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Post-its, Privilege Collide in Suit Against Google


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October 3, 2014

SAN FRANCISCO — At first, the handwritten notes seemed like a plaintiffs lawyer's dream. "Try to destroy email." "Close eyes to existing IP." "Risk of lit[igation]."

A handful of trial lawyers who reviewed the notes said they'd have a field day putting them up in front of a jury.


But it's unclear what role, if any, those zingers will play in an intellectual property brawl between Google Inc. and a small London-based company.

The notes, scrawled on Post-its, were accidentally left behind in files returned to VSL Communications in 2010 after deal talks between the companies fizzled. VSL executives say they prove the tech giant was plotting to steal VSL's video reduction technology during acquisition talks. 

The notes had been the centerpiece of [two lawsuits](#) filed against Google in August. But VSL lawyers with Grant & Eisenhofer on Wednesday [reframed](#) their patent infringement claims. Now, all references to the Post-its are conspicuously absent, presumably because of issues related to work product and attorney-client privilege.

Constance Nash, VSL's president and founding partner, said Google's lawyers at Wilson Sonsini Goodrich & Rosati threatened VSL's team with sanctions for quoting the notes. Neither side's attorneys would comment, but lawyers not involved in the case say there's a risk the Post-its wouldn't be admissible as evidence.

Copies of some of the Post-its and the nondisclosure agreement between VSL and Google obtained by The Recorder provide an uncommon glimpse into Google's internal legal risk analysis as it negotiated with a far-smaller company.

The Post-its include fragments that could make juicy trial exhibits, such as: "discourage [engineers] about digging deep" and a reference to infringement. Other notes hint at strategies Google lawyers could use to defend the company against patent infringement litigation. 

Most notes are open to interpretation. They could be read as Google performing due diligence

on IP the company hoped to acquire, or could suggest a more sinister motive.

Philip Gregory, a partner with Cotchett, Pitre & McCarthy, said some of the Post-its provide a potentially damning look into Google's legal strategy.

"This person's looking at the implications of misappropriation," he said.

Kristen Dumont, an IP lawyer with Goodwin Procter, sees the Post-its differently.

"There's a lot of speculation," she said. "There's a lot of logical jumps before you could ever connect the dots here."

Dumont called the use of the Post-its a "shameful" disclosure of material that clearly documents advice between lawyers or between lawyers and Google executives.

"Within two lines it's very clear that someone's documenting a conversation with an attorney," she said. "And we are all trained from when we are baby lawyers, the second this looks like this is privileged communication, you stop reading."

Dumont said VSL's lawyers "should be disqualified from running the case."

STRANGER THAN TELEVISION

The Post-it case started with a story that could have been lifted straight from HBO's hit "Silicon Valley."

The show chronicles a startup that has its innovative compression algorithm stolen by tech giant Hooli, a stand-in for Google. Similarly, London-based VSL designed a new way to shrink video and audio files while preserving sound and image quality.

The project started with the idea of creating an online service to stream video of live concerts, said Nash, who splits time between London and Laguna Beach, Calif. There was no technology available to provide the type of video quality Nash wanted, so she designed her own.

The technique is so novel, Nash says, she had to recruit a student from Eastern Europe to build the software in the early 2000s, after American engineers repeatedly told her it couldn't be done.

Nash still remembers the exact date in 2001 when one of her attorneys told her if she could make her idea work, she would hold the "holy grail." And she can describe vividly the moment a year later when she successfully reduced her first video, a "Star Wars" short.

Fast-forward to 2010, when Google showed an interest in VSL's patent. The two companies signed a nondisclosure agreement and began licensing and acquisition talks that April, according to VSL's complaint. VSL executives provided Google with their patents, patent applications and documents that compared their product with the current market standard. After eight months, negotiations stalled, and VSL executives asked for the return of their files.

When VSL received the documents in December 2010, they found the margins littered with Post-its they say prove Google intended to steal their intellectual property.

VSL insiders called Google and asked about the Post-its, Nash says. Google demanded them back, claiming they were an in-house lawyer's confidential documents. VSL refused. Instead, VSL executives spent hours Googling (yes, Googling) the legal terms referenced in the notes.



Nash says she wasn't initially going to sue Google. But she says she became angry earlier this year when she saw Google employees taking credit for her work. The last straw was a Google engineer bragging on LinkedIn about inventing technology that Nash says VSL created first.

"That's what ticked us off," she said. "That he would take credit for something that he had nothing to do with."


So almost four years after VSL received the Post-its, Max Sound Corp., which controls VSL's intellectual property litigation, filed a trade secrets claim in Santa Clara County Superior Court and a patent infringement claim in Delaware federal court.

Plaintiffs withdrew those complaints last week and filed a single patent infringement suit in the Northern District of California. A team of lawyers from Grant & Eisenhofer's Chicago office filed the claims, along with lawyers from Walkup, Melodia, Kelly & Schoenberger in San Francisco and Buether Joe & Carpenter in Dallas.

Google has tapped Wilson Sonsini partners Boris Feldman, Colleen Bal and Charles Graves. Feldman referred comment on the case to Google representatives, who did not respond to emails. For VSL, Grant & Eisenhofer director Adam Levitt also declined to comment.

'BIG AS LIFE IN THE COURTROOM'

The Recorder showed the Post-its to eight IP lawyers not involved with the Google case. There are gems among the scraps of paper, most agreed, but all cautioned that VSL's lawyers need more context to make a case.

Cotchett Pitre's Gregory said a note mentioning the "recklessness [standard]" looks particularly damning. 

"To me," Gregory said, "there's no reason if you're evaluating technology to worry about a recklessness standard unless you are considering using the technology, misappropriating the technology."

James McManis, of McManis Faulkner, is intrigued by a note that says "design around," and "lic[ense]/risk of lit[igation]." A hand-drawn line cuts the Post-it in half. Under the line: "What if [products] are money-making[?]"

"That's all some lawyer thinking how much it's going to pay to be crooked here," McManis said. "What are our risks, and what do we need to pay?"

McManis knows from experience that as sensational as the Post-its seem, they might not be enough to clinch the case. He represented Jasmine Networks Inc. in the early stages of its trade secrets case against Marvell Semiconductor Inc.

Marvell defeated Jasmine at trial in 2010, despite recorded evidence that seemed to show

Marvell's general counsel discussing the legal risks of using Jasmine's trade secrets. The Marvell lawyer had called a Jasmine lawyer, left a voice mail, and then started an internal conversation without hanging up. An appeals court upheld the Marvell victory last year.

Just like in the Marvell case, the Google Post-its don't prove Google misappropriated VSL's technology, McManis said. But they would make great fodder for cross-examining a Google witness.

"You project this Post-it on the screen so it's big as life in the courtroom," he said, "and you say 'Mr. so-and-so, what did you mean when you wrote try to destroy email?' ... and he'll squirm ... and you can have all kinds of fun with him."

'PROOF BY POST-IT'

If Google lawyers get their way, the Post-its will never see the inside of a courtroom.

VSL says the notes were written by Google in-house lawyer Laura Majerus. If that's true, says attorney liability expert Merri Baldwin of Rogers Joseph O'Donnell, the Post-its are protected under the state's work product doctrine as writings that reflect an attorney's on-the-job impressions.

VSL can argue Google waived the right to keep the Post-its confidential by sending them to VSL. In response, Google can counter it didn't waive that right because the disclosure was accidental. Dumont, of Goodwin Procter, says the Post-its also fall under attorney-client privilege.

Lawyers who inadvertently receive materials they suspect are confidential have a duty to stop reading and immediately notify the sender, according to *Rico v. Mitsubishi*, a California Supreme Court case. The lawyer who received the documents can't disseminate them or use them in any way unless he petitions the court, and a judge decides the documents are not privileged.

With that case law in mind, Dumont said she was stunned VSL lawyers used the Post-its in their complaints.

Withdrawing the Post-its is "too little, too late" from the plaintiffs counsel, Dumont said. The public record is already created.

Dumont said she thinks Google has a strong defense case, and she wouldn't be worried if she was part of the tech giant's legal team.

"Last time I checked," she said, "we don't do proof by Post-it notes."

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