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**Filed Via ECF**

Hon. Paul G. Gardephe  
United States District Court  
Southern District of New York  
40 Foley Square, Room 2204  
New York, New York 10007

Re: Network-1 Technologies, LLC v. Google LLC, et al., Nos. 1:14-cv-2396-PGG-SN  
& 1:14-cv-9558-PGG-SN (S.D.N.Y.)

Dear Judge Gardephe:

Pursuant to Local Civil Rule 37.2 and Paragraph 4(E) of the Court's Individual Rules of Practice (Civil Cases), the parties respectfully submit this joint letter concerning a dispute between Defendants Google LLC and YouTube, LLC (together, "Google") and third party Amster Rothstein & Ebenstein LLP ("ARE") regarding documents ARE is withholding as privileged. The parties exchanged letters and met and conferred regarding this matter for approximately 45 minutes on Friday, October 4, 2019. The attorneys involved were Andrew Trask and Melissa Collins for Google and Jacob Buczko and Amy Hayden for Network-1 and ARE.

**I. Google's Position: ARE Should Produce Documents That Are Not Privileged or Work Product Because They Are Business Communications Involving Third Parties.**

Pursuant to Federal Rule of Civil Procedure 37, Google moves to compel the production of ARE's non-privileged communications with Network-1 and Mr. Marc Lucier—two entities in commercial negotiations with ARE's client. Throughout the negotiation and sale of the patents asserted in this litigation, ARE represented Dr. Ingemar Cox, the named inventor of the patents-in-suit. ARE did not represent Network-1, the purchaser of the patents, at that time. ARE also did not represent Mr. Lucier, a non-attorney assisting in the sale of the portfolio. Only *after* the sale of the patents did Network-1 hire ARE, which today is co-counsel for Network-1 and is represented by the same law firm as Network-1 in this subpoena dispute. Nevertheless, ARE has resisted the production of pre-sale communications at every turn—and has repeatedly shifted its rationale for doing so. ARE failed to produce a single document in its initial response to Google's subpoena, and it refused to provide a privilege log until Google indicated that it would raise the issue to this Court. That original log, moreover, claimed that *every single* pre-sale communication with Network-1 and Mr. Lucier—regardless of subject matter—was privileged and protected from disclosure under the common interest doctrine. Only in response to Google's repeated objections and the prospect of Court intervention did ARE produce *any* of its

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communications with Network-1 and Mr. Lucier—communications which, as described below, confirm that ARE has been applying legally incorrect notions of privilege for months.

ARE continues to withhold 305 pre-sale communications with Network-1, Network-1's counsel, and/or Mr. Lucier, claiming that they need not be disclosed because all parties had a common interest in enforcing the patents. *See* Ex. A (challenged log entries); Ex. B at 2.<sup>1</sup> ARE also claims that, even absent a common legal interest, all but seven of the communications are protected as “work product,” applying this argument to 198 documents that were *not* designated work product in ARE's original log. ARE's claim is dubious: the relevant parties were not jointly litigating or otherwise enforcing Dr. Cox's patents—they were negotiating a sale, a quintessential business activity. Communications in the course of that sale may bear on relevant issues including the value and validity of the patents.

The common interest doctrine is not a privilege in and of itself, but rather a narrow exception to the general rule that disclosing otherwise-privileged communications to third parties waives the attorney-client privilege. *See Bank of Am., N.A. v. Terra Nova Ins. Co.*, 211 F. Supp. 2d 493, 496 (S.D.N.Y. 2002). Parties claiming protection under the doctrine must show (1) that the parties share an *identical legal* interest, *see id.*; and (2) that the specific communications at issue “were made in the course of formulating a common legal strategy,” *Microsoft Corp. v. Acacia Research Corp.*, 2014 WL 6450254, at \*1 (S.D.N.Y. Nov. 17, 2014). The prospective purchaser of a patent does not have an identical legal interest to its seller, and the parties are not formulating a common legal strategy when negotiating a sale. *See id.* (no common interest between patent seller and purchaser). The doctrine “does not apply where the third party's interest does not appear to be that of a potential co-[party] in a possible ... action ... but rather [is] that of an adverse [party], negotiating at arm's length a business transaction.” *Net2Phone, Inc. v. Ebay, Inc.*, 2008 WL 8183817, at \*7 (D.N.J. June 26, 2008) (all but first alteration in original) (quotation marks omitted); *see also Nidec Corp. v. Victor Co. of Japan*, 249 F.R.D. 575, 580 (N.D. Cal. 2007); *RKF Retail Holdings, LLC v. Tropicana Las Vegas, Inc.*, 2017 WL 2292818, at \*3 (D. Nev. May 25, 2017). Similar commercial interests are not sufficient. *See Microsoft*, 2014 WL 6450254, at \*2 (royalty “entitlements are commercial in nature and do not constitute a legal interest”); *Net2Phone*, 2008 WL 8183817, at \*8 (a shared “interest in commercial success . . . is not a legal interest”).<sup>2</sup>

None of ARE's pre-sale communications with Network-1 and Mr. Lucier qualify for protection under the common interest doctrine because ARE and Network-1 did not have identical interests and were not formulating a common legal strategy. The relevant communications occurred while Dr. Cox and Network-1 were on opposite sides of a negotiation over the sale of the portfolio. Instead of sharing an identical legal interest in enforcement, the parties were

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<sup>1</sup> Throughout this dispute, Google has made clear that it is challenging ARE's decision to withhold any of its pre-sale communications with Network-1 and/or Mr. Lucier; communications about the deal's commercial terms were one example subset of such documents.

<sup>2</sup> The primary case on which ARE relies, *In re Regents of University of California*, says no different. The privilege in that out-of-Circuit case was limited to patent prosecution communications between a licensor and licensee, not wide-ranging communications with an arms-length prospective purchaser having no legal interest in the patents at the time of the communications. *See* 101 F.3d 1386, 1390 (Fed. Cir. 1996).

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negotiating to transfer an interest from Dr. Cox to Network-1. *See Microsoft*, 2014 WL 6450254, at \*2. And Mr. Lucier has *never* had a legal interest in enforcing the patents, only a commercial interest in selling and licensing them.<sup>3</sup>

Nor does the work product doctrine justify ARE's withholding. The doctrine protects only documents prepared *because of* litigation; it does not protect "documents that are prepared in the ordinary course of business or that would have been created in essentially similar form irrespective of the litigation." *United States v. Adlman*, 134 F.3d 1194, 1202 (2d Cir. 1998).

ARE's corporate designee testified that he was not aware of any litigation contemplated by Network-1 and Dr. Cox prior to the sale. Ex. C at 142:22-143:4. Consistent with this, none of the documents at issue was described in the original log as involving or anticipating litigation; indeed, ARE did not initially claim that 198 of them were work product at all. ARE added the "work product" and "litigation" descriptors to these documents only after Google challenged the grounds for withholding them, yet ARE's log still acknowledges that the documents are about the "sale of patents." Ex. A. Even if, contrary to ARE's testimony, Dr. Cox or Network-1 contemplated potential future litigation at the time of their negotiations, ARE's withholding appears vastly overbroad. ARE is claiming work product protection over 305 emails involving third parties, including 94 composed by non-attorneys. All of those emails were sent at least a year prior to filing this lawsuit; 198 of them were not initially identified by ARE as "work product"; and even now, ARE's log identifies the supposed litigation underlying the work product claim for only 63 of them. Even after two amendments, the log's generic descriptions suggest at most that the patents were *sold* while the parties allegedly anticipated litigation; they provide no basis to infer that a particular communication was prepared because of litigation and would not have been created otherwise—*i.e.*, the characteristics of a proper work product claim.

The documents that ARE eventually did produce confirm ARE's persistent misunderstanding of the common interest and work product doctrines. For example, ARE twice withheld commercial negotiations (e.g., Ex. D), ministerial communications (e.g., Ex. E), and duplicates of documents properly produced (e.g., Ex. F). In withholding those documents, ARE improperly described them as about or made in anticipation of "litigation"—*i.e.*, the same descriptions it uses to shield the hundreds of communications described above. Google respectfully requests that the Court order ARE to produce all logged communications with Network-1 and/or Mr. Lucier, or, in the alternative, conduct an *in camera* review to determine to what extent, if any, the withheld communications are protected by attorney-client privilege or as work product.<sup>4</sup>

## **II. ARE's Position: Google's Letter is Moot Because ARE Produced the Negotiation Documents Identified by Google as Relevant and, in Any Event, Google's Additional Challenged Documents Are Privileged and Protected Work Product.**

Google presents moot issues to the Court. During the meet and confer process, which limited Google's overbroad subpoena on ARE, Google identified only negotiations regarding transfer of the patents-in-suit as purportedly relevant nonprivileged documents that ARE should

<sup>3</sup> The non-disclosure agreements on which ARE relies make clear that the purported common interest was not a legal one, but rather entailed "exploring *business* opportunities." Ex. G; Ex. H.

<sup>4</sup> Upon production, Google seeks testimony about their contents from ARE and the primary authors and recipients: Dr. Cox, Mr. Charles Macedo, and Mr. Lucier.

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produce. To resolve this dispute, ARE produced these documents. Google now shifts its position to contend it is also entitled to every document on ARE's privilege log claiming "common interest" protection. But Google never proffered any relevance, let alone proportionality, to discovery of these documents, which are privileged and are also protected from discovery by the work product doctrine. The Court should decline to hear Google's vague, non-specific and, in any event, moot motion to compel. The Court should similarly decline to undertake Google's requested vast and burdensome *in camera* review.

ARE, a non-party and counsel of record to Network-1 in this litigation, objected to the undue burden posed by Google's overbroad subpoena.<sup>5</sup> Ex. I. In the months to follow, as the parties exchanged letters, ARE continued to seek a proffer of relevance and proportionality from Google. Google ignored ARE's objections and, instead, demanded a voluminous privilege log from ARE—a law firm—and threatened to involve the Court if ARE did not comply. To avoid burdening the Court with a dispute, ARE served a privilege log with over 3000 entries. Google thereafter challenged ARE's privilege log entries that claimed "common interest" protection. ARE responded and reiterated ARE's objections of overbreadth and undue burden (that Google failed to ever address) and addressed Google's positions regarding privilege. Ex. B at 1. ARE made clear, to avoid wasteful academic discussions of privilege, it needed a proffer of relevance first if Google had remaining issues regarding privilege. Ex. B at 3.

On October 4, the parties met and conferred. Google informed ARE for the first time that it contends negotiations between Cox and Network-1 for transfer of a patent portfolio (that included the patents-in-suit) were relevant to damages and, in Google's view, not privileged. Google did not explain how these negotiations were purportedly relevant to damages, let alone proportional discovery. But in another effort to avoid burdening the Court, ARE produced all documents that can fairly be characterized as negotiations between Cox and Network-1. This production totaled over 160 documents and included emails concerning terms and draft contracts and term sheets. ***Aside from the negotiation documents, Google, even to this day, has provided no other identification of the other purportedly relevant documents it seeks.***

But Google refuses to drop its dispute and now improperly expands the scope of its demands after ARE satisfied its prior demands. Google now seeks every single document on ARE's privilege log that claims protection under the common interest doctrine. These documents mostly concern legal strategy related to this litigation and many do not copy Network-1 at all. They involve identically shared legal interests under the common interest doctrine and, in any event, are protected by the work product doctrine.

First, ARE properly asserts privilege under the common interest doctrine for these documents. Google's only argument that the common interest doctrine should not apply is to note that Dr. Cox and Network-1 negotiated some commercial terms related to transfer of title to patents-in-suit. But explained above, ARE already produced negotiations of contract terms. The remaining documents Google now seeks relate to identically shared legal interests such as strategy for this litigation (including drafting claims), clearing title to the patents-in-suit in advance of litigation, and/or are confidential attorney-client communications not involving Network-1. Dr. Cox (with his retained consultant Mr. Lucier) and Network-1 partnered from the outset to cooperate in asserting the patents-in-suit against Google/YouTube. Dr. Cox (the inventor of the patents-in-suit) identified Google/YouTube as a litigation target as early as 2010. *See, e.g.*, Ex. J at Entry 639. To help pursue a partner in enforcement, Dr. Cox, counseled and guided by ARE, hired Mr. Lucier as a consultant in June/July 2011. Mr. Lucier signed a common interest agreement with Dr. Cox in June 2011. Then, shortly thereafter, Dr. Cox, through Mr. Lucier, reached out to Network-1 to partner in asserting Dr. Cox's patents against Google/YouTube. Dr. Cox, Mr. Lucier and Network-1 signed a collective common interest

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<sup>5</sup> Google's portion of this letter incorrectly states that ARE initially produced no documents. ARE provided documents to Network-1, which it produced, and ARE informed Google of this.



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agreement in July 2011. In October 2011, Dr. Cox and Network-1 signed a term sheet regarding assignment of the patents-in-suit, which required Dr. Cox to assist Network-1 in infringement investigations and patent prosecution going forward. (See Ex. K, binding “Cooperation” clause.) Dr. Cox continues to be a consultant for Network-1 to this day and owns shares in Network-1. (See, e.g., Ex. D, point 3 re: “assist[ing] with the assertion, litigation...”) Network-1 even paid Dr. Cox’s ARE legal bills and Dr. Cox, Network-1 and Mr. Lucier all hold a financial interest in the outcome of this lawsuit. These circumstances all confirm that the legal interests noted above are *identical* among the three parties. Thus, application of the common interest doctrine is proper. *In re Regents of Univ. of California*, 101 F.3d 1386, 1390 (Fed. Cir. 1996)(exclusive licensee/optionee and patent holder share a common legal interest in patent prosecution and prospective litigation); *SCM Corp. v. Xerox Corp.*, 70 F.R.D. 508, 514 (D. Conn. 1976) (common interest exists where “legal advice was focused on pending litigation or on developing a patent program that would afford maximum protection”); *Intellectual Ventures I LLC v. Altera Corp.*, No. CV 10-1065-LPS, 2013 WL 12322005, at \*3-5 (D. Del. July 25, 2013); *Crane Sec. Techs., Inc. v. Rolling Optics, AB*, 230 F. Supp. 3d 10, 20 (D. Mass. 2017).

Google principally relies on the *Microsoft* case to argue the common interest doctrine should not apply. But in *Microsoft*, the documents at issue were the buyer’s due diligence it performed *on its own* to assess its option to purchase a patent, which it later shared. Here, the documents that purportedly remain at issue include litigation/prosecution strategy performed *with Dr. Cox* (or noted above were never shared with Network-1). Google’s attempt to distinguish the more closely analogous *In re Regents of Univ. of California* case fails. In that case the Federal Circuit held, relying on precedent in this Circuit, that a *mere optionee-licensee* held a common interest with a patent owner to procure strong patent rights and address potential litigation. An actual purchaser, as opposed to an optionee, would have an even stronger identity of interest with a patent holder/inventor, particularly here where both parties agreed prospectively to work together.

In any event, the documents Google now seeks are all separately protected by the work product doctrine. These documents were prepared by, in conjunction with, or at the direction of counsel “in anticipation of litigation” and “with an eye toward litigation” and thus are protected from discovery. *Stix Prod., Inc. v. United Merchants & Mfrs., Inc.*, 47 F.R.D. 334, 337 (S.D.N.Y. 1969); *Application of Minebea Co., Ltd.*, 143 F.R.D. 494, 499 (S.D.N.Y. 1992). Noted above and on ARE’s privilege log, the parties were anticipating litigation with YouTube (and others) since at least 2010/2011.<sup>6</sup> Google relies on the *US v. Adlam* case, which holds that a “document created because of anticipated litigation” that “would not have been prepared in a substantially similar form but for the prospect of litigation” is protected work product, even in the context of a commercial transaction. 134 F.3d at 1195. Here, the entire purpose of the relationship between Dr. Cox, Mr. Lucier and Network-1 was to enforce and assert Dr. Cox’s patents in litigation. The documents would have never been created if not for that (ultimately realized) prospect of litigation. Google’s cited case thus confirms work product protection for all challenged documents<sup>7</sup>. Moreover, Dr. Cox and Mr. Lucier were retained consultants, providing advice anticipating and culminating in this litigation against Google/YouTube. See Exhibit D, point 3 re: “assist[ing] with the assertion, litigation...”; Ex. K. Such work in anticipation of litigation involving consultants is protected not only by caselaw, but also expressly by Fed. R. Civ. Pro.

<sup>6</sup> Google argues a deposition excerpt suggests the parties were not anticipating litigation. But the ARE attorney (who is on only a handful of the 305 challenged entries) never stated there was no prospect of litigation with Google/YouTube. He was testifying about a conflicts waiver between Network-1 and Dr. Cox and confirmed there was no “specifically contemplat[ed] litigation” *between Network-1 and Dr. Cox* at that time (hence the conflicts waiver). Ex. C at 143:5-10.

<sup>7</sup> Google does not argue work product waiver (which differs from attorney-client privilege waiver), Waiver of work product protection occurs only when “disclosure is inconsistent with maintaining secrecy from possible adversaries.” *Stix Prod.*, 47 F.R.D. at 338.

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