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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

NATHAN MYHRVOLD,

Plaintiff,

v.

LODSYS, LLC, ELECTRONIC ARTS, INC.,
and ROVIO ENTERTAINMENT, LTD.

Defendants.

Civil Action No.

MOTION FOR PROTECTIVE ORDER

In re LODSYS, LLC v. BROTHER INT’L
CORP., et al., E.D. Tex. No. 2:11-cv-90 and
LODSYS, LLC v. COMBAY, INC., et al.,
E.D. Tex. No. 2:11-cv-272

Note for Motion Calendar: June 28, 2013

Dr. Nathan Myhrvold (“Dr. Myhrvold”) respectfully requests that this Court issue a protective order precluding his third party deposition in connection with *Lodsys LLC, et al. v. Brother Int’l Corp., et al.*, Case No. 2:11-cv-90 (E.D. Tex.) and *Lodsys Group, LLC v. Combay, Inc., et al.*, Case No. 2:11-cv-272 (E.D. Tex.) (together, the “Cases”). Plaintiff Lodsys Group LLC (“Lodsys”) noticed Dr. Myhrvold’s deposition and opposes this motion. (Declaration of Ryan Ward (“Ward Decl.”) at ¶ 13) Defendants Electronic Arts Inc. and Rovio Entertainment, Ltd. (collectively “Electronic Arts” or “Defendants”) also noticed Dr. Myhrvold’s deposition to preserve their right to ask questions, but do not oppose this motion. (Ward Decl. at ¶ 14)¹

¹ Electronic Arts’ counsel has represented that it has no interest in taking Dr. Myhrvold’s deposition if Lodsys does not do so. Electronic Arts believe such a deposition is meritless and irrelevant. Ward Decl. at ¶ 14.

I. INTRODUCTION

1 Lodsys is prosecuting multiple lawsuits in the Eastern District of Texas for alleged
2 infringement of patents that were once owned by Intellectual Ventures (“IV”), but are now
3 owned by Lodsys. The Defendants in the Cases make “apps” that are available in Apple’s iTunes
4 store. Apple intervened in the action to assert the argument that its license with IV grants rights
5 that provide coverage to Apple’s app developers. Lodsys disagrees. IV has no view about
6 whether Lodsys or Apple is correct; that is a matter of contract law, the specific claims at issue,
7 and the specifics of the claims as read on each accused product. IV is not involved in the Cases
8 and it has no knowledge of the foregoing issues that would address the dispute between Apple
9 and Lodsys.

10 Rather than limit its discovery to the Defendants in the Cases, Lodsys has subpoenaed
11 nonparties IV and its CEO, Dr. Myhrvold. Lodsys is apparently seeking discovery about a
12 license that is not at issue in the litigation, namely, a license between nonparty IV and nonparty
13 Microsoft. While the meaning of the Microsoft/IV license is of attenuated if any value to the
14 meaning of the license between IV and Apple, in the interest of obviating the need for discovery
15 of its CEO, IV provided Lodsys with four separate productions of documents in the Cases (even
16 though the documents could have been more easily obtained from the parties in the Cases and
17 accordingly the discovery constituted an undue burden on nonparty IV). IV also provided a
18 Rule 30(b)(6) deponent, IV’s co-Founder and Vice-Chairman, Peter Detkin, in April 2013.
19 Lodsys and the other parties were not limited by time or subject matter during the Rule 30(b)(6)
20 deposition of IV. Despite IV’s cooperation in producing multiple document productions and
21 making available a Rule 30(b)(6) witness, Lodsys contends it still requires a deposition of IV’s
22 CEO to discuss conversations he had with a nonparty executive regarding a nonparty contract not
23 at issue in the Cases and other issues that should have been asked of IV’s 30(b)(6) deponent.
24 (Ward Decl. at ¶ 9)

1 Dr. Myhrvold is not a party to the Cases and has no knowledge of the patent claims at
2 issue. Dr. Myhrvold is the Founder and CEO of IV and maintains a busy professional schedule,
3 down to the hour, that requires frequent domestic and international travel. Taking even a few
4 hours of Dr. Myhrvold's time for this deposition would present a great burden on IV and
5 Dr. Myhrvold personally. If Dr. Myhrvold is going to be subjected to a deposition in the Cases,
6 then good cause should be shown for it. Plaintiff cannot make any such showing, especially
7 where, as here, Plaintiff has already had ample opportunity to obtain the requested information at
8 the deposition of IV's 30(b)(6) designee from high ranking executive Peter Detkin.

9 II. FACTUAL BACKGROUND

10 A. The Dispute

11 In the Cases, Lodsys has asserted patents that were previously owned by IV
12 (the "Patents"). IV sold the Patents to a company called Webvention LLC, who subsequently
13 sold them to Lodsys. Lodsys sued the Defendants, who develop applications for Apple's
14 products. Apple intervened in the Cases on Defendants' behalf.

15 Apple obtained a license to certain patents owned by IV's patent funds, including the
16 Patents. Apple continued to be licensed to the Patents after IV's sale to Webvention, LLC. It is
17 IV's understanding that in the Cases Apple contends that its license with IV to the Patents
18 extends via so-called "combination" rights to allegedly infringing activities of the Defendants.
19 Lodsys disagrees. Purportedly because of this dispute, the Parties in the Cases subpoenaed IV to
20 ostensibly shed light on the Apple/IV license. However, Lodsys does not plan to ask Dr.
21 Myhrvold any questions about IV's license with Apple, the license at issue in the Cases. Instead,
22 Lodsys now attempts to use its subpoena to obtain inadmissible and irrelevant parole evidence
23 about oral conversations between nonparties regarding the scope of IV's license with nonparty
24 Microsoft.

1 IV has made it clear in discovery, and informally, that IV's view is that the question of
2 whether or not Apple's App developers are covered by Apple's license to the Patents is not
3 specifically addressed by the language of IV's license to Apple; rather it is a matter of patent
4 law, specifically whether the doctrines of implied license and patent exhaustion as applied to the
5 specific claims at issue provide rights to the named Defendants who are Apple App developers.
6 The applicability of the doctrines of implied license and patent exhaustion in the Cases are
7 specific to the Apple/IV license, fact-specific with respect to the interoperation of Apples iTunes
8 store and the accused Apple products, and claim-specific to the asserted claims as they have been
9 interpreted by the Court. Whether the doctrines of implied license or patent exhaustion apply in
10 the Cases as to the accused products under the asserted claims is not dependent on the lay
11 opinions of IV or its CEO.

12 B. Procedural Posture

13 On October 25, 2012, Lodsyst issued a document subpoena, a 30(b)(6) deposition
14 subpoena for IV, and a deposition subpoena for Dr. Myhrvold. (Ward Decl., Exs. 2-4) In an
15 effort to obviate the need for Dr. Myhrvold's deposition, IV made four separate productions of
16 documents to Lodsyst. IV also agreed to a 30(b)(6) deposition of its co-Founder and
17 Vice-Chairman Peter Detkin. Mr. Detkin was personally involved in negotiating the
18 Microsoft/IV license. Before assuming a business role, Mr. Detkin was also a patent attorney by
19 background, he was a partner at Wilson, Sonsini, Goodrich and Rosati, and one of the most
20 senior attorneys in Intel's legal department. He is quite familiar with the legal issues at bar.
21 Mr. Detkin was permitted to be deposed at length; no time limits or subject matter limits were
22 imposed. The parties repeatedly agreed to reschedule Dr. Myhrvold's deposition, subject to
23 Dr. Myhrvold preserving his right to move for a protective order should such a deposition ever
24 proceed. (Ward Decl. at ¶ 6) On March 21, 2013, Electronic Arts issued a deposition subpoena
25 for Dr. Myhrvold to preserve their right to ask questions at Lodsyst's scheduled deposition. (Ward
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1 Decl., Ex. 7) On June 5, 2013, Lodsys and Electronic Arts entered good faith negotiations to
2 reschedule Dr. Myhrvold's deposition from June 18, 2013 to July 26, 2013. (Ward Decl. at
3 ¶¶ 10-11) Lodsys agreed to such an extension. Electronic Arts engaged in daily meet-and-confer
4 discussions with Dr. Myhrvold's counsel until the close of business on June 11, 2013, when they
5 informed Dr. Myhrvold's counsel that Electronic Arts would oppose any motion to reschedule
6 the deposition. (Ward Decl. at ¶ 11) As a result, Dr. Myhrvold was unable to file this motion
7 more in advance of the scheduled deposition date. As part of the good faith negotiations, Lodsys
8 and Electronic Arts agreed not to oppose the timing of Dr. Myhrvold's motion. (Ward Decl.
9 at ¶ 12) Lodsys and Electronic Arts have also agreed not to pursue Dr. Myhrvold's deposition
10 pending the resolution of this motion. (Ward Decl. at ¶ 15)

11 III. LEGAL BACKGROUND

12 This Court has the authority to issue protective orders to prevent improper discovery.
13 *See McDowell v. Calderon*, 197 F.3d 1253, 1256 (9th Cir. 1999). "Discovery may be improper if
14 it is 'unreasonably cumulative or duplicative,' can be obtained from a more convenient source, or
15 if its burden cannot be justified in view of the likely benefit." *Kelly v. Microsoft Corp.*, 2008 WL
16 5000278, *1 (W.D. Wash. Nov. 21, 2008) (citing Fed. R. Civ. P. 26(b)(2)(C)) (granting limited
17 deposition of apex officer where his company was a party to the action and he had unique
18 knowledge of facts directly relevant to the challenged action). The Western District of
19 Washington recognizes a higher burden for taking the deposition of an "apex" executive. *Id.* In
20 determining whether such a deposition is justified, a court considers whether the party seeking
21 the deposition has met its burden in demonstrating that an individual has "relevant, unique
22 personal knowledge of relevant facts" and "whether the testimony sought will be unreasonably
23 duplicative." *Id.* The Court may prevent a deposition from taking place where plaintiff cannot
24 establish "a nexus between any statement by the CEO and the challenged corporate action." *Id.*
25 (citing *Reif v. CNA*, 248 F.R.D. 448, 454 (E.D. Pa. 2008)). Moreover, "the fact of nonparty status
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1 may be considered by the court in weighing the burdens imposed in the circumstances.” *Katz*
2 *v. Batavia Marine & Sporting Supplies, Inc.*, 984 F.2d 422, 424 (Fed. Cir. 1993); *see also*
3 *Wapato Heritage, LLC v. Evans*, CV-07-0314-EFS, 2009 WL 720956 (E.D. Wash. Mar. 17,
4 2009) (“Rule 45(c)(1) requires the Court to protect persons subject to a subpoena *duces tecum*
5 from undue burden or expense. This duty is at its apex where non-parties are subpoenaed.”);
6 *Moore v. Weinstein Co., LLC*, 3:09-CV-166, 2011 WL 2746247, *3 (M.D. Tenn. July 12, 2011)
7 (“the ‘apex doctrine’ has been used to shield high-level corporate officials from unnecessary or
8 burdensome depositions, especially for non-parties”).

9 IV. ARGUMENT

10 Lodsys’ counsel has represented that there are three reasons why a deposition of
11 Dr. Myhrvold is necessary. First, Lodsys contends the email with beginning Bates
12 IV-LODSYS000347 was sent from Dr. Myhrvold’s email account and Lodsys should be allowed
13 to question him about this email. Second, Lodsys claims a deposition of Dr. Myhrvold is
14 necessary to ask him about conversations he had with Bill Gates regarding the scope of nonparty
15 Microsoft’s license with IV. Third, Lodsys claims that it can ask Dr. Myhrvold about the
16 acquisition of the Patents, because such a deal would have required Dr. Myhrvold’s approval.
17 (Ward Decl. at ¶ 9) None of these reasons justifies Dr. Myhrvold’s deposition. IV has already
18 provided multiple document productions and it has provided a Rule 30(b)(6) deposition of Peter
19 Detkin, a co-founder of IV, with knowledge about all issues relevant to the Cases. All of Lodsys’
20 questions should have been asked at IV’s 30(b)(6) deposition or are other otherwise irrelevant.

21 A. EMAIL FROM DR. MYHRVOLD’S ACCOUNT

22 Lodsys claims Dr. Myhrvold’s deposition is necessary so it may question him about the
23 email with beginning Bates IV-LODSYS000347 that was sent from his email account to Bill
24 Gates and other Microsoft employees. Lodsys has represented that it is particularly interested in
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1 the second section of that email dealing with “combinations.” However, Lodslys already
2 extensively questioned IV’s Rule 30(b)(6) designee, Peter Detkin, about this email. Mr. Detkin
3 informed Lodslys that the relevant section on “combinations” was actually drafted primarily by
4 him and another attorney, not Dr. Myhrvold. (Ward Decl., Ex. 11 (Detkin Depo.) at 45:13-46:5,
5 62:9-19) Mr. Detkin also testified for nearly an hour about the content of this document. Any
6 questions about this section were properly directed to Mr. Detkin, and Lodslys has not met its
7 burden in demonstrating Dr. Myhrvold is likely to have “unique personal knowledge of relevant
8 facts” relating to this document. *See Kelly v. Microsoft Corp.*, 2008 WL 5000278, at *1. Lodslys’
9 failure to exhaust this questioning with Mr. Detkin cannot be the basis for a deposition of IV’s
10 CEO.

11 B. DR. MYHRVOLD’S ALLEGED CONVERSATIONS WITH NONPARTY BILL
12 GATES

13 Lodslys further claims a deposition of Dr. Myhrvold is necessary to ask him about oral
14 conversations he had with nonparty Bill Gates regarding the scope of nonparty Microsoft’s
15 license with IV. As an initial matter, Lodslys has produced no evidence that any such
16 conversations ever took place. None of the emails produced by IV suggest that Dr. Myhrvold had
17 any oral conversations with Mr. Gates regarding the scope of Microsoft’s license. Lodslys has not
18 met its burden in demonstrating Dr. Myhrvold is likely to have any knowledge of these issues, let
19 alone “unique personal knowledge of relevant facts.” *See Kelly v. Microsoft Corp.*, 2008 WL
20 5000278, at *1. Moreover, these alleged conversations are completely irrelevant. The only
21 license at issue in the Cases is between Apple and IV. Microsoft is not a party to the Cases and
22 its license is completely irrelevant. Conversations between two nonparties about a license not at
23 issue are parole evidence and should be excluded from evidence by this Court. *See Reif v. CNA*,
24 248 F.R.D. at 454 (preventing an “apex” deposition when there was no nexus between the
25 deponent’s knowledge and the issues in the case).
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1 Additionally, IV has already testified that the scope of its license with its licensees
2 (including Apple and nonparty Microsoft) to their downstream customers is determined by the
3 doctrines of implied license and patent exhaustion. (Ward Decl., Ex. 11 (Detkin Depo.)
4 at 27:24-28:4) Dr. Myhrvold's conversations with a nonparty are completely irrelevant to the
5 application of these doctrines. In fact, Mr. Detkin testified that IV chooses not to define the
6 scope of "combination" rights in its licenses but instead to rely on common law. *Id.* Lodsys
7 ignores this clear testimony and insists that nonparty conversations between Dr. Myhrvold and
8 Bill Gates about IV's license with Microsoft—a license that is NOT at issue—will somehow
9 usurp the relevant contract between IV and Apple or the sworn testimony of IV's
10 30(b)(6) deponent. Such information is not relevant, nor does it justify the high burden implicit
11 in deposing Dr. Myhrvold. *See* Fed. R. Civ. P. 26(b)(1), (b)(2)(C)(iii).

12 C. DR. MYHRVOLD'S APPROVAL

13 Finally, Lodsys claims that the deposition of Dr. Myhrvold is necessary because
14 Dr. Myhrvold's approval would have been required for the purchase of the Patents. The purchase
15 of the Patents by IV is not in dispute in this case, and even if it was it does not justify a
16 deposition of IV's CEO. Dr. Myhrvold is not the only IV employee with information about the
17 acquisition of the Patents. In fact, Mr. Detkin has already testified extensively about the
18 acquisition and sale of the patents. (Ward Decl., Ex. 11 (Detkin Depo.) at 122:10-124:5 (due
19 diligence), 157:21-159:18 (acquisition of the Patents), 160:19-163:6 (sale of the Patents to
20 Webvention)) Mr. Detkin has also testified that he played a significant role in relevant
21 decision-making, and such decisions were not made by Dr. Myhrvold alone. *Id.* at 15:13-20.
22 Lodsys has not met its burden in demonstrating Dr. Myhrvold is likely to have "unique personal
23 knowledge of relevant facts" relating to the acquisition of the Patents. *See Kelly v. Microsoft*
24 *Corp.*, 2008 WL 5000278, at *1. Once again, the fact that Lodsys failed to exhaust its questions
25 on this topic cannot be the basis for a deposition of IV's CEO.
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V. CONCLUSION

1 A deposition of IV's CEO, Dr. Myhrvold, is not justified in these Cases. Lodsys has
2 failed to demonstrate the Dr. Myhrvold has relevant knowledge that would justify his deposition.
3 Lodsys has also failed to exhaust other available and less-burdensome means of discovery. It
4 should not now be allowed to depose IV's CEO on issues that are irrelevant to the Cases. Any
5 legitimate questions either were or should have been directed to the deposition of IV's
6 Rule 30(b)(6) deponent Mr. Detkin. For the foregoing reasons, Dr. Myhrvold respectfully
7 requests that the Court issue a Protective Order precluding Dr. Myhrvold's deposition.

8 RESPECTFULLY SUBMITTED this 14th day of June, 2013.

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25 **CR 26(c) CERTIFICATION OF MOVANT**

26 Counsel for the movant certifies the movant has in good faith conferred with other
affected parties in an effort to resolve the dispute without court action in accordance with the
attached declaration.

s/ Ryan Ward (*Pro Hac Vice Pending*)

CERTIFICATE OF SERVICE

I certify that on June 14, 2013, the foregoing was served via email and hand delivery to:

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I certify that on June 14, 2013, the foregoing was served via email and overnight mail to:

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s/Caitlin Blazier Kavanagh

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