

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

MOBILEMEDIA IDEAS LLC,	:	
	:	
Plaintiff,	:	
	:	
v.	:	C. A. No. 10-258-SLR/MPT
	:	
APPLE INC.,	:	
	:	
Defendant.	:	

MEMORANDUM ORDER

Procedural Background

Presently before the court are discovery issues arising not only between the parties, but also involving a third-party. Consistent with the court’s standard order dealing with discovery matters, the parties and Nokia Corporation (“Nokia”) contacted the court to schedule a telephonic conference. Thereafter, Apple, Inc. (“Apple”), the moving party, filed its speaking motion against MobileMedia Ideas LLC (“MMI”) and Nokia. MMI and Nokia timely filed their respective responses. A telephonic hearing occurred on June 7, 2012 during which all parties to the disputes presented argument. Certain issues were decided during the teleconference. Regarding the remaining matters, the parties supplemented their previous submissions and provided documents and affidavits addressing the common interest privilege.¹

¹ During the teleconference, the parties advised some of the documents under seal were exhibits to an unrelated motion before Judge Robinson. Other documents evidencing the common interest privilege had not been previously produced. Those documents were provided for *in camera* review. In any event, any documents filed

MMI and Nokia provided their supplemental submissions on June 15, 2012. Apple provided its response on June 22, 2012. This is the court's decision regarding privilege under the common interest privilege and related issues.

During discovery, Apple served subpoenas on three separate Nokia entities: Nokia Inc. on February 9, 2011, Nokia Capital, Inc. on June 1, 2011, and Nokia, the entity involved in the present discovery dispute, on June 29, 2011.² Each Nokia entity timely responded to the subpoena raising objections based on various privileges, including the common interest privilege. Specifically, Nokia initially objected in July 2011 and provided additional objections based on attorney-client privilege on August 23, 2011. Fact discovery closed on October 31, 2011.³ Expert discovery was to be completed by March 23, 2012. At the time of the discovery teleconference, claim construction and dispositive motion briefing was near completion.

Factual Background

MMI, a Delaware limited liability company, was formed by Nokia, Sony Corporation ("Sony") and another company, MPEG-LA ("MPEG") in January 2010. Before MMI's formation, in the beginning of 2009, Sony and Nokia discussed the formation of, and the potential patents to be transferred to an entity that would license and enforce those patents, including through litigation if necessary.⁴ After an

under seal remain under seal for the purpose of the discovery issues addressed herein.

² Nokia represented each subpoena contained eighty-one document requests and approximately ten to fifteen deposition topics. See D.I. 338 at 1.

³ Fact discovery originally was to close by September 1, 2011. By stipulation between the parties, it was extended to October 31, 2011, allowing for certain depositions to occur after the close of fact discovery, but before the deadline to depose any trial witnesses. See D.I. 17 & 135.

⁴ See D.I. 353 at ¶ 4; D.I. 354 at ¶ 4.

exploratory phase, in April 2009, Nokia and Sony executed a non-disclosure agreement to enable the sharing of confidential and privileged information.⁵ Subsequently, MPEG became an additional participant.⁶ Previously, Sony and MPEG had entered into a non-disclosure agreement. MPEG also executed a non-disclosure agreement with Nokia.⁷ Nokia, Sony and MPEG further determined and agreed in April 2009, they had a common legal interest in venture formation issues which they memorialized in an agreement in October 2009.⁸

Sony and Nokia, as the patent holders and licensors, each retained counsel who provided legal analyses concerning patent infringement and validity and license contract interpretation. Through their counsel and counsel for MPEG, the analyses were shared to assess the legal merits of the patents under consideration to be contributed to the proposed legal enforcement entity, MMI. The exchange of information was made among Nokia, Sony and MPEG-LA in reliance on the non-disclosure agreements and on the assumption they shared a common legal interest.⁹ In their discussions, these parties shared information regarding legal aspects of litigation strategy, as well as other legal information relating to venture formation, tax issues, competition law and licensing opportunities. Because they planned to form an entity to acquire, develop, administer, manage and possibly assert intellectual property, these entities also shared legal advice and analysis in that regard.¹⁰ Accordingly, such information was only shared with the

⁵ See D.I. 353 at ¶ 5; D.I. 354 at ¶ 5.

⁶ See D.I. 353 at ¶ 6; D.I. 354 at ¶ 6.

⁷ *Id.*

⁸ See D.I. 353 at ¶ 7; D.I. 354 at ¶ 7.

⁹ D.I. 353 at ¶¶ 2, 8; D.I. 354 at ¶¶ 2,8.

¹⁰ D.I. 353 at ¶¶ 9-11; D.I. 354 at ¶¶ 9-11.

expectation the material would remain privileged and confidential.¹¹

In forming MMI, Nokia, Sony and MPEG entered into various agreements memorializing their respective rights and obligations. Those agreements included the Formation Agreement, the Operating Agreement and two Patent Purchase Agreements (between MMI and Nokia Capital and MMI and SCA IPLA).¹² Through these agreements Nokia Capital, Inc. (an indirect wholly owned subsidiary of Nokia) and SCA IPLA (an indirect wholly-owned subsidiary of Sony) contributed intellectual property¹³ in exchange for each receiving a 24.9% equity interest in MMI. MPEG, through its wholly owned subsidiary, Tagivan, agreed to provide services to MMI pursuant to a service agreement, to enforce the patents. In return, Tagivan's interest in MMI is 50%. As a result, MMI owns a portfolio of patents from Nokia Capital, Inc. and SCA IPLA Holdings Inc. relating to mobile devices, such as cellular phones.¹⁴

According to the Formation Agreement and the Operating Agreement, the essential purpose of MMI is

to acquire, develop, administer and manage Intellectual Property rights relating to inventions which reflect certain features of, and application used by, mobile and other devices and to collect income in respect to such inventions reflected in such Intellectual property rights and its use in end

¹¹ D.I. 353 at ¶ 12; D.I. 354 at ¶ 12.

¹² D.I. 358, Ex. A-D. The date of the Formation Agreement, the Operating Agreement and the two Patent Purchase Agreements is January 10, 2010. The privileged materials presently sought were in possession of Nokia and Sony, parent corporations of Nokia Capital and SCA IPLA, and were subsequently provided to Nokia Capital and SCA IPLA. Apple does not contend this original transfer operated as a waiver of privilege.

¹³ Prior to any transfer of intellection property to MMI, SCA IPLA obtained the patents through assignments from Sony, while Nokia Capital acquired its patents from Nokia.

¹⁴ See D.I. 358 at ¶ 2.

user devices.¹⁵

To enable the enforcement of the patent rights and for exploitation of the patents and consistent with the previously noted Agreements, Nokia Capital and SCA IPLA transferred the prosecution history files to MMI.¹⁶ According to MMI, no privileged documents were exchanged or provided before the close of the transaction. Moreover, these documents were not provided for “commercial purposes such as to evaluate the value of the respective portfolios or induce a party to enter into the agreement.”¹⁷

Parties’ Positions

Apple

Although Apple originally argued the common legal interest privilege did not apply, it now agrees “MMI and Nokia demonstrated that Sony and Nokia are not mere separate investors or shareholders . . . [but instead] acted together to develop the litigation strategy . . . implemented after MMI’s formation, and have continued to cooperate after formation to further that legal strategy, and assert their patents through MMI.”¹⁸ In light of the declarations by Nokia and MMI, Apple confirmed it “no longer contests that Nokia shares a common legal interest with Sony before formation, or that MMI shares a common legal interest with Sony and Nokia after formation in at least some communications.”¹⁹ What Apple does dispute is whether Nokia and MMI have

¹⁵ D.I. 358, Ex. A at first Whereas clause; Ex. B. at first Whereas clause.

¹⁶ D.I. 356 at ¶ 6; D.I. 357 at ¶¶ 5, 7. See also D.I. 358, Exs. C & D at ¶ 4.1 (this paragraph of each of the Patent Purchase Agreements provides for Nokia Capital and SCA IPLA respectively to deliver to MMI the prosecution history files).

¹⁷ D.I. 355 at 1.

¹⁸ D.I. 370 at 1.

¹⁹ *Id.*

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