

## Qualcomm Six Ultimately Avoid Sanctions but Case Remains a Cautionary Tale

By Wendy Butler Curtis, Justin M. Aragon and Eric Hairston

On April 2, 2010, United States Magistrate Judge Barbara Major ruled that the six attorneys who represented Qualcomm Inc. in a high-profile patent case against Broadcom Corp. should not face sanctions for mishandling the discovery process.<sup>[1]</sup> Judge Major previously ordered sanctions against Qualcomm and the company's outside counsel on January 7, 2008.<sup>[2]</sup> The sanctioned attorneys filed objections to the sanctions order. Following remand, and a well-presented defense, Judge Major ultimately concluded the six attorneys did not act in bad faith and had conducted a "reasonable inquiry" as required by Fed. R. Civ. P. 26(g).

The case and the language of this [most recent order](#) provide a road map of what not to do in discovery. Although declining to issue sanctions, the court admonished the attorneys for the following "poor decisions" that made this case infamous:

- "An incredible breakdown in communication" between Qualcomm engineers and in-house legal staff, Qualcomm employees and outside legal counsel, and amongst various outside counsel.

*Practice Tip: Meaningful and effective communication during discovery between in-house and outside counsel, as well as key employees and information technology personnel, allows for accurate representations in the meet and confer process and informed discovery strategy.*

- Failure by in-house and outside counsel to meet "with the appropriate Qualcomm engineers (those who were likely to have been involved in the conduct at issue and who were likely to be witnesses) at the beginning of the case to explain the legal issues and discuss appropriate document collection."

*Practice Tip: Custodians should be informed of their preservation and collection obligations, and custodian information management habits must inform collection strategy. Whether through interviews or questionnaires, counsel should inquire of custodians where they maintain relevant information. Key custodians should be asked for their input regarding the search terms used to identify relevant documents.<sup>[3]</sup> For more information on preservation and collection standards, please see our [recent alert](#) on the *Pension Committee* decision in the S.D.N.Y.*

- Failure of outside counsel to "obtain sufficient information from any source to understand how Qualcomm's computer system is organized:"

*Practice Tip: Outside counsel should consult with custodians and IT to understand the data sources at issue in the matter.*

- "where e-mails are stored,"

### Contact a Team Member

Wendy Butler Curtis  
eDiscovery Of Counsel  
Washington, D.C.  
(202) 339-8584  
[wcurtis@orrick.com](mailto:wcurtis@orrick.com)

Siobhan Handley  
Partner  
New York  
(212) 506-3757  
[shandley@orrick.com](mailto:shandley@orrick.com)

Kenneth Herzinger  
Partner  
San Francisco  
(415) 773-5409  
[kherzinger@orrick.com](mailto:kherzinger@orrick.com)

### Previous eDiscovery Alerts

[Recent S.D.N.Y. Decision Declares Failure to Issue a Litigation Hold Gross Negligence and Outlines Standards for Preservation and Collection \(January 26, 2010\)](#)

[New California Electronic Discovery Rules Differ From Federal Rules in Notable Ways \(July 14, 2009\)](#)

*Practice Tip: Outside counsel must understand e-mail systems and storage practices, including, especially, auto-deletion cycles and .PST practices. To avoid the cost of hard-drive collections, some companies now prohibit the creation of .PST files.*

- “how often and to what location laptops and personal computers are backed up,”

*Practice Tip: Outside counsel must understand backup tape rotation practices to determine what, if any, backups must be preserved and to evaluate collection obligations. Backup rotations cycles from 7-45 days are now common and decrease the likelihood that any relevant unique information exists on backups.*

- “whether, when and under what circumstances data from laptops are copied into repositories,”

*Practice Tip: Outside counsel must understand this point to determine whether laptop or hard-drive collections are necessary. Many companies now sync laptops to the network each time the employee logs in to reduce the likelihood that any unique information resides on individual computers.*

- “what type of information is contained within the various databases and repositories,” and

*Practice Tip: Where practical, for companies who are routinely party to large litigation, data maps of commonly requested data sources can be helpful.*

- “what records are maintained regarding the search for, and collection of, documents for litigation, etc.”

*Practice Tip: It is critical to track not only what is collected, but also decisions not to collect and the reasoning behind these decisions. It is also important to contemplate who will serve as the Fed. R. Civ. P. 30(b)(6) witness if company discovery decisions are challenged.*

- Failure of any attorney to take “supervisory responsibility for verifying that the necessary discovery had been conducted (including ensuring that all of the correct locations, servers, databases, repositories and computers were correctly searched for potentially relevant documents).”

*Practice Tip: Counsel must make sure to clearly delineate roles and responsibilities between outside and in-house attorneys, IT departments and vendors. The documentation referenced above helps make this delineation of responsibility clear and gives transparency to the process to both in-house and outside counsel.*

- “[I]ncredible lack of candor on the part of the principal Qualcomm employees” and failure of outside counsel to adequately “follow-up in response to contradictory, or potentially contradictory, evidence.”

*Practice Tip: When faced with obstructive or uncooperative witnesses, additional measures should be taken to ensure collection obligations are met. This may include imaging the hard drive or collecting the entire shared drive or home directory. Diligence in response to such witnesses should also be documented.*

The Court’s conclusion that this case remains an example of a “massive discovery failure result[ing] from significant mistakes, oversights and miscommunication” underscores the fundamental importance of effective communication between in-house, outside counsel, client information technology personnel and key players during the discovery effort.

---

[1] *Qualcomm Inc. v. Broadcom Corp.*, No. 05cv1958-B (BLM) (S.D. Cal. Apr. 2, 2010). [Click here to read the order.](#)

[2] Specifically, the Court ordered that Qualcomm pay \$8.5 million for intentionally withholding thousands of documents and sanctioned the Qualcomm Six for assisting the company “in withholding [those] critical documents by failing to conduct a reasonable inquiry into the adequacy of Qualcomm’s document production and by ignoring warning signs, which indicated that the document search was not thorough and that Qualcomm’s document production was not complete.” *Qualcomm Inc. v. Broadcom Corp.*, No. 05cv1958-B (BLM) (S.D. Cal. Jan. 7, 2008).

[3] See *William A. Gross. Constr. Assocs., Inc. v. Am. Mfrs. Mut. Ins. Co.*, 256 F.R.D. 134 (S.D.N.Y. 2009).