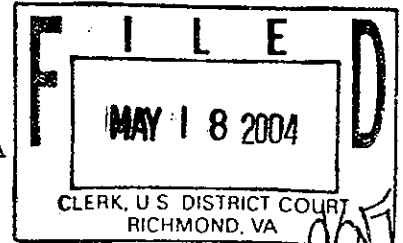


IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Richmond Division



RAMBUS, INC.,

Plaintiff,

v.

Civil Action No. 3:00cv524

INFINEON TECHNOLOGIES AG,
et al.,

Defendants.

**SEALED
DOCUMENTS**

MEMORANDUM OPINION

In this Memorandum Opinion, the Court addresses the issue of whether, as contended by the Defendants, Infineon Technologies AG, Infineon Technologies North America Corp. and Infineon Technologies Holding North America, Inc. (hereinafter collectively "Infineon"), the Plaintiff, Rambus, Inc. ("Rambus") has waived certain claimed privileges and, if so, to what extent they have been waived. Those issues are raised by Infineon's Motion to Compel Production of Documents and Testimony Relating to Rambus' Document Retention, Collection and Production (Docket No. 492) (hereinafter "Infineon's Motion to Compel").

In a separate opinion (the "Spoliation Opinion"), also issued today, Infineon's Motion to Compel has been granted, and Rambus has been ordered to produce to Infineon all of the documents at issue. Ordinarily, it is preferable to articulate a single basis for a decision and, conversely, to refrain from making alternative holdings. Karsten v. Kaiser Found. Health Plan of the Mid-Atl.

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States, Inc., 36 F.3d 8, 11 (4th Cir. 1994). However, because the results of the Spoliation Opinion and this opinion on subject matter waiver are similar in effect and because Rambus has advised that it intends to seek immediate appellate review of the Court's resolution of Infineon's motion to compel, it is appropriate to address the subject matter waiver issue, notwithstanding that the Spoliation Opinion requires production of the same documents addressed by this opinion.

In resolving post-trial motions in the initial proceedings in this action, the Court held that Rambus had engaged in certain litigation misconduct, including the intentional destruction of documents relevant to this action. Rambus, Inc. v. Infineon Tech. AG, 155 F. Supp.2d 668, 680-83 (E.D. Va. 2001). In subsequent related litigation with Micron Technologies, Inc. ("Micron") and the Federal Trade Commission ("FTC"), Rambus was confronted with charges of evidence spoliation. Those charges were based, in part, on discovery taken in those proceedings and, in part, on the findings made in this action.

Based on Rambus' actions in its litigation with Micron and the FTC, on actions taken by Rambus in the closing days of discovery in this action, and on discovery in this action on remand, Infineon has asserted that Rambus has waived any attorney-client or work product privilege that it may have had respecting Rambus' document retention policy, Rambus' destruction of documents, and Rambus'

collection and production of documents in this litigation. Those topics were addressed to some extent in a Memorandum Opinion issued on March 17, 2004 (the "March 17 Opinion").¹

Since then, the parties have tendered additional briefs addressed to whether Rambus has waived its claimed privileges and, if so, to what extent. The parties also have presented additional argument on those issues. The separately filed Spoliation Opinion sets forth fully the procedural and factual background of this litigation, as well as Infineon's Motion to Compel. In the interest of brevity, this Memorandum Opinion incorporates by references pages 1 through 16 and 26 through 37 of the unsealed version of the Spoliation Opinion. There are, however, additional facts that pertain to the waiver issues and they are set forth below.

SUPPLEMENTAL FACTS RESPECTING SUBJECT MATTER WAIVER

First, it is appropriate to review the record as respects the position taken by Rambus in its litigation with Micron. Joel Karp ("Karp"), then Rambus' Vice President of Intellectual Property, testified that, late in 1997 or early 1998, he received advice from outside counsel, Dan Johnson ("Johnson") of the law firm Cooley Godward, LLP ("Cooley Godward"), that Rambus should adopt a

¹ The March 17 Opinion, available at Rambus, Inc. v. Infineon Tech. AG, 220 F.R.D. 264 (E.D. Va. 2004), replaced an earlier opinion dated February 26, 2004.

document retention policy.² Karp also testified that he drafted the Rambus document retention policy based on the advice he got on the topic from Cooley Godward, stating in deposition that the ultimate two page Rambus policy "basically was a result of the policies I got from the law firm."³ In his deposition in the Micron litigation, Karp testified that, on July 22, 1998, Rambus conducted a meeting of managers in which Karp and Johnson explained the new policy and the reasons why it was being adopted.⁴ At the July 22 meeting and thereafter, Karp used a slide presentation to explain the scope and purpose of Rambus' document retention policy. Karp testified that the slide presentation that he used in the July 22 meeting was prepared by outside counsel and that he used the same materials in subsequent meetings with employees to explain the policy to them.⁵ Karp and Johnson were deposed about the document retention policy in the Micron litigation, and Rambus asserted attorney-client privilege to bar testimony on the subject of the

² Infineon's Memo. Regarding Rambus's Waiver of the Attorney-Client & Work Product Privileges on the Subject Matter of Rambus's Pre-Trial Doc. Destruction, April 6, 2004, Ex. 8 (hereinafter "Infineon's April 6 Brief").

³ Infineon's April 6 Brief, Ex. 8.

⁴ Infineon's April 6 Brief, Ex. 8, Ex. 9; see also Rambus' Brief at the Federal Trade Commission, January 13, 2003, which is Ex. 10 to Infineon's April 6 Brief.

⁵ Infineon's April 6 Brief, Ex. 8.

slide presentation.⁶ Karp and Johnson, however, were allowed to provide testimony in their depositions in the Micron case respecting the reasons why Rambus had adopted a document retention policy. Karp testified that the policy was instituted over concern about the volume of documents that might need to be reviewed and produced in future litigation generally.⁷

Johnson testified about a specific conversation he had with the Rambus' executives respecting one of the reasons he gave them for adopting the document retention policy, stating, in his testimony, that "I gave them a horror story about a client of mine who spent \$100,000 because they didn't have a document retention program in place, responding to a subpoena, because they had to go back and search records for 15 years."⁸

Second, it is appropriate to consider that, during the litigation between Rambus and the FTC, Rambus was required to defend a motion for default judgment based upon charges that Rambus had destroyed documents wilfully and in bad faith in anticipation of litigation respecting the SDRAM and DDR-SDRAM patents (e.g., that Rambus had engaged in the spoliation of evidence).⁹ Rambus

⁶ Infineon's April 6 Brief, Ex. 8, Ex. 11.

⁷ Infineon's April 6 Brief, Ex. 8.

⁸ Infineon's April 6 Brief, Ex. 11.

⁹ "SDRAM" is shorthand for Synchronous Dynamic Random Access Memory and "DDR-SDRAM" is shorthand for Double Data Rate Synchronous Dynamic Random Access Memory.

opposed that motion by arguing that its destruction of documents was made pursuant to its document retention policy which assertedly was adopted for legitimate business purposes.¹⁰ In making that argument in the FTC proceedings, Rambus selectively disclosed certain privileged communications about the purpose, scope, and implementation of the company's document retention policy. For instance, as it had done in the Micron litigation, Rambus pointed to part of the slide presentation from the July 22, 1998 meeting. Those documents previously had been withheld from Micron and Infineon on the grounds of attorney client privilege.¹¹ The slides were prepared by Rambus' outside counsel and presented to Rambus' management and employees by Karp and outside counsel.¹² The substance of the slides turned over to the FTC identifies specific categories of documents to be retained and destroyed and conveyed legal advice about the scope and the purpose of the document retention policy.¹³

In the Micron litigation, Karp and Johnson testified that the slides from the July 22 meeting had been created by outside counsel. Also, that slide presentation has been claimed in the

¹⁰ Infineon's April 6 Brief, Ex. 10.

¹¹ Infineon's April 6 Brief, Ex. 12, Ex. 13; see also Infineon April 6 Brief, Ex. 10.

¹² Infineon's April 6 Brief, Ex. 10.

¹³ Infineon's April 6 Brief, Ex. 13.

original and the revised privilege lists filed in this case as subject to the attorney-client privilege and Johnson and Karp are listed as the authors of that presentation. The presentation is Document No. 327 on the privilege list filed in this action and dated February 12, 2004.

Rambus asserted, however, in the FTC action, that the slides attached to Karp's affidavit in the FTC proceedings had not been prepared by outside counsel but were created by Karp.¹⁴ Rambus offered no evidence to support this assertion.

In a supplemental brief filed in this action after the March 17 Opinion, Rambus asserted that the slide presentation which Karp used to brief employees and which was attached to Karp's affidavit in the FTC proceeding was different than the slide presentation as to which privilege is claimed.¹⁵ That contention is not factually correct.

To begin, the slides that are exhibits to the Karp affidavit in the FTC proceedings are simply pages taken out of the July 22 slide presentation (compare Infineon's April 6 Brief, Ex. 13 with Doc. No. 327 on the privilege log filed by Rambus on January 29, 2004 and February 12, 2004). In other words, the exhibit to Karp's

¹⁴ Infineon's April 6 Brief, Ex. 10.

¹⁵ Rambus' Supplemental Memo. on Subject Matter Waiver as it Pertains to Attorney-Client and Work Product Privileges, April 9, 2004, at 1-7.

FTC affidavit is a part of Doc. No. 327¹⁶ which until recently Rambus has claimed to be privileged in its entirety. Rambus' recently stated position on that issue is also contradicted by Karp's deposition in the Micron case wherein he testified that "the materials that were used for the [subsequent] meetings were supplied by outside counsel and they were the same materials [used] during the management meeting."¹⁷

The Court finds, therefore, as a matter of fact, that Rambus extracted part of the July 22 management presentation and attached that part to Karp's affidavit in an effort to convince the administrative law judge presiding over the FTC action that its policy was not directed toward destroying documents that would be discoverable during litigation. Through Karp's affidavit and in a brief, Rambus presented in the FTC proceedings part of its outside counsel's otherwise privileged advice to support Rambus' argument that the document destruction in which it had engaged was for legitimate reasons. In particular, Rambus contended that the costs associated with responding to document requests was "precisely the concern that Dan Johnson, Rambus' outside counsel, articulated as

¹⁶ All references to "Doc. No. ____" refer to the numbers assigned to the documents listed in Rambus' Revised Privilege Log revised on February 12, 2004.

¹⁷ Infineon's Supplemental Brief Regarding Waiver of the Attorney-Client and Work Product Privileges on the Subject of Rambus' Pre-trial Document Destruction, April 23, 2004, Ex. A.

the reason Rambus needed to adopt a document retention policy."¹⁸ As it had done in the Micron litigation, Rambus cited in the FTC proceedings Johnson's testimony concerning the so-called "horror story" as support for that position.

Also, in the FTC proceedings, Rambus relied on the testimony of several of its employees about instructions that they had received from outside counsel (by way of Karp) as to the scope and the method of implementing the document retention policy. Its employees testified that Karp had instructed them to look for things to keep and that Karp had implemented the document retention policy because of the burden associated with reviewing documents in response to litigation document production requests.¹⁹

Thirdly, in this action, as it had done in the FTC proceedings and the Micron case, Rambus disclosed the substance of privileged communications respecting the scope and purpose of the document retention policy. Rambus has produced here the same part of the slide presentation that it presented in the FTC action.²⁰ Also, Rambus has produced in this action notes that were taken by a Rambus Vice President, Kevin Donnelly ("Donnelly"), at the July 22 managers' meeting, a presentation that, even today, Rambus asserts

¹⁸ Infineon's April 6 Brief, Ex. 10.

¹⁹ Infineon's April 6 Brief, Ex. 10.

²⁰ Infineon's April 6 Brief, Ex. 13.

as privileged.²¹ Donnelly's notes disclose that Rambus employees were informed that "if you get sued and then you destroy documents, [a] judge can issue a judgement [sic] against you (even jail)." That information tracks very closely the slide presentation, Doc. No. 327, and thus reflects the advice given at that meeting by outside counsel. Donnelly explicitly described the meeting as "lawyers educating engineers about stuff."²²

Rambus also has tendered in this action the testimony of Allen Roberts and Richard Barth ("Barth"), both of whom state that Karp told them that the document retention program was instituted to reduce the cost of litigation, by minimizing the cost of responding to discovery. This was offered to support the argument that Rambus' document destruction was legitimate. Rambus, Inc., 220 F.R.D. at 285-86.

In sum, the facts here establish that, in this action, in the FTC proceedings, and in the Micron case, Rambus has selectively presented otherwise privileged information in an effort to convince the finders of fact that its document retention policy was legitimate in conception, scope, and implementation.²³ For the

²¹ Infineon's April 6 Brief, Ex. 16.

²² Infineon's April 6 Brief, Ex. 17.

²³As explained fully in the Spoliation Opinion, other assertedly privileged information not disclosed by Rambus paints a materially different picture and provides convincing evidence that the policy was conceived, adopted, designed, and implemented--as part of the company's patent overall litigation strategy--for the

reasons set forth below, Rambus has waived its privileges respecting the conception, adoption, and implementation of its document retention program. Infineon is entitled to the documents and testimony that show the complete picture.

DISCUSSION

In a civil action that is based upon a federal claim, Fed. R. Evid. 501 dictates that issues of privilege are to be decided by applying "the principles of the common law as they may be interpreted by the courts of the United States in light of reason and experience." Hawkins v. Stables, 148 F.3d 379, 382 (4th Cir. 1998). And, because it is a topic not peculiar to patent law, the law of the regional circuit is controlling. Wang Labs., Inc. v. Applied Computer Sci., Inc., 958 F.2d 355, 357 (Fed. Cir. 1992); Silicon Image, Inc. v. Genesis Microchip, Inc., 271 F. Supp. 2d 840, 849 (E.D. Va. 2003).

I. The Attorney-Client Privilege

As the Supreme Court of the United States explained in Upjohn Co. v. United States, 449 U.S. 383, 389 (1981), "the attorney-client privilege is the oldest of the privileges for confidential communications known to the common law." The privilege "rests on the need for the advocate and counsel to know all that relates to

purpose of destroying documents that would be discoverable in litigation.

the client's reasons for seeking representation if the professional mission is to be carried out." Trammel v. United States, 445 U.S. 40, 51 (1980). Thus, "[t]he protection of 'full and frank' communication between lawyer and client encourages observance of the law and aids in the administration of justice." Hawkins, 148 F.3d at 382-83.

To this end and for those reasons, the privilege, when it applies, "affords confidential communications between lawyer and client complete protection from disclosure." Hawkins, 148 F.3d at 383. The privilege, however, "'impedes [the] full and free discovery of the truth.'" Id. (quoting In re Grand Jury Proceedings, 727 F.2d 1352, 1355 (4th Cir. 1984)). The attorney-client privilege, therefore, is to be narrowly construed and recognized only to the very limited extent that excluding relevant evidence has a public good transcending the normally predominant principle of utilizing all rationale means for ascertaining truth. Id.

As the United States Court of Appeals for the Fourth Circuit held in Hawkins v. Stables:

This Circuit has adopted the 'classic test' for determining the existence of attorney-client privilege: "The privilege applies only if (1) the asserted holder of the privilege is or sought to become a client; (2) the person to whom the communication was made (a) is a member of the Bar of a court or his subordinate and (b) in connection with this communication is acting as a lawyer; (3) the communication relates to a fact of which the

attorney was informed (a) by his client (b) without the presence of strangers (c) for the purpose of securing primarily either (i) an opinion on law or (ii) legal services or (iii) assistance in some legal proceeding, and not (d) for the purpose of committing a crime or tort; and (4) the privilege has been (a) claimed and (b) not waived by the client."

148 F.3d at 383 (quoting United States v. Jones, 696 F.2d 1069, 1072 (4th Cir. 1982) (per curiam)). Moreover, the burden is on the proponent of the attorney-client privilege to demonstrate its applicability. Jones, 696 F.2d at 1072.

It is well-settled that, once a party voluntarily discloses an otherwise confidential attorney communication, the party waives the attorney-client privilege as to that communication. Hawkins, 148 F.3d at 384 n.4; Sheet Metal Workers Int'l Assoc. v. Sweeney, 29 F.3d 120, 125 (4th Cir. 1994); In re Grand Jury Proceedings, 727 F.2d 1352, 1357 (4th Cir. 1984); Jones, 696 F.2d at 1072-73. Furthermore, such a disclosure not only waives the privilege as to the specific information revealed, but "also waives the privilege as to the subject matter of the disclosure." Hawkins, 148 F.3d at 384 n.4 (citing, inter alia, Sheet Metal Workers Int'l Assoc., 29 F.3d at 125); United States v. Oloyede, 982 F.2d 133, 141 (4th Cir. 1993); In re Martin Marietta Corp., 856 F.2d 619, 623 (4th Cir. 1998)). And, as a general rule, a voluntary waiver of the privilege in one judicial proceeding waives the privilege in all other adjudicative proceedings. In re Weiss, 596 F.2d 1185, 1186

(4th Cir. 1979) (per curiam); Chubb Integrated Sys. Ltd. v. Nat'l Bank of Washington, 103 F.R.D. 52, 62 (D. D.C. 1984).

It is also settled that the selective disclosure of attorney-client materials for tactical purposes waives the attorney-client privilege as to any other documents and communications pertaining to the same subject matter. Jones, 696 F.2d at 1072. "Selective disclosure occurs not only when a party reveals part of one privileged communication, but also when a party reveals one beneficial communication but fails to reveal another, less helpful, communication on the same matter." United States ex rel. Mayman v. Martin Marietta Corp., 886 F. Supp. 1243, 1252 (D. Md. 1995). That is because a party cannot use favorable protected materials as a sword while simultaneously asserting the attorney-client privilege as a shield to prevent the disclosure of other related materials that might harm its position. Jones, 696 F.2d at 1072; see also Beneficial Franchise Co. v. Bank One, N.A., 205 F.R.D. 212, 217 (N.D. Ill. 2001), ("Having opened the door to certain privileged information in an effort to advance its cause, as a matter of fairness, a party must disclose other privileged materials involving the subject matter of the disclosed communications.").

The record here establishes that, in this action and in its litigation with Micron and the FTC, Rambus has sought to justify its adoption and implementation of a document retention program by disclosing certain privileged documents and communications

respecting the reasons why it adopted the program as well as how it implemented the program. For example, in the original proceedings in this case and in the privilege lists filed on remand, Rambus claimed as privileged the slide presentation given by Karp and outside counsel, Johnson, to Rambus' managers on July 22, 1998. See Doc. No. 327. According to both Karp and Johnson, the slide presentation was prepared by Johnson. Karp used some, or all, of the same slides and information in subsequent meetings with Rambus' employees. That is clearly confirmed by Karp's testimony.²⁴ When Karp testified in the Micron litigation, he was instructed not to answer questions about that meeting or that document on the ground of privilege.

In the FTC proceedings, however, when defending against a motion for default judgment on the basis of evidence spoliation, Karp submitted an affidavit to which was attached a part of the slide presentation, the entirety of which Rambus previously had claimed as privileged in this action and in the Micron action. The pages attached to the Karp affidavit are Exhibit 13 to Infineon's April 6 Brief. Other Rambus employees have reviewed those pages and testified that they are among the information presented in the slide presentation on July 22. See Diepenbrock Depo., Feb. 19, 2004, at 488; Ware Depo., Feb. 24, 2004, at 121-22. In the FTC

²⁴ Infineon's Supplemental Brief Regarding Waiver of the Attorney-Client and Work Product Privilege on the Subject of Rambus' Pre-trial Doc. Destruction, April 23, 2004, Ex. A.

proceedings and the Micron case, Karp was allowed to testify about the document retention policy and how it was implemented. Johnson also gave testimony about a topic that was discussed at and evinced by a slide presented at the July 22 managers meeting.²⁵ In particular, Johnson testified that he had used a "horror story" about an experience with one of his clients in explaining to Rambus why it should adopt a document retention policy. Although Rambus contends otherwise now,²⁶ that very story is the subject of the slide presentation prepared by Johnson and discussed at the July 22 meeting. And, that page is part of the slide presentation that, even today, Rambus contends is covered by the attorney-client privilege.²⁷

Rambus now argues that the exhibit offered by Karp in the FTC proceeding (selected pages of Doc. No. 327) was never privileged and, therefore, its use here and in the FTC proceeding cannot be a waiver of the privilege. That argument stands in stark contrast to the several assertions of privilege as to the entirety of the slide presentation (Doc No. 327), including the pages presented to the

²⁵ Rambus now argues that, if this testimony was a waiver, it was not made by the client (Rambus) and thus is of no effect. That argument is disingenuous because Johnson was testifying to help Rambus and was represented by Rambus' counsel.

²⁶ Rambus now asserts that this was a war story of the type typically told by lawyers at bar meetings and other public settings.

²⁷ That page is not part of the documents offered as an exhibit to the Karp affidavit in the FTC proceeding.

FTC, that Rambus has made in this case and in the Micron case. Thus, the Court finds, as a matter of fact, that Rambus claimed the Karp exhibit of slides to be privileged until Rambus foreswore the privilege and allowed Karp to use it in the FTC proceeding.

In fact, the entire slide presentation, including the pages given to the FTC, was claimed as privileged in the list filed in this Court on January 29, 2004 and revised on February 12, 2004.²⁸ Rambus deliberately waived the privilege that it had previously claimed by permitting Karp to use that presentation in the FTC proceeding in an effort to defeat the motion to dismiss based on the charges of evidence spoliation. Johnson was allowed to testify in the Micron litigation as part of an effort to defeat charges of spoliation. In this action Karp, Barth, and Donnelly have also testified about the document policy in an effort to defeat spoliation charges.

Indeed, as recounted above, Rambus has voluntarily produced a document written by Donnelly that reflects notes taken at the allegedly privileged meeting on July 22. These notes, which Rambus produced voluntarily, would otherwise have been privileged. And, Donnelly has been allowed to testify about the document policy and the high-level meetings thereon. Rambus, in this action and/or the FTC litigation, has also offered the testimony of Karp, Johnson,

²⁸ The document also was claimed as privileged in the initial proceedings in this case.

Barth, Frederick Ware, and Tony Diepenbrock ("Diepenbrock"), in an effort to explain that it conceived, adopted, and implemented its document retention policies for benign and legitimate reasons. In other words, Rambus has made a tactical election to allow testimony on otherwise privileged topics and to produce otherwise privileged documents in an effort to defeat charges of spoliation. In so doing, it has waived whatever privilege attached to those communications and to others that pertain to the same subjects.

Moreover, the documents reviewed in camera paint a considerably different picture of the reasons for the conception, adoption, and implementation of Rambus' document retention policy. Those documents contradict the assertions made by Rambus in the FTC proceeding and here that its document retention program was conceived, adopted, and implemented for benign and legitimate purposes. Instead, the documents quite strongly indicate that the document retention program was conceived of as necessary because the company was planning to embark on patent litigation against DRAM manufacturers and that the document retention policy was part and parcel of the company's litigation strategy. And, they permit an inference that the document destruction was in aid of the strategy.

The complete picture is that Rambus has foresworn its claims of privilege as to some communications and documents respecting this program, while simultaneously shielding behind the privilege

documents that demonstrate a different motivation and purpose for the document retention plan that has resulted in the destruction of more than two million documents. Once Rambus made the tactical decision to disclose some parts of the advice it received respecting its document retention program, why it was conceived, how it was implemented, and the circumstances of its adoption, the rest of the assertedly privileged material must be disclosed to make the record complete and accurate.

As recognized by the Fourth Circuit, the subject-matter waiver rule is absolute--any disclosure of confidential communications outside the privileged relationship will waive the privilege as to all information related to the same subject matter. Hawkins, 148 F.3d at 384. In other words, a disclosure of otherwise privileged materials not only waives the privilege as to the specific information and materials revealed, but also waives the privilege as to any other materials pertaining to the subject matter of the disclosure. Sheet Metal Workers Int'l Assoc. v. Sweeney, 29 F.3d 120, 125 (4th Cir. 1994); In re Grand Jury Proceedings, 727 F.2d 1352, 1357 (4th Cir. 1984); Jones, 696 F.2d at 1072-73; United States v. Cohn, 303 F. Supp. 2d 672, 680 (D. Md. 2003); Federal Election Comm'n v. Christian Coalition, 178 F.R.D. 61, 74 (E.D. Va. 1998); In re Grand Jury Subpoenas, 734 F. Supp. 1207, 1213 (E.D. Va. 1990), aff'd in part and rev'd in part on other grounds, 902 F.2d 244 (4th Cir. 1990).

Although the waiver thus effectuated is absolute, it is limited to other communications relating to the same subject matter. Jones, 696 F.2d at 1072; Rambus, Inc., 220 F.R.D. at 288-89. It is not always clear, of course, in any given context what constitutes the "same subject matter." Jones, 696 F.2d at 1072. Nonetheless, the Fourth Circuit articulates that the other communications which are waived must be "directly related to the [disclosed] subject." United States v. (Under Seal), 748 F.2d 871, 875 n.7 (4th Cir. 1984).

In United States v. Skeddle, 989 F. Supp. 917, 919 (N.D. Ohio 1997), the court articulated a list of flexible, non-exhaustive factors that can be pertinent, depending on specific circumstances, to the determination whether disclosed and undisclosed communications relate to the same subject matter. Those factors are:

- (1) [T]he general nature of the lawyer's assignment;
- (2) the extent to which the lawyer's activities in fulfilling that assignment are undifferentiated and unitary or are distinct and severable;
- (3) the extent to which the disclosed and undisclosed communications share, or do not share, a common nexus with a distinct activity;
- (4) the circumstances in and purposes for which disclosure originally was made;
- (5) the circumstances in and purposes for which further disclosure is sought;
- (6) the risks to the interests protected by the privilege if further disclosure were to occur; and
- (7) the prejudice which might result if disclosure were not to occur.

Skedde, 989 F. Supp. at 919; see also SNK Corp. of Am. v. Atlas Dream Entm't Co., Ltd., 188 F.R.D. 566, 571 (N.D. Cal. 1999).

As outlined fully in the Spoliation Opinion, the assignment of Cooley Godward in 1998 was to formulate a patent licensing and litigation strategy. A part of that strategy was advising about a document retention policy. Cooley Godward continued to advise on patent licensing and litigation strategy, including the document retention program, at least through July 22, 1998.

Also, as discussed in the Spoliation Opinion, it appears that in mid-1998, Neil Steinberg ("Steinberg"), then in private practice, began to take more responsibility for Rambus' patent licensing and litigation strategy. By the fall of 1998, Steinberg appears to have been very active in that area. Indeed, many of the documents claimed as privileged in the privilege log because they relate to patent licensing and litigation strategy identify Steinberg as the author. Significantly, however, the basic nature of the company's licensing and litigation strategy--to the extent discernable in documents reviewed in camera--appears to have changed little from the time Cooley Godward was advising through 1999 and 2000 under Steinberg's tutelage (Steinberg went in-house in early 1999). In both instances, it appears that the lawyers (Cooley Godward and Steinberg) advised on patent licensing and litigation strategy of which the document retention program was a core component. And, Steinberg was reminding employees of the

document retention program--calling it the "document destruction policy"--as late as July 17, 2000.²⁹

Many of the undisclosed documents, like some of the disclosed documents, mention the document retention program as part and parcel of the company's patent licensing and litigation strategy. Other undisclosed documents discuss the very same litigation strategy of which the document retention program is a core part, but do not actually mention the document retention program. That strategy, however, was in play in 1999 and 2000 when, as shown by information that already has been disclosed, the document retention program was in operation.

The privileged communications that have been disclosed for tactical purposes are closely related to a number of documents that discuss the conception, development, adoption, and implementation of the policy by which Rambus has destroyed a great volume of documents of the type which reasonably would be expected to contain information about the subjects which are in dispute in this action. Under the terms of the policy itself, Rambus employees were to destroy email (usual intraoffice business communications on all topics) and documents relating to trade secrets, engineering, contract drafts, and nonfinalized minutes of internal meetings.

²⁹ By June 17, 2000, Steinberg was serving as Rambus' Vice President of Intellectual Property.

With the privilege having been claimed and discovery on the scope of the document destruction having been shielded by virtue of the privileges that have been claimed, it is difficult to ascertain with specificity exactly how that document destruction program operated in tandem with the overall patent litigation strategy. It is undeniable, however, that Rambus linked the two inextricably and discussed the two as part of a piece. Rambus, therefore, has waived the attorney-client privilege on the subject of how its document retention policy and practices fit into its patent litigation strategy. Accordingly, Infineon is entitled to conduct discovery into the relationship between the patent litigation strategy as evinced in the documents listed below and the document destruction which the record shows occurred in 1998, 1999, and 2000, both within Rambus and in the offices of its outside lawyers. That is because there appears to be a direct relationship between the two topics, that relationship having been created when Rambus made its document destruction program part of its patent litigation strategy.

Of course, there is a risk that such discovery can be taken too far. To avoid that, the Court will supervise the discovery with a view to allowing appropriate discovery into the subject matter of the document destruction program and its relationship to Rambus' litigation strategy while at the same time foreclosing discovery into other areas of patent litigation strategy that has

not been opened up, notwithstanding the subject matter waiver which Rambus has made.³⁰

The temporal scope of the waiver has been the subject of some dispute and apparently some misunderstanding of positions on the part of the adversaries. At a hearing on April 27, 2004, however, it became clear that Infineon is seeking discovery from the beginning of the conception of the program in 1998 through its implementation in 1998, 1999, and the end of 2000. Infineon also seeks discovery through the end of the discovery period in this case which, because of the developments that occurred on the eve of trial, actually ended just before the commencement of the trial in this case on April 20, 2001.

For its part, Rambus asserts that (if a waiver is found to have occurred at all, which it, of course, vigorously disputes) such waiver should go no further than July 22, 1998 because that is the date of the slide presentation. That argument does not carry the day because Rambus itself linked the document retention policy to its patent litigation strategy, an ongoing activity in 1999 and 2000. Also, the disclosed part of the July 22, 1998 slide presentation actually contains a page which is entitled "Implementation" and which outlines a series of "semi-annual house-cleanings" and a system of spot checking for people who are in

³⁰ For example, the subject of exactly how to conduct the litigation does not appear to have been laid open by the waiver.

compliance with the program thereafter. Thus, the continued operation of the document retention policy is actually a component of that which was waived. Thus, the temporal scope of the discovery will be from January 1998 to April 20, 2001.

In sum, Rambus, by selective disclosure and affirmative use of privileged materials and information, has effectuated a waiver of otherwise attorney-client protected materials relating to the topic of its document retention plan--including the plan's conception, development, adoption, and implementation, as well as the relationship between its patent litigation strategy and the document retention plan. This waiver compels the production of all such documents dated between the date that Rambus began to formulate the plan, January 1998, and the date of the original trial in this matter, April 20, 2001 and includes Doc. Nos. 268, 270, 271, 279, 313, 315, 317, 319, 325, 326, 327, 358, 363, 364, 367, 371, 373, 374, 375, 376, 528, 644, 1114, 1960, 2331, 2784, and 4077. Infineon is entitled to conduct depositions on those topics as well.

II. The Work Product Doctrine

Rambus has claimed many of the documents that fall into the above described category as protected by both the attorney-client privilege and the work product doctrine. Indeed, in the group of documents identified above in the in camera review, Rambus claims

work product protection for nineteen documents.³¹ The in camera review has disclosed that ten such documents mention the document retention policy and litigation strategy explicitly³² and that nine others relate to the same litigation strategy without mentioning the document retention policy.³³ In concept, therefore, these putatively doubly protected documents should fall within the scope of the subject matter waiver described above in the context of the attorney-client privilege.

The work product privilege, however, is somewhat different than the attorney-client privilege. The work product privilege offers "a broader protection, designed to balance the needs of the adversary system: promotion of an attorney's preparation in representing a client versus society's general interest in reviewing all true and materials facts to the resolution of a dispute." In re Martin Marietta Corp., 856 F.2d 619, 622 (4th Cir. 1998) (citing United States v. Nobles, 422 U.S. 225, 238 (1975)). As a result, although, as discussed above, Rambus has effectuated a subject matter waiver on the topic of its document retention policy and the policy's place within its overall litigation

³¹ See Doc. Nos. 270, 271, 279, 315, 317, 319, 358, 363, 364, 367, 371, 373, 374, 375, 376, 528, 644, 1960, & 2331.

³² See Doc. Nos. 315, 317, 319, 371, 373, 374, 375, 376, 528, & 1960.

³³ See Doc. Nos. 270, 271, 279, 358, 363, 364, 367, 644, & 2331.

strategy, the effect of the subject-matter waiver rule on the work product privilege is different than its effect on the attorney-client privilege. Federal Election Comm'n v. Christian Coalition, 178 F.R.D. 61, 77 (E.D. Va. 1998). Specifically, although the subject-matter waiver rule applies with full force and effect to non-opinion work product, its application to opinion work product is not so straightforward.

In Duplan Corp. v. Deering Millikin, Inc., 540 F.2d 1215 (4th Cir. 1976), the Fourth Circuit noted that, in previous Duplan litigation, it had delineated work product into two broad general categories: "opinion" work product and "non-opinion" (or "fact") work product. In the 1976 Duplan opinion, the Fourth Circuit dealt with the interaction of the subject-matter waiver rule and non-opinion work product, therein intimating that the rule applies fully to non-opinion work product. Duplan Corp., 540 F.2d at 1222-23; see also United States v. Nobles, 422 U.S. 225 (1975). The Court of Appeals, however, reserved in the 1976 Duplan opinion the issue whether the subject-matter waiver rule "applies with equal vigor to opinion work product." Id. at 1223 n.6.

In In re Martin Marietta Corp., the Fourth Circuit addressed squarely the issue reserved in Duplan and confronted whether the subject-matter waiver rule applies to opinion work product. In re Martin Marietta Corp., 856 F.2d at 625. In resolving that issue, the court held that "[w]e think that when there is subject matter

waiver, it should not extend to opinion work product for two reasons." 856 F.2d at 626. First, the Court held that the Supreme Court's decision in United States v. Nobles, 442 U.S. 225 (1975), although allowing for discovery of non-opinion work product, necessarily implied "a special protection for opinion work product." 856 F.2d at 626. That special protection was found in the last sentence of the first paragraph of Fed. R. Civ. P. 26(b)(3) which, while providing for discovery under limited circumstances of materials prepared in anticipation of litigation or for trial, provides that

[in] ordering discovery of such materials when the required showing has been made, the Court shall protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative of a party concerning litigation.

Secondly, the Fourth Circuit expressed the view that "the underlying rationale for the doctrine of subject matter waiver has little application in the context of a pure expression of legal theory or legal opinion." In re Martin Marietta Corp., 856 F.2d at 626. That was because in the court's view:

there is relatively little danger that a litigant will attempt to use a pure mental impression or legal theory as a sword and as a shield in the trial of a case so as to distort the fact finding process. Thus the protection of lawyers from the broad repercussions of subject matter waiver in this context strengthens the adversary process, and, unlike the selective disclosure of evidence, may

ultimately and ideally further the search for truth.

856 F.2d at 626. The court, therefore, held that the subject-matter waiver rule does not extend to opinion work product.

Although the rule protecting opinion work product from subject matter waiver announced in In re Martin Marietta Corp. is nearly absolute, there are, as recognized by several district courts in this circuit, exceptions to it. In particular, where the attorney's opinions are to be used as a sword or shield to affect the fact finding process the rationale for the rule in In re Martin Marietta Corp. does not apply and thus, neither should the rule. See, e.g., Vaughan Furniture Co. v. Featureline Mfg., Inc., 156 F.R.D. 123, 128 (M.D.N.C. 1994); Charlotte Motors Speedway, Inc. v. International Ins. Co., 125 F.R.D. 127, 130 (M.D.N.C. 1989). Cf. Bio-Rad Labs. v. Pharmacia, Inc., 130 F.R.D. 116, 121 (N.D. Cal. 1990).

The exception operates "when a party seeks a greater advantage from its control over work product then the law must provide to maintain a healthy adversary system." Hager v. Bluefield Regional Med. Center, Inc., 170 F.R.D. 70, 77 (D.D.C. 1997) (quoting In re Sealed Case, 676 F.2d 793, 818 (D.C. Cir. 1982)). As a respected authority has explained:

Regard must be had to the double elements that are predicated in every waiver, i.e., not only the element of implied intention but also the element of fairness and consistency. A privileged person would seldom be found to

waive if his intention not to abandon could alone control the situation. There is always the objective consideration that when his conduct touches a certain point of disclosure, fairness requires that his privilege shall cease whether he intended that result or not. He cannot be allowed, after disclosing as much as he pleases, to withhold the remainder.

Wigmore, Evidence in Trial and Common Law, § 23227 at 636 (J. McNaughton Rev. 1961); see also Micron Separations, Inc. v. Pall Corp., 159 F.R.D. 361 (D. Mass. 1995).

A. Assessment of Rambus' Claims of Work Product Protection

The distinction between opinion and non-opinion work product, the rule pertaining to opinion work product announced in In re Martin Marietta Corp., and the exception to the In re Martin Marietta Corp. rule discussed above, will control the effect of the above described subject matter waiver as to Rambus' purported work product. Before, however, applying the rule of In re Martin Marietta Corp. and its exceptions, it is necessary to ascertain whether the documents as to which Rambus claims work product actually constitute work product.³⁴ That is because the in camera review has disclosed that much of Rambus' supposed work product does not actually qualify as such.

³⁴ Secondly, the Court must determine, if the materials are in fact work product, whether they are of the opinion or non-opinion variety.

The starting point for the analysis is an understanding of work product. As explained by the Supreme Court in Hickman v. Taylor, 329 U.S. 495 (1947):

In performing his various duties . . . it is essential that a lawyer work with a certain degree of privacy, free from unnecessary intrusion from opposing parties and their counsel. Proper preparation of a client's case demands that he assemble information, sift what he considers to be the relevant from the irrelevant facts, prepare his legal theories and plan his strategy without undue and needless interference.

Hickman, 329 U.S. at 510-11; see also Sandberg v. Va. Bankshares, Inc., 979 F.2d 332, 355 (4th Cir. 1992), vacated on other grounds, No. 91-1873, 1993 WL524680 (4th Cir. April 7, 1993); National Union Fire Ins. Co. v. Murray Sheet Metal Co., 967 F.2d 980, 984 (4th Cir. 1992). The work product doctrine, however, only protects materials that are created "because of" ongoing or anticipated litigation; it does not protect materials created for other reasons. National Union Fire Ins. Co., 967 F.2d at 984 (emphasis in original). Accordingly, the work product doctrine does not protect materials that are created for ordinary business purposes. Sandberg, 979 F.2d at 355.

Determining whether a specific document was created "because of" litigation or for some other purpose often can be a difficult task. See generally Chambers v. Allstate Ins. Co., 206 F.R.D. 579, 584 (S.D. W.Va. 2002). And, that difficulty is sometimes exacerbated because often documents are created for several

purposes, some of which are related to litigation and some of which are related to ordinary business concerns. National Union Fire Ins. Co., 967 F.2d at 984. For those reasons, the Fourth Circuit teaches that "[d]etermining the driving force behind the preparation of each . . . document is . . . required in resolving a work product immunity question." Id. (emphasis added). In other words, in order for a particular document to have been created "because of" litigation and therefore to be eligible for work product protection, the litigation-related concerns underpinning the document's creation must have been the "primary motivating purpose"--the "driving force"--for the document's creation. Cameron v. General Motors Corp., 158 F.R.D. 581, 588 (D. S.C. 1994), vacated in part on other grounds, No. 94-2435, 1995 WL 940063 (4th Cir. Feb. 17, 1995); see also National Union Fire Ins. Co., 967 F.2d at 984; Chambers, 206 F.R.D. at 585; Front Royal Ins. Co. v. Gold Players, Inc., 187 F.R.D. 252, 256 (W.D. Va. 1999); Video Warehouse of Huntington, Inc. v. Boston Old Colony Ins. Co., 160 F.R.D. 83, 85 (S.D. W.Va. 1994); Suggs v. Whitaker, 152 F.R.D. 501, 505 (M.D.N.C. 1993).

Guided by these precepts, the Court has analyzed Rambus' claims of work product privilege as to the documents determined by the in camera review to which the subject matter waiver would, at least conceptually, apply. This exercise establishes that, Rambus' assertions notwithstanding, Doc. Nos. 358, 363, 371, 373, 374, 375,

376, and 644 are not entitled to work product protection because they simply are not work product--opinion or otherwise. Thus, the claim of work product protection for those documents is rejected. And, because the protection of the attorney-client privilege respecting those documents has been vitiated by operation of the subject-matter waiver rule as described above, Rambus must disclose them.

B. Application of In re Martin Marietta Corp. and its Exceptions to the Actual Opinion Work Product

The in camera analysis, however, has also revealed that Doc. Nos. 270, 271, 279, 315, 317, 319, 364, 367, 528, 1960, and 2331 qualify as work product. Moreover, because these documents contain opinions and strategies, rather than the factual results of investigations or other facts, the documents constitute opinion--as opposed to non-opinion--work product.

As recounted above, the general rule, as announced in In re Martin Marietta Corp., is that the subject-matter waiver rule has no effect as to opinion work product. The record here, however, establishes that those documents that qualify as opinion work product are not entitled to the absolute protection articulated by In re Martin Marietta Corp. because they fall within the exception to that rule. Vaughan Furniture Co., 156 F.R.D. at 128; Charlotte Motors Speedway, Inc., 125 F.R.D. at 130. Specifically, because, as discussed above, Rambus has selectively disclosed otherwise

privileged materials and discussed otherwise privileged topics in an effort to create the impression that its document retention program was conceived, adopted, and implemented for a legitimate purpose, it cannot use the work product privilege to shield information that puts in its true light the privileged materials that Rambus has disclosed. To do otherwise would be perverse because it would allow Rambus to have "a greater advantage from its control over work product than the law must provide to maintain a healthy adversary system." In re Sealed Case, 676 F.2d at 818. Indeed, to permit that result would allow use of the work product privilege as a shield while using the attorney-client privilege as a sword. That would inflict a serious blow to the fair administration of justice and foster disrespect for the judicial system.

For these reasons, the Court holds that the subject matter waiver discussed above in reference to the attorney-client privilege also vitiates the protection of the work product privilege as to Doc. Nos. 270, 271, 279, 315, 317, 319, 364, 367, 528, 1960, and 2331. Thus, Rambus shall produce these documents their status as work product notwithstanding; in addition, depositions about them may be had as part of the effort to establish an accurate and complete record concerning the conception, adoption, and implementation of Rambus' document

retention plan, as well as the plan's role in the company's overall intellectual property and patent litigation strategy.

CONCLUSION

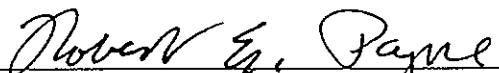
For the above stated reasons, the Court finds that Rambus has effectuated a waiver of its attorney-client privilege as to any materials pertaining to its document retention plan, including the plan's conception, development, adoption, and implementation, as well as the relationship between its patent litigation strategy and the document retention plan. The temporal scope of this waiver will extend to all such documents dated between January 1998 and April 20, 2001 and includes Doc. Nos. 268, 270, 271, 279, 313, 315, 317, 319, 325, 326, 327, 358, 363, 364, 367, 371, 373, 374, 375, 376, 528, 644, 1114, 1960, 2331, 2784, and 4077.

Moreover, although Rambus has, in addition to its claim of attorney-client privilege, claimed work product protection for a number of the documents that fall into the above described category, the Court rejects Rambus' claims of work product protection for a number of such documents. See Doc. Nos. 358, 363, 371, 373, 374, 375, 376, & 644. Moreover, as to those documents that actually constitute opinion work product, see Doc. Nos. 270, 271, 279, 315, 317, 319, 364, 367, 528, 1960, 2331, the Court finds the rule announced in In re Martin Marietta Corp. inapplicable; thus, their status as opinion work product notwithstanding, such

documents are subject to the reach of the above described subject matter waiver.

The Clerk is directed to send a copy of this Memorandum Opinion to all counsel of record.

It is so ORDERED.


United States District Judge

Richmond, Virginia

Date: May 18, 2004