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15 **UNITED STATES DISTRICT COURT**
16 **SOUTHERN DISTRICT OF CALIFORNIA**

18 QUALCOMM INCORPORATED,

19 Plaintiff,

20 vs.

21 BROADCOM CORPORATION,

22 Defendant.

23 and RELATED COUNTERCLAIMS.
24

CASE NO. 05CV1958-B (BLM)

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF THE
HELLER ATTORNEYS' MOTION FOR
AN ORDER DETERMINING THAT THE
FEDERAL COMMON LAW SELF-
DEFENSE EXCEPTION TO
DISCLOSING PRIVILEGED AND/OR
CONFIDENTIAL INFORMATION
APPLIES TO THE HELLER
ATTORNEYS' RESPONSE TO THE
ORDER TO SHOW CAUSE**

Date: September 28, 2007
Time: 10:30 a.m.
Courtroom: A
Judge: The Hon. Barbara L. Major

1 **1. INTRODUCTION**

2 On August 13, 2007, this Court issued its Order to Show Cause Why Sanctions Should Not
3 Be Imposed (the "OSC") directed to, among others, six HellerEhrman LLP ("Heller") attorneys.¹
4 This is a Motion by these six attorneys for an Order determining that the federal common law self-
5 defense exception to disclosing confidential and/or privileged information applies to their response
6 to the OSC, such that these Heller attorneys can submit all information arising from their
7 representation of Qualcomm that is reasonably necessary to respond to the OSC. The purpose of
8 this Motion is to ensure that there are no barriers to providing this Court with the evidence that
9 would make clear what the Heller attorneys did and did not do, evidence that this Court has been
10 asking for since the sanctions hearing on July 26.

11 The six attorneys are preparing declarations responsive to the OSC that detail the salient
12 facts for the Court. There is a significant legal issue, however, facing the Heller attorneys. To
13 fully and completely respond to the OSC, the Heller attorneys need to disclose attorney-client,
14 work product, and/or potentially confidential information arising from Heller's representation of
15 Qualcomm. In addition to the attorney-client privilege and work product doctrine, California
16 Business & Professions Code § 6068(e) ("B&P § 6068") provides that "[i]t is the duty of an
17 attorney to . . . maintain inviolate the confidence, and at every peril to himself or herself to
18 preserve the secrets, of his or her client."

19 Qualcomm, as the client, can consent to the Heller attorneys disclosing confidential and/or
20 privileged information, including confidential information otherwise protected by B&P § 6068.
21 *See, e.g.*, California Rule of Professional Conduct 3-100(A). The Heller attorneys asked for
22 Qualcomm's consent to permit the Heller attorneys to disclose confidential and privileged
23 information, including information potentially covered by B&P § 6068, in responding to the OSC.
24 But Heller and Qualcomm were not able to reach an agreement about such consent. Thus, the

25 _____
26 ¹ These six attorneys are the five named in the OSC (David E. Kleinfeld, Barry J. Tucker, Stanley
27 Young, Jaideep Venkatesan, and Kyle S. Robertson) and one additional attorney who signed a single
28 discovery response (Heidi M. Gutierrez).

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1 attorney-client privilege, work product doctrine, and B&P § 6068 potentially impose serious
2 constraints on the Heller attorneys' ability to respond to the OSC.

3 As discussed more fully below, the self-defense exception to disclosing otherwise
4 confidential and/or privileged information – an exception recognized in federal common law and
5 the ABA's Model Rules – applies and permits these six attorneys to provide this Court with an
6 appropriately full and complete response to its OSC. There are two grounds on which the Court
7 should find that the federally recognized self-defense exception applies to the OSC.

8 First, federal common law recognizes a self-defense exception to disclosing confidential
9 and/or privileged information where the attorney's own conduct is at issue, a condition fully
10 applicable to the OSC. Federal common law applies to this action because this action raises
11 federal questions under federal patent law, which questions were then litigated in federal court.
12 Indeed, among other things, a federal court's discovery orders and federal discovery rules are at
13 issues in the OSC. The Court previously found that the discovery that was not produced was
14 relevant to a defense to Qualcomm's federal patent claim, and of course this Court has a
15 paramount interest in vindicating the integrity of federal discovery orders and trial processes in
16 this, a federal court. The Supremacy Clause dictates that, under these circumstances, the
17 paramount federal interest in ensuring that federal claims and defenses are fully and fairly litigated
18 in a federal court counsels in favor of applying the federal self-defense exception to the OSC
19 proceeding, rather than a facially inconsistent state statute or rule.

20 Second, even if state law were applicable here, this Court should find that due process
21 requires recognition of the self-defense exception. Of note, two California Court of Appeal
22 decisions recognize that, if a client refuses to consent to the disclosure of information otherwise
23 privileged under B&P § 6068, an action brought by a third party against counsel should be
24 dismissed on due process grounds. *See, Solin v. O'Melveny & Myers, LLP*, 89 Cal. App. 4th 451,
25 466 (2001) and *McDermott, Will & Emery v. Super. Ct.*, 83 Cal. App. 4th 378, 385 (2000). But
26 the Heller attorneys do not seek dismissal of the OSC as their preferred remedy. Rather, the
27 Heller attorneys believe that they have very compelling exonerating evidence about their role or
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1 non-role in the events giving rise to the OSC. Given the rulings in the proceedings to date and the
2 accompanying publicity, the Heller attorneys seek public vindication, which can come only after a
3 full and complete response to this Court's OSC, not through dismissal.²

4 The Heller attorneys respectfully request that this Court make clear that this proceeding is
5 governed by the self-defense exception and that counsel can and should provide this Court with a
6 full and complete response to its OSC.

7 **2. FACTUAL BACKGROUND**

8 **A. The July 26 Sanctions Hearing.**

9 During the July 26, 2007 sanctions hearing, this Court pressed for evidence that would
10 illuminate the circumstances surrounding Qualcomm's failure to provide certain discovery and its
11 representations before and during trial that such discovery did not exist.

12 As the transcript of the July 26 hearing makes clear, the Court heard references by
13 defendant Broadcom's counsel to actions taken and not taken by Qualcomm's counsel. The Court
14 then repeatedly asked new counsel for Qualcomm for evidence that would explain what happened
15 before and at trial:

- 16 • “[W]hat evidence do you base that on?”;
- 17 • “I don’t have any evidence in front of [me] on this. I have your statements. But I
18 don’t have any evidence in front of me. . . . All I know from the record is
19 Qualcomm had a large number of lawyers working on this case, and . . . these
20 documents were hidden for 24 days”;
- 21 • “[A]ll I have is a letter written after the fact by a lawyer”;
- 22 • “I have no evidence . . . What I have is your representation . . . I’m just saying it’s
23 not evidence.”;
- 24 • “[W]ith no declarations or evidence in front of me, I think the evidence that’s in the
25 record does lend itself to a finding that Qualcomm either intentionally withheld or
26 intentionally failed to produce, . . . or they were grossly negligent”;

26 ² In this regard, the moving parties ask that the declarations and any other material filed on
27 September 21 be kept under seal only until such time as this Court rules on this motion.

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- 1 • "[A]ll of that together with the lack of any declarations indicating how this
- 2 happened in any other way . . . does support an inference that this was . . .
- 3 intentional or certainly grossly negligent"; and
- 4 • "[W]hat I'm trying to do is look just at the evidence that's in front of me"³
- 5 *Id.* at 70:13; 81:1-20; 95:15-17; 99:14-16; 106:17-23; 168:3-7; and at 174:18-20. (See Notice of
- 6 Lodgment ("NOL"), Exhibit 12.)

7 When the Court then focused on "who should those sanctions be against, Qualcomm, an

8 individual attorney, firms," counsel for Qualcomm acknowledged, "I don't speak for the lawyers

9 that worked for Qualcomm back at the time. I'm not here representing them." *Id.* at 182:24-25,

10 183:5-7. (See NOL:12) On that point, the Heller attorneys agree. They have not been heard from

11 by this Court, and they now face a grave threat to their professional lives – sanctions by a United

12 States District Court.

13 The Heller attorneys bring this Motion now to ensure that their response to the Court's

14 OSC gives this Court a sound evidentiary basis for vindicating the processes of the Court, and for

15 evaluating the propriety of sanctions against these attorneys.

16 **B. The Issue of the Possible Application of B&P § 6068.**

17 Each Heller attorney is prepared to demonstrate that, not only did he or she act in good

18 faith, but with appropriate care and consideration of counsel's responsibilities to the Court. But

19 they are faced with the possible application of B&P § 6068, which has been construed in at least

20 some California Bar Opinions and case *dicta* to impose severe constraints on an attorney's ability

21 to disclose information arising from a professional representation, whatever the source and

22 regardless of whether the information is privileged under Federal Rule of Evidence 501 or

23 California Evidence Code § 952.

24 ³ Among the letters that were put before the Court was a letter sent by counsel for Broadcom on

25 February 7, 2007, reciting a statement by Day Casebeer that, *at the time that Mr. Young of Heller Ehrman*

26 *made his sidebar statement to the Court on January 18, he did not know about the existence of the 21*

27 *Raveendran emails*. The Heller attorneys, including Mr. Young, seek leave to provide the Court with

28 admissible evidence on this and related subjects that will address the reasonable basis for the statements

they made to the Court.

1 As noted, the Heller attorneys sought Qualcomm's consent to disclose certain potentially
 2 confidential and/or privileged information to this Court, but the parties could not reach an
 3 agreement about such consent. As a result, these six attorneys are faced with the prospect that, by
 4 explaining the very facts and circumstances called for by the OSC, a court or disciplinary body
 5 would find that they violated their statutory obligations as members of the California Bar.

6 A recent ethics opinion of the Los Angeles County Bar Association suggests that when
 7 faced with this quandary, the appropriate course is for counsel to seek relief from the Court. *See*
 8 Los Angeles County Bar Ass'n, Formal Op. No. 519 (2007). (See NOL:9) The Heller attorneys
 9 thus seek an Order from this Court confirming that the federal common law self-defense exception
 10 to disclosing confidential and/or privilege information applies to the OSC (and thus B&P § 6068
 11 does not apply to the OSC), such that the Heller attorneys can provide the Court with a full and
 12 complete response to the OSC.⁴

13 **3. ABSENT CLIENT CONSENT OR COURT ORDER,**
 14 **B&P § 6068 MAY IMPOSE AN OBLIGATION TO MAINTAIN**
 15 **QUALCOMM'S CONFIDENCES AND "SECRETS"**

16 B&P § 6068(e)(1) provides that "It is the duty of an attorney: . . . to maintain inviolate the
 17 confidence, and at every peril to himself or herself to preserve the secrets, of his or her client."
 18 This statutory provision has been incorporated into the California Rules of Professional Conduct
 19 and, along with other ethics rules, adopted by this Court. *See*, S.D. Cal. CivLR 83.4(b) (See
 20 NOL:11); Cal. Rule Prof. Conduct R. 3-100(A) (See NOL:1) ("A member shall not reveal
 21 information protected from disclosure by Business and Professions Code section 6068,
 22 subdivision (e)(1) without the informed consent of the client . . .").

24 ⁴ The Bar Opinion, citing California Court of Appeal authority, suggests that, in the absence of
 25 such relief, due process would require dismissal of any claim or proceeding against counsel. *Id.* at 16 n.24
 26 (citing *Solin, supra*, 89 Cal. App. 4th at 466 and *McDermott, Will & Emery, supra*, 83 Cal. App. 4th at
 27 385). But, as noted above, the Heller attorneys do not believe that this Court needs to reach the dismissal
 28 issue at this point. The Heller attorneys are only asking this Court for an order allowing them to disclose
 all relevant information to the Court pursuant to the federally recognized self-defense exception.

1 **A. The Potential Sweep of B&P § 6068 Is Broad.**

2 At least according to some Bar opinions and case *dicta*, the range of information protected
3 by B&P § 6068 is quite broad: it is “the most strongly worded duty binding on a California
4 attorney.” *In re Johnson*, Nos. 96-O-05705, 96-O-06741, 96-O-08238, 97-H-15619, 98-H-00216,
5 97-O-11791, 2000 WL 1682427, at *10 (Cal. Bar Ct. Oct. 26, 2000) (See NOL:3). “This ethical
6 duty of confidentiality is much broader in scope and covers communications that would not be
7 protected under the evidentiary attorney-client privilege.” *Id.*; accord *Value Prop. Trust v. Zim*
8 *Co. (In re Mortgage & Realty Trust)*, 195 B.R. 740, 752 n.12 (Bankr. C.D. Cal. 1996). By
9 including the phrase “secrets,” B&P § 6068 mirrors ABA Disciplinary Rule 4-101(A), which
10 encompasses “all . . . information gained in the professional relationship that the client has
11 requested to be held inviolate or the disclosure of which would be embarrassing or would be likely
12 to be detrimental to the party to whom the fiduciary duty was owing.” *See*, Los Angeles County
13 Bar Ass’n, Formal Op. No. 498 (1999). (See NOL:8) The information protected by B&P § 6068
14 reaches to facts that are available to the public and information that may be known to others. *In*
15 *Re Johnson*, 2000 WL 1682427, at *10 (See NOL:3); *see also*, Los Angeles County Bar Ass’n,
16 Formal Op. No. 386 (1980) at 5. (See NOL:7) The Bar has also cautioned that the duty imposed
17 by B&P § 6068 is not limited to information obtained directly from the client. *See*, Los Angeles
18 County Bar Ass’n, Formal Op. No. 519 at 8 n.3 (See NOL:9) (“[the duty] applies to information
19 relating to the representation, whatever its source.”).

20 **B. In State Court, There Appears To Be No Self-Defense Exception.**

21 It is not clear whether, in California *state* court, an attorney can invoke a self-defense
22 exception to B&P § 6068 when an individual or entity other than the *client* puts the attorney’s
23 conduct at issue. In fact, some California state courts have expressly stated that no self-defense
24 exception would apply in such circumstances. *See, McDermott, Will & Emery, supra*, 83 Cal.
25 App. 4th at 385; *Commercial Standard Title Co. v. Super. Ct.*, 92 Cal. App. 3d 934, 944-45
26 (1979); *Glade v. Super. Ct.*, 76 Cal. App. 3d 738, 745-47 (1978). Moreover, both the California
27 State Bar and the Los Angeles County Bar Association have issued formal opinions suggesting
28

1 that there is no self-defense exception in a state court proceeding. *See* Cal. State Bar Standing
 2 Comm. on Prof'l Responsibility & Conduct, Formal Op. No. 1997-151 (See NOL:2); Los Angeles
 3 County Bar Ass'n, Formal Op. No. 519 at 14 (See NOL:9) (declaring that, when sued by a third
 4 party and in the absence of client consent or judicial authorization, an attorney "may not disclose
 5 confidential client communications in aid of her defense").⁵

6 **C. Federal Law and the Model Rules Recognize a Self-Defense Exception.**

7 The Bar Opinions and case law construing B&P § 6068 stand in contrast with federal
 8 common law and treatise authority regarding the self-defense exception. *See Meyerhofer v.*
 9 *Empire Fire & Marine Ins. Co.*, 497 F.2d 1190, 1194-95 (2d Cir. 1974) (permitting attorney to
 10 reveal confidences necessary to defend against third-party action); *Grassmueck v. Ogden Murphy*
 11 *Wallace P.L.L.C.*, 213 F.R.D. 567, 572 (W.D. Wash. 2003) (allowing law firm to rely on self-
 12 defense doctrine to defend against claim of negligence and breach of fiduciary duty in connection
 13 with criminal acts by client); *Application of Friend*, 411 F. Supp. 776, 777 (S.D.N.Y. 1975)
 14 (granting attorney the right to disclose privileged documents to federal grand jury to support
 15 argument that he should not be indicted). The Model Rules also permit a lawyer to reveal client
 16 confidences in any civil, criminal or disciplinary proceeding where, as here, disclosure is
 17 necessary to defend against "an accusation of wrongful conduct." *See* Model Code of Prof'l
 18 Responsibility DR 4-101(c)(4) (See NOL:4); Model Rule 1.6(b) & cmt. 10 (same) (See NOL:5);⁶
 19 *see also* Restatement Third, The Law Governing Lawyers § 64 (providing for a self-defense

20 _____
 21 ⁵ While the California Evidence Code contains a self-defense exception to the attorney-client
 22 privilege, *see* Cal. Evid. Code § 958, its scope appears to be limited to issues of a breach of duty "arising
 23 out of the lawyer-client relationship," and California Bar authorities have questioned the exception's
 24 continued validity in the face of B&P § 6068(e) and Rule 3-100(A) of the California Rules of Professional
 25 Conduct. *See* Los Angeles County Bar Ass'n, Formal Op. 519 (2007) at 8-9, 14 (recognizing the existence
 of California Evidence Code § 958, but questioning its import because "this self-defense exception is not
 recognized in section 6068(e)" and concluding that it applies only where the client challenges the lawyer's
 competence or integrity) (See NOL:9); *see also* Cal. State Bar Standing Comm. on Prof'l Responsibility &
 Conduct, Formal Op. No. 1997-151, 1997 WL 414138, at *4 (same) (See NOL:2).

26 ⁶ The self-defense exception articulated in DR 4-101(C)(4) of the Model Code of Professional
 27 Responsibility was carried forward into the new Model Rules. *See* Model Rules of Prof'l Conduct R.
 1.6(b). (See NOL:5)

1 exception similar to Model Rule 1.6, under which an attorney may reveal confidential information
 2 to defend a charge *by any person* that the attorney acted wrongfully in the course of representing a
 3 client) (See NOL:10); Charles W. Wolfram, *Modern Legal Ethics* 309 (West 1986) (See NOL:13)
 4 (“A lawyer can disclose confidential information to defend against charges of improper lawyer
 5 conduct made by third parties.”).

6 As Opinion No. 519 points out, in federal court, there is well-reasoned authority finding
 7 that B&P § 6068 does not apply where (as here) the court’s subject-matter jurisdiction arises from
 8 a federal question. *See In re Nat’l Mortgage Equity Corp. Pool Certificates Sec. Litig.*, 120
 9 F.R.D. 687 (C.D. Cal. 1988). In *National Mortgage*, a law firm and its client were charged by
 10 third parties with federal securities fraud arising out of a program to sell mortgage-backed
 11 certificates. *Id.* at 689. During discovery, the law firm informed the client that it intended to
 12 disclose privileged communications under the self-defense exception to the attorney-client
 13 privilege, prompting the client to move for a protective order prohibiting production of the
 14 communications. *Id.* at 690. Even though the relevant local rules required compliance with the
 15 standards of professional conduct of the California State Bar, the court authorized the law firm to
 16 use the privileged information by way of self-defense. *Id.* at 690–91 & n.5 (emphasis added).

17 **D. This Court Can Authorize Full Disclosure.**

18 The Los Angeles County Bar Association has advised that “a California lawyer cannot
 19 voluntarily extend the scope of an exception to the ancient common law rule that an attorney must
 20 not disclose his client’s confidences, in the absence of any indication by our courts that [B&P
 21 § 6068(e)] will be construed as subject to an exception.” Los Angeles County Bar Ass’n, Formal
 22 Op. 264 (1959) (See NOL:6). After considering the dilemma facing counsel in circumstances
 23 such as these, the Los Angeles County Bar Association recently advised that counsel in the
 24 position of the Heller attorneys should petition the court where the relevant matter is pending,
 25 seeking an order expressly authorizing counsel to disclose all relevant facts. *See* Los Angeles
 26 County Bar Ass’n, Formal Op. 519 at 14 (See NOL:9). The Opinion concluded that “an attorney
 27 should not make any disclosure of confidential information unless and until securing court
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-3387

1 authorization.” *Id.* at 14 n.18. The Opinion added that “disclosures made pursuant to leave of
2 court would not be grounds for discipline.” *Id.* at 14.

3 The Heller attorneys are eager to provide the Court with the evidence about their
4 involvement (or lack thereof) in the events in question, and desire through such evidence to dispel
5 any notion that they acted in bad faith or with gross negligence or “blindly” in any respect. That
6 evidence includes information gained in the course of the professional representation of
7 Qualcomm (some from the client and some from Day Casebeer), much of which may fall within
8 the scope of B&P § 6068, if this issue were governed by state law. The six moving parties will be
9 providing, among other things, evidence relating to the following:

- 10 • Which counsel assumed responsibility for preparing the complaint and prosecuting
the liability claims;
- 11 • Which counsel assumed responsibility for responding to Broadcom’s written
12 discovery requests;
- 13 • Which counsel assumed responsibility for witness interviews and the gathering of
documents specific to those witnesses.
- 14 • Which counsel assumed responsibility for document searches and production, and
15 determining what should be withheld.
- 16 • Which counsel assumed responsibility for preparing the witnesses whose
deposition testimony has been called into question;
- 17 • Statements made to Heller attorneys regarding discovery matters upon which the
18 Heller attorneys relied in their work before the Court;
- 19 • The basis upon which Heller attorneys made representations in written and oral
arguments to the Court;
- 20 • The circumstances surrounding the January 18 sidebar conference, including
21 whether any of the Heller attorneys had any knowledge about the existence of e-
mails that were first revealed in open court on January 24; and
- 22 • The conduct of the post-verdict document search.

23
24 A full record will ensure that the Court can consider and vindicate the critical interests at
25 stake for the moving parties as well as for the Court.

26 ///

27 ///

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1 **4. FEDERAL LAW, INCLUDING THE SELF-DEFENSE**
 2 **EXCEPTION APPLIES HERE; B&P § 6068 DOES NOT**

3 **A. Federal Law Governs Because of the Federal Interests At Stake.**

4 **1. The Discovery At Issue Related to a Federal Claim and Defense.**

5 This Court's subject-matter jurisdiction arises from the federal questions presented here.
 6 The District Court made findings that suggested that Qualcomm had improperly prosecuted a
 7 federal patent infringement claim and suppressed evidence related to a defense – waiver and the
 8 *Rambus* doctrine – arising under federal patent law. Under the Supremacy Clause, this Court
 9 should seek to vindicate the principle that federal patent law requires that federal patent cases be
 10 fully and fairly adjudicated; the sanctions proceeding before the Court itself implicates important
 11 questions of federal patent law and federal patent litigation. Accordingly, this Court should find
 12 that the interest in enforcing federal patent law requires the application of the federal self-defense
 13 exception.

14 In *National Mortgage*, the federal court relied on the federal common law of privilege
 15 (including the guidance provided by the Model Rules), rather than B&P § 6068, in recognizing a
 16 self-defense exception in a federal question case. While the California Rules of Professional
 17 Conduct had not yet incorporated a provision parallel to B&P § 6068 at the time *National*
 18 *Mortgage* was decided, the subsequent adoption of Rule 3-100(A) should not change the result.
 19 This proceeding presents an even stronger case for applying the federal common law of privilege,
 20 as here the Court has already found that the alleged wrongdoing by the plaintiff implicated an
 21 important principle of substantive federal law (the waiver defense and the *Rambus* issues).

22 The Ninth Circuit has held that federal common law governs questions of privilege in
 23 cases involving federal claims. *See Agster v. Maricopa*, 422 F.3d 836, 839 (9th Cir. 2005); *see*
 24 *also United States v. Blackman*, 72 F.3d 1418, 1424 (9th Cir. 1995) (applying federal law of
 25 privilege to case involving federal prosecution, notwithstanding limitations imposed by state law
 26 on dissemination of client secrets). Where federal patent law is at issue, the Supremacy Clause
 27 requires preemption of conflicting state ethics rules. In *Sperry v. Florida*, 373 U.S. 379 (1963),
 28

1 the Supreme Court held that Florida ethics rules prohibiting the practice of law by non-lawyers
 2 must yield to federal regulations permitting non-attorneys to practice before the patent office.
 3 Here, where the issues raised by Judge Brewster in the Court's Order Finding Waiver and by this
 4 Court in the July 26 hearing all surround the prosecution and defense of federal patent claims, the
 5 self-defense exception favored by federal common law should apply.

6 To be sure, the Local Rules require compliance with the California Rules of Professional
 7 Conduct, including Rule 3-100(A) (which references B&P § 6068). The California Rules are not,
 8 however, dispositive of the issues of privilege and the Court's inherent authority implicated here.
 9 Indeed, Southern District Local Rule 83.4, unlike the Central District local rule at issue in
 10 *National Mortgage*, explicitly incorporates the ABA's Model Rules in addition to the California
 11 ethics rules. *See* S.D. Cal. CivLR 83.4(b) (See NOL:11). The Model Rules expressly permit a
 12 lawyer to reveal client confidences where, as here, disclosure is necessary to defend against "an
 13 accusation of wrongful conduct." Model Code of Prof'l Responsibility DR 4-101(C)(4) (See
 14 NOL:4). As in *National Mortgage*, and as contemplated by Local Rule 83.4, this Court should
 15 harmonize the ethical codes applicable in this Court to find the federal common law self-defense
 16 exception applies here.

17 **2. This Court Should Apply Federal Law Because a Federal Court's**
 18 **Discovery Orders Are At Issue.**

19 Not only should the Court choose federal law because of the paramount importance of
 20 ensuring that federal patent claims and defenses are fully litigated, but the state statute must yield
 21 to this Court's equitable powers to fashion a remedy for violation of the *federal* discovery rules.
 22 Federal Rule of Civil Procedure 37 provides that where sanctions are warranted, the Court where
 23 the action is pending "may make such orders . . . as are just." *See* Fed. R. Civ. P. 37(b)(2).

24 Judge Brewster found that a misuse of the litigation process affected federal claims, federal
 25 defenses, and, most important, the processes of this Court. States cannot "by local statute or local
 26 policy obstruct the conduct of business in the federal courts." *Spanos v. Skouras Theatres Corp.*,
 27 235 F. Supp. 1, 13 (S.D.N.Y. 1964) (holding that, despite a New York state rule to the contrary,
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-3387

1 an attorney not admitted in New York could recover attorneys’ fees in federal district court,
2 because to hold otherwise “could effectively close down the national tribunals of justice”).

3 Considering the profound federal interests at stake, this Court should not have its hands
4 tied by a state statute in attempting to get to the bottom of this matter, which implicates both
5 federal patent law and the Court’s inherent authority.

6 **B. Due Process Requires Recognition of the Self-Defense Exception.**

7 Nor would it be consistent with due process of law to require an attorney to respond to
8 serious charges of professional impropriety without access to the evidence necessary to mount a
9 complete defense.

10 The Court’s OSC calls for the moving parties and other OSC respondents to provide the
11 “evidence” that this Court asked for and did not receive on July 26, which as applicable here will
12 address the Court’s specific interest in how and why the Heller attorneys made the statements they
13 made, signed the pleadings they signed, and otherwise conducted themselves as they did before
14 this Court. The Heller attorneys have sought Qualcomm's consent to disclose all information
15 necessary to respond to the OSC, but were unable to come to an agreement about such consent.

16 Due process of law requires that the Heller attorneys be able to fully and fairly defend the
17 threat of sanctions from this Court, which they cannot do absent a finding that the federal common
18 law self-defense exception –and not B&P § 6068 – applies to the OSC.

19 In *McDermott, Will & Emery, supra*, the defendant law firm served as outside counsel to
20 Memorial Healthcare Systems (“Memorial”). 83 Cal. App. 4th at 381. A discrete group of
21 Memorial shareholders – in other words, a group that was not the law firm’s client – brought a
22 derivative suit against the firm, alleging legal malpractice. *Id.* The court “simply [could not]
23 conceive how an attorney [was] to mount a defense . . . where, by the very nature of such an
24 action, the attorney [was] foreclosed, in the absence of any waiver by the corporation, from
25 disclosing the very communications which are alleged to constitute a breach of that duty.” *Id.* at
26 385.

27
28

1 Similarly, in *Solin, supra*, the court found that it was “fundamentally unfair” for a law firm
 2 to have to defend against a legal malpractice charge brought by a third party where part of its
 3 defense involved confidential information it statutorily could not disclose. *Solin*, 89 Cal. App. 4th
 4 at 463.

5 *McDermott* and *Solin* arose in the context of a third party action against an attorney. But
 6 the same rationale applies here. The Heller attorneys cannot adequately respond to the OSC
 7 without client consent or judicial authorization. That consent has not been obtained, forcing the
 8 six attorneys to seek Court authorization to disclose the information necessary to respond to the
 9 OSC. *Cf. Luke v. Baldwin-United Corp.*, 167 Cal. App. 3d 664, 670 (1985) (reversing order for
 10 sanctions because “[w]ithout invading the attorney-client privilege, we have no available means of
 11 determining whether it was the client or counsel who was responsible,” and holding that the
 12 “appropriate course of action is to impose the sanctions on the party,” who could later obtain
 13 appropriate relief from counsel in a later malpractice action (quoting *Custom Craft Carpets Inc. v.*
 14 *Miller*, 137 Cal. App. 3d 120, 123 (1982)).

15 Given the absence of controlling authority to the contrary and the compelling federal
 16 interests at stake, this Court can and should find that the self-defense exception recognized in the
 17 federal courts applies here (not B&P §6068), and that the Heller attorneys may provide a complete
 18 response to the OSC

19 **5. THIS COURT CAN CONDUCT AN *IN CAMERA* REVIEW**
 20 **OF THE HELLER ATTORNEYS' DECLARATIONS IN**
 21 **RULING ON THIS MOTION**

22 In its September 14, 2007, Order setting the hearing date and briefing schedule for this
 23 motion, this Court stated that the Heller attorneys' declarations filed in response to the OSC "will
 24 not be reviewed by the Court ... pending resolution of the privilege motion". September 14, Order
 25 at 2:21-23. It is worth noting that federal courts have the authority to conduct an *in camera*
 26 inspection of alleged confidential communications to determine whether any privileges apply.
 27 *See, e.g. Clark v. American Commerce Nat'l Bank*, 974 F.2d 127, 129 (9th Cir. 1992); *In Re:*
 28

1 *Grand Jury Witnesses* (Salas), 695 F.2d 359, 362 (9th Cir. 1982). Thus, this Court may conduct
2 an *in camera* review of the Heller attorneys' declarations in connection with ruling on this motion.

3 **6. CONCLUSION**

4 For the foregoing reasons, the Heller attorneys respectfully request that the Court find that
5 the federal common law self-defense exception (and not B&P § 6068) applies to the OSC, and
6 authorize the Heller attorneys to provide the Court with all otherwise confidential and/or
7 privileged information reasonably necessary to respond to the OSC.

8
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TABLE OF CONTENTS

	<u>Page</u>
1	
2	
3	
4	1. INTRODUCTION..... 1
5	2. FACTUAL BACKGROUND..... 3
6	A. The July 26 Sanctions Hearing..... 3
7	B. The Issue of the Possible Application of B&P § 6068..... 4
8	3. ABSENT CLIENT CONSENT OR COURT ORDER, B&P § 6068 MAY IMPOSE AN
9	OBLIGATION TO MAINTAIN QUALCOMM’S CONFIDENCES AND
10	“SECRETS” 5
11	A. The Potential Sweep of B&P § 6068 Is Broad..... 6
12	B. In State Court, There Appears To Be No Self-Defense Exception..... 6
13	C. Federal Law and the Model Rules Recognize a Self-Defense Exception..... 7
14	D. This Court Can Authorize Full Disclosure..... 8
15	4. FEDERAL LAW, INCLUDING THE SELF-DEFENSE EXCEPTION APPLIES
16	HERE; B&P § 6068 DOES NOT 10
17	A. Federal Law Governs Because of the Federal Interests At Stake..... 10
18	1. The Discovery At Issue Related to a Federal Claim and Defense..... 10
19	2. This Court Should Apply Federal Law Because a Federal Court’s
20	Discovery Orders Are At Issue. 11
21	B. Due Process Requires Recognition of the Self-Defense Exception..... 12
22	5. THIS COURT CAN CONDUCT AN <i>IN CAMERA</i> REVIEW OF THE HELLER
23	ATTORNEYS’ DECLARATIONS IN RULING ON THIS MOTION 13
24	6. CONCLUSION 14
25	
26	
27	
28	

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TABLE OF AUTHORITIES

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1

2

3

4 Agster v. Maricopa,
422 F.3d 836 (9th Cir. 2005)..... 10

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411 F. Supp. 776 (S.D.N.Y. 1975) 7

6

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974 F.2d 127 (9th Cir. 1992)..... 13

8 In Re: Grand Jury Witnesses (Salas),
695 F.2d 359 (9th Cir. 1982)..... 13

9

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213 F.R.D. 567 (W.D. Wash. 2003)..... 7

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195 B.R. 740 (Bankr. C.D. Cal. 1996) 6

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497 F.2d 1190 (2d Cir. 1974)..... 7

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120 F.R.D. 687 (C.D. Cal. 1988) 8, 9

15

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235 F. Supp. 1 (S.D.N.Y. 1964)..... 11

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373 U.S. 379 (1963) 10

18

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72 F.3d 1418 (9th Cir. 1995)..... 10

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20

21

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414138 (same) (See NOL:2)..... 7

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92 Cal. App. 3d 934 (1979) 6

24

25 Custom Craft Carpets Inc. v. Miller,
137 Cal. App. 3d 120 (1982)..... 13

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76 Cal. App. 3d 738 (1978) 6

27

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1	<u>In Re Johnson</u> , 2000 WL 1682427 (See NOL:3).....	6
2		
3	<u>Luke v. Baldwin-United Corp.</u> , 167 Cal. App. 3d 664 (1985).....	13
4	<u>McDermott, Will & Emery v. Super. Ct.</u> , 83 Cal. App. 4th 378 (2000)	2, 4, 5, 6, 12, 13
5		
6	<u>Solin v. O'Melveny & Myers, LLP</u> , 89 Cal. App. 4th 451 (2001)	2, 5, 13
7		
8	<u>Federal Statutes</u>	
9	Fed. R. Civ. P. 37(b)(2).....	11
10		
11	<u>State Statutes</u>	
12		
13	Cal. Evid. Code § 958	7
14		
15	<u>Other Authority</u>	
16		
17	California Business & Professions Code § 6068	1, 2, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14
18	California Evidence Code § 952	4, 7
19	Federal Rule of Civil Procedure 37.....	11
20	Los Angeles County Bar Ass'n, Formal Op. No. 519 (2007).....	5, 6, 7, 8, 9
21	Model Code of Prof'l Responsibility DR 4-101(c)(4)	7, 11
22	Model Rules. <i>See</i> Model Rules of Prof'l Conduct R. 1.6(b).....	7, 8
23	Restatement Third, The Law Governing Lawyers § 64	7
24		
25		
26		
27		
28		