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12 UNITED STATES DISTRICT COURT
13 SOUTHERN DISTRICT OF CALIFORNIA

14 QUALCOMM INCORPORATED,

15 Plaintiff,

16 v.

17 BROADCOM CORPORATION,

18 Defendant.

CV NO. 05 CV 1958 B (BLM)

**RESPONSE BY QUALCOMM
INCORPORATED TO THE HELLER
ATTORNEYS' MOTION REGARDING
APPLICATION OF SELF-DEFENSE
EXCEPTION; APPLICATION FOR
PROTECTIVE ORDER**

19 BROADCOM CORPORATION,

20 Counterclaimant,

21 v.

22 QUALCOMM INCORPORATED,

23 Counterdefendant.

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

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Knorr-Bremse Fuer Nutzfahrzeuge GmbH v. Dana Corp.,
383 F.2d 1337 (Fed. Cir. 2004)1

U.S. v. Bauer,
132 F.3d 504 (9th Cir. 1997)1

Upjohn Co. v. United States,
449 U.S. 383, 101 S.Ct. 677, 66 L.Ed.2d 584 (1981).....1

MISCELLANEOUS

Rutter Group Practice Guide: Federal Civil Trials & Evidence, at pp. 8H-45 & 8H-49, §§
8:3595 & 8:36152

1 **I. PRELIMINARY STATEMENT.**

2 Qualcomm has received the motions of Heller Ehrman and Day Casebeer Madrid and
3 Batchelder,¹ and does not oppose the application of the self-defense exception to the attorney-
4 client privilege with the understanding that the Court can implement appropriate protections for
5 Qualcomm's privileged and confidential information. Qualcomm has been in the unenviable
6 position of wishing to assist the Court in obtaining all facts necessary for the Court's
7 determinations, and yet believing it must preserve its attorney-client privilege in light of
8 continuing lawsuits brought against it by Broadcom that relate to the same subject matter. It
9 appears, however, that the Court can obtain access to the information it needs without a waiver by
10 virtue of the Responding Attorneys' motion to apply the self-defense exception. Qualcomm is
11 confident the record relating to the discovery problems in this case will lead the court to conclude
12 that Qualcomm did not intentionally mislead or conceal anything from Broadcom or the Court.

13 **A. QUALCOMM Has a Vital Interest in Preventing the Disclosure of Its**
14 **Privileged and Confidential Information to Its Litigation Adversaries and**
15 **Other Third Parties.**

16 The attorney-client privilege is of fundamental importance to the American legal system.
17 Quoting liberally from United States Supreme Court precedent, the Ninth Circuit has recognized
18 the "sacred" nature of the privilege:

19 It is important to note that the attorney-client privilege is, perhaps,
20 the most sacred of all legally recognized privileges, and its
21 preservation is essential to the just and orderly operation of our
22 legal system. "The attorney-client privilege is the oldest of the
23 privileges for confidential communications known to the common
24 law." *Upjohn Co. v. United States*, 449 U.S. 383, 389, 101 S.Ct.
25 677, 682, 66 L.Ed.2d 584 (1981). The defining principle behind this
26 privilege is to encourage full and frank communication between
27 attorneys and their clients and thereby promote broader public
28 interests in the observance of law and administration of justice. The
privilege recognizes that sound legal advice or advocacy serves
public ends and that such advice or advocacy depends upon the
lawyer's being fully informed by the client. *Id.* That purpose
"requires that clients be free to 'make full disclosure to their
attorneys of past wrongdoings.'" *Zolin*, 491 U.S. at 562, 109 S.Ct.

1 ¹ Qualcomm will refer collectively to Heller Ehrman, Day Casebeer Madrid and Batchelder, and the individual attorneys who have been ordered to show cause pursuant to the Court's August 13, 2007 OSC as the "Responding Attorneys."

1 at 2625 (quoting *Fisher v. United States*, 425 U.S. 391, 403, 96
2 S.Ct. 1569, 1577, 48 L.Ed.2d 39 (1976)). The attorney-client
privilege has deep roots in this country's historical jurisprudence.

3 *U.S. v. Bauer*, 132 F.3d 504, 510 (9th Cir. 1997)²

4 Although QUALCOMM has given careful consideration to waiving its attorney-client
5 privilege to respond to Broadcom's motion for sanctions, it reluctantly but necessarily determined
6 not to do. There are several compelling reasons:

7 • Broadcom has sued Qualcomm in actions currently pending in state court in
8 Orange County, California and federal district court in New Jersey involving the same JVT issues
9 present in this case, as well as other similar issues;

10 • Broadcom seeks to use whatever is disclosed in this case in other ongoing
11 litigation, even where the information would otherwise be privileged in those other cases. Indeed,
12 Broadcom has already asked the Orange County state court to rule that Qualcomm discovery
13 produced in this case may be treated as having been produced in the Orange County case;

14 • In this case, Qualcomm has appealed Judge Brewster's judgment and finding of
15 waiver. Qualcomm will be requesting a new trial, and it expects to re-try this case.

16 • Broadcom will contend that any waiver is broad in scope. Indeed, Broadcom has
17 already contended that QUALCOMM's mere denial of any intentional wrongdoing constituted a
18 comprehensive waiver.

19 For these reasons, QUALCOMM opposed Broadcom's motion for sanctions by relying on
20 non-privileged circumstantial evidence. In responding to Broadcom's motion, QUALCOMM
21 conceded the failure to collect and produce a significant number of discoverable documents was
22 the result of cumulative and regrettable errors. But QUALCOMM argued from the circumstances
23 that the discovery failure was inadvertent, and certainly not the result of any intentional conduct.
24 Qualcomm argued there was sufficient circumstantial evidence in the record for the Court to

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27 ² Indeed, so important do the courts consider the policy of encouraging clients to seek legal advice without fear of
28 adverse consequences, the law will generally not permit a finder of fact to draw a negative inference from a party's
assertion of the attorney-client privilege. *See, e.g., Knorr-Bremse Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383
F.2d 1337, 1341 (Fed. Cir. 2004)

1 conclude that there was no intentional misconduct by Qualcomm. The Court has yet to rule on
2 Broadcom's sanctions motion against QUALCOMM.

3 **B. The Responding Attorneys Were Unable to Alleviate QUALCOMM's**
4 **Concerns About the Scope of a Waiver.**

5 Following the July 26, 2007 hearing on Broadcom's motion for sanctions against
6 Qualcomm, this Court issued its Order to Show Cause to the Responding Attorneys. Shortly after
7 the Court issued its OSC, the Responding Attorneys requested that Qualcomm waive the privilege
8 to permit their use of confidential materials in their responses. Qualcomm asked the Responding
9 Attorneys to identify a limited set of otherwise privileged materials upon which they intended to
10 rely so that Qualcomm could consider a limited waiver. But the Responding Attorneys were
11 unwilling or unable to provide Qualcomm with sufficient information to make an informed
12 decision regarding the scope of the requested waiver. An agreement to a waiver of unknown
13 scope would potentially have put Qualcomm at a significant disadvantage in ongoing litigation
14 with an aggressive adversary.

15 **C. To the Extent that the Self-Defense Exception Applies, Qualcomm Does Not**
16 **Need to Waive the Privilege for this Court to Perform its Analysis.**

17 Qualcomm has never been opposed to the Court obtaining all information the Court
18 perceives is necessary to make an informed ruling on Broadcom's motion for sanctions, consistent
19 with the maintenance of the attorney-client privilege. Indeed, Qualcomm is confident the
20 communications and other information surrounding the discovery lapses in this case will buttress
21 Qualcomm's previous arguments to the Court—i.e., that although there were problematic
22 discovery lapses, there was never any intentional effort to mislead the Court or Broadcom. To the
23 extent the self-defense exception applies, the Court will have access to the information necessary
24 for its inquiry.

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1 **II. QUALCOMM DOES NOT OPPOSE APPLICATION OF THE SELF-DEFENSE**
2 **EXCEPTION, PROVIDED THE COURT ORDERS ADEQUATE PROTECTIONS**
3 **FOR ITS PRIVILEGED INFORMATION.**

4 Heller's briefing in support of the instant motion appears to fairly present the authorities
5 relevant to the application of the self-defense exception to these circumstances. QUALCOMM
6 does not oppose the application of the self-defense exception in the event the Court determines
7 that it is available, provided the Court also issues a protective order that provides adequate
8 protection for Qualcomm's privileged and other confidential material. The application of the
9 self-defense exception to the attorney-client privilege does not entail a waiver by the client whose
10 privileged documents are disclosed. Indeed, longstanding authority holds that the privilege is
11 held by the client; it is not the attorney's to waive. *Hunt v. Blackburn*, 128 U.S. 464, 470 (1888);
12 *see also* Jones, et al., *Rutter Group Practice Guide: Federal Civil Trials & Evidence*, at pp. 8H-
13 45 & 8H-49, §§ 8:3595 & 8:3615 (The Rutter Group 2007) ("The attorney-client privilege
14 belongs to and may be asserted by the client.") ("The privilege belongs solely to the client, and
15 thus may be waived only by the client.").

16 As described in more detail below, the courts that have applied the self-defense exception
17 to the attorney-client privilege have been diligent in protecting the client's confidential and
18 privileged information, even while allowing the client's attorneys to use that information to
19 defend against the claims of third-parties. If the Court determines to grant Responding Attorney's
20 motion to apply the exception, the Court should implement those protections here.

21 **III. IF THE COURT DETERMINES THE SELF-DEFENSE EXCEPTION APPLIES,**
22 **QUALCOMM REQUESTS AN APPROPRIATE PROTECTIVE ORDER.**

23 **A. *National Mortgage* Provides a Blueprint for the Court's Consideration of any**
24 **Application of the Self-defense Exception.**

25 If the Court determines the self-defense exception to the attorney-client privilege applies,
26 then the most relevant guidance regarding the procedures to be followed—including the
27 procedural safeguards which should be implemented—is provided by the opinion in *In re*
28 *National Mortgage Equity Corporation*, 120 F.R.D. 687, 692 (C.D. Cal. 1988).

1 In *National Mortgage*, certain third parties brought suit against a law firm and its client
2 for alleged fraud concerning a program to sell mortgage-backed securities. After the client
3 moved for a protective order to prevent the law firm from disclosing certain privileged
4 documents, the court held that the federal common-law self-defense exception to the privilege
5 permitted the law firm to disclose otherwise privileged materials without consent of its
6 codefendant client.

7 With respect to the extent of the requested disclosure of privileged materials, the court
8 held that disclosure should be limited to those materials that are “reasonably necessary” to
9 “vindicate innocence.” *Id.* at 692. In addition, to preclude the defendant lawyers from selectively
10 “cherry picking” from the evidence, the court required that “all previously withheld
11 communications which concern the same discrete subject matter (narrowly construed) as to which
12 the self-defense exception is invoked, should be disclosed.” *Id.*

13 The *National Mortgage* court also agreed that because disclosure of the client's privileged
14 materials should be no greater than what might be necessary to the attorney's defense, appropriate
15 protective orders should issue to the “fullest extent possible.” *Id.* For that reason, the court held
16 that disclosure of privileged materials would be strictly limited to the interested parties and the
17 court. Counsel receiving disclosed materials were ordered to “hold such disclosures (both
18 documentary and testimonial) in confidence and not disclose the same to any third-person,
19 including their clients,” except under certain limited circumstances. *Id.* Further, the court even
20 prohibited disclosure to some parties to the proceeding, noting that because one set of plaintiffs
21 had tentatively settled their claims, no disclosure of privileged materials was necessary or
22 appropriate as to those plaintiffs or their counsel. *Id.*

23 **B. The Court Should Conduct an *In Camera* Review of the Privileged Materials**
24 **Submitted by the Responding Attorneys to Insure They Are Both**
25 **"Reasonably Necessary" to their Defense and Complete.**

26 Because application of the self-defense exception does not entail a waiver of the privilege,
27 the courts, like the *National Mortgage* court, review disclosed materials *in camera* and maintain
28 them under seal, even after determining the exception applies. *See National Mortgage*, 120

1 F.R.D. at 692 (“Court made an in camera review of the self defense material” and entered order
2 that materials be maintained “in confidence” by counsel for interested parties); *see also First*
3 *Federal Savings & Loan Ass’n of Pittsburg v. Oppenheim, Appel, Dixon & Co.*, 110 F.R.D. 557,
4 567 (S.D.N.Y. 1986) (court directed disclosing party to submit materials for *in camera* review).

5 The courts are also careful to keep the disclosure of privileged materials as limited as
6 possible under the circumstances. In determining whether and to what extent the self-defense
7 exception applies, the courts first conduct an *in camera* review of those materials submitted by
8 the attorney to determine whether their disclosure is “reasonably necessary” to “vindicate
9 innocence.” *National Mortgage*, 120 F.R.D. at 692; *First Fed.*, 110 F.R.D. at 567. Those
10 materials not “reasonably necessary” do not fall within the exception and the courts hold they
11 should not be disclosed.

12 On the other hand, the cases also indicate that any proposed disclosure of Qualcomm's
13 privileged materials must represent a fair production that is both complete and balanced. While
14 the “disclosure should be no greater than the lawyer reasonably believes is necessary to vindicate
15 innocence,” courts “agree that in order to avoid unfairness, all previously withheld
16 communications which concern the same discrete subject matter (narrowly construed) as to which
17 the self defense exception is invoked, should be disclosed.” *Id.* at 692.

18 Qualcomm, therefore, does not object to the application of the self-defense exception
19 provided the Court orders a limited, fair, and balanced disclosure that specifically includes all
20 documents related to the discrete subject matter at issue. *First Fed.*, 110 F.R.D. at 567–68. As
21 case law recognizes, the “paramount concern” is “fairness to the party against whom the
22 information disclosed” may be used. *Id.*³ It “necessarily follows from the initial decision to
23 override the privilege to permit [the attorney] to disclose relevant favorable information, that he
24 must also be compelled to disclose relevant unfavorable information.” *Id.*

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27 ³ It is not yet clear to Qualcomm whether its former attorneys will contend that Qualcomm employees intentionally
28 took part in conduct that contributed to the discovery lapses in this case. This would not be a fair or accurate
portrayal of events. Qualcomm therefore reserves the right to ask the Court for leave to further address the Court to
respond to the Responding Attorneys' contentions.

1 **C. Qualcomm Requests that the Court Protect Qualcomm's Confidential**
2 **Information by Limiting Disclosure to the Court, Qualcomm and the**
3 **Responding Attorneys.**

4 Because the self-defense exception does not result in a waiver, the Court should enter an
5 appropriate protective order “to the fullest extent practicable.” *National Mortgage*, 120 F.R.D. at
6 692. Qualcomm therefore requests that the Court order: (1) that any self-defense materials be
7 disclosed only to Qualcomm, counsel for the Responding Attorneys, and the Court under seal; (2)
8 that Broadcom not receive the self-defense materials; and (3) that no portion of Qualcomm's
9 confidential information be made public. Such an order is wholly appropriate as the case law
10 recognizes the disclosure of privileged materials under the self-defense exception should be
11 strictly limited to those with an essential interest in the dispute in which the self-defense
12 exception is invoked.

13 There are at least three reasons to preclude Broadcom's access to Qualcomm's privileged
14 and confidential information. First, as it readily acknowledged during the July 26, 2007 hearing,
15 Broadcom has not sought sanctions against the attorneys in this case. As noted above, the
16 *National Mortgage* court specifically authorized the exclusion of one group of plaintiffs and
17 counsel from access to privileged materials in that case because those plaintiffs had “at least
18 tentatively” settled with the client defendant and the material was no longer relevant to their
19 claims.

20 Second, in his August 6, 2007 Order on Broadcom’s motion for attorneys fees, Judge
21 Brewster fully vindicated Broadcom’s monetary interests, awarding it “all reasonable attorneys’
22 fees, court costs, expert witness fees, travel expenses, and any other litigation costs reasonably
23 incurred by Broadcom in litigating the present Action.” (August 6, 2007 Order re Attorney Fees
24 at 4:18-20.)

25 Third, the Orders to Show Cause issued by this Court are orders pertaining to the Court’s
26 interest in ensuring that its discovery orders were followed—not to further advance Broadcom’s
27 interests in pending or future litigation. Qualcomm requests that the Court avoid any unnecessary

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1 disclosure of Qualcomm's privileged and confidential information to a party that remains
2 Qualcomm's bitter litigation adversary in other high-profile cases.

3 Equally important, Qualcomm's privileged and confidential material should be protected
4 from public disclosure. In their moving papers, the Heller Ehrman attorneys indicate that they
5 "seek public vindication" and request that declarations and other filed documents containing
6 privileged information "be kept under seal *only* until such time as this Court rules on this motion."
7 (Memorandum of Points and Authorities In Support of the Heller Attorneys' Motion, p.3 fn. 2
8 (emphasis added.)) There is no authority, however, for the proposition that privileged materials
9 utilized under the self-defense exception may be made public. The self-defense exception
10 provides a means for an attorney to defend himself or herself from accusations of wrongdoing by
11 a third party; it is not intended to enable a public relations campaign using the client's privileged
12 materials. Qualcomm therefore requests that the Court include in its protective order a strict
13 prohibition against any public use or dissemination of its privileged or confidential materials.

14 **IV. QUALCOMM RESERVES THE RIGHT TO SEEK ADDITIONAL**
15 **PROTECTIONS ONCE IT HAS REVIEWED THE MATERIALS SUBMITTED**
16 **BY THE RESPONDING ATTORNEYS.**

17 The Court's September 14, 2007 Order directed the Heller Ehrman attorneys to file their
18 declarations in response to the Court's OSC directly to Chambers in a sealed package and without
19 serving them on any parties pending resolution of the instant motion. Similarly, the Day
20 Casebeer attorneys have joined in Heller Ehrman's motion and have asked to submit supplemental
21 declarations if the Court grants the self-defense exception. Qualcomm will therefore be unable to
22 review the Responding Attorneys' use of its confidential information before the hearing on
23 Responding Attorney's motion scheduled to take place September 28, 2007. Because Qualcomm
24 does not know what the Responding Attorneys seek to disclose under the self-defense exception,
25 it cannot yet identify all of the safeguards that may be necessary to protect and preserve its
26 confidential material. For that reason, Qualcomm reserves its right to ask the Court to seal
27 portions of the proceedings from the public, and to make such additional orders as may be
28 necessary to protect Qualcomm's privileged and confidential information.

1 V. CONCLUSION.

2 For the foregoing reasons, Qualcomm does not oppose Responding Attorneys' motion
3 seeking the application of the self-defense exception to the attorney-client privilege. In the
4 interests of preserving its privileged and confidential information, however, and consistent with
5 case law, Qualcomm requests that the Court enter a protective order that includes at least the
6 following provisions:

7 1. The disclosure of Qualcomm's privileged and confidential information should be
8 limited to that which is necessary for the Responding Attorneys to respond to the Court's Order to
9 Show Cause, but should be sufficiently complete, fair and balanced to provide an accurate picture
10 of the events they purport to reflect;

11 2. The disclosure of Qualcomm's privileged and confidential information should be
12 limited to the Court, the Responding Attorneys, and to Qualcomm;

13 3. All persons to whom disclosure of Qualcomm's privileged and confidential
14 information should be ordered to hold those disclosures in confidence, and not to disclose them to
15 any third parties; and

16 4. Any portion of the record containing or reflecting Qualcomm's privileged and
17 confidential information should be kept under seal.

18 Respectfully submitted,

19 Dated: September 24, 2007

20 DLA PIPER US LLP

21
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