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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

QUALCOMM INCORPORATED,) Case No. 05cv1958-B (BLM)
)
Plaintiff,) **ORDER GRANTING IN PART AND**
) **DENYING IN PART DEFENDANT'S**
v.) **MOTION FOR SANCTIONS AND**
) **SANCTIONING QUALCOMM,**
BROADCOM CORPORATION,) **INCORPORATED AND INDIVIDUAL**
) **LAWYERS**
Defendant.)
) **[DOC. NOS. 489, 540, 599, 614]**
)
and RELATED COUNTERCLAIMS.)
)

At the conclusion of trial, counsel for Broadcom Corporation ("Broadcom") made an oral motion for sanctions after Qualcomm Incorporated ("Qualcomm") witness Viji Raveendran testified about emails that were not produced to Broadcom during discovery. Doc. No. 489. The trial judge, United States District Court Judge Rudi M. Brewster, referred the motion to this Court pursuant to 28 U.S.C. § 636(b) and Civil Local Rule 72.1(b) of the United States District Court for the Southern District of California. Doc. No. 494. On May 29, 2007, Broadcom filed a written motion requesting that the Court sanction Qualcomm for its failure to produce tens of thousands of documents that Broadcom had requested in discovery. Doc. No. 540. Qualcomm timely

1 opposed, and Broadcom filed a reply. Doc. Nos. 568, 578, 581. This
2 Court heard oral argument on Broadcom's motion on July 26, 2007.

3 After hearing oral argument and reviewing Judge Brewster's Order
4 on Remedy for Finding of Waiver ("Waiver Order") and Order Granting
5 Broadcom Corporation's Motion for Exceptional Case Finding and for an
6 Award of Attorney's Fees (35 U.S.C. § 285) ("Exceptional Case Order"),
7 this Court issued an Order to Show Cause Why Sanctions Should Not be
8 Imposed against Qualcomm's retained attorneys ("OSC"). Doc. No. 599.
9 Specifically, this Court ordered James R. Batchelder, Adam A. Bier,
10 Craig H. Casebeer, David E. Kleinfeld, Kevin K. Leung, Christian E.
11 Mammen, Lee Patch, Kyle Robertson, Victoria Q. Smith, Barry J. Tucker,
12 Jaideep Venkatesan, Bradley A. Waugh, Stanley Young, Roy V. Zemlicka,
13 and any and all other attorneys who signed discovery responses, signed
14 pleadings and pretrial motions, and/or appeared at trial on behalf of
15 Qualcomm to appear and show cause why sanctions should not be imposed
16 for their failure to comply with this Court's orders. Id.

17 On October 3, 2007, nineteen attorneys filed declarations and
18 briefs responsive to the OSC. Doc. Nos. 670, 673-74, 676-80, 682, 685-
19 87, 689-91, 693-700. Qualcomm filed a brief and four declarations.
20 Doc. Nos. 675, 681, 683-84, 692. The attorneys filed objections to
21 Qualcomm's brief on October 5, 2007 [Doc. No. 704], and both Broadcom
22 and Qualcomm filed responsive briefs on October 9, 2007 [Doc. Nos. 705-
23 06]. This Court heard extensive oral argument on the sanctions issue
24 on October 12, 2007. Doc. No. 709 (October 12, 2007 Hearing
25 Transcript).

26 Having considered all of the written and oral arguments presented
27 and supporting documents submitted, and for the reasons set forth more
28 fully below, the Court **GRANTS IN PART** and **DENIES IN PART** Broadcom's

1 motion for sanctions against Qualcomm, **REFERS TO THE STATE BAR OF**
2 **CALIFORNIA** six attorneys, and **SANCTIONS** Qualcomm and six of its retained
3 lawyers. Doc. Nos. 489, 540, 599, 614.

4 **BACKGROUND**

5 **A. The Patent Infringement Case**

6 Qualcomm initiated this patent infringement action on October 14,
7 2005, alleging Broadcom's infringement of Qualcomm patent numbers
8 5,452,104 (the "'104 patent'") and 5,576,767 (the "'767 patent'") based
9 on its manufacture, sale, and offers to sell H.264-compliant products.
10 Compl. ¶¶ 7-16. Qualcomm sought injunctive relief, compensatory
11 damages, attorneys' fees and costs. Id. at 3. On December 8, 2006,
12 Broadcom filed a First Amended Answer and Counterclaims in which it
13 alleged (1) a counterclaim that the '104 patent is unenforceable due to
14 inequitable conduct, and (2) an affirmative defense that both patents
15 are unenforceable due to waiver. Doc. No. 370. Broadcom's waiver
16 defense was predicated on Qualcomm's participation in the Joint Video
17 Team ("JVT") in 2002 and early 2003. Doc. No. 540-2 at 3. The JVT is
18 the standards-setting body that created the H.264 standard, which was
19 released in May 2003 and governs video coding. Waiver Order at 5-9.

20 **B. Evidence of Qualcomm's Participation in the JVT**

21 Over the course of discovery, Broadcom sought information
22 concerning Qualcomm's participation in and communications with the JVT
23 through a variety of discovery devices. For example, as early as
24 January 23, 2006, Broadcom served its First Set of Requests for the
25 Production of Documents and Things (Nos. 1-88), in which it requested:

26 [a]ll documents given to or received from a standards setting
27 body or group that concern any standard relating to the
28 processing of digital video signals that pertains in any way
to any Qualcomm Patent, including without limitation
communications, proposals, presentations, agreements,

1 commitments, or contracts to or from such bodies... . [and]
2 [a]ll documents concerning any Qualcomm membership,
3 participation, interaction, and/or involvement in setting any
4 standard relating to the processing of digital video signals
5 that pertains in any way to any Qualcomm Patent. This
6 request also covers all proposed or potential standards,
7 whether or not actually adopted.

8 Decl. of Kate Saxton Supp. Broadcom's Mot. for Sanctions [Doc. No. 540]
9 ("Saxton Decl."), Ex. BB-2 (Request for Production Nos. 49 & 50). On
10 July 14, 2006, Broadcom served its Second Set of Requests for Production
11 of Documents and Things (Nos. 89-115), calling for production of:

12 [a]ll documents referring to or evidencing any participation
13 by Qualcomm in the proceedings of the JVT, the ISO, the IEC,
14 and/or the ITU-T; and

15 [a]ll documents constituting, referring to, or evidencing any
16 disclosure by any party to the JVT, the ISO, the IEC, and/or
17 the ITU-T of any Qualcomm Patent and/or any Related Qualcomm
18 Patent.

19 Id., Exs. D & DD (Request for Production Nos. 93-94). Broadcom also
20 requested similar information via interrogatories and multiple Rule
21 30(b)(6) deposition notices. See id., Ex. EE (Broadcom Interrogatory
22 Nos. 19-20); Saxton Suppl. Decl., Ex. K (Broadcom Interrogatory No. 13);
23 Broadcom's Mem. Supp. Mot. for Sanctions [Doc. No. 540] ("Def.'s Mem.")
24 at 4 n.4 (sample excerpt from Broadcom deposition notice directed to the
25 Qualcomm witness knowledgeable about "attendance or participation by any
26 Qualcomm principal, employee, or representative at any H.264 standards
27 committee meetings").

28 On their face, Qualcomm's written discovery responses did not
appear unusual. In response to Broadcom's request for JVT documents,
Qualcomm, in a discovery response signed by attorney Kevin Leung, stated
"Qualcomm will produce non-privileged relevant and responsive documents
describing QUALCOMM's participation in the JVT, if any, which can be

1 located after a reasonable search." Doc. No. 543-3, Ex. X (Qualcomm's
2 Response to Broadcom's Request for Production No. 93); Decl. of Kevin
3 Leung at 5-6, Ex. 3. Similarly, Qualcomm committed to producing
4 "responsive non-privileged documents that were given to or received from
5 standards-setting body responsible for the ISO/IEC MPEG-4 Part 10
6 standard, and which concern any Qualcomm participation in setting the
7 ISO/IEC MPEG-4 Part 10 standard."¹ Leung Decl. at 6; Decl. of Christian
8 Mammen at 7-8. When asked for "the facts and circumstances of any and
9 all communications between Qualcomm and any standards setting body
10 relating to video technology, including ... the JVT ...," Qualcomm
11 responded that it first attended a JVT meeting in December 2003 and that
12 it first submitted a JVT proposal in January 2006. Decl. of Stanley
13 Young at 14 and Ex. 6 (Response to Interrogatory No. 19). In response
14 to Interrogatory No. 13, Qualcomm stated that it submitted four
15 proposals to the JVT in 2006 but had no earlier involvement. Leung
16 Decl. at 6-7; Decl. of Kyle S. Robertson at 11 and Ex. 2. This response
17 included the statement that "Qualcomm's investigation concerning this
18 interrogatory is ongoing and Qualcomm reserves the right to supplement
19 its response to this interrogatory as warranted by its investigation."
20 Id. Kevin Leung signed both of these interrogatory responses. See
21 Robertson Decl., Ex. 2 (Response to Interrogatory No. 13) and Young
22 Decl., Ex. 6 (Response to Interrogatory No. 19).

23 Qualcomm's responses to Broadcom's Rule 30(b)(6) deposition notices
24 were more troubling. Initially, Qualcomm designated Christine Irvine
25

26
27 ¹ The standard adopted by the JVT and at issue in this case is known by two
28 names: H.264 and MPEG-4 Part 10. The MPEG-4 Part 10 nomenclature is used by the
ISO/IEC organization but both names refer to the same standard. Leung Decl. at 6;
Mammen Decl. at 7. The Court will use the H.264 designation throughout this Order.

1 as the corporation's most knowledgeable person on the issue of
2 Qualcomm's involvement in the JVT. Leung Decl. at 3-4. Although
3 attorney Leung prepared Irvine for her deposition (id.), Qualcomm did
4 not search her computer for any relevant documents or emails or provide
5 her with any information to review (Decl. of Christine Irvine at 2-3;
6 Decl. of Christine Glathe at 3). Irvine testified falsely that Qualcomm
7 had never been involved in the JVT. Leung Decl. at 4. Broadcom
8 impeached Irvine with documents showing that Qualcomm had participated
9 in the JVT in late 2003. Id. Qualcomm ultimately agreed to provide
10 another Rule 30(b)(6) witness. Id.

11 Qualcomm designated Scott Ludwin as the new representative to
12 testify about Qualcomm's knowledge of and involvement in the JVT. Id.
13 Leung prepared and defended Ludwin at his deposition. Id. Qualcomm did
14 not search Ludwin's computer for any relevant documents nor take any
15 other action to prepare him. Decl. of Scott Ludwin at 2-3 (listing all
16 of the preparation he did not do); Glathe Decl. at 3. Ludwin testified
17 falsely that Qualcomm only began participating in the JVT in late 2003,
18 after the H.264 standard had been published. Id. In an effort to
19 impeach him (and extract the truth), Broadcom showed Ludwin a December
20 2002 email reflector list from the Advanced Video Coding ("AVC") Ad Hoc
21 Group that listed the email address viji@qualcomm.com.² Decl. of
22 Stanley Young at 19-20; Robertson Decl. at 14, Ex. 3; Leung Decl. at 8.

23
24 ² The document is an "Input Document to JVT" entitled "Ad Hoc Report on AVC
25 Verification Test." Robertson Decl., Ex. 3. The report discusses a meeting set to
26 take place on Awaji Island. Id. Annex A to the document is entitled a "list of Ad Hoc
27 Members." Id. It includes Raveendran's email address, viji@qualcomm.com, and
28 identifies her as a member of list avc_ce. Id. While the document is not an email
sent to or from Raveendran, it indicates that a Qualcomm employee was receiving JVT/AVC
reports in 2002. This document became critical to Broadcom as it was the only evidence
in Broadcom's possession indicating the truth-that Qualcomm had been actively involved
in the JVT and the development of the H.264 standard in 2002.

1 Although Ludwin did not recognize the document, Broadcom utilized the
2 document throughout the litigation to argue that Qualcomm had
3 participated in the JVT during the development of the H.264 standard.
4 Young Decl. at 19-20; Robertson Decl. at 14-17; Decl. of Jaideep
5 Venkatesan at 14-15.

6 As the case progressed, Qualcomm became increasingly aggressive in
7 its argument that it did not participate in the JVT during the time the
8 JVT was creating the H.264 standard.³ This argument was vital to
9 Qualcomm's success in this litigation because if Qualcomm had
10 participated in the creation of the H.264 standard, it would have been
11

12
13 ³ For example, on September 1, 2006, Qualcomm submitted an expert declaration
14 confirming the absence of any corporate records indicating Qualcomm's participation in
15 the JVT. Saxton Decl., Ex. Z. The declaration was prepared by the Heller Ehrman
16 lawyers and reviewed by numerous Day Casebeer and Qualcomm in-house attorneys.
17 Venkatesan Decl. at 9-12; Robertson Decl. at 9; Young Decl. at 15-16. In November,
18 Qualcomm filed a Motion for Summary Adjudication ("MSA") and supporting reply arguing
19 that the evidence established Qualcomm's non-participation in the JVT during the
20 relevant period. Saxton Decl., Exs. FF & GG. Numerous in-house and outside counsel
21 reviewed the pleadings and attorneys Young, Batchelder and Patch argued the motion.
22 Young Decl. at 18-22; Venkatesan Decl. at 12-15; Robertson Decl. at 10-16; Batchelder
23 Decl. at 14-15; Patch Decl. at 4; Decl. of Barry J. Tucker at 4 (Tucker signed the MSA
24 pleadings); Decl. of David E. Kleinfeld at 4 (Kleinfeld signed the reply pleadings).
25 In its reply, Qualcomm dismissed the appearance of Raveendran's email address on the
26 JVT *ad hoc* group email reflector list and denied any suggestion that the email
27 reflector list indicated Raveendran received any JVT-related information or otherwise
28 had any involvement in the JVT *ad hoc* committee. Saxton Decl., Ex. II. On November
19, 2006, Qualcomm filed (1) a Motion in Limine to exclude evidence relating to, among
other things, Qualcomm's participation in the JVT, declaring that the "facts
demonstrate" Qualcomm "did not participate in JVT deliberations while the H.264
standard was being created" and (2) a Memorandum of Contentions of Fact and Law in
which it similarly asserted its lack of involvement in the H.264 standardization
process. Id., Exs. HH & KK at 2. Numerous in-house and outside counsel also reviewed
these pleadings. Mammen Decl. at 15 (Mammen signed the Memorandum); Decl. of Craig H.
Casebeer at 4-5; Decl. of Roy V. Zemlicka at 2, 5-6; Batchelder Decl. at 15; Venkatesan
Decl. at 15-16; Robertson Decl. at 16-17; Tucker Decl. at 4 (Tucker signed the motion
and related pleadings on behalf of Zemlicka). Qualcomm reiterated these arguments in
its Rebuttal Memorandum of Contentions of Fact and Law filed on December 4, 2006 and
signed by Mammen. Saxton Decl., Ex. JJ; Mammen Decl. at 15. On January 24, 2007,
after the discovery of the Raveendran emails, Qualcomm filed its Motion for Judgment
as a Matter of Law ("JMOL") asserting the same lack of participation argument. Decl.
of Victoria Q. Smith at 2-5; Casebeer Decl. at 7; Robertson Decl. at 19. Smith signed
the JMOL. Smith Decl. at 2.

1 required to identify its patents that reasonably may be essential to the
2 practice of the H.264 standard, including the '104 and '767 patents, and
3 to license them royalty-free or under non-discriminatory, reasonable
4 terms. Waiver Order at 5-9. Thus, participation in the JVT in 2002 or
5 early 2003 during the creation of the H.264 standard would have
6 prohibited Qualcomm from suing companies, including Broadcom, that
7 utilized the H.264 standard. In a nutshell, the issue of whether
8 Qualcomm participated in the JVT in 2002 and early 2003 became crucial
9 to the instant litigation.

10 **C. Trial and Decision Not to Produce avc ce Emails**

11 Trial commenced on January 9, 2007, and throughout trial, Qualcomm
12 argued that it had not participated in the JVT in 2002 and early 2003
13 when the H.264 standard was being created. In his opening statement,
14 Qualcomm's lead attorney, James Batchelder, stated:

15 Later, in May of '03, the standard is approved and published.
16 And then Qualcomm, in the fall of 2003, it begins to
17 participate not in JVT because it's done. H.264 is approved
18 and published. Qualcomm begins to participate in what are
19 called professional extensions, things that sit on top of the
20 standard, additional improvements.

21 Waiver Order at 45; Batchelder Decl. at 15.

22 While preparing Qualcomm witness Viji Raveendran to testify at
23 trial, attorney Adam Bier discovered an August 6, 2002 email to
24 viji@qualcomm.com welcoming her to the avc_ce mailing list. Decl. of
25 Adam Bier at 4, Ex. A. Several days later, on January 14, 2007, Bier
26 and Raveendran searched her laptop computer using the search term
27 "avc_ce" and discovered 21 separate emails, none of which Qualcomm had
28 produced in discovery. Id. at 7. The email chains bore several dates
in November 2002 and the authors discussed various issues relating to
the H.264 standard. Mammen Decl. at 16-19, Ex. 8. While Raveendran was

1 not a named author or recipient, the emails were sent to all members of
2 two JVT email groups (jvt-experts and avc_ce) and Raveendran maintained
3 them on her computer for more than four years. Id. The Qualcomm trial
4 team decided not to produce these newly discovered emails to Broadcom,
5 claiming they were not responsive to Broadcom's discovery requests.
6 Bier Decl. at 7; Mammen Decl. at 18-19; Patch Decl. at 6-7; Batchelder
7 Decl. at 16. The attorneys ignored the fact that the presence of the
8 emails on Raveendran's computer undercut Qualcomm's premier argument
9 that it had not participated in the JVT in 2002. Mammen Decl. at 18-19;
10 Bier Decl. at 7; Patch Decl. at 7. The Qualcomm trial team failed to
11 conduct any investigation to determine whether there were more emails
12 that also had not been produced.

13 Four days later, during a sidebar discussion, Stanley Young argued
14 against the admission of the December 2002 avc_ce email reflector list,
15 declaring: "Actually, there are no emails -- there are no emails ...
16 there's no evidence that any email was actually sent to this list. This
17 is just a list of email ... addresses. There's no evidence of anything
18 being sent." Trial Tr. vol. VII at 91-92; Young Decl. at 25-29. None
19 of the Qualcomm attorneys who were present during the sidebar mentioned
20 the 21 avc_ce emails found on Raveendran's computer a few days earlier.
21 Id.; Batchelder Decl. at 16-17; Casebeer Decl. at 6.

22 During Raveendran's direct testimony on January 24th, attorney Lee
23 Patch pointedly did not ask her any questions that would reveal the fact
24 that she had received the 21 emails from the avc_ce mailing list;
25 instead, he asked whether she had "any knowledge of having **read**" any
26 emails from the avc_ce mailing list. Patch Decl. at 8-9; Trial Tr. vol.
27 VIII at 46. But on cross-examination, Broadcom asked the right question
28 and Raveendran was forced to admit that she had received emails from the

1 avc_ce mailing list. Trial Tr. vol. VIII at 53. Immediately following
2 this admission, in response to Broadcom's request for the emails, and
3 despite the fact that he had participated in the decision three days
4 earlier not to produce them, Patch told the Court at sidebar:

5 [I]t's not clear to me [the emails are] responsive to
6 anything. So that's something that needs to be determined
7 before they would be produced ... I'm talking about whether
8 they were actually requested in discovery... . I'm simply
representing that I haven't seen [the emails], and [whether
Broadcom requested them] hasn't been determined.

9 Order at 46; Patch Decl. at 10. Over the lunch recess that same day,
10 Qualcomm's counsel produced the 21 emails they previously had retrieved
11 from Raveendran's email archive. Trial Tr. vol. VIII at 114.

12 On January 26, 2007, the jury returned unanimous verdicts in favor
13 of Broadcom regarding the non-infringement of the '104 and '767 patents,
14 and in favor of Qualcomm regarding the validity and non-obviousness of
15 the same. Doc. No. 499. The jury also returned a unanimous advisory
16 verdict in favor of Broadcom that the '104 patent is unenforceable due
17 to inequitable conduct and the '104 and '767 patents are unenforceable
18 due to waiver. Id. at 14.

19 On March 21, 2007, Judge Brewster found (1) in favor of Qualcomm
20 on Broadcom's inequitable conduct counterclaim regarding the '104
21 patent, and (2) in favor of Broadcom on Broadcom's waiver defense
22 regarding the '104 and '767 patents. Doc. No. 528. On August 6, 2007,
23 Judge Brewster issued a comprehensive order detailing the appropriate
24 remedy for Qualcomm's waiver. Doc. No. 593. After a thorough overview
25 of the JVT, the JVT's policies and guidelines, and Qualcomm's knowledge
26 of the JVT and evidence of Qualcomm's involvement therein, see id. at
27 5-22, Judge Brewster found:

28 by clear and convincing evidence that Qualcomm, its

1 employees, and its witnesses actively organized and/or
2 participated in a plan to profit heavily by (1) wrongfully
3 concealing the patents-in-suit while participating in the JVT
and then (2) actively hiding this concealment from the Court,
the jury, and opposing counsel during the present litigation.

4 Id. at 22. Judge Brewster further found that Qualcomm's "counsel
5 participated in an organized program of litigation misconduct and
6 concealment throughout discovery, trial, and post-trial before new
7 counsel took over lead role in the case on April 27, 2007." Id. at 32.
8 Based on "the totality of the evidence produced both before and after
9 the jury verdict," and in light of these findings, Judge Brewster
10 concluded that "Qualcomm has waived its rights to enforce the '104 and
11 '767 patents and their continuations, continuations-in-part, divisions,
12 reissues, or any other derivatives of either patent." Id. at 53.

13 Also on August 6, 2007, Judge Brewster granted Broadcom's Motion
14 for an Award of Attorneys' Fees pursuant to 35 U.S.C. § 285. Doc. No.
15 594. Judge Brewster found clear and convincing evidence that Qualcomm's
16 litigation misconduct, as set forth in his Waiver Order, see Doc. No.
17 593, justified Qualcomm's payment of all "attorneys' fees, court costs,
18 expert witness fees, travel expenses, and any other litigation costs
19 reasonably incurred by Broadcom" in the defense of this case. Doc. No.
20 594 at 4. On December 11, 2007, Judge Brewster adopted this court's
21 recommendation and ordered Qualcomm to pay Broadcom \$9,259,985.09 in
22 attorneys' fees and related costs, as well as post-judgment interest on
23 the final fee award of \$8,568,633.24 at 4.91 percent accruing from
24 August 6, 2007. Doc. Nos. 715 & 717.

25 **D. Qualcomm's Post-Trial Misconduct**

26 Following trial, Qualcomm continued to dispute the relevancy and
27 responsiveness of the 21 Raveendran emails. Bier Decl., Exs. B-E.
28 Qualcomm also resisted Broadcom's efforts to determine the scope of

1 Qualcomm's discovery violation. Id., Exs. B-F. By letter dated
2 February 16, 2007, Bier told Broadcom "[w]e continue to believe that
3 Qualcomm performed a reasonable search of Qualcomm's documents in
4 response to Broadcom's Requests for Production and that the twenty-one
5 unsolicited emails received by Ms. Raveendran from individuals on the
6 avc_ce reflector are not responsive to any valid discovery obligation
7 or commitment." Id., Ex. C. In response to Broadcom's request that
8 Qualcomm conduct additional searches to determine the scope of
9 Qualcomm's discovery violation, Bier stated in a March 7, 2007 letter,
10 we "believe your negative characterization of Qualcomm's compliance with
11 its discovery obligation to be wholly without merit" but he advised that
12 Qualcomm agreed to search the current and archived emails of five trial
13 witnesses using the requested JVT, avc_ce and H.264 terms. Id., Exs.
14 D & E. Bier explained that Qualcomm has "not yet commenced these
15 searches, and [does] not yet know the volume of results we will obtain."
16 Id., Ex. E. Throughout the remainder of March 2007, Bier repeatedly
17 declined to update Broadcom on Qualcomm's document search. Id., Ex. F.

18 But, on April 9, 2007, James Batchelder and Louis Lupin, Qualcomm's
19 General Counsel, submitted correspondence to Judge Brewster in which
20 they admitted Qualcomm had thousands of relevant unproduced documents
21 and that their review of these documents "revealed facts that appear to
22 be inconsistent with certain arguments that [counsel] made on Qualcomm's
23 behalf at trial and in the equitable hearing following trial." Saxton
24 Decl., Exs. H & I. Batchelder further apologized "for not having
25 discovered these documents sooner and for asserting positions that
26 [they] would not have taken had [they] known of the existence of these
27 documents." Id., Ex. H.

28 ///

1 As of June 29, 2007, Qualcomm had searched the email archives of
2 twenty-one employees and located more than forty-six thousand documents
3 (totaling more than three hundred thousand pages), which had been
4 requested but not produced in discovery. Broadcom's Reply Supp. Mot.
5 for Sanctions at 1 n.2. Qualcomm continued to produce additional
6 responsive documents throughout the summer. Doc. No. 597 (Qualcomm's
7 August 7, 2007 submission of three additional avc_ce emails it had not
8 produced to Broadcom).

9 DISCUSSION

10 As summarized above, and as found by Judge Brewster, there is clear
11 and convincing evidence that Qualcomm intentionally engaged in conduct
12 designed to prevent Broadcom from learning that Qualcomm had
13 participated in the JVT during the time period when the H.264 standard
14 was being developed. To this end, Qualcomm withheld tens of thousands
15 of emails showing that it actively participated in the JVT in 2002 and
16 2003 and then utilized Broadcom's lack of access to the suppressed
17 evidence to repeatedly and falsely aver that there was "no evidence"
18 that it had participated in the JVT prior to September 2003. Qualcomm's
19 misconduct in hiding the emails and electronic documents prevented
20 Broadcom from correcting the false statements and countering the
21 misleading arguments.

22 A. Legal Standard

23 The Federal Civil Rules authorize federal courts to impose
24 sanctions on parties and their attorneys who fail to comply with
25 discovery obligations and court orders. Rule 37 authorizes a party to
26 file a motion to compel an opponent to comply with a discovery request
27 or obligation when the opponent fails to do so initially. Fed. R. Civ.
28 P. 37(a). If such a motion is filed, the rule requires the court to

1 award reasonable attorney's fees to the prevailing party unless the
2 court finds the losing party's position was "substantially justified"
3 or other circumstances make such an award unjust. Id. Depending upon
4 the circumstances, the court may require the attorney, the client, or
5 both to pay the awarded fees. Id. If the court grants a discovery
6 motion and the losing party fails to comply with the order, the court
7 may impose additional sanctions against the party. Fed. R. Civ. P.
8 37(b). There is no requirement under this rule that the failure be
9 willful or reckless; "sanctions may be imposed even for negligent
10 failures to provide discovery." Fjelstad v. Am. Honda Motor Co., Inc.,
11 762 F.2d 1334, 1343 (9th Cir. 1985).

12 The Federal Rules also provide for sanctions against individual
13 attorneys who are remiss in complying with their discovery obligations:

14 [e]very discovery request, response or objection made by a
15 party ... shall be signed by at least one attorney [and]
16 [t]he signature of the attorney ... constitutes a
17 certification that to the best of the signer's knowledge,
18 information, and belief, **formed after a reasonable inquiry**,
the request, response, or objection is: consistent with the
rules and law, not interposed for an improper purpose, and
not unreasonable or unduly burdensome or expensive.

19 Fed. R. Civ. P. 26(g)(2) (emphasis added). "[W]hat is reasonable is a
20 matter for the court to decide on the totality of the circumstances."

21 Fed. R. Civ. P. 26 Advisory Committee Notes (1983 Amendment). The
22 Committee explained that:

23 Rule 26(g) imposes an affirmative duty to engage in pretrial
24 discovery in a responsible manner that is consistent with the
25 spirit and purposes of Rules 26 through 37. In addition,
26 Rule 26(g) is designed to curb discovery abuse by explicitly
27 encouraging the imposition of sanctions. This subdivision
28 provides a deterrent to both excessive discovery and evasion
by imposing a certification requirement that obliges each
attorney to stop and think about the legitimacy of a
discovery request, a response thereto, or an objection. The
term "response" includes answers to interrogatories and to
requests to admit as well as responses to production
requests. [¶] If primary responsibility for conducting

1 discovery is to continue to rest with the litigants, they
2 must be obliged to act responsibly and avoid abuse. With
3 this in mind, Rule 26(g), which parallels the amendments to
Rule 11, requires an attorney ... to sign each discovery
request, response, or objection.

4 Id. If an attorney makes an incorrect certification without substantial
5 justification, the court must sanction the attorney, party, or both and
6 the sanction may include an award of reasonable attorney's fees. Fed.
7 R. Civ. P. 26(g)(3). If a party, without substantial justification,
8 fails "to amend a prior response to discovery as required by Rule
9 26(e)(2)," the court may prevent that party from using that evidence at
10 trial or at a hearing and impose other appropriate sanctions, including
11 the payment of attorney's fees. Fed. R. Civ. P. 37(c)(1). As the
12 Supreme Court confirmed, Rule 26(g), like Rule 11, requires that the
13 court impose "an appropriate sanction" on the attorney; in other words,
14 one which is commensurate with the discovery harm. See Fed. R. Civ. P.
15 26(g)(3); Chambers v. NASCO, Inc., 501 U.S. 32, 51 (1991).

16 In addition to this rule-based authority, federal courts have the
17 inherent power to sanction litigants to prevent abuse of the judicial
18 process. See Chambers, 501 U.S. at 44-46. All "federal courts are
19 vested with inherent powers enabling them to manage their cases and
20 courtrooms effectively and to ensure obedience to their orders... . As
21 a function of this power, courts can dismiss cases in their entirety,
22 bar witnesses, award attorney's fees and assess fines." Aloe Vera of
23 Am., Inc. v. United States, 376 F.3d 960, 964-65 (9th Cir. 2004)
24 (citation omitted). Sanctions are appropriate in response to "willful
25 disobedience of a court order ... or when the losing party has acted in
26 bad faith, vexatiously, wantonly, or for oppressive reasons." Fink v.
27 Gomez, 239 F.3d 989, 991 (9th Cir. 2001). When a court order is
28 violated, a district court considering the imposition of sanctions must

1 also examine the risk of prejudice to the complying party and the
2 availability of less drastic sanctions. See Commodity Futures Trading
3 Comm'n v. Noble Metals, 67 F.3d 766, 771 (9th Cir. 1995).

4 Regardless of whether sanctions are imposed under the Federal Rules
5 or pursuant to a court's inherent power, the decision to impose
6 sanctions lies within the sound discretion of the court. See Lasar v.
7 Ford Motor Co., 399 F.3d 1101, 1109-14 (9th Cir. 2005) (reviewing
8 sanctions imposed under the court's inherent power); Payne v. Exxon
9 Corp., 121 F.3d 503, 510 (9th Cir. 1997) (upholding sanctions imposed
10 under the Federal Rules).

11 **B. Broadcom Did Not File a Motion to Compel Discovery**

12 As summarized above, Broadcom served interrogatories and requested
13 documents relating to Qualcomm's participation in the JVT. Qualcomm
14 responded that "Qualcomm will produce non-privileged relevant and
15 responsive documents describing QUALCOMM's participation in the JVT, if
16 any, which can be located after a reasonable search." Doc. No. 543-3,
17 Ex. X (Qualcomm's Response to Broadcom's Request for Production No. 93).
18 Qualcomm also committed to producing "responsive non-privileged
19 documents that were given to or received from standards-setting body
20 responsible for the [H.264] standard, and which concern any Qualcomm
21 participation in setting the [H.264] standard." Mammen Decl. at 7-8.

22 Despite these responses, Qualcomm did not produce over 46,000
23 responsive documents, many of which directly contradict the non-
24 participation argument that Qualcomm repeatedly made to the court and
25 jury. Because Qualcomm agreed to produce the documents and answered the
26 interrogatories (even though falsely), Broadcom had no reason to file

27 ///

28 ///

1 a motion to compel.⁴ And, because Broadcom did not file a motion to
2 compel, Broadcom's possible remedies are restricted. If Broadcom had
3 filed a motion to compel, it could have obtained sanctions against
4 Qualcomm and its attorneys. Fed. R. Civ. P. 37(a) & (b). Because
5 Broadcom did not file a motion to compel, it may only seek Rule 37
6 sanctions against Qualcomm. Fed. R. Civ. P. 37(c). Thus, Qualcomm's
7 suppression of documents placed its retained attorneys in a better legal
8 position than they would have been in if Qualcomm had refused to produce
9 the documents and Broadcom had filed a motion to compel.

10 This dilemma highlights another problem with Qualcomm's conduct in
11 this case. The Federal Rules of Civil Procedure require parties to
12 respond to discovery in good faith; the rules do not require or
13 anticipate judicial involvement unless or until an actual dispute is
14 discovered. As the Advisory Committee explained, "[i]f primary
15 responsibility for conducting discovery is to continue to rest with the
16 litigants, they must be obliged to act responsibly and avoid abuse."
17 Fed. R. Civ. P. 26(g) Advisory Committee Notes (1983 Amendment). The
18 Committee's concerns are heightened in this age of electronic discovery
19 when attorneys may not physically touch and read every document within
20 the client's custody and control. For the current "good faith"
21 discovery system to function in the electronic age, attorneys and
22

23 ⁴ Qualcomm attempts to capitalize on this failure, arguing "Broadcom never
24 raised any concern regarding the scope of documents Qualcomm agreed to produce in
25 response to Request No. 50, and never filed a motion to compel concerning this request.
26 Accordingly, there is no order compelling Qualcomm to respond more fully to it."
27 Mammen Decl. at 9. Qualcomm made the same argument with regard to its other discovery
28 responses. Id. at 9-11; see also Bier Decl., Ex. C. This argument is indicative of
the gamesmanship Qualcomm engaged in throughout this litigation. Why should Broadcom
file a motion to compel when Qualcomm agreed to produce the documents? What would the
court have compelled: Qualcomm to do what it already said it would do? Should all
parties file motions to compel to preserve their rights in case the other side hides
documents?

1 clients must work together to ensure that both understand how and where
2 electronic documents, records and emails are maintained and to determine
3 how best to locate, review, and produce responsive documents. Attorneys
4 must take responsibility for ensuring that their clients conduct a
5 comprehensive and appropriate document search. Producing 1.2 million
6 pages of marginally relevant documents while hiding 46,000 critically
7 important ones does not constitute good faith and does not satisfy
8 either the client's or attorney's discovery obligations. Similarly,
9 agreeing to produce certain categories of documents and then not
10 producing all of the documents that fit within such a category is
11 unacceptable. Qualcomm's conduct warrants sanctions.

12 **C. Sanctions**

13 The Court's review of Qualcomm's declarations, the attorneys'
14 declarations, and Judge Brewster's orders leads this Court to the
15 inevitable conclusion that Qualcomm intentionally withheld tens of
16 thousands of decisive documents from its opponent in an effort to win
17 this case and gain a strategic business advantage over Broadcom.
18 Qualcomm could not have achieved this goal without some type of
19 assistance or deliberate ignorance from its retained attorneys.
20 Accordingly, the Court concludes it must sanction both Qualcomm and some
21 of its retained attorneys.⁵

22
23 ⁵ The Court is limited in its review and analysis of the debacle that
24 occurred in this litigation because Judge Brewster only referred the discovery
25 violation to this Court. Doc. No. 494 ("Dft's Oral Motion [489] for Sanctions re
26 Production of Documents re Witness Viji Raveendran - made and submitted on 01-24-07 -
27 Referred to the Magistrate Judge"). Judge Brewster did not refer any sanction motions
28 relating to false statements made to the trial judge or in pleadings resolved by the
trial judge. Id. Accordingly, this Court is limited in its review, analysis, and
conclusion to discovery violations and applicable discovery rules and remedies. See
Fed. R. Civ. P. 11(d) (Rule 11 does "not apply to disclosures and discovery requests,
responses, objections, and motions").

1 **1. Misconduct by Qualcomm**

2 Qualcomm violated its discovery obligations by failing to produce
3 more than 46,000 emails and documents that were requested in discovery
4 and that Qualcomm agreed to produce. See Fed. R. Civ. P. 26(g) Advisory
5 Committee Notes (1983 Amendment) ("Rule 26(g) imposes an affirmative
6 duty to engage in pretrial discovery in a responsible manner that is
7 consistent with the spirit and purposes of Rules 26 through 37). Rule
8 37 dictates that "[a] party that without substantial justification fails
9 to ... amend a prior response to discovery as required by Rule 26(e)(2),
10 is not, unless such failure is harmless, permitted to use" the
11 suppressed evidence in court proceedings. Fed. R. Civ. P. 37(c)(1).
12 The court also may impose other appropriate sanctions, including the
13 imposition of reasonable attorneys' fees. Id.

14 Qualcomm has not established "substantial justification" for its
15 failure to produce the documents. In fact, Qualcomm has not presented
16 **any** evidence attempting to explain or justify its failure to produce the
17 documents. Despite the fact that it maintains detailed records showing
18 whose computers were searched and which search terms were used (Glathe
19 Decl. at 3 (identifying the individuals whose computers were not
20 searched for specific types of documents)), Qualcomm has not presented
21 any evidence establishing that it searched for pre-September 2003 JVT,
22 avc_ce, or H.264 records or emails on its computer system or email
23 databases. Qualcomm also has not established that it searched the
24 computers or email databases of the individuals who testified on
25 Qualcomm's behalf at trial or in depositions as Qualcomm's most
26 knowledgeable corporate witnesses; in fact, it indicates that it did not
27 conduct any such search. Id.; Irvine Decl. at 2; Ludwin Decl. at 3;
28 Decl. of Viji Raveendran at 1, 4. The fact that Qualcomm did not

1 perform these basic searches at any time before the completion of trial
2 indicates that Qualcomm intentionally withheld the documents. This
3 conclusion is bolstered by the fact that when Qualcomm "discovered" the
4 21 Raveendran emails, it did not produce them and did not engage in any
5 type of review to determine whether there were additional relevant,
6 responsive, and unproduced documents. Bier Decl. at 7; Mammen Decl. at
7 16-18; Patch Decl. at 5-7. The conclusion is further supported by the
8 fact that after trial Qualcomm did not conduct an internal investigation
9 to determine if there were additional unproduced documents (Bier Decl.,
10 Ex. E (Qualcomm still had not searched as of March 7, 2007)); but,
11 rather, spent its time opposing Broadcom's efforts to force such a
12 search and insisting, without any factual basis, that Qualcomm's search
13 was reasonable. Id. at 10-11, Exs. B-F; Patch Decl. at 11-14.

14 Qualcomm's claim that it inadvertently failed to find and produce
15 these documents also is negated by the massive volume and direct
16 relevance of the hidden documents. As Judge Brewster noted, it is
17 inexplicable that Qualcomm was able to locate the post-September 2003
18 JVT documents that either supported, or did not harm, Qualcomm's
19 arguments but were unable to locate the pre-September 2003 JVT documents
20 that hurt its arguments. Waiver Order at 38. Similarly, the
21 inadvertence argument is undercut by Qualcomm's ability to easily locate
22 the suppressed documents using fundamental JVT and avc search terms when
23 forced to do so by Broadcom's threat to return to court. See October
24 12, 2007 Hearing Transcript at 192. Finally, the inadvertence argument
25 also is belied by the number of Qualcomm employees and consultants who
26 received the emails, attended the JVT meetings, and otherwise knew about
27 the information set forth in the undisclosed emails. Waiver Order at
28 10-12, 21-32. It is inconceivable that Qualcomm was unaware of its

1 involvement in the JVT and of the existence of these documents.

2 Assuming *arguendo*, that Qualcomm did not know about the suppressed
3 emails, Qualcomm failed to heed several warning signs that should have
4 alerted it to the fact that its document search and production were
5 inadequate. The first significant concern should have been raised in
6 connection with the Rule 30(b)(6) depositions of Christine Irvine and
7 Scott Ludwin. Both individuals testified as the Qualcomm employee most
8 knowledgeable about Qualcomm's involvement in the JVT. But, Qualcomm
9 did not search either person's computer for JVT documents, did not
10 provide either person with relevant JVT documents to review, and did not
11 make any other efforts to ensure each person was in fact knowledgeable
12 about Qualcomm's JVT involvement. Irvine Decl. at 2; Ludwin Decl. at
13 3; Glathe Decl. at 3. These omissions are especially incriminating
14 because many of the suppressed emails were to or from Irvine. Waiver
15 Order at 10-12, 25-26. If a witness is testifying as an organization's
16 most knowledgeable person on a specific subject, the organization has
17 an obligation to conduct a reasonable investigation and review to ensure
18 that the witness does possess the organization's knowledge.⁶ Fed. R.
19 Civ. P. 30(b)(6); In re JDS Uniphase Corp. Sec. Litig., 2007 WL 219857,
20 *1 (N.D. Cal. 2007) (the corporation "must prepare the designee to the

21
22 ⁶ Qualcomm's self-serving statements that "outside counsel selects ... the
23 custodians whose documents should be searched" and the paralegal does not decide "what
24 witnesses to designate to testify on behalf of the company" (Glathe Decl. at 1) does
25 not relieve Qualcomm of its obligations. Qualcomm has not presented any evidence
26 establishing what actions, if any, it took to ensure it designated the correct
27 employee, performed the correct computer searches, and presented the designated
28 employee with sufficient information to testify as the corporation's most knowledgeable
person. Qualcomm also has not presented any evidence that outside counsel knew enough
about Qualcomm's organization and operation to identify all of the individuals whose
computers should be searched and determine the most knowledgeable witness. And, more
importantly, Qualcomm is a large corporation with an extensive legal staff; it clearly
had the ability to identify the correct witnesses and determine the correct computers
to search and search terms to use. Qualcomm just lacked the desire to do so.

1 extent matters are reasonably available, whether from documents, past
2 employees, or other sources") (internal citation omitted); 1 Discovery
3 Proceedings in Federal Court § 8.6 (3rd ed. 2007) ("[a] party responding
4 to a request for a deposition of a corporate representative to testify
5 on behalf of the corporation must make a good-faith endeavor to
6 designate the persons having knowledge of the matters sought by the
7 interrogator and to prepare those persons in order that they can answer
8 fully, completely, and unequivocally, the questions posed by the
9 interrogator as to the relevant subject matters"). An adequate
10 investigation should include an analysis of the sufficiency of the
11 document search and, when electronic documents are involved, an analysis
12 of the sufficiency of the search terms and locations. In the instant
13 case, a reasonable inquiry should have included using the JVT, avc and
14 H.264 search terms and searching the computers of Raveendran, Irvine,
15 Ludwin (and other Qualcomm employees identified in the emails discovered
16 on the computers of these witnesses). This minimal inquiry would have
17 revealed the existence of the suppressed documents. Moreover, the fact
18 that Broadcom alleged, and Qualcomm agreed or acquiesced, that Irvine
19 was not sufficiently knowledgeable about Qualcomm's JVT involvement or
20 adequately prepared for her deposition, should also have alerted
21 Qualcomm to the inadequacy of its document search and production.

22 Another ignored warning flag was the December 2002 avc_ce email
23 reflector containing Raveendran's email address. Broadcom utilized this
24 document in several ways to argue that Qualcomm was involved in the JVT
25 prior to September 2003. Patch Decl. at 19-20 (document was shown to
26 Ludwin during his deposition); Leung Decl. at 8; Robertson Decl. at 14
27 (document attached to Broadcom's opposition to Qualcomm's MSA). Even
28 though this document indicated that in December 2002, a Qualcomm

1 employee was a member of the avc_ce email group, which related to the
2 JVT and the development of the H.264 standard, there is no evidence that
3 its presence triggered a search by Qualcomm for "avc_ce," "JVT," or any
4 other relevant term on Raveendran's computer or any other Qualcomm
5 database. Again, if Qualcomm had performed this search, it would have
6 located the suppressed emails. The fact that Qualcomm chose not to
7 investigate this document supports the conclusion that Qualcomm
8 intentionally withheld the 46,000 emails. This conclusion is reinforced
9 by the fact that, without any investigation, Qualcomm repeatedly tried
10 to discredit the document and Broadcom's reliance on it. Waiver Order
11 at 45; Young Decl. at 25-29.

12 Qualcomm had the ability to identify its employees and consultants
13 who were involved in the JVT, to access and review their computers,
14 databases and emails, to talk with the involved employees and to refresh
15 their recollections if necessary, to ensure that those testifying about
16 the corporation's knowledge were sufficiently prepared and testified
17 accurately, and to produce in good faith all relevant and requested
18 discovery. See Nat'l Assoc. of Radiation Survivors v. Turnage, 115
19 F.R.D. 543, 557-58 (N.D. Cal. 1987) (holding in case where sanctions
20 imposed for withholding of documents that "a reasonable inquiry into the
21 factual basis of its discovery responses as well as the factual basis
22 of subsequent pleadings, papers, and motions based on those responses
23 ... would have required, at a minimum, a reasonable procedure to
24 distribute discovery requests to all employees and agents of the
25 defendant potentially possessing responsive information, and to account
26 for the collection and subsequent production of the information").
27 Qualcomm chose not to do so and therefore must be sanctioned.

28 ///

1 **2. Attorneys' Misconduct**

2 The next question is what, if any, role did Qualcomm's retained
3 lawyers play in withholding the documents? The Court envisions four
4 scenarios. First, Qualcomm intentionally hid the documents from its
5 retained lawyers and did so so effectively that the lawyers did not know
6 or suspect that the suppressed documents existed. Second, the retained
7 lawyers failed to discover the intentionally hidden documents or suspect
8 their existence due to their complete ineptitude and disorganization.
9 Third, Qualcomm shared the damaging documents with its retained lawyers
10 (or at least some of them) and the knowledgeable lawyers worked with
11 Qualcomm to hide the documents and all evidence of Qualcomm's early
12 involvement in the JVT. Or, fourth, while Qualcomm did not tell the
13 retained lawyers about the damaging documents and evidence, the lawyers
14 suspected there was additional evidence or information but chose to
15 ignore the evidence and warning signs and accept Qualcomm's incredible
16 assertions regarding the adequacy of the document search and witness
17 investigation.

18 Given the impressive education and extensive experience of
19 Qualcomm's retained lawyers (see exhibit A⁷), the Court rejects the
20 first and second possibilities. It is inconceivable that these
21 talented, well-educated, and experienced lawyers failed to discover
22 through their interactions with Qualcomm any facts or issues that caused
23 (or should have caused) them to question the sufficiency of Qualcomm's
24

25
26 ⁷ Additional information regarding each attorney's role and involvement in
27 this litigation is set forth in his or her declaration and summarized in Exhibit A to
28 this Order. To address the attorneys' Due Process concerns arising from Qualcomm's
self-serving and misleading declarations (Doc. No. 704), the Court will not consider
the Qualcomm declarations (Glathe, Raveendran, Irvine and Ludwin) in evaluating the
conduct of Qualcomm's retained counsel.

1 document search and production. Qualcomm did not fail to produce a
2 document or two; it withheld over 46,000 critical documents that
3 extinguished Qualcomm's primary argument of non-participation in the
4 JVT. In addition, the suppressed documents did not belong to one
5 employee, or a couple of employees who had since left the company; they
6 belonged to (or were shared with) numerous, current Qualcomm employees,
7 several of whom testified (falsely) at trial and in depositions. Given
8 the volume and importance of the withheld documents, the number of
9 involved Qualcomm employees, and the numerous warning flags, the Court
10 finds it unbelievable that the retained attorneys did not know or
11 suspect that Qualcomm had not conducted an adequate search for
12 documents.

13 The Court finds no direct evidence establishing option three.
14 Neither party nor the attorneys have presented evidence that Qualcomm
15 told one or more of its retained attorneys about the damaging emails or
16 that an attorney learned about the emails and that the knowledgeable
17 attorney(s) then helped Qualcomm hide the emails. While knowledge may
18 be inferred from the attorneys' conduct, evidence on this issue is
19 limited due to Qualcomm's assertion of the attorney-client privilege.⁸
20

21
22 ⁸ Qualcomm asserted the attorney-client privilege and decreed that its
23 retained attorneys could not reveal any communications protected by the privilege.
24 Doc. No. 659; October 12, 2007 Hearing Transcript at 38. Several attorneys complained
25 that the assertion of the privilege prevented them from providing additional
26 information regarding their conduct. See, e.g., Young Decl. at 12; Leung Decl. at 3-5;
27 Robertson Decl. at 14-16. This concern was heightened when Qualcomm submitted its
28 self-serving declarations describing the failings of its retained lawyers. Doc. No.
704. Recognizing that a client has a right to maintain this privilege and that no
adverse inference should be made based upon the assertion, the Court accepted
Qualcomm's assertion of the privilege and has not drawn any adverse inferences from it.
October 12, 2007 Hearing Transcript at 4-5. However, the fact remains that the Court
does not have access to all of the information necessary to reach an informed decision
regarding the actual knowledge of the attorneys. As a result, the Court concludes for
purposes of this Order that there is insufficient evidence establishing option three.

1 Thus, the Court finds it likely that some variation of option four
2 occurred; that is, one or more of the retained lawyers chose not to look
3 in the correct locations for the correct documents, to accept the
4 unsubstantiated assurances of an important client that its search was
5 sufficient, to ignore the warning signs that the document search and
6 production were inadequate, not to press Qualcomm employees for the
7 truth, and/or to encourage employees to provide the information (or lack
8 of information) that Qualcomm needed to assert its non-participation
9 argument and to succeed in this lawsuit. These choices enabled Qualcomm
10 to withhold hundreds of thousands of pages of relevant discovery and to
11 assert numerous false and misleading arguments to the court and jury.
12 This conduct warrants the imposition of sanctions.⁹

13 **a. Identity of Sanctioned Attorneys**

14 The Court finds that each of the following attorneys contributed
15 to Qualcomm's monumental discovery violation and is personally
16

17 ⁹ The applicable discovery rules do not adequately address the attorneys'
18 misconduct in this case. Rule 26(g) only imposes liability upon the attorney who
19 signed the discovery request or response. Fed. R. Civ. P. 26(g). Similarly, Rule
20 37(a) authorizes sanctions against a party or attorney only if a motion to compel is
21 filed; Rule 37(b) authorizes sanctions against a party or an attorney if the party
22 fails to comply with a discovery order; and, Rule 37(c) only imposes liability upon a
23 party for the party's failure to comply with various discovery obligations. Fed. R.
24 Civ. P. 37. Under a strict interpretation of these rules, the only attorney who would
25 be responsible for the discovery failure is Kevin Leung because he signed the false
26 discovery responses. Doc. No. 543-3, Exs. W, X & Y; Robertson Decl., Ex. 2. However,
27 the Court believes the federal rules impose a duty of good faith and reasonable inquiry
28 on all attorneys involved in litigation who rely on discovery responses executed by
another attorney. See Fed. R. Civ. P. 26 Advisory Committee Notes (1983 Amendment)
(Rule 26(g) imposes an affirmative duty to engage in pretrial discovery in a
responsible manner that is consistent with the spirit and purposes of Rules 26 through
37); Fed. R. Civ. P. 11 (by signing, filing, submitting or advocating a pleading, an
attorney is certifying that the allegations have factual, evidentiary support).
Attorneys may not utilize inadequate or misleading discovery responses to present false
and unsupported legal arguments and sanctions are warranted for those who do so. Id.
The facts of this case also justify the imposition of sanctions against these attorneys
pursuant to the Court's inherent power. See, Fink, 239 F.3d at 993-94 ("an attorney's
reckless misstatements of law and fact, when coupled with an improper purpose ... are
sanctionable under a court's inherent power").

1 responsible: James Batchelder, Adam Bier, Kevin Leung, Christopher
2 Mammen, Lee Patch, and Stanley Young ("Sanctioned Attorneys").

3 Attorneys Leung, Mammen and Batchelder are responsible for the
4 initial discovery failure because they handled or supervised Qualcomm's
5 discovery responses and production of documents. The Federal Rules
6 impose an affirmative duty upon lawyers to engage in discovery in a
7 responsible manner and to conduct a "reasonable inquiry" to determine
8 whether discovery responses are sufficient and proper. Fed. R. Civ. P.
9 26(g); Fed. R. Civ. P. 26 Advisory Committee Notes (1983 Amendment).
10 In the instant case, a reasonable inquiry should have included searches
11 using fundamental terms such as JVT, avc_ce or H.264, on the computers
12 belonging to knowledgeable people such as Raveendran, Irvine and Ludwin.
13 As the post-trial investigation confirmed, such a reasonable search
14 would have revealed the suppressed documents. Had Leung, Mammen,
15 Batchelder, or any of the other attorneys insisted on reviewing
16 Qualcomm's records regarding the locations searched and terms utilized,
17 they would have discovered the inadequacy of the search and the
18 suppressed documents.¹⁰ Similarly, Leung's difficulties with the Rule
19

20 ¹⁰ Leung's attorney represented during the OSC hearing that Leung requested
21 a more thorough document search but that Qualcomm refused to do so. October 12, 2007
22 Hearing Transcript at 14-15. If Leung was unable to get Qualcomm to conduct the type
23 of search he deemed necessary to verify the adequacy of the document search and
24 production, then he should have obtained the assistance of supervising or senior
25 attorneys. If Mammen and Batchelder were unable to get Qualcomm to conduct a competent
26 and thorough document search, they should have withdrawn from the case or taken other
27 action to ensure production of the evidence. See The State Bar of California, Rules
28 of Professional Conduct, Rule 5-220 (a lawyer shall not suppress evidence that the
lawyer or the lawyer's client has a legal obligation to reveal); Rule 3-700 (a lawyer
shall withdraw from employment if the lawyer knows or should know that continued
employment will result in a violation of these rules or the client insists that the
lawyer pursue a course of conduct prohibited under these rules). Attorneys' ethical
obligations do not permit them to participate in an inadequate document search and then
provide misleading and incomplete information to their opponents and false arguments
to the court. Id.; Rule 5-200 (a lawyer shall not seek to mislead the judge or jury
by a false statement of fact or law); see also, In re Marriage of Gong and Kwong, 157

1 30(b)(6) witnesses, Irvine and Ludwin, should have alerted him (and the
2 supervising or senior attorneys) to the inadequacy of Qualcomm's
3 document production and to the fact that they needed to review whose
4 computers and databases had been searched and for what. Accordingly,
5 the Court finds that the totality of the circumstances establish that
6 Leung, Mammen and Batchelder did not make a reasonable inquiry into
7 Qualcomm's discovery search and production and their conduct contributed
8 to the discovery violation.

9 Attorneys Bier, Mammen and Patch are responsible for the discovery
10 violation because they also did not perform a reasonable inquiry to
11 determine whether Qualcomm had complied with its discovery obligations.
12 When Bier reviewed the August 6, 2002 email welcoming Raveendran to the
13 avc_ce email group, he knew or should have known that it contradicted
14 Qualcomm's trial arguments and he had an obligation to verify that it
15 had been produced in discovery or to immediately produce it. If Bier,
16 as a junior lawyer, lacked the experience to recognize the significance
17 of the document, then a more senior or knowledgeable attorney should
18 have assisted him. To the extent that Patch was supervising Bier in
19 this endeavor, Patch certainly knew or should have recognized the
20 importance of the document from his involvement in Qualcomm's motion
21 practice and trial strategy sessions.

22 Similarly, when Bier found the 21 emails on Raveendran's computer
23 that had not been produced in discovery, he took the appropriate action
24 and informed his supervisors, Mammen and Patch. Bier Decl. at 7. Patch
25 discussed the discovery and production issue with Young and Batchelder.

26
27 Cal. App. 4th 939, 951 (1st Dist. 2007) ("[a]n attorney in a civil case is not a hired
28 gun required to carry out every direction given by the client;" he must act like the
professional he is).

1 Patch Decl. at 6-7. While all of these attorneys assert that there was
2 a plausible argument that Broadcom did not request these documents, only
3 Bier and Mammen actually read the emails. Patch Decl. at 6-7;
4 Batchelder Decl. at 16. Moreover, all of the attorneys missed the
5 critical inquiry: was Qualcomm's document search adequate? If these 21
6 emails were not discovered during Qualcomm's document search, how many
7 more might exist? The answer, obviously, was tens of thousands. If
8 Bier, Mammen, Patch, Young or Batchelder had conducted a reasonable
9 inquiry after the discovery of the 21 Raveendran emails, they would have
10 discovered the inadequacy of Qualcomm's search and the suppressed
11 documents. And, these experienced attorneys should have realized that
12 the presence on Raveendran's computer of 21 JVT/avc_ce emails from 2002
13 contradicted Qualcomm's numerous arguments that it had not participated
14 in the JVT during that same time period. This fact, alone, should have
15 prompted the attorneys to immediately produce the emails and to conduct
16 a comprehensive document search.

17 Finally, attorneys Young, Patch, and Batchelder bear responsibility
18 for the discovery failure because they did not conduct a reasonable
19 inquiry into Qualcomm's discovery production before making specific
20 factual and legal arguments to the court. Young decided that Qualcomm
21 should file a motion for summary adjudication premised on the fact that
22 Qualcomm had not participated in the JVT until after the H.264 standard
23 was adopted in May 2003. Given that non-participation was vital to the
24 motion, Young had a duty to conduct a reasonable inquiry into whether
25 that fact was true. And, again, had Young conducted such a search, he
26 would have discovered the inadequacy of Qualcomm's document search and
27 production and learned that his argument was false. Similarly, Young
28 had a duty to conduct a reasonable inquiry into the accuracy of his

1 statement before affirmatively telling the court that no emails were
2 sent to Raveendran from the avc_ce email group.¹¹ Young also did not
3 conduct a reasonable (or any) inquiry during the following days before
4 he approved the factually incorrect JMOL.¹² A reasonable investigation
5 would have prevented the false filing.

6 Patch was an integral part of the trial team—familiar with
7 Qualcomm’s arguments, theories and strategies. He knew on January 14th
8 that 21 avc_ce emails had been discovered on Raveendran’s computer.
9 Without reading or reviewing the emails, Patch participated in the
10 decision not to produce them. Several days later, Patch carefully
11 tailored his questions to ensure that Raveendran did not testify about
12 the unproduced emails. And, after Broadcom stumbled into the email
13 testimony, Patch affirmatively misled the Court by claiming that he did
14 not know whether the emails were responsive to Broadcom’s discovery
15 requests. This conduct is unacceptable and, considering the totality
16 of the circumstances, it is unrealistic to think that Patch did not know
17 or believe that Qualcomm’s document search was inadequate and that
18 Qualcomm possessed numerous, similar and unproduced documents.

19
20
21 ¹¹ Patch claims that he told Young about the 21 Raveendran emails, but Young
22 denies it. Under either scenario, however, Young had a duty to conduct a reasonable
23 investigation before making that affirmative statement to the court. Sadly, Young did
24 not conduct any investigation; he merely assumed that others had conducted an adequate
25 investigation.

26 ¹² While the Court recognizes that the Day Casebeer attorneys were primarily
27 responsible for discovery in this case, the Heller Ehrman attorneys took on the task
28 of preparing witnesses and briefing regarding the JVT and, thus, were in a position to
evaluate during this process whether the underlying discovery upon which they relied
was adequate. Young, unlike Venkatesan and Robertson, was the primary liaison with Day
Casebeer and also was privy to the evolving theories of the case. As such, he was made
aware of some of the red flags such as the discovery of the JVT emails on Raveendran’s
computer and was in the best position both to understand their significance and to
communicate any concerns to the Day Casebeer attorneys or Qualcomm in-house counsel.

1 Batchelder also is responsible because he was the lead trial
2 attorney and, as such, he was most familiar with Qualcomm's important
3 arguments and witnesses. Batchelder stated in his opening statement
4 that Qualcomm had not participated in the JVT before late 2003. Despite
5 this statement and his complete knowledge of Qualcomm's legal theories,
6 Batchelder did not take any action when he was informed that JVT
7 documents that Qualcomm had not produced in discovery were found on
8 Raveendran's computer. He did not read the emails, ask about their
9 substance, nor inquire as to why they were not located during discovery.
10 And, he stood mute when four days later, Young falsely stated that no
11 emails had been sent to Raveendran from the avc_ce email group.
12 Finally, all of the pleadings containing the lie that Qualcomm had not
13 participated in the JVT in 2002 or early 2003 were sent to Batchelder
14 for review and he approved or ignored all of them.¹³ The totality of
15 the circumstances, including all of the previously-discussed warning
16 signs, demanded that Batchelder conduct an investigation to verify the
17 adequacy of Qualcomm's document search and production. His failure to
18 do so enabled Qualcomm to withhold the documents.

19 For all of these reasons, the Court finds that these attorneys did
20 not conduct a reasonable inquiry into the adequacy of Qualcomm's
21 document search and production and, accordingly, they are responsible,
22 along with Qualcomm, for the monumental discovery violation.

23 ///

24 ///

26 ¹³ Several declarations state or imply that senior lawyers failed to review
27 or comment on pleadings prepared by junior lawyers and sent to them prior to filing.
28 If this is true, it constitutes additional evidence that the senior lawyers turned a
blind eye to Qualcomm's discovery failures.

1 **b. Identity of Non-Sanctioned Attorneys**

2 Based upon the Court's review of the submitted declarations (see
3 Exhibit A), the Court finds that the following attorneys do not bear any
4 individual responsibility for the discovery violation and, on that
5 basis, declines to sanction them: Ruchika Agrawal, Howard Loo, William
6 Nelson, Ryan Scher, Bradley Waugh, David Kleinfeld, Barry Tucker, Heidi
7 Gutierrez, Victoria Smith, Roy Zemlicka, Craig Casebeer, Jaideep
8 Venkatesan, and Kyle Robertson.

9 The Court declines to sanction attorneys Agrawal, Loo, Nelson,
10 Scher, Waugh and Guterrez because they did not significantly
11 participate in the preparation or prosecution of the instant case or
12 primarily participated in aspects of the case unrelated to those at
13 issue in this Order and Judge Brewster's Waiver Order and Exceptional
14 Case Order. See Exhibit A.

15 The Court also declines to sanction Heller Ehrman attorneys
16 Kleinfeld and Tucker. These attorneys primarily monitored the instant
17 case for its impact on separate Qualcomm/Broadcom litigation. However,
18 for logistical reasons, both attorneys signed as local counsel pleadings
19 that contained false statements relating to Qulacomm's non-participation
20 in the JVT. Given the facts of this case as set forth above and in the
21 declarations, the limitations provided by the referral, and the totality
22 of the circumstances, the Court finds that it was reasonable for these
23 attorneys to sign the pleadings, relying on the work of other attorneys
24 more actively involved in the litigation.¹⁴

25
26 ¹⁴ The Court is declining to sanction these attorneys for their role in
27 signing and filing false pleadings, but the Court notes that sanctioning local counsel
28 for such conduct is possible and may be imposed in another case under different
circumstances. Attorneys must remember that they are required to conduct a reasonable
inquiry into the accuracy of the pleadings prior to signing, filing or arguing them.

1 While a closer call, the Court also declines to sanction Day
2 Casebeer attorneys Casebeer, Smith and Zemlicka. Unlike the Sanctioned
3 Attorneys, Casebeer did not begin working on this case until after
4 discovery had closed and he did not learn about the Raveendran emails
5 until after she testified at trial. Thus, he would not have been privy
6 to any of the red flags, which should have alerted the Sanctioned
7 Attorneys to the fact that significant discovery gaps existed and
8 further investigation was necessary.

9 Smith and Zemlicka prepared and signed pleadings containing false
10 statements about Qualcomm's non-participation in the JVT. While they
11 did more substantive work on the false motions than Kleinfeld and
12 Tucker, all four relied on work conducted by other lawyers who were more
13 involved in the discovery and litigation. In addition, Smith and
14 Zemlicka worked under the direction of Casebeer who told them to rely
15 on and conform the motion to the discussion of facts set forth in
16 Qualcomm's MSA.¹⁵ Although the Court questions the reasonableness of
17 the attorneys' decision to rely on the MSA without conducting any
18 independent investigation under the facts of this case, the Court
19 concludes that the totality of the circumstances do not justify
20

21
22 Fed. R. Civ. P. 11. While it may be reasonable for attorneys to rely on the work
23 conducted by other attorneys (Townsend v. Holman Consulting Corp., 929 F.2d 1358, 1364
(9th Cir. 1990)(*en banc*)(describing various applications of the "reasonableness"
inquiry)), that determination is dependent on the circumstances of each case.

24 ¹⁵ The Court notes that Casebeer stated that "[i]t was not then, or now, my
25 practice to independently confirm factual representations that had previously been made
26 to a court by colleagues working on a case, where I had no reason to question the
27 accuracy of such representations." Casebeer Decl. at 5. It is the last phrase that
28 the Court considers critical. As discussed in previous sections, the fault that the
Court finds throughout this case was the failure of Qualcomm and many of its attorneys
to realize (or take appropriate action based upon the realization) that there **was** a
reason (actually several reasons) to question the accuracy of the representations and
the adequacy of the discovery search and production.

1 sanctioning Zemlicka or Smith. This conclusion is bolstered by the fact
2 that the pleadings were reviewed and approved by attorneys with more
3 litigation experience and more familiarity with this case.

4 For similar reasons, the Court finds it inappropriate to
5 individually sanction Heller Ehrman attorneys Kyle Robertson and Jaideep
6 Venkatesan. These attorneys, working for Stanley Young, began work on
7 JVT-related issues in August 2006. Robertson, under the supervision of
8 Venkatesan, made significant efforts to confirm the accuracy of the
9 facts upon which he relied in drafting various pleadings, including:
10 (1) reviewing numerous deposition transcripts and discovery responses,
11 (2) circulating drafts of all pleadings he prepared to more senior
12 outside and inside counsel with the expectation that they would inform
13 him of any factual inaccuracies, and (3) upon learning from Broadcom's
14 opposition to the MSA of the December 2002 report listing Raveendran's
15 email address, searching the JVT website for information about the Ad-
16 Hoc Group email list, contacting numerous Day Casebeer and Heller Ehrman
17 attorneys for more information, and finally calling Raveendran at home.
18 The Court again finds it troubling that these attorneys failed to
19 investigate the adequacy of Qualcomm's document search and production
20 before filing the pleadings but, given the totality of the
21 circumstances, the Court declines to sanction Robertson and Venkatesan.

22 **3. Imposed Sanctions**

23 As set forth above, the evidence establishes that Qualcomm
24 intentionally withheld tens of thousands of emails and that the
25 Sanctioned Attorneys assisted, either intentionally or by virtue of
26 acting with reckless disregard for their discovery obligations, in this
27 discovery violation. The remaining issue, then, is what are the
28 appropriate sanctions.

1 **a. Monetary Sanctions Against Qualcomm**

2 In its sanction motion, Broadcom requested that this Court order
3 Qualcomm to (1) reimburse Broadcom for its attorneys' and experts' fees
4 incurred in litigating this case, to the extent not already awarded
5 pursuant to the Exceptional Case Order, (2) pay a substantial fine to
6 the Court, (3) implement a discovery compliance program to prevent
7 Qualcomm's future litigation misconduct, and (4) identify all false
8 statements and arguments. Doc. No. 540 at 2, 14. Broadcom also
9 requested an opportunity to conduct additional discovery regarding
10 Qualcomm's discovery violations. Id. Because Broadcom prevailed at
11 trial and in post-trial hearings, despite the suppressed evidence, and
12 because the case is on appeal, oversight sanctions such as monitoring
13 Qualcomm's discovery efforts, or identifying false testimony and
14 arguments are not appropriate. Monetary sanctions, however, are
15 appropriate.

16 The suppressed emails directly rebutted Qualcomm's argument that
17 it had not participated in the JVT during the time the H.264 standard
18 was being developed. As such, their absence was critical to Qualcomm's
19 hope and intent of enforcing its patents against Broadcom (as well as
20 presumably all other cellular companies utilizing the H.264 technology
21 in their products). Because Broadcom prevailed at trial and in the
22 post-trial hearings despite the suppressed evidence, it is reasonable
23 to infer that had Qualcomm intended to produce the 46,000 incriminating
24 emails (and thereby acknowledge its early involvement in the JVT and its
25 accompanying need to disclose its intellectual property), the instant
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1 case may never have been filed.¹⁶ Even if Qualcomm did file this case,
2 the hidden evidence would have dramatically undermined Qualcomm's
3 arguments and likely resulted in an adverse pretrial adjudication, much
4 as it caused the adverse post-trial rulings. See Waiver Order;
5 Exceptional Case Order. Accordingly, Qualcomm's failure to produce the
6 massive number of critical documents at issue in this case significantly
7 increased the scope, complexity and length of the litigation and
8 justifies a significant monetary award. See, Fed. R. Civ. P. 26(g)(3)
9 & 37(c).

10 The Court therefore awards Broadcom all of its attorneys' fees and
11 costs incurred in the instant litigation. Because Judge Brewster
12 already has awarded these costs and fees to Broadcom in the Exceptional
13 Case Order and a double recovery would be improper, this Court directs
14 that Qualcomm receive credit toward this penalty for any money it pays
15 to Broadcom to satisfy the exceptional case award. Accordingly, for its
16 monumental and intentional discovery violation, Qualcomm is ordered to
17 pay \$8,568,633.24 to Broadcom; this figure will be reduced by the amount
18 actually paid by Qualcomm to Broadcom to satisfy the exceptional case
19 award.¹⁷

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21 ///

23 ¹⁶ Qualcomm argues that while it was aware of the H.264 standard and its
24 application to the instant litigation, it was not aware of the issue that if it had
25 participated in the JVT's development of the H.264 standard, it could not have enforced
26 its H.264 patents until Broadcom raised this issue as an affirmative defense. Mammen
Decl. at 11-12. This argument strains credulity as the potential defense screams for
consideration prior to filing this suit.

27 ¹⁷ Because the attorneys' fees sanction is so large, the Court declines to
28 fine Qualcomm. If the imposition of an \$8.5 million dollar sanction does not change
Qualcomm's conduct, the Court doubts that an additional fine would do so.

1 **b. Referral to the California State Bar**

2 As set forth above, the Sanctioned Attorneys assisted Qualcomm in
3 committing this incredible discovery violation by intentionally hiding
4 or recklessly ignoring relevant documents, ignoring or rejecting
5 numerous warning signs that Qualcomm's document search was inadequate,
6 and blindly accepting Qualcomm's unsupported assurances that its
7 document search was adequate. The Sanctioned Attorneys then used the
8 lack of evidence to repeatedly and forcefully make false statements and
9 arguments to the court and jury. As such, the Sanctioned Attorneys
10 violated their discovery obligations and also may have violated their
11 ethical duties. See e.g., The State Bar of California, Rules of
12 Professional Conduct, Rule 5-200 (a lawyer shall not seek to mislead the
13 judge or jury by a false statement of fact or law), Rule 5-220 (a lawyer
14 shall not suppress evidence that the lawyer or the lawyer's client has
15 a legal obligation to reveal or to produce). To address the potential
16 ethical violations, the Court refers the Sanctioned Attorneys to The
17 State Bar of California for an appropriate investigation and possible
18 imposition of sanctions.¹⁸ Within ten days of the date of this Order,
19 each of the Sanctioned Attorneys must forward a copy of this Order and
20 Judge Brewster's Waiver Order to the Intake Unit, The State Bar of
21 California, 1149 South Hill Street, Los Angeles, California 90015 for
22

23
24 ¹⁸ Monetary sanctions would be appropriate to address the discovery
25 violations. However, the Court declines to impose monetary sanctions against the
26 Sanctioned Attorneys for several reasons. First, if the imposed sanctions do not
27 convince the attorneys to behave in a more ethical and professional manner in the
28 future, monetary sanctions are unlikely to do so. Second, it is possible that Qualcomm
will seek contribution from its retained attorneys after it pays Broadcom's attorneys'
fees and costs and, in light of that significant monetary sanction, an additional fine
is unlikely to affect counsel's future behavior. Third, the Court acknowledges the
limitations on its authority (see sections A and B and footnotes 5 and 9) and, based
on those concerns, declines to impose significant monetary sanctions.

1 appropriate investigation.

2 **c. Case Review and Enforcement of Discovery Obligations**

3 The Court also orders Qualcomm and the Sanctioned Attorneys to
4 participate in a comprehensive Case Review and Enforcement of Discovery
5 Obligations ("CREDO") program. This is a collaborative process to
6 identify the failures in the case management and discovery protocol
7 utilized by Qualcomm and its in-house and retained attorneys in this
8 case, to craft alternatives that will prevent such failures in the
9 future, to evaluate and test the alternatives, and ultimately, to create
10 a case management protocol which will serve as a model for the future.

11 Because they reviewed and approved the false pleadings, the Court
12 designates the following Qualcomm attorneys to participate in this
13 process as Qualcomm's representatives: Alex Rogers, Roger Martin,
14 William Sailer, Byron Yafuso, and Michael Hartogs (the "Named Qualcomm
15 Attorneys").¹⁹ Qualcomm employees were integral participants in hiding
16 documents and making false statements to the court and jury. Qualcomm's
17 in-house lawyers were in the unique position of (a) having unlimited
18 access to all Qualcomm employees, as well as the emails and documents
19 maintained, possessed and used by them, (b) knowing or being able to
20 determine all of the computers and databases that were searched and the
21 search terms that were utilized, and (c) having the ability to review
22 all of the pleadings filed on Qualcomm's behalf which did (or should
23 have) alerted them to the fact that either the document search was

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26 ¹⁹ Qualcomm chose not to provide any information to the Court regarding the
27 actions of Qualcomm's counsel or employees so the Court must rely on the retained
28 attorneys' statements that these attorneys were involved in the case. Robertson Decl.
at 13, 22; Venkatesan Decl. at 14; Young Decl. at 18, 21, 35. Qualcomm's General
Counsel at the time, Lou Lupin, is not included in this list since he has resigned from
the company. October 12, 2007 Hearing Transcript at 108, 198.

1 inadequate or they were knowingly not producing tens of thousands of
2 relevant and requested documents. Accordingly, Qualcomm's in-house
3 lawyers need to be involved in this process.

4 At a minimum, the CREDO protocol must include a **detailed analysis**
5 (1) identifying the factors ²⁰ that contributed to the discovery
6 violation (e.g., insufficient communication (including between client
7 and retained counsel, among retained lawyers and law firms, and between
8 junior lawyers conducting discovery and senior lawyers asserting legal
9 arguments); inadequate case management (within Qualcomm, between
10 Qualcomm and the retained lawyers, and by the retained lawyers);
11 inadequate discovery plans (within Qualcomm and between Qualcomm and its
12 retained attorneys); etc.), (2) creating and evaluating proposals,
13 procedures, and processes that will correct the deficiencies identified
14 in subsection (1), (3) developing and finalizing a comprehensive
15 protocol that will prevent future discovery violations (e.g.,
16 determining the depth and breadth of case management and discovery plans
17 that should be adopted; identifying by experience or authority the
18 attorney from the retained counsel's office who should interface with
19 the corporate counsel and on which issues; describing the frequency the
20 attorneys should meet and whether other individuals should participate
21 in the communications; identifying who should participate in the
22 development of the case management and discovery plans; describing and
23 evaluating various methods of resolving conflicts and disputes between
24 the client and retained counsel, especially relating to the adequacy of
25

26 ²⁰ In the CREDO program, the Court does not seek the identities of individuals
27 who contributed to the discovery failure, nor the content of communications between or
28 among counsel and client so this program does not implicate the attorney-client
privilege.

1 discovery searches; describing the type, nature, frequency, and
2 participants in case management and discovery meetings; and, suggesting
3 required ethical and discovery training; etc.), (4) applying the
4 protocol that was developed in subsection (3) to other factual
5 situations, such as when the client does not have corporate counsel,
6 when the client has a single in-house lawyer, when the client has a
7 large legal staff, and when there are two law firms representing one
8 client, (5) identifying and evaluating data tracking systems, software,
9 or procedures that corporations could implement to better enable inside
10 and outside counsel to identify potential sources of discoverable
11 documents (e.g. the correct databases, archives, etc.), and (6) any
12 other information or suggestions that will help prevent discovery
13 violations.

14 To facilitate development of the CREDO program, the Sanctioned
15 Attorneys and Named Qualcomm Attorneys are required to meet²¹ at 9:00
16 a.m. on Tuesday, January 29, 2008, in the chambers of the Honorable
17 Barbara L. Major, United States Magistrate Judge, 940 Front Street,
18 Suite 5140, San Diego, California, 92101. The Court will participate
19 only to the extent necessary to ensure that the participants are
20 complying with the instructions in this Order. The Court will provide
21 whatever time is necessary for the participants to fully and completely
22 examine, analyze and complete the CREDO protocol. At the conclusion of
23 the process, the participating attorneys will submit their proposed
24 protocol to the Court. The Court will review the proposed protocol and,

25
26
27 ²¹ While not required to do so, a Broadcom attorney may participate in the
28 process. If Broadcom decides to participate, Qualcomm and the Sanctioned Attorneys
must pay the Broadcom attorney's reasonable costs and fees incurred in traveling to and
participating in this program.

1 if sufficient, order it filed. The Court will notify the Sanctioned
2 Attorneys and Named Qualcomm Attorneys if the proposed protocol is
3 insufficient so further revisions can be implemented. When completed
4 protocol is submitted, the Sanctioned Attorneys and Named Qualcomm
5 Attorneys shall each file a declaration under penalty of perjury
6 affirming that they personally participated in the entire process that
7 led to the CREDO protocol and specifying the amount of time they spent
8 working on it.

9 While no one can undo the misconduct in this case, this process,
10 hopefully, will establish a baseline for other cases. Perhaps it also
11 will establish a turning point in what the Court perceives as a decline
12 in and deterioration of civility, professionalism and ethical conduct
13 in the litigation arena. To the extent it does so, everyone benefits -
14 Broadcom, Qualcomm, and all attorneys who engage in, and judges who
15 preside over, complex litigation. If nothing else, it will provide a
16 road map to assist counsel and corporate clients in complying with their
17 ethical and discovery obligations and conducting the requisite
18 "reasonable inquiry."

19 CONCLUSION

20 For the reasons set forth above, the Court **GRANTS IN PART** and
21 **DENIES IN PART** Broadcom's sanction motion and **ORDERS** Qualcomm to pay
22 Broadcom \$8,568,633.24. Qualcomm will receive credit toward this
23 sanction for any amount it pays to Broadcom to satisfy the Exceptional
24 Case sanction. The Court also **REFERS to The State Bar of California** for
25 an investigation of possible ethical violations attorneys James R.
26 Batchelder, Adam A. Bier, Kevin K. Leung, Christian E. Mammen, Lee Patch
27 and Stanley Young. The Court **ORDERS** these six attorneys and Qualcomm
28 in-house attorneys Alex Rogers, Roger Martin, William Sailer, Byron

1 Yafuso, and Michael Hartogs to appear 9:00 a.m. on Tuesday, January 29,
2 2008, in the chambers of the Honorable Barbara L. Major, United States
3 Magistrate Judge, 940 Front Street, Suite 5140, San Diego, California,
4 92101 to develop the comprehensive Case Review and Enforcement of
5 Discovery Obligations protocol in accordance with this Order.

6 **IT IS SO ORDERED.**

7 DATED: January 7, 2008

8 

9 BARBARA L. MAJOR
10 United States Magistrate Judge

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13 COPY TO:

14 HONORABLE RUDI M. BREWSTER
15 U.S. DISTRICT JUDGE

16 ALL COUNSEL
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1 Exhibit A²²

2 Day Casebeer Madrid & Batchelder

3 James R. Batchelder-Partner and founding member of Day Casebeer, B.A.
4 from Franklin & Marshall College, J.D. from University of California,
5 Los Angeles, School of Law. Qualcomm's lead attorney throughout this
6 case. Delivered Qualcomm's opening and closing arguments and refined
7 Qualcomm's trial strategies and theories. Delegated case preparation and
8 trial issues to other attorneys or teams of attorneys but was available
9 for consultation on discovery and all trial issues. Was told on January
10 14, 2007 that JVT documents that Qualcomm had not produced in discovery
11 were located on Raveendran's computer, but he did not review them and
12 directed other attorneys to handle the issue. Present for the January
13 18, 2007 sidebar during which Young stated that there was no evidence
14 that any emails were sent to the viji@qualcomm.com address and he did
15 not correct the statement nor mention the 21 Raveendran emails. Present
16 for the January 24, 2007 sidebar after Raveendran's testimony during
17 which Patch implied that the 21 emails had not been reviewed.
18 Participated in drafting several pleadings that ultimately were
19 determined to contain false statements and arguments, including
20 Qualcomm's Post-Trial Brief Concerning Waiver and Inequitable Conduct.
21 Doc. No. 678.

22 Lee Patch-Partner, B.S. from Carnegie Mellon University, J.D. from
23 Duquesne University School of Law. Defended Raveendran's deposition.
24 Responsible for defending Qualcomm against Broadcom's inequitable
25 conduct allegations. Supervised Bier in the trial preparation of Viji
26 Raveendran and conducted the direct examination of Raveendran. Learned
27 about the 21 Raveendran emails on January 14, 2007, told Batchelder and
28 Young about the email discovery, and did not review the emails but
participated in the decision not to produce them. Did not ask
Raveendran about the 21 emails discovered on her laptop or whether she
had received any avc_ce emails; asked her whether she had **read** any
avc_ce emails. In the sidebar immediately after Raveendran admitted she
received avc_ce emails, Patch stated that he had not seen the emails and
did not know whether they were responsive to Broadcom's discovery
requests; he did not tell the court that Qualcomm already had reviewed
the emails and decided not to produce them to Broadcom. Participated
in drafting and arguing pleadings that contained false and misleading
statements regarding Qualcomm's non-participation in the JVT. Doc. No.
676.

26 ²² All of the information in this exhibit was obtained from the attorneys'
27 declarations.
28

1 **Christian E. Mammen**-Senior Associate during trial and currently a
2 Partner, B.A. from Trinity University, J.D. from Cornell Law School, D.
3 Phil. in law from Oxford University. Drafted the complaint, handled
4 day-to-day discovery activities, and supervised Leung in additional
5 discovery matters. Prepared memoranda regarding document retention,
6 collection and production. Reviewed the 21 Raveendran emails on January
7 14, 2007 and made the decision not to produce them. Helped prepare,
8 reviewed, and signed some of the pleadings which contained false
9 statements. Participated in the post-trial correspondence and
10 resistance to Broadcom's requested additional document searches. Doc.
11 No. 682.

12 **Kevin Leung**-Associate, B.A. from University of California at Berkeley,
13 J.D. from University of California at Los Angeles. Had primary
14 responsibility for discovery duties, including drafting and signing
15 written discovery responses; supervised by Mammen. Prepared and
16 defended Christine Irvine's personal and Rule 30(b)(6) depositions.
17 Supervised by Mammen and Batchelder in this regard. Discovered shortly
18 before Irvine's deposition 400,000 pages of publicly available JVT
19 documents that a Qualcomm employee had downloaded to Qualcomm's computer
20 system but Broadcom refused to continue the deposition. Irvine
21 testified that Qualcomm had never been involved in the JVT but
22 subsequent review of the publicly available JVT documents established
23 that Qualcomm was involved in the JVT in late 2003. The subsequent
24 review also revealed December 2002 and March 2003 reports of an *ad hoc*
25 group concerning coding efficiency analysis and testing of H.264 that
26 listed Raveendran's email address. Based upon at least Irvine's false
27 statement, Leung agreed to Broadcom's request for a new Rule 30(b)(6)
28 witness on Qualcomm's involvement in the JVT. Scott Ludwin was the
replacement Rule 30(b)(6) witness and Leung defended his deposition.
Ludwin testified that Qualcomm had not participated in the JVT prior to
late 2003. After Ludwin's deposition, Leung worked with Qualcomm and
produced additional documents concerning Qualcomm's involvement in the
JVT in and after December 2003. Leung explains that the earlier
document were not discovered because the mid-2006 search involved
computers belonging to the Multimedia Development and Standardization
Group, not the Digital Cinema Group. Doc. No. 680.

21 **Adam Bier**-Junior associate, undergraduate degree from University of
22 California, Berkeley, J.D. from the New York University School of Law.
23 Bier did not participate in pre-trial document collection. During
24 trial, he was responsible for the twice-daily disclosures of evidence
25 to be used and witnesses to be called at trial. Patch also asked him
26 to assist in preparing Raveendran to testify at trial. In that regard,
27 he met with Raveendran on several days in January 2007. On or about
28 January 7, 2007, Bier became aware of an August 6, 2002 email received
by Raveendran welcoming her to the avc_ce email group. Bier does not
recall what, if anything, he did after learning about this document.
On January 14, 2007, Bier and Raveendran searched her computer using the
search term "avc_ce" and discovered 21 separate emails that had not been
produced to Broadcom. Bier brought those emails to the attention of
Mammen and Patch. The three attorneys decided not to produce the emails
to Broadcom. After Raveendran testified on January 24, 2007, Bier

1 helped produce to Broadcom the 21 emails found on Raveendran's computer.
2 The August 6, 2002 email was not included in this document production.
3 After trial, Bier, under the supervision of Batchelder, Patch and
4 Mammen, corresponded with Broadcom's counsel, arguing that the 21
5 Raveendran emails were not covered by any Broadcom discovery request and
6 resisting Broadcom's attempts to force Qualcomm to conduct additional
7 searches for JVT documents. In March 2007, Bier advised Broadcom that
8 Qualcomm would conduct limited additional document searches. Doc. No.
9 686.

10 **Craig Casebeer**-Partner and founding member of Day Casebeer, B.A. from
11 Stanford University, J.D. from University of California at Berkeley,
12 Boalt Hall. Joined this litigation shortly before trial and provided
13 assistance and trouble-shooting experience to Batchelder and the rest
14 of Qualcomm's trial team. Supervised the preparation of motions in
15 limine. Directed Zemlicka to use Qualcomm's MSA to draft the motion in
16 limine to exclude evidence relating to Qualcomm's participation in the
17 JVT. Conducted the trial testimony of two witnesses who were not
18 mentioned in Judge Brewster's Waiver Order. Present for the January 18,
19 2007 sidebar during which Young stated that there was no evidence of
20 emails being sent to the group, including Raveendran. Supervised Smith
21 in the drafting, editing and finalizing of the JMOL, although the waiver
22 portion was prepared by the Heller Ehrman lawyers. Participated in the
23 decision to produce the 21 emails after Raveendran's testimony.
24 Authored the letter to Judge Brewster submitting the Amended JMOL, which
25 corrected the statements determined to be false based upon the
26 Raveendran emails. Participated in drafting Qualcomm's Post-Trial Brief
27 Concerning Waiver and Inequitable Conduct, which contained statements
28 later determined to be false and misleading. Doc. No. 679.

17 **Victoria Q. Smith**-Junior associate, B.S. from University of Tulsa, J.D.
18 from University of Michigan. Assisted in the preparation of expert
19 witnesses and other technical witnesses. Helped prepare and signed both
20 of Qualcomm's Motions for Judgment as a Matter of Law. Smith did not
21 draft the portion of the JMOL that concerned waiver. Doc. No. 691.

20 **Roy V. Zemlicka**-Junior associate, bachelor's degree from University of
21 California at Santa Cruz, J.D. from Santa Clara University. Performed
22 discrete tasks to assist senior lawyers in pre-trial litigation. Signed
23 two pleadings relating to Qualcomm's Motion in Limine to Exclude
24 Evidence relating to Qualcomm's participation in the JVT. Also helped
25 prepare the motion, although the majority of his work was on an issue
26 that was subsequently moved to another motion in limine and then
27 resolved prior to court argument. Inserted language from Qualcomm's MSA
28 into the Motion in Limine and this language subsequently was determined
to be false and misleading. Zemlicka did not perform any independent
factual investigation; he relied on prior Qualcomm pleadings. Doc. No.
694.

1 **Ruchika Agrawal**-First year associate, Bachelor's degree from Rutgers
2 University, Master's degree from Stanford University, J.D. from
3 University of Virginia Law School. Attended two chamber's conferences
4 regarding jury instructions. Assisted with discrete tasks during trial,
5 including assisting in the mock cross-examination of Raveendran. Was
6 present in court during Raveendran's testimony and sat with her during
7 break in testimony but did not discuss her testimony or the 21 emails.
8 Doc. No. 677.

9
10 **William P. Nelson**-Associate, J.D. from University of California, Boalt
11 Hall. Had minimal involvement in the instant litigation and none
12 related to Qualcomm's participation in the JVT. Signed Qualcomm's
13 opposition to Broadcom's motion for leave to file an amended answer and
14 counterclaims and argued the motion in court. Doc. No. 689.

15
16 **Howard T. Loo**-Associate, B.A. from Stanford University, J.D. University
17 of California at Berkeley's Boalt Hall. Only billed 11.8 hours to this
18 case but signed a pleading unrelated to the JVT or H.264 standard. Doc.
19 No. 687.

20
21 **Ryan L. Scher**-First year associate, J.D. from Tulane University.
22 Attended two chamber's conferences regarding jury instructions. Also
23 performed discrete tasks related to trial for more senior lawyers. Doc.
24 No. 690.

25
26 **Bradley A. Waugh**-Associate, B.S. from Georgia Institute of Technology,
27 M.S. from Rice University, J.D. from Stanford University. Heavily
28 involved in instant case but vast majority of work related to claim
construction, infringement and some invalidity. Waugh also provided
technical assistance to lawyers responsible for the JVT issues. Signed
several pleadings unrelated to the issues addressed in Judge Brewster's
order. Doc. No. 693.

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30
31 **Heller Ehrman LLP**

32 **Stanley Young**-Firm shareholder, A.B., A.M. from Stanford University,
33 J.D. from Harvard Law School. Became involved with this case in early
34 2006. Initially only responsible for damages issues. Understood that
35 Day Casebeer was responsible for written discovery and document
36 production. In August 2006, Young agreed to Batchelder's request to
37 have Heller Ehrman assume responsibility for handling JVT issues.
38 Decided to file the MSA arguing that Qualcomm had not participated in
the JVT at any time before the H.264 standard was established.
Supervised Venkatesan and Robertson in the preparation of expert reports
and pleadings relating to JVT issues, including the MSA and reply.
Argued the MSA to Judge Brewster on December 5, 2006. Agreed to present
the JVT witnesses at trial, although they ultimately were not used at
trial. Argued at sidebar on January 18, 2007 to exclude the December

1 2002 email reflector list containing Raveendran's email address and
2 affirmatively stated that there was no evidence that any emails had been
3 sent to Raveendran's email address. Although Young denies knowing about
4 the 21 Raveendran emails, his statement occurred four days after Patch
5 claims he notified Young of the discovery. Directed Day Casebeer and
6 Heller Ehrman lawyers to prepare an Amended JMOL to correct the false
7 statements regarding Qualcomm's non-participation that had been included
8 in the original JMOL filed on January 24, 2007. Doc. No. 699-4.

9 **Jaideep Venkatesan**-Associate, J.D. from University of California at Los
10 Angeles. At Young's direction, worked on the damages aspect of this
11 case and later on responding to the expert report relating to JVT
12 issues. Venkatesan and Young discussed the JVT discovery and issues
13 with Patch and other Day Casebeer lawyers. Supervised Robertson in
14 preparing Dr. Richardson's expert declaration. Transmitted the draft
15 declaration to Day Casebeer lawyers Patch, Leung and Waugh and Qualcomm
16 in-house lawyers Alex Rogers and Roger Martin for review. Worked with
17 Robertson to prepare Qualcomm's MSA and the related reply. The Reply,
18 which addressed the December 2002 email reflector list including
19 Raveendran's address, was sent to Day Casebeer lawyers Leung, Mammen,
20 Patch and Batchelder and Qualcomm lawyers Rogers, Martin and Byron
21 Yafuso. Also prepared or assisted in preparing and/or reviewing other
22 pleadings ultimately determined to contain false or misleading JVT
23 statements. Doc. No. 699-3.

24 **Kyle S. Robertson**-Junior associate, B.A. from Grinnel College, J.D. from
25 Boalt Hall School of Law at the University of California at Berkeley.
26 In August 2006, Young directed Robertson to become involved in the JVT
27 issues. To become familiar with the subject, Robertson went to the JVT
28 website and learned about its work and intellectual property rights
policies. In late August, he attended the deposition of Gary Sullivan,
the Chairman of the JVT. It was the first deposition Robertson had
attended and he obtained background information and specific questions
from Patch. He also reviewed a number of JVT-related depositions taken
by other attorneys. Under Venkatesan and Young's supervision, Robertson
prepared several pleadings, including the MSA and related Reply, and an
expert declaration, all of which were sent to other attorneys for
review. In preparing those documents, Robertson relied on depositions
taken and discovery prepared by Day Casebeer lawyers. He circulated the
MSA pleadings to Qualcomm attorneys Rogers, Martin, Louis Lupin, William
Sailer and Michael Hartogs and Day Casebeer attorneys Batchelder, Patch
and Mammen. When Robertson received Broadcom's opposition to the MSA,
which included the December 2002 email reflector, he searched the JVT
website to learn about the AVC *ad hoc* group, discussed it with senior
lawyers at Heller Ehrman and Day Casebeer, and contacted Raveendran.
Robertson also prepared a portion of the JMOL and post-trial briefs,
which later were determined to contain the false and misleading
statements regarding Qualcomm's non-participation in the JVT. The
documents were transmitted to a number of Day Casebeer and Qualcomm in-
house lawyers for review prior to filing. Doc. No. 699-2.

1 **Heidi M. Gutierrez**-Firm shareholder, B.S. from United States Naval
2 Academy, J.D. University of San Diego Law School. Had minimal
3 responsibility with the instant case and none related to the JVT or
4 H.264 standard. Doc. No. 670-6

4 **David E. Kleinfeld**-Firm shareholder. Not actively involved in this case
5 but monitored instant litigation for developments that might affect
6 other Qualcomm/Broadcom litigation. Signed several pleadings, including
7 Qualcomm's Reply to its MSA, as local counsel. The pleadings were
8 prepared by other lawyers in Northern California but signed by Kleinfeld
9 for logistical reasons. Doc. No. 670-4.

8 **Barry J. Tucker**-Firm shareholder, B.A. University of California, Los
9 Angeles, J.D. from University of California, Hastings College of Law.
10 Not actively involved in this case but coordinated instant litigation
11 with other Qualcomm/Broadcom litigation. Signed approximately 15
12 Qualcomm pleadings, including the MSA and Motion in Limine to Exclude
13 Evidence relating to Qualcomm's participation in the JVT, as local
14 counsel. The documents were prepared by Heller Ehrman or Day Casebeer
15 lawyers located outside of San Diego but signed by Tucker for logistical
16 reasons. Doc. No. 670-5.