LITIGATION

BY ANTHONY P. SCHOENBERG AND JESSICA K. NALL

Avoiding E-Discovery Disasters

What companies can learn from *Qualcomm v. Broadcom*

Farella Braun + Martel

AT FIRST BLUSH, THE $8.5 MILLION IN sanctions levied in *Qualcomm Inc. v. Broadcom Corp.* seems like the result of a simple case of discovery misconduct. But there may be more to the story, and additional details are likely to emerge following the district court's ruling that further proceedings will occur outside the cloak of the attorney-client privilege. In any case, corporate counsel can take steps to avoid ending up like the counsel in *Qualcomm.*

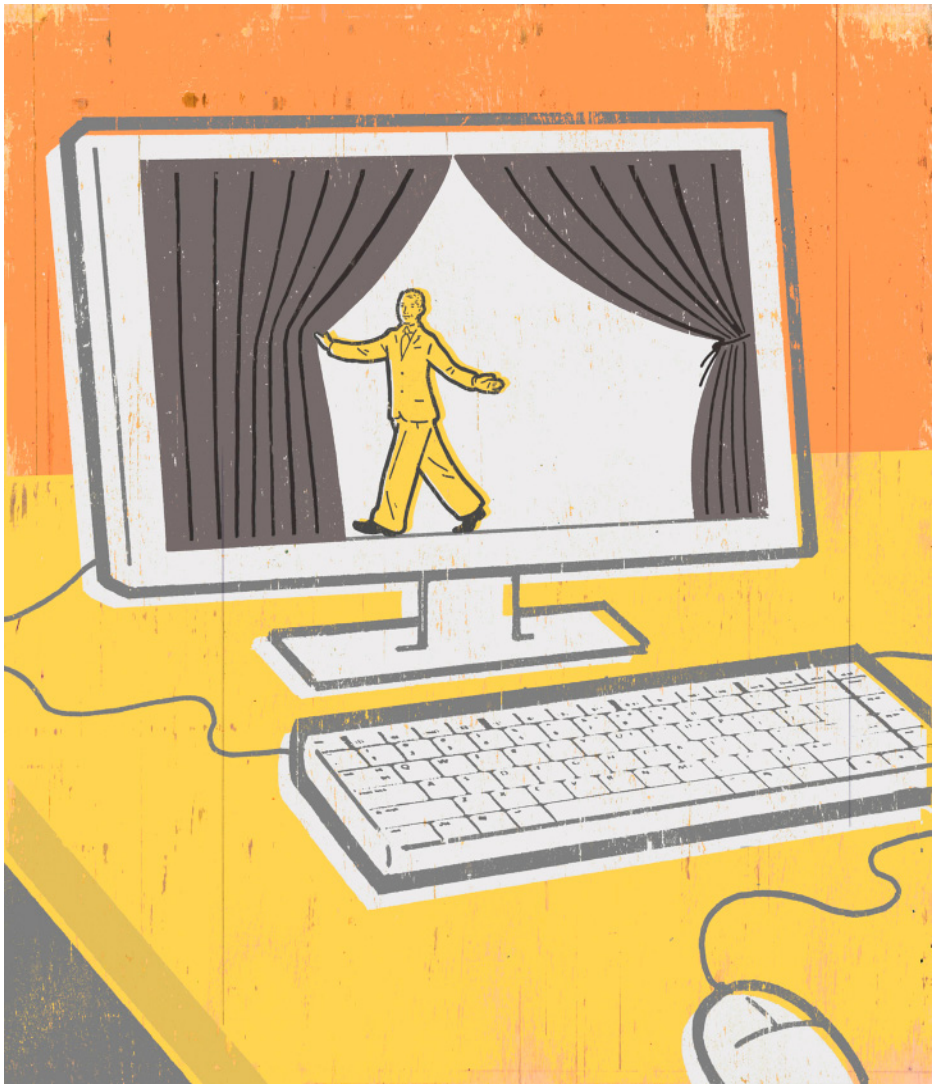
DISCOVERY DISASTER

The story of *Qualcomm v. Broadcom* began when Qualcomm sued Broadcom in 2005, claiming infringement of two video-compression patents. Broadcom's defense was based on claims of inequitable conduct and waiver due to Qualcomm's participation in standard-setting bodies, including the Joint Video Team (JVT) prior to 2003, when the patents in question were issued.

Broadcom requested from Qualcomm all documents related to its participation in the JVT. Qualcomm performed a search for

EXECUTIVE SUMMARY

The *Qualcomm* discovery debacle has sent ripples of fear through both legal departments and outside counsel—and raised the level of diligence required in managing e-discovery. This article discusses what went wrong in *Qualcomm,* and the steps companies and their attorneys can take to avoid being the next subject of a highly publicized sanctions order.



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documents, which may have been limited to the company's email server, and found nothing related to the JVT. Qualcomm's fact and expert witnesses later testified in deposition that the company had not been involved in the JVT prior to 2003. On that basis, in filings before the court, Qualcomm's counsel repeatedly insisted that Qualcomm had not participated in the JVT.

During preparation for trial, a junior associate at Qualcomm's outside counsel discovered some automated emails from a third party server loosely related to the JVT on one of the trial witnesses' laptops. The junior associate informed his supervisors about the documents, which were deemed unresponsive to Broadcom's requests and thus not produced. At trial, when Broadcom's lawyer asked the witness whether she had ever received any JVT-related emails, she admitted she had, and the emails were produced. Qualcomm's lawyers continued to insist during and after trial that no documents existed showing meaningful participation in the JVT. Nevertheless, the jury found for Broadcom.

During posttrial proceedings, Broadcom requested that search terms be run on the document archives of certain employees. When Qualcomm did so, it discovered 230,000-plus pages of emails responsive to Broadcom's pretrial discovery, tens of thousands of which pertained directly to Qualcomm's extensive participation in the JVT prior to issuance of the patents.

The district judge issued a lengthy order accusing Qualcomm's attorneys of intentionally scheming with their client to prevent production of key information at the very heart of their claims against Broadcom. Awarding Broadcom more than $8.5 million dollars in sanctions (the entire amount of Broadcom's fees), the judge then sent the issue to a magistrate for further proceedings. The magistrate referred six of Qualcomm's outside counsel, including the junior associate, to the State Bar for discipline and ordered five named in-house counsel to participate in a court-mandated program designed to prevent future discovery abuses.

Last March, the district judge vacated the sanctions order as to the outside counsel because they had been unable to defend themselves due to the attorney-client privilege. Going forward, Qualcomm's outside counsel will not be prevented from arguing that Qualcomm's in-house counsel—perhaps by limiting the areas searched or the search terms used—were responsible for one of the most-discussed discovery sanctions awards of the decade.

WHAT WENT WRONG?

It is instructive to look at the *Qualcomm* decision in terms of what the court said Qualcomm and its attorneys failed to do. According to the magistrate judge, Qualcomm and its in-house attorneys failed to do a number of things, including: (a) conduct proper word searches on Qualcomm's computer systems for responsive documents; (b) search the computers or emails of the witnesses that Qualcomm presented at depositions and trial; (c) heed warning signs that their searches were inadequate; (d) produce arguably responsive emails discovered on an employee's computer during trial; and (e) conduct an investigation for other unproduced responsive documents following the discovery of such emails.

The court was similarly critical of Qualcomm's outside counsel. According to the magistrate judge, Qualcomm's outside attorneys failed to: (a) review the locations

EXPERT ADVICE

TIPS ON AVOIDING A *QUALCOMM* SCENARIO

Though one could view *Qualcomm* as a "perfect storm" of discovery missteps, and therefore an aberration, it is also possible to view *Qualcomm* as a portent of things to come in the era of e-discovery. In view of the latter possibility, this section focuses on lessons that can be learned from *Qualcomm* and steps that companies and their attorneys can take to avoid becoming the next subject of a highly publicized sanctions order.

1. **Put a litigation hold in place.** As soon as litigation is anticipated, be sure that a thorough litigation hold is put in place to preserve relevant evidence. It is important that the hold action is communicated to all custodians likely to have relevant documents. The hold should include clear instructions to custodians on what materials should be held. Follow up periodically to ensure compliance.

2. **Carefully plan for document gathering.** Have a proactive plan for document gathering. In-house and outside counsel should communicate with the company's IT department to ensure that correct locations are being searched and the right electronic materials are being viewed. Questionnaires asking custodians to identify potentially relevant documents and files are also recommended as a way to obtain the best results in document collection. The document-gathering process needs to be comprehensive and exhaustive, in both the locations to be searched and any search terms used. And it is important that the search be well documented in case questions arise about what was done.

3. **Cross-check and double-check results.** Checking search results is absolutely critical. For example, if a company employee is interviewed and shows up with relevant documents from his or her own files, check whether those documents are already part of the master set of documents collected from the company. If not, be sure that they are incorporated into the master set, and follow up with that witness to ensure that his or her computer and

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searched and search terms used by Qualcomm to find responsive documents; (b) question their client's "unsubstantiated assurances" that its search was sufficient; (c) "press" their client's employees for "the truth"; (d) heed warning signs that the searches were inadequate; and (e) conduct a reasonable inquiry into Qualcomm's document production before making factual and legal arguments to the court. According to the court: "Attorneys must take responsibility for ensuring that their clients conduct a comprehensive and appropriate document search."

As noted, the court imposed severe sanctions on Qualcomm and its lawyers for failing to do these things. The court also expressed the following opinion about Qualcomm and its attorneys: "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."

The *Qualcomm* decision has sent ripples through the legal profession. The sanctions the court imposed were severe, and the standards the court imposed on counsel, both in-house and outside, were extremely high. By following the recommendations in "Tips on Avoiding a *Qualcomm* Scenario," we hope that companies and their lawyers will be able to minimize the risk of becoming embroiled in a similarly painful and public discovery debacle.

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EXPERT ADVICE

Tips on Avoiding a *Qualcomm* Scenario, continued from page 15

other files were adequately searched. It is also important that search terms are refined as more is learned about a case.

4. If red flags appear, investigate. It is vitally important that both in-house and outside counsel follow up on any red flags that suggest possible omissions in a production. In *Qualcomm,* one of the court's biggest criticisms of the attorneys was their failure to investigate when red flags suggested that responsive documents were not produced. It is worth remembering that when Qualcomm finally did conduct additional searches, it discovered more than 230,000 pages of additional responsive documents.

5. Do not make representations to the court before conducting a reasonable investigation. The court censured Qualcomm's outside counsel for making representations to it about Qualcomm's document productions that were not accurate. The court showed no sympathy for claims by sanctioned lawyers who had relied on information provided by other lawyers on their team or by co-counsel. The court made clear that any lawyer making a representation to it—whether in a pleading, brief, or even in a sidebar—has a duty to conduct a reasonable inquiry before making representations to the court. As *Qualcomm* makes clear, it is not enough to simply say that you were not the attorney handling discovery.

6. Take a measured approach to written discovery responses. Lawyers often like to answer document requests by listing a string of boilerplate objections, then stating something to the effect that, "Subject to the foregoing objections, Party X will produce all nonprivileged documents that are responsive to this request." *Qualcomm* suggests that a new approach may be needed. The court was very critical of Qualcomm's use of boilerplate objections and excoriated the company for having stated in its responses that it would produce all nonprivileged responsive documents, and then failing to do so. To avoid such a scenario, some commentators have suggested that it may be advisable for a party responding to document requests to state specifically what it will do to search for responsive documents (i.e., the locations to be searched and the search terms to be used) rather than broadly stating that it will produce all nonprivileged documents responsive to a request.

ANTHONY P. SCHOENBERG is a litigation partner at Farella Braun + Martel. He maintains a broad-based commercial litigation practice focusing on complex business matters. Mr. Schoenberg has represented large and small businesses in trade-secret actions, fraud and business-tort cases, real estate disputes, construction disputes, and product-liability defense.
aschoenberg@fbm.com

JESSICA K. NALL is an associate in the White Collar Crime and Business Litigation practice at Farella Braun + Martel. She represents individual executives and companies facing SEC enforcement actions, Department of Justice investigations and prosecutions, and related civil actions. Ms. Nall also maintains a broad-based civil litigation practice.
jnall@fbm.com