

**COURT OF CHANCERY
OF THE
STATE OF DELAWARE**

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VICE CHANCELLOR

New Castle County Courthouse
500 N. King Street, Suite 11400
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RE: *MPEG LA, L.L.C. v. Dell Global B.V. and Dell Products, L.P.*
Civil Action #7016-VCP

Dear Counsel:

This matter is before me on the request of Plaintiff and Counterclaim Defendant, MPEG LA, L.L.C. (“MPEG LA”), pursuant to its motion to compel filed on July 25, 2013, that the Court review *in camera* certain documents identified on the privilege log of Defendants and Counterclaim Plaintiffs, Dell Global Products B.V. and Dell Products, L.P. (collectively, “Dell”). The purpose of the review was to determine whether these documents are, in fact, privileged. At oral argument on MPEG LA’s motion to compel on August 22, 2013, I permitted MPEG LA to select up to sixty documents identified in Dell’s privilege log for *in camera* review to determine whether the documents are

privileged and whether the representations made in the log as to those documents are reasonable and accurate.

MPEG LA has identified three categories of documents¹ that it asserts Dell improperly has attempted to shield from discovery by claiming that the documents are privileged. The first category (“Category One”) consists of emails sent to, received by, or copied to Chad Anson, a Dell in-house legal director (managing Dell’s global patent portfolio, including Dell’s patent license with MPEG LA), who allegedly served in a mixed legal and business role in Dell’s dealings with MPEG LA. The second category (“Category Two”)² pertains to emails sent among non-lawyer Dell employees that Dell asserts reflect those employees’ intent to seek legal advice related to MPEG LA’s royalty audit of Dell. Finally, the third category (“Category Three”)³ relates to emails among non-attorney Dell employees “providing or seeking information to facilitate legal advice on topics related to MPEG LA.”⁴

¹ MPEG LA originally identified five categories of challenged documents in its motion to compel, but voluntarily withdrew its objections related to two of the categories after subsequent document production by Dell. *See* Pl.’s Reply Br. 1.

² MPEG LA refers to this group of documents as Category 3 in its briefing. Pl.’s Op. Br. 6.

³ MPEG LA refers to this group of documents as Category 4 in its briefing. *Id.*

⁴ *Id.*

Based on my instructions, MPEG LA requested that thirty specific documents from Category One and fifteen documents from each of Categories Two and Three be produced for *in camera* review. On September 6, 2013, Dell submitted those documents to the Court. In the accompanying cover letter, Dell withdrew its privilege claim for nineteen documents the contents of which Dell determined it already substantially had produced without redaction. The Document ID's for those documents are: 22369, 22371, 38731, 50542, 209458, 210138, 211065, 126721, 126722, 126745, 146700, 50563, 146934, 989784, 989905, 991122, 1077460, 1081630, and 1121620.

Before discussing the results of my review of the documents submitted, I note that a communication can qualify for the attorney-client privilege even if no party to the communication is an attorney. Under Rule 502(b) of the Delaware Rules of Evidence:

A client has a privilege to refuse to disclose and to prevent any other person from disclosing confidential communications made for the purpose of facilitating the rendition of professional legal services to the client (1) between the client or the client's representative and the client's lawyer or the lawyer's representative . . . (3) by the client or the client's representative or the client's lawyer or a representative of the lawyer to a lawyer or a representative of a lawyer representing another in a matter of common interest, [or] (4) between representatives of the client or between the client and a representative of the client⁵

⁵ D.R.E. 502(b).

Furthermore, Rule 502(b) makes clear that the attorney-client privilege protects only communications themselves and not the underlying facts of those communications.⁶

I further note that the attorney-client privilege protects legal advice only, and not business or personal advice.⁷ Where business and legal advice are inseparable in a communication—or the communication includes individuals serving in both business and legal advisory roles—the communication will be considered privileged only if the legal aspects predominate.⁸ Thus, “[i]f a communication involves a business matter rather than a legal matter, the attorney-client privilege will not protect it, even if the client’s legal advisor is a party to the communication.”⁹ In addition, for communications containing both business and legal advice, in which the business and legal advice can be segregated easily, they “must be produced with the legal-related portions redacted.”¹⁰ There are

⁶ *PharmAthene, Inc. v. SIGA Techs., Inc.*, 2009 WL 2031793, at *2 (Del. Ch. July 10, 2009) (citing *State v. Grossberg*, 1998 WL 117975, at *4 (Del. Super. Jan. 23, 1998)).

⁷ *Lee v. Engle*, 1995 WL 761222, at *1 (Del. Ch. Dec. 15, 1995).

⁸ See *KLM v. Checchi*, 1997 WL 525861, at *1 (Del. Ch. July 23, 1997); *SICPA Hldgs., S.A. v. Optical Coating Lab., Inc.*, 1996 WL 636161, at *6 (Del. Ch. Oct. 10, 1996); *Sealy Mattress Co. of N.J. v. Sealy Inc.*, 1987 WL 12500, at *3 (Del. Ch. June 19, 1987).

⁹ *Cephalon, Inc. v. Johns Hopkins Univ.*, 2009 WL 5103266, at *1 (Del. Ch. Dec. 4, 2009).

¹⁰ *Id.* (citing *PharmAthene, Inc.*, 2009 WL 2031793, at *2).

circumstances, however, in which legal and business advice cannot be segregated or it is too difficult to determine if the legal issues predominate in a given communication. In those situations, the party asserting the privilege will be given the benefit of the doubt, and the communication will not be ordered produced.¹¹

With these principles in mind, as well as the comments I made during argument on August 22, I carefully have reviewed the documents Dell submitted *in camera* on September 6. Based on that review, I uphold Dell's attorney-client privilege claim regarding the documents associated with the following thirty-seven Document ID's: 50127, 50138, 50512, 126758, 146178, 209369, 209414, 209563, 209589, 209637, 209673, 210345, 210695, 212746, 212813, 213142, 213211, 219458, 221112, 221115, 774797, 27717, 126757, 146278, 147103, 222691, 334154, 990735, 992336, 992341, 1121762, 50695, 126818, 146518, 146815, 219798, and 334192.

I overrule in whole or in part Dell's attorney-client privilege claims regarding the documents associated with these four Document ID's: 205358, 213223, 220420, and 146519.

In the interests of brevity and efficiency, I comment below only on those documents for which I deny Dell's privilege claim. As to the documents for which I

¹¹ *PharmAthene, Inc.*, 2009 WL 2031793, at *2 (citing *KLM*, 1997 WL 525861, at *1); *SICPA Hldgs., S.A.*, 1996 WL 636161, at *6.

uphold Dell's privilege claims, I discuss only the general categories into which the documents fit.

Documents Ordered Produced in Whole or in Part

Document ID 205358

Both email messages in this document communicate information that has been shared between the parties to this litigation, *i.e.*, MPEG LA and Dell. In addition, I do not believe that the information in these email messages was conveyed to Anson "to facilitate legal advice" as contemplated under Rule 502. Such communications are entitled to be withheld when they are confidential and made "for the purpose of facilitating the rendition of professional legal services to the client."¹² Here, because the information conveyed to Anson was intended to facilitate a three-way teleconference that included MPEG LA as well as representatives of Dell other than Anson, I conclude that the emails are not entitled to be withheld under Rule 502. Dell must produce the entire document without redaction.

Document ID 213223

As noted, the attorney-client privilege protects legal advice only, not business or personal advice.¹³ Moreover, for communications containing mixed business and legal

¹² D.R.E. 502(b).

¹³ *Lee*, 1995 WL 761222, at *1.

advice, such communications must be produced if the legal advice does not predominate and to the extent the business advice can be segregated.¹⁴ Here, the item associated with Document ID 213223 contains mixed business and legal advice, and the latter can be segregated. In addition, the aspects of the document containing business advice do not appear to be associated with facilitating the rendition of professional legal advice or services to Dell. Thus, the document must be produced, subject only to the following redactions.

Regarding the email dated Thursday, May 7, 2009 at 7:31 p.m., Dell should redact the matter appearing: (1) after “they are and provide details.” and before “PC makers will only buy”; and (2) after “‘Switch Over’ to licensed suppliers.” and before “Thanks, Bill[.]”

Regarding the email dated Tuesday, April 28, 2009 at 8:50 a.m., Dell should redact the matter appearing after “for online orders?” and before “Not sure we have[.]”

Regarding the email dated Tuesday, April 28, 2009 at 9:37 p.m., Dell should redact the matter appearing: (1) after “Summary:” and before “The next 5C meeting”; and (2) after “while they complete the licensing process.” and before “2. Veeza Enforcement Process[.]”

¹⁴ See *supra* notes 8–10 and accompanying text.

Document ID's 220420 and 146519

The three-page document associated with Document ID 220420 is an unredacted version of a substantively similar document already produced by Dell under the reference number DELL-170605. The already produced version of the document contains four redacted portions. After carefully reviewing the redacted portions, I conclude that Dell redacted them properly. I do find, however, that the email message dated Tuesday, January 11, 2011 at 5:47 p.m. is not privileged because it does not constitute a confidential communication for the purpose of facilitating the provision of professional legal services to Dell. Thus, the document associated with Document ID 220420 must be produced, but Dell may maintain the redactions throughout that document as reflected in DELL-170605.

In addition, I note the document associated with Document ID 146519 appears to be a duplicate of Document ID 220420, except that the email message in Document ID 220420 dated Tuesday, January 11, 2011 at 5:47 p.m. is dated Tuesday, January 11, 2011 at 12:47 p.m. in Document ID 146519. Other than this time difference, the two documents are alike in all respects. I therefore conclude that Document ID 146519 also must be produced consistent with the instructions for the document associated with Document ID 220420.

Documents for Which Dell's Privilege Claims are Upheld

The documents as to which I have upheld Dell's claims of privilege after reviewing them *in camera* fall into three categories—as described above. Because those categories present slightly different issues in terms of evaluating attorney-client privilege, I discuss each category briefly below.

Category One consists of emails sent to, received by, or copied to Anson, a Dell in-house lawyer who allegedly served in a mixed legal and business role in Dell's dealings with MPEG LA. Having reviewed these documents, I conclude that they all reflect confidential communications involving Anson for the purpose of facilitating the rendition of professional legal services to Dell regarding its dealings with MPEG LA. To the extent that the documents contained mixed business and legal advice, I find either that the business and legal advice cannot be segregated or that the legal issues appear to predominate. Thus, in this category, I uphold Dell's claims of attorney-client privilege as to the documents associated with the following Document ID's: 50127, 50138, 50512, 126758, 146178, 209369, 209414, 209563, 209589, 209637, 209673, 210345, 210695, 212746, 212813, 213142, 213211, 219458, 221112, 221115, and 774797.

Category Two consists of emails sent among non-lawyer Dell employees that Dell asserts reflect an intent to seek legal advice concerning MPEG LA's royalty audit of Dell. In this category, I find that the following documents are privileged as claimed: 27717,

126757, 146278, 147103, 222691, 334154, 990735, 992336, 992341, and 1121762. Some of the documents in this category also contained communications that are arguably business-related. In those cases, however, I found the presence of other matter regarding legal advice or services to be so integral that it rendered the document (or the portions that are redacted in any substantively similar documents that Dell has produced) privileged as claimed.

Finally, Category Three consists of emails among non-attorney Dell employees providing or seeking information to facilitate legal advice on topics related to MPEG LA. For the same reasons stated as to Category Two, I find that the following documents in this category (or the portions that are redacted in any substantively similar documents that Dell has produced) are privileged as claimed: 50695, 126818, 146518, 146815, 219798, and 334192.

For the most part, therefore, I conclude that the disputed documents identified by MPEG LA and submitted by Dell for *in camera* review were withheld properly as privileged or otherwise were produced properly in redacted form. In addition, I conclude that the representations made in the privilege log were reasonable and accurate.

Documents for Which Dell Has Withdrawn its Privilege Claim

I reviewed briefly the documents for which Dell has withdrawn its privilege claims. I find no basis to conclude that Dell acted in bad faith in claiming initially that these documents were privileged.

CONCLUSION

For the foregoing reasons, I overrule Dell's claims of attorney-client privilege to the extent indicated in this Letter Opinion as to Document ID's 205358, 213223, 220420, and 146519. I further direct Dell to produce those documents consistent with the rulings in this Letter Opinion within five days of the date of the Opinion. In all other respects, MPEG LA's motion to compel is denied.

IT IS SO ORDERED.

Sincerely,

/s/ Donald F. Parsons, Jr.

Donald F. Parsons, Jr.
Vice Chancellor

DFP/ptp

cc: Kevin F. Brady, Esq.
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