UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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NETWORK-1 TECHNOLOGIES, INC.,

Plaintiff,

-against-

GOOGLE LLC and YOUTUBE, LLC,

Defendants.

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14-CV-02396 (PGG)(SN)

14-CV-09558 (PGG)(SN)

ORDER

SARAH NETBURN, United States Magistrate Judge:

Defendants Google LLC and YouTube LLC ("Google") seek production of documents that third party Amster Rothstein & Ebenstein LLP ("ARE") withheld as protected by the attorney-client or common interest privileges or the work product doctrine. ARE was counsel to Dr. Ingemar Cox, the inventor of the patents in-suit, during the relevant period and is now co-counsel for Plaintiff. The documents at issue are communications ARE had with Network-1 and Mark Lucier, a consultant hired by Cox to assist in the sale of the patents. To resolve the dispute, each party has submitted fifteen documents for *in camera* review. Because one document was submitted by both ARE and Google, the Court reviewed twenty-nine documents in total.

For the reasons discussed below, Defendants' motion is granted in part and denied in part. ARE has claimed attorney-client privilege over a number of documents that are either not confidential or do not contain legal advice.

ANALYSIS

I. Legal Standard

ARE argues that the withheld documents are protected by the attorney-client privilege, the common interest privilege, the work product privilege, or some combination of the three. "The attorney-client privilege protects communications (1) between a client and his or her attorney (2) that are intended to be, and in fact were, kept confidential (3) for the purpose of obtaining or providing legal assistance." Brennan Ctr. for Justice at New York Univ. Sch. of Law v. U.S. Dep't of Justice, 697 F.3d 184, 207 (2d Cir. 2012) (citing United States v. Mejia, 655 F.3d 126, 132 (2d Cir. 2011). Generally, the known presence of a third party destroys the privilege between attorney and client. Egiazaryan v. Zalmayev, 290 F.R.D. 421, 430 (S.D.N.Y. 2013).

The common interest privilege is an extension of the attorney-client privilege and an exception to the general rule that disclosure of confidential information to a third party destroys the privilege. See HSH Nordbank AG New York Branch v. Swerdlow, 259 F.R.D. 64, 71 (S.D.N.Y. 2009); Allied Irish Banks, P.L.C. v. Bank of Am., N.A., 252 F.R.D. 163, 170 (S.D.N.Y. 2008). A party asserting the common interest privilege must demonstrate that: (1) all clients and attorneys with access to the communication had agreed upon a joint approach to the matter communicated, and (2) the information was imparted with the intent to further that common purpose. S.E.C. v. Wyly, No. 10-CIV-5760 (SAS), 2011 WL 3055396, at *2 (S.D.N.Y. July 19, 2011). The doctrine requires that parties' common interest be "be identical, not similar, and be legal, not solely commercial." Strougo v. BEA Assocs., 199 F.R.D. 515, 520 (S.D.N.Y. 2001) (citation omitted). Arguing that the common interest privilege should apply to communications between it and non-clients Network-1 and Mark Lucier, ARE relies on In re Regents Univ. of California, 101 F.3d 1386, 1390 (Fed. Cir. 1996). The court in Regents found

that the common interest privilege applied to communications between a patentee and attorneys of its exclusive licensee because the parties "had the same interest in obtaining strong and enforceable patents." Id. ARE contends that the common interest doctrine should apply similarly here to shield communications between ARE, who represented the patentee, Mark Lucier, the patentee's consultant, and Network-1, a prospective purchaser of the patent.

Though "the common interest doctrine has routinely been applied in the context of patent litigation," the Court of Appeals "has warned that expansions of the attorney-client privilege under the common interest rule should be 'cautiously extended.'" In re Rivastigmine Patent Litig., No. 05-MD-1661 (HB)(JCF), 2005 WL 2319005, at *3 (S.D.N.Y. Sept. 22, 2005) (citing In re F.T.C., No. 18-CIV-0304 (RJW), 2001 WL 396522, at *4 (S.D.N.Y. Apr. 19, 2001)). This case is distinguishable from Regents. The patentee and exclusive licensee in Regents were found to have identical legal interests because "of the potentially and ultimately exclusive nature of the Lilly-UC license agreement." Regents, 101 F.3d at 1390. Here, the patentee, Dr. Cox, sought to sell rather than license his interest in the patent. While the prospective purchaser, Network-1, doubtless had an interest "in obtaining strong and enforceable patents," see id., the patentee's interest in the patent's continued viability would be diminished following the sale. That Network-1 paid Dr. Cox's legal fees and that he now acts as a consultant to Network-1, Joint Letter 5, ECF No. 191, does not render the parties' legal interests identical at the time of sale negotiations. Instead, as ARE notes, these facts evidence the parties' shared financial interest. Id. Moreover, many of the communications over which ARE asserts the common interest privilege were not made for the purpose of providing legal advice and instead involve business negotiations which "happen to include . . . a concern about litigation." See Bank Brussels

Lambert v. Credit Lyonnais (Suisse) S.A., 160 F.R.D. 437, 447 (S.D.N.Y. 1995) (common interest privilege does not encompass a joint business strategy).

Finally, ARE claims that all the documents Google seeks are "separately protected by the work product doctrine." Joint Letter 5, ECF No. 191. The work product doctrine protects from disclosure "documents and tangible things that are prepared in anticipation of litigation or for trial by or for another party or its representative." Fed. R. Civ. P 26(b)(3). To determine whether a document was prepared "in anticipation of litigation," courts consider if "in light of the nature of the document and the factual situation in the particular case, the document can fairly be said to have been prepared or obtained *because of* the prospect of litigation." Schaeffler v. United States, 806 F.3d 34, 43 (2d Cir. 2015). Documents "prepared in the ordinary course of business or that would have been created in essentially similar form irrespective of the litigation" are not protected by the work product privilege. Id.

II. Application to Disputed Documents

Applying these principles, the Court conducted an *in camera* review of the disputed documents and reaches the following conclusions:

1. Ref. I.D. No. 829

This is an email from ARE to Marc Lucier, copying Dr. Cox and providing links to Audible Magic's website as well as other links with information about Audible Magic's business and products. This document is not protected by the attorney-client /common interest privilege, since ARE is not proffering legal advice nor are Lucier or Cox seeking it. This document is also not entitled to work-product protection as there is no indication that it was prepared in anticipation of litigation.

2. Ref. I.D. No. 841

This is an email exchange between Marc Lucier, Dr. Cox, and Cox's attorney Charles Macedo regarding the details of a nondisclosure agreement to be signed by Lucier, Cox, and Network-1. The document is not privileged. To the extent Macedo provides legal advice to his client, Lucier's presence on the email destroys the privilege. See Argos Holdings Inc. v. Wilmington Tr. Nat'l Ass'n, No. 18-CIV-5773 (DLC), 2019 WL 1397150, at *3 (S.D.N.Y. Mar. 28, 2019) (presence of consultant destroys privilege where consultant is not necessary to facilitate the legal advice given). The email was not prepared in anticipation of litigation and is thus not protected work product.

3. Ref. I.D. No. 859

This is an email from Macedo to Lucier, Cox, and Corey Horowitz, CEO of Network-1, attaching a slide deck containing background information about Dr. Cox, the patent portfolio, and a summary of Google's YouTube patents. Horowitz and Lucier's presence on this communication destroys the attorney-client privilege because, for the reasons described above, the common interest exception does not apply. This document is also not protected work product because it was not prepared in anticipation of litigation.

4. Ref. I.D. No. 899

This is an email chain between Horowitz and Macedo preparing for a phone call with Cox. Cox is not on this communication and, as stated above, the common interest privilege does not apply here to a communication between the patentee's lawyer and the prospective buyer. This document is not protected by work product doctrine, either, as it was not prepared by Macedo in anticipation of litigation.

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