the foregoing reasons, and for the reasons set forth in Google's Brief in Support of its Motion to Compel Plaintiff to Produce Documents, Google respectfully requests that the Court compel I/P Engine to produce the documents provided by Innovate/Protect to potential investors,

² Plaintiff also argues that Dickstein Shapiro has not been subpoenaed to produce documents. (Opp., 3.) However, Google should not have to subpoena opposing counsel to obtain relevant documents in its possession. In any event, as Plaintiff admits, Google has subpoenaed third parties Lycos, Altitude Capital Partners, and Eidos, whom it seems Dickstein Shapiro contends it supposedly represented on multiple sides of these negotiations. (Opp., 4-6.) Thus, this too provides no basis for Plaintiff's and its counsel's withholding of documents.

the consulting agreement between Dickstein Shapiro and Donald Kosak, documents related to Dickstein Shapiro's pre-litigation involvement in efforts to sell the patents-in-suit, and the complete production of Mr. Lang (or, to the extent that the production is complete, to confirm that Mr. Lang's documents have been properly maintained).

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CERTIFICATE OF SERVICE

I hereby certify that on September 4, 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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