IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ELM 3DS INNOVATIONS, LLC, Plaintiff, v. SAMSUNG ELECTRONICS CO., LTD., et al., Defendants.	C.A. No. 14-cv-1430-LPS JURY TRIAL DEMANDED **FILED UNDER SEAL**

LETTER TO THE HONORABLE JENNIFER L. HALL
RESPONDING TO SAMSUNG'S DISCOVERY LETTER (D.I. 423)

Dated: July 16, 2021

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Dear Judge Hall,

Plaintiff Elm 3DS Innovations, LLC respectfully requests that the Court deny Samsung's motion, D.I. 423, for the reasons set forth below.

I. Elm Will Produce the SK Hynix Settlement Agreement

Although Elm does not agree that the settlement agreement with SK Hynix is a comparable license for damages purposes, in order to minimize the disputes the Court needs to resolve, Elm will agree to produce the settlement agreement to Samsung with an appropriate confidentiality designation under the protective order.

II. Samsung's Requested Discovery Regarding "Standing" Should Be Denied

Samsung is using an unfounded standing theory as a pretext to obtain discovery into the deceased inventor Glenn Leedy's estate. Elm 3DS Innovations, LLC (or Elm LLC) has produced all the necessary documents showing that it has owned the asserted patents from before the filing of this lawsuit through today. Samsung's discovery requests concern who owns Elm LLC based on the inventor's estate planning, not whether Elm LLC owns the patents. But Elm LLC's ownership has nothing to do with standing and is irrelevant.

It is notable what is not in dispute—that Elm LLC has owned the asserted patents from before this lawsuit through today. That fact is dispositive and shows the irrelevance of Samsung's requested discovery. "Establishing ownership of a patent that has been infringed satisfies the requirements of Article III standing." *Pandrol USA, LP v. Airboss Ry. Prod., Inc.*, 320 F.3d 1354, 1368 (Fed. Cir. 2003) ("there is no basis for questioning the plaintiffs' standing" where there was a "signed and witnessed confirmation of assignment, indicating that plaintiff . . . was assigned the patent in suit . . . well before the filing of the complaint"); *Drone Techs., Inc. v. Parrot S.A.*, 838 F.3d 1283, 1294 (Fed. Cir. 2016) (patentee "established standing under § 281 by virtue of its status as the sole patentee (i.e., successor in title), and also satisfied Article III's standing requirement by owning a patent that allegedly has been infringed"). Indeed, in reaffirming this standard in *Pandrol*, the Federal Circuit "only analyzed the relevant assignment records (i.e., the ownership information)." *Drone Techs.*, 838 F.3d at 1293.

To the extent that corporate form would be relevant at all to standing, it would only be to show that an entity did *not* actually own the asserted patents. *See IOENGINE LLC v. Interactive Media Corp.*, No. CV 14-1571-GMS, 2017 WL 39563, at *3 (D. Del. Jan. 4, 2017) (corporate form only mattered to the extent that assignee did not technically exist at the time of patent assignment); *Paradise Creations, Inc. v. UV Sales, Inc.*, 315 F.3d 1304, 1310 (Fed. Cir. 2003). But even then, Article III jurisdiction is not dictated by "gotcha" games based on a hyper-technical reading of state-law issues of corporate formation. *IOENGINE LLC*, 2017 WL 39563, at *3; *see also* 1 Treatise on the Law of Corporations § 6:10 (3d) ("A wrongdoer should not be allowed to quibble over incorporation defects to escape liability to the corporation.").

Elm LLC has owned the patents from 2014 through today. Elm LLC was assigned these patents upon its formation in 2014. Ex. A. (original conveyance was to 3DS IP Holdings, LLC, which changed its name to Elm 3DS Innovations, LLC); Ex. B. (name change). And when Mr. Leedy assigned his rights in the asserted patents to Elm LLC, he recorded that assignment in the United States Patent Office. *Id.* Nothing about Elm LLC's owners or corporate form affects its ownership of the asserted patents at the time Elm LLC filed this complaint.

Samsung's single citation for the proposition that corporate formation can impact standing proves why Samsung's theory is so misguided. In *Paradise Creations v. UV Sales, Inc.*, a company agreed it did not have enforceable rights to the asserted patent at the time the complaint was filed based on its corporate formation. 315 F.3d 1304, 1306-07 (Fed. Cir. 2003). The company tried to fix this standing problem retroactively using state corporate law, which the Federal Circuit found was improper because the plaintiff did not have standing as of the filing of the complaint. *Id.* at 1309-10. The case makes clear the black-letter law of standing to maintain patent lawsuits: "the plaintiff must demonstrate that it held enforceable title to the patent at the inception of the lawsuit." *Id.* at 1309. Elm has done so.

Samsung's discovery is focused on something else entirely. In 2016—two years after filing the complaint in this case—[redacted]

Notwithstanding Elm's undisputed ownership of the asserted patents, Samsung's theory is that a technical foot-fault as part of Mr. Leedy's estate planning two years after the complaint was filed divests the Court of Article III jurisdiction. In Samsung's words, Mr. Leedy's estate planning may have "transferred [ownership of the LLC] without a corresponding action to make the transferee(s) members of Elm." D.I. 423 at 2. And Samsung now seeks discovery into the formation of [redacted]—including Mr. Leedy's will and the specifics of the trusts formed for the benefit of non-parties who indisputably do not own the asserted patents. It is akin to saying Samsung must identify the terms of a stockholders' purchase of its stock to establish its standing in a lawsuit. That is a fishing expedition completely unmoored from any legitimate theory of standing.

Of course, Elm disagrees with Samsung's reading of Delaware law. Delaware courts interpret operating agreements and other agreements by giving priority to the parties' intentions, construing the agreement as a whole, and giving effect to all its provisions. *See Mehra v. Teller*, C.A. No. 2019-0812-KSJM, 2021 WL 300352, *16 (Del. Ch. Jan. 29, 2021) (citing *Salamone v. Gorman*, 106 A.3d 354, 368 (Del. 2014)). There is no evidence that any party in interest—including Elm LLC, Elm Corporation and the trusts—disputes the trust's appointment as a member of Elm LLC. To the contrary, the Ratification document from earlier this year establishes the opposite: that everyone involved always intended the trust to be a member of Elm LLC. D.I. 423, Ex. B at 1-2. Further, even if Samsung were right, the foot fault would not affect Elm LLC's capacity or standing to prosecute this case until Elm filed a "certificate of cancellation," which has not happened. *See* Delaware LLC Act § 18-803(b) ("[u]pon dissolution of a limited liability company and until the filing of a certificate of cancellation …. the persons winding up the limited liability company's affairs may, in the name of, and for and on behalf of, the limited liability company, prosecute and defend suits, whether civil, criminal or administrative …").

Samsung's other complaints prove that it is just fishing for information about Mr. Leedy's estate. For example, Elm LLC's affairs are managed by Ron Epstein. Samsung claims that "without knowing who has the authority to act on Elm's behalf with respect to this lawsuit, Samsung cannot be sure that any resolution reached in this matter would be binding on Elm." D.I. 423 at 2. But Elm has shown that [redacted]

[redacted] Indeed, Mr. Leedy was express in his trust declaration that [redacted] More fundamentally, however, Elm LLC owns the patents, not Mr. Epstein. The identities of and agreements with the people who manage a company's affairs do not dictate whether that company can constitutionally sue for patent infringement. For example, Samsung does not have to prove that Mr. Ki Nam Kim is *really* its CEO before it can establish federal subject-matter jurisdiction over a patent case.

Samsung also questions the Ratification document that was entered and says it needs discovery into the formation of Mr. Leedy's estate, including communications with Mr. Epstein and others (likely Mr. Leedy's lawyers) involved in the formation of the trust. D.I. 423 at 2. These documents have nothing to do with Elm's undisputed ownership of the patents in suit. They are instead requests to pry into the affairs of the deceased inventor and his surviving children.

Samsung has not articulated a theory of relevance, let alone a theory with any support in the law. Its failure to even acknowledge the hornbook law of standing in patent cases proves as much. The Court should deny Samsung's request.

III. Samsung's Complaints About Elm's Privilege Log Are Unfounded

Elm has made good-faith efforts to address issues Samsung has raised regarding Elm's privilege log. Elm initially served its log on August 28, 2020. Ex. F, 8/28/20 Elm Priv. Log. Samsung waited more than six months before raising any issues. Ex. G, 3/1/21 Brann Ltr. In response to Samsung's letter, Elm took a careful second look at the more than 2,700 documents on its log. Elm produced 327 documents from the log and provided additional information about hundreds of documents. Ex. H, 5/25/21 Taylor email; D.I. 423, Ex. E, 5/24/21 Elm Am. Priv. Log. Notwithstanding Elm's efforts, Samsung is still complaining to the Court about hundreds of documents on Elm's log.

Samsung first complains that Elm's privilege log does not identify the author, sender, or recipient of some documents. As Elm has explained to Samsung, Elm has provided author, sender, and recipient information where it is available, but there are many documents on Elm's log that were scanned hard copy documents for which some or all of that information is not available. Ex. H, 5/25/21 Taylor email. Nevertheless, the privileged nature of the documents is apparent on their face, and Elm provided adequate privilege descriptions. Samsung is incorrect that Elm must identify the author, sender, and recipient of documents in order to justify a claim of privilege under Rule 26(b)(5)(A). Indeed, the vast majority of entries on Samsung's own privilege log do not provide this information. *See* Ex. I, 10/16/20 Samsung Priv. Log (providing no author, sender, or recipient information for 37 out of 47 entries).

Samsung next argues that Elm must produce communications between Glenn Leedy and attorney Ron Epstein. It is true, as Samsung points out, that at first the relationship between Mr. Leedy and Mr. Epstein was not legal in nature. *See* D.I. 423, Ex. G, 4/29/10 Patent Broker Agreement § 10. That is why Elm has produced hundreds of communications between Mr. Leedy, Mr. Epstein, and other Epicenter employees, including in response to Samsung's complaints about Elm's privilege log.

Later, Mr. Epstein did become Mr. Leedy's and Elm's lawyer, as memorialized in the July 8, 2013 representation agreement between Elm and Epicenter Law. D.I. 423, Ex. K, Representation Agreement § 1(a) ("Epicenter Law, P.C. will represent Elm Technology Corporation to perform legal services related to the monetization of the Elm Technology Corporation Portfolio . . . through licensing, sale, or other disposition . . . ."). Samsung argues that the attorney-client privilege began on July 8, 2013, and any communications before that date are not privileged. D.I. 423 at 4. That is not how privilege works. The attorney-client privilege can exist before the client and lawyer sign a formal engagement agreement if the client is seeking or the lawyer is providing legal advice. *See, e.g., Barton v. U.S. Dist. Court for Central Dist. of Cal.*, 410 F.3d 1104, 1111 (9th Cir. 2005) ("Prospective clients' communications with a view to obtaining legal services are plainly covered by the attorney-client privilege under California law, regardless of whether they have retained the lawyer, and regardless of whether they ever retain the lawyer."); *In re Bevill, Bresler & Schulman Asset Mgmt. Corp.*, 805 F.2d 120, 124 n.1 (3d Cir. 1986) ("The attorney-client privilege protects conversations between prospective clients and counsel as well as communications with retained counsel."). Accordingly, Elm has appropriately claimed privilege over a relatively small number of communications between Mr. Leedy and Mr. Epstein/Epicenter that pre-date July 8, 2013, but which nevertheless involve seeking or providing legal advice.[1]

Samsung does not dispute that communications between Elm and Mr. Epstein dated after July 8, 2013, can be privileged, but Samsung argues for a subject-matter waiver. Samsung does not come close to meeting the high bar for subject-matter waiver, which is "reserved for those unusual situations in which fairness requires a further disclosure of related, protected information, in order to prevent a selective and misleading presentation of evidence to the disadvantage of the adversary." *Hawk Mountain LLC v. Mirra*, No. 13-2083-SLR-SRF, 2016 WL 690883, *2 (D. Del. Feb. 19, 2016) (quoting Fed. R. Evid. 502(a) advisory cmte. note to 2008 amendment). Samsung has not even identified the subjects over which it contends there has been a waiver, much less explained how fairness would require production of additional privileged communications on the unnamed subjects. Instead, Samsung simply attached three documents that Elm produced in response to Samsung's earlier complaints that the communications were not privileged at all. D.I. 423, Exs. H-J. None of these documents could possibly result in a broad subject-matter waiver. Indeed, Exhibit J has nothing to do with Elm at all; it is an email about a draft patent sale offering for an entirely different company, [redacted]

Finally, Samsung incorrectly argues that Elm cannot claim privilege over *any* communications seeking legal advice regarding patent licensing "[b]ecause Elm's business is patent licensing." D.I. 423 at 4. There is no exception to the attorney-client privilege for companies like Elm that have a significant focus on licensing or enforcing their patents. Elm's engagement agreement with Epicenter Law states that Epicenter would "perform legal services related to the monetization" of Elm's patent portfolio including "through *licensing*, sale or other disposition." D.I. 423, Ex. K at 1 (emphasis added). The *Immersion Corp. v. HTC Corp.* case on which Samsung relies is

[1] Samsung says that Elm refuses to produce "ElmPriv_490, ElmPriv_584, and ElmPriv_651-660." D.I. 423 at 4. That is not true. Elm informed Defendants several weeks ago that it would produce all those documents except for ElmPriv_660, which is an email that includes litigation counsel. Ex. J, 6/28/21 Taylor email. Upon further review, Elm will also agree to produce the following documents that predate July 8, 2013: ElmPriv_517, 527, 564, 573, 671, 672, 679, 683, 684, 705, 709, 714, and 753.

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