E-DISCOVERY AND PATENTS

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CHAPTER 8

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E-Discovery And Patents

Chapter 8

E-DISCOVERY AND PATENTS

By Sanford E. Warren and E.E. “Jack” Richards, II

I. INTRODUCTION

In the last few years, "E-discovery" has been working its way into our litigation practices. Related notes have infiltrated our bar journals and vendors have invaded our calendars with corresponding lunchtime CLE’s. All the while, we have watched and given polite attention to the subject. Still, many of us have managed to litigate without worrying too much about E-discovery—the discovery of electronic information. For years, our version of E-discovery concerned looking at paper printouts of e-mails and spreadsheets. The time has come, however, that we can no longer give short shrift to the subject. Studies show that 99% of new information is stored electronically. This reality has not been lost with our jurists. In fact, the number of spoliation cases from 1994 to 2004 (195) exceeds the total number of such cases that were reported from 1794-1993 (155). In other words, while some practitioners continue to ignore E-discovery, the courts are moving ahead. Jurists are attending workshops and laying down local rules, standards and standing orders so that the judicial system can keep up with a world that has clearly gone digital. Where does this leave the practitioner?

II. THE FIRST PRINCIPLE OF E-DISCOVERY: YOU CANNOT AVOID E-DISCOVERY.

Many conversations on E-discovery will quickly derail into rants about "Tiffs", "PDFs", "metadata" and other technical jargon. In the proper context, these are all worthwhile topics of discussion. Three main principles of E-discovery, however, should not be lost in the shuffle.

The first principle of E-discovery is that you can no longer realistically avoid E-discovery. For example, In re Bristol-Meyers Squibb Sec. Litig. concerned plaintiffs who served broad discovery requests and offered to pay for the defendant's paper copying costs. As the paper copying costs rose, the plaintiffs recognized that many of the copies were being generated from electronic files. Consequently, the plaintiffs asked the defendants to produce the information in electronic form to avoid paper copying costs. The issue eventually was presented to the court where each side argued that production costs should be shifted to the other side. The court ruled that the plaintiffs had to pay for certain paper copies due to their earlier agreement regarding copying costs. More importantly, however, the court also found that, in light of Federal Rule of Civil Procedure ("F.R.C.P.") 26(a)(1)(B), "where a party already possesses relevant information in electronic form, it is obligated, by way of mandatory disclosure, to so advise the adversary." In short, where information existed in electronic form, the defendants had to produce that information in electronic form to avoid excessive paper copying costs. The plaintiffs should have used common sense in realizing that most data is stored electronically and then asked for documents to be produced in electronic form. The defendants, on the other hand, should have informed the plaintiffs that the information was stored electronically and then produced the information in electronic form.

So, again, the first principle of E-discovery is that you can no longer avoid E-discovery (e.g., reviewing

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III. THE SECOND PRINCIPLE OF E-DISCOVERY: NO EXCUSES, YOU MUST BE COMPETENT.

The second principle of E-discovery is that lawyers must be competent in their E-discovery skills or suffer sanctions. A seminal case in this regard is Zubulake v. UBS Warburg LLC ("Zubulake V") wherein Zubulake sued UBS claiming employment discrimination. The court found that certain UBS employees deleted relevant e-mails while other employees never produced relevant information to counsel. As a result, many discoverable e-mails were never produced or produced only late in the discovery period. These actions occurred despite the repeated admonitions of UBS lawyers to preserve relevant documents. While basing sanctions in part on the actions of UBS itself, the court also cited the UBS lawyers' failure to adequately communicate with key UBS employees about their personal habits for storing relevant information. Furthermore, the court admonished counsel for failing to specifically warn key UBS employees to preserve relevant documents once litigation with Zubulake was anticipated. Also, even when preservation instructions were correctly communicated to key employees, the court noted that counsel failed to follow up with those individuals to ensure that they either produced relevant information or confirmed no such information existed. Finally, counsel had failed to ensure that key back-up tapes of relevant e-mails were adequately safeguarded. As a result, those tapes were recycled by the client which caused spoliation of key information. In short, Judge Scheindlin found that varied excuses from counsel were out of place today's digital age. The UBS lawyers should have overseen their client's preservation and production of electronic information. Their failure to correctly manage the E-discovery process lead to a finding of spoliation resulting in sanctions. One such sanction was an adverse inference whereby the jury could infer that the e-mails, had they been produced, would have been unfavorable to UBS. The court noted that such an inference could be based on mere negligence in failing to preserve and produce the information, provided the information was should to have likely been relevant. Again, mere negligence in overseeing E-discovery can lead to sanctions.

9 2004 WL 1620866 (S.D.N.Y. 2004)("Zubulake V").
10 Id. at 15. (Citations omitted.)
11 Id. at 7. (Citations omitted.)

Mosaid Technologies Inc. v. Samsung Electronics Co. Ltd. builds upon Zubulake V's examination of sanctions for E-discovery abuse. In a suit for patent infringement, Samsung failed to adequately preserve e-mails concerning technical subject matter that was highly relevant. After failing to produce a single technical e-mail, the court affirmed the magistrate's award of $566,839.97 in fees and costs associated with the motion for sanctions and Mosaid's attempts to secure discovery. The court also awarded an adverse inference regarding what the content of the e-mail would have been had it been correctly produced. The court acknowledged that, as a prerequisite for such an adverse inference, some Third Circuit courts had required that the failure to produce information must have been done intentionally or knowingly. The court, however, took a line similar to that in Zubulake V and, after determining that the lost information was relevant, the court found that the "offending party's culpability is largely irrelevant as it cannot be denied that the opposing party has been prejudiced….[N]egligent destruction of relevant evidence can be sufficient to give rise to the spoliation inference."13

The Mosaid court addressed other possible sanctions such as dismissal of a claim, granting judgment in favor of a prejudiced party, fines and suppression of evidence whereby, for example, a witness that violates a document retention policy would be precluded from testifying at trial. Judge Martini then specifically limited his analysis regarding the "offending party's culpability" to adverse inferences and noted that lawyers should not infer that mere negligence might form the basis for imposing more serious sanctions such as summary judgment and the exclusion of evidence.15

Again, the second principle of E-discovery is that mere negligence, on behalf of clients or counsel, in conducting E-discovery may result in sanctions.

IV. THE THIRD PRINCIPLE OF E-DISCOVERY: LIMIT AVOIDABLE COSTS.

The third principle of E-discovery is to strive for avoiding costs. Technological advances have made electronic storage of vast amounts of information affordable. As a result, more information is stored and the universe of discoverable data has expanded exponentially. For example, over three billion business

13 Id. at 338 (emphasis added).
14 Id. at 335. (Citations omitted).
15 Id. at 338, fn. 11. (Citations omitted.)
e-mails are sent each day in the United States alone, most of which are archived.16 Examining and processing this increased amount of information can be costly if attorneys do not attempt to work with adversaries and E-discovery vendors to limit associated costs.

One way to lower E-discovery costs is to limit the scope of inquiry by constraining the universe of electronic data. For example, restricting document requests to information found in active data (i.e., data that has not be archived and made difficult to access) avoids the expensive and tedious process of searching through data that is difficult to access (i.e., data that has been stored on back-up tapes for disaster recovery purposes). When such restrictions cannot be made, discovery costs rise exponentially. Court opinions regarding orders for restoring such data from back-up tapes demonstrate a broad range costs for doing so that extends from over $150,000 to almost $10 million.17 Clearly, limiting the scope of inquiry is important in keeping costs down.

The potential for such high costs tends to spawn hearings regarding cost shifting. Typically, the party responding to a discovery request is responsible for production costs. Cost shifting concerns an effort by the responding party to shift the costs of production to the requesting party due to, for example, the burdensome nature of the requesting party's request for production. To that end, an earlier Zubulake decision propounds the following factors for shifting costs from the responding party to the requesting party:

1. Extent to which request tailored to discover relevant information;
2. Availability of such information from other sources;
3. Total cost of production, compared to amount in controversy;
4. Total cost of production, compared to the resources available to each party;
5. Relative ability of party to control cost and its incentive to do so;
6. Importance of the issues at stake in the litigation; and
7. Relative benefits to the parties of obtaining the information.18

In summary, due to the increased amount of electronic information that now exists in a typical lawsuit, discovery costs can grow uncontrollably if counsel does not actively seek ways to control them. Furthermore, when expensive forays into digital domains cannot be avoided, the unpredictable balancing tests used for cost-shifting, as well as the related attorneys' fees spent arguing those tests, must be grappled with.

Those same costs, however, when controlled can result in a significant savings for litigants. Or, as Magistrate Judge Hughes states in his In re Bristol-Meyers Squibb Sec. Litig. opinion:

Lawyers sometimes assert that it costs more to scan documents and deliver them in digital form than to copy the same documents and deliver them in paper copies. However, it is almost always not true if one considers more broadly the costs of storage, shipping, and use of documents in the trial preparation process.19

Again, the third principle of E-discovery dictates that costs can quickly rise with E-discovery, so attorneys should actively seek ways to control those costs.

V. 10 STEP E-DISCOVERY PROGRAM

The above E-discovery principles illustrate how E-discovery can no longer be avoided and how, when conducted without a plan that accounts for document preservation and efficient document production, discovery costs for electronic discovery can be astronomical either due to process costs or sanctions. In short, the necessity of being competent at conducting E-discovery should be clear. To gain such competency, an E-discovery plan should be followed. For the remainder of this article, the following E-discovery plan is addressed:

1. Enforce Document Retention Policy.
2. Send Preservation Instructions.
3. Retain E-Discovery Vendor.
4. Meet with IT Staff to Determine Lay of the Land.
5. Conduct F.R.C.P. 16(b) and 26(f) Conferences.
6. Send Discovery Memo to Client.
7. Conduct General E-Data and Key Player Search.
8. Review and Tag Documents.


19 205 F.R.D. at 442-43. (Citations omitted.)
10. Make Follow-Up Inquiries.

VI. STEP 1: ENFORCE DOCUMENT RETENTION POLICY

The concept of using a sound document retention policy is not something brought on by E-discovery. Such plans have been used to manage paper documents for some time. What E-discovery has done is merely exacerbate the penalties for not having such a policy due to the simple fact that there is more information to retain or destroy in today’s electronic world. Regardless, the justifications for developing and enforcing such policies remain largely the same.

With paper retention policies, a primary concern was to destroy non-material paper documents to avoid paying for physical storage space. With digital information, one would think physical storage space is not a major issue because electronic memory is now far less costly than it was just a decade ago. These gains in electronic memory, however, have been offset by users’ increasing appetite to fill this digital space with more and more information. As a result, the lawyer’s and client’s workloads increase when litigation arises and they must review and produce these vast amounts of information.

Again, regarding physical space considerations, many feel that archival technology, such as back-up tapes for storing old e-mail, is very affordable. Consequently, the argument goes that such tapes need not be recycled very often. Unfortunately, the costs for accessing such tapes is very high because traditional recovery of information from such tapes requires the re-creation of the original hardware and software environment in use at the time the data was created and stored. Costs also increase because equipment must be supplied to store the same data that is being restored.

Regardless of any storage space benefits electronic information may have over paper, electronic data has an advantage over paper in that electronic document retention policies may be more easily enforced. For example, e-mail not stored in a specific location may be automatically deleted by software programs. Of course, a disadvantage to this is that automated document destruction programs do not automatically stop once its human programmers have a "reasonable anticipation of litigation." Such destruction violates the lawyer’s and client’s duties to preserve relevant information when litigation is anticipated. Thus, as will be addressed in the following step, counsel and client must quickly disable document destruction programs any time litigation is anticipated.

Another advantage associated with a soundly designed and enforced policy is that having such a plan may help one avoid an onerous preservation order sought by an adversary. For example, when a party has a destruction policy that clearly has provisions for "litigation holds" when litigation is anticipated, a court is less likely to step in and ensure document preservation with a formal preservation order. Furthermore, if relevant documents are mistakenly deleted, a good retention policy makes explaining such a deletion easier with the hopeful result being that sanctions are avoided.

Finally, regarding the timing of the document retention policy, the time for implementation of the plan is now. Once litigation is reasonably anticipated, implementation of the policy may result in severe sanctions.

VII. STEP 2: SEND "LITIGATION HOLD" PRESERVATION INSTRUCTIONS

Upon reasonable anticipation of litigation, a party has a duty to preserve discoverable documents. Therefore, when such litigation arises, attorneys should give written instructions (e.g., a "litigation hold" letter) to their client telling the party what documents are relevant and consequently, should be preserved. Some courts even advocate that counsel should communicate directly with key individuals to ensure those likely holders of relevant information are fully apprised of their preservation responsibilities. Such key players may be defined as those individuals listed in F.R.C.P.(a)(1) initial disclosures.

Provided your client is ready to comply with such instructions, attorneys should consider sending a corresponding letter to opposing counsel reminding their adversary of the duty to preserve relevant information. While each lawyer should already know of his duty to preserve such information, actually sending a formal letter to that effect may later increase your chances of successfully pursuing a spoliation finding and sanctions. Furthermore, counsel may seek a preservation order from the court if spoliation is a


22 Rambus v. Infineon Tech., 222 F.R.D. 280 (E.D.Va. 2004)(retaining and consulting a lawyer to develop a document retention policy, if done in anticipation of litigation, may invoke the crime/fraud exception to the attorney client privilege).


risk.\textsuperscript{25} Violation of such a formal court order raises the likelihood of a sanctions award.

Finally, the data must not only be preserved but must be preserved in active form. As previously mentioned, a great deal of data may be stored on archived mediums such as back-up tapes. Searching such tapes, however, is very expensive. If relevant data existed in active form when litigation first became reasonably anticipated, but was subsequently archived onto back-up tapes, the responding party may be compelled to recover the data at their own cost.\textsuperscript{26} Costs for doing so can amount to $5,000 per tape\textsuperscript{27} and have totaled over $9.7 million dollars.\textsuperscript{28} The costs of restoration, however, are decreasing.\textsuperscript{29}

VIII. STEP 3: RETAIN E-DISCOVERY VENDOR

Retaining an E-discovery vendor is a good way for those with limited experience to enter into E-discovery for the first time. Some firms with large information technology ("IT") staffs bring this expertise in-house. Regardless, a recent glut of such vendors have rushed to fill the knowledge void that many attorneys have in this area. The larger number of vendors is good in that their numbers have brought increased competition and lower prices for their services. In fact, vendors will readily negotiate their prices when asked to. The drawback is that many vendors hold themselves out as experts when in fact they have limited experience or expertise. Therefore, you should conduct thorough interviews with vendors that inquire into the vendor's experience with cases similar to yours and his proposed game plan for your case. Also, technology has allowed many "mom and pop" vendors to open up for business. Consider, however, that activities like coding and converting documents from one format to another can be very time and equipment intensive. A small shop may become overwhelmed by a case with a large discovery burden. Also, as pointed out throughout this article, missteps in E-discovery are expensive which again underlines the need for due-diligence before selecting a vendor or in-house staff member.

\textsuperscript{25} \textit{Pueblo of Laguna}, 60 Fed. Cl. at 138.
\textsuperscript{26} \textit{Zubulake v. UBS Warburg LLC}, 216 F.R.D. 280 (S.D.N.Y. 2003)("Zubulake III").
\textsuperscript{28} Rowe Entertainment, Inc., 2002 WL 975713 at *9.
custody and otherwise getting the information introduced into evidence at trial.

The development of the above questions and knowledge of IT systems will pay off again as you will likely need to take a F.R.C.P. 30(b)(6) deposition of your adversary to inquire into its IT practices. These same questions can be used for the deposition. Such a deposition, or the equivalent thereof, is a good way to ensure that you understand what information your adversary has and how that information stored. With that knowledge in place, you can draft discovery requests to obtain the information you need.

X. STEP 5: CONDUCT F.R.C.P. 16(B) AND 26(F) CONFERENCES

Commentators and courts alike are strong proponents of addressing potential E-discovery disputes head-on at the F.R.C.P. 16(b) and 26(f) conferences.35 Indeed, various local rules36 and proposed amendments to the F.R.C.P.37 make this a formal requirement. Regardless of whether such a local rule exists or whether the proposed amendments to the F.R.C.P. are adopted, using these conferences to develop a discovery plan is a key tool to lowering E-discovery costs.

During these conferences, the parties may discuss what must be saved.38 Limiting the scope of discovery to, for example, only data with certain date ranges, authors, and file types, or only to back-up tapes that were created between 2000 and 2002, can have a significant impact on the burden and expense of E-discovery for both counsel and the client. As a result, certain back-up tapes may be recycled and other active information may be archived. In short, the litigants' normal course of business will suffer fewer interruptions the more narrow the discovery is. Also, attorneys will have less information to review for production.

The proposed amendments to the F.R.C.P. further dictate that the parties should consider whether they should enter into a non-waiver of privilege agreement.39 With the amount of electronic information to be reviewed becoming so large, the opportunities for producing a privileged document increase. In certain jurisdictions where such waiver is strictly enforced, providing such a non-waiver agreement can reduce some of the expense associated with document review.40

Furthermore, the parties should discuss what form the data should be produced in.41 Should the data be produced in its native form or non-native form? For example, should e-mail be exchanged as such (i.e., native form) or, in contrast, should its contents be extracted into a TIFF or PDF file and then exchanged (i.e., non-native form)? This issue will be addressed in more detail below in Step 9, which concerns document production.

The parties may wish to negotiate whether key terms will be used to perform searches.42 Doing so greatly decreases the amount of information to review. Furthermore, an agreement as to which search terms are used may avoid later disputes regarding thoroughness of production.43 Also, whether metadata will be the subject of discovery should be addressed. This information contains "data about data" such as the history of revisions that were made to a document. Possibly, metadata will only be required for a few documents such as non-infringement opinions in patent litigation. In the majority of cases, however, the metadata is not important and can be ignored. If the metadata will be important, however, the methods of reviewing and producing documents become more complex. For example, simply reviewing (i.e., loading) a Microsoft Word document can alter the metadata. Consequently, such an issue should be addressed in advance if at all possible.

Other areas not addressed by the Proposed Amendments to the F.R.C.P. include areas for cost sharing. For example, each party routinely performs basic coding (e.g., author, recipient, date) on documents as well as OCR services on scanned documents such as PDFs (e.g., character recognition). Furthermore, LDD services are typically performed to illustrate where, for example, one document comprised of fifty pages ends and a second document, comprised of fifteen pages begins. The parties and their technical

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36 See, e.g., U.S. District Court of New Jersey Local Rule 26.1(d).
38 Proposed Amendment to Rule 26(f).
39 Proposed Amendments to Rules 26(b)(5) and (f).
40 See the Proposed Amendments to Rule 26 for more details regarding various methods for avoiding the waiver of privilege.
41 Proposed Amendment to Rules 26; Texas Rule of Civil Procedure 196.4 ("[t]o obtain discovery of data or information that exists in electronic or magnetic form, the requesting party must specifically request production of electronic or magnetic data and specify the form in which the requesting party wants it produced").
42 Id.
43 Zubulake, 2004 WL 1620866 at 8.
representatives can work together to determine if the costs for these services can be shared. If so, formatting for items such as OCR services should be addressed so that each party’s document management software (e.g., Concordance or Summation) will work properly with the produced documents.

Finally, the Manual for Complex Litigation (4th), §40.25(2) lists further areas of discussion for the Rule 26(f) conference.

XI. STEP 6: SEND DISCOVERY MEMO TO CLIENT
You should eventually send a discovery memorandum to your client wherein you identify the relevant information that must be produced. You can wait for document requests to be served before issuing the memorandum. You may, however, want to send the memorandum early in the case to help gather initial disclosure materials. A subsequent memorandum could later be sent out after receiving document requests. The discovery memorandum may list search terms that the IT staff should perform as well as where the searches should be performed. Possibly a general list of terms may apply to certain servers while an enhanced list of terms is applied to the server areas and hard drives for the key players listed in the initial disclosures.

Regarding key players, these individuals must certainly conduct traditional document production tasks such as searching paper files and looking for floppy disks and CD's that have relevant information. Furthermore, they may need to direct the IT staff to pertinent information on servers such as relevant schematics and prints that may not be identified with key term searches. Finally, the memorandum should identify a point person associated with the client for gathering and organizing the desired information with the help of counsel. Such an individual will likely serve as a F.R.C.P. 30(b)(6) representative should the adversary inquire into steps taken during document production.

XII. STEP 7: CONDUCT GENERAL E-DATA AND KEY PLAYER SEARCH
After you have sent the discovery memorandum to your client, the IT staff may begin searching files and e-mail for the key terms listed in the memorandum. The written account of actual terms searched may serve your client well in a future defense to sanctions. Furthermore, the IT staff may execute multiple searches of varying levels of specificity. If one such search is overly broad, there is no absolute requirement to review the results. Instead, those results may be stored in an abundance of caution while other data not comprising "hits" is recycled.

Also, be sure to provide ample time for performing the searches because searching vast amounts of data, all of which may have been stored using a plethora of software packages, can be complicated. You will need to work with the IT staff and possibly an outside vendor to find a search engine that is up to the task. Such a search engine may need to search not only the titles of files but the actual contents of the files as well. Yet another reason to allow for extra time exists because your client will invariably produce an "extra" CD or floppy disk at the last minute. Considering one floppy disk has the equivalent of 720 typewritten pages and that one CD has the equivalent of 375,000 typewritten pages, your scope of review can increase dramatically just as you thought your review was almost over.

The searching may comprise different lists of search terms. For example, as previously stated above, one general list may be used to search files of non-critical employees while a more exhaustive list of search terms is used for the key players designated in the initial disclosures. Furthermore, for the key players, searches may need to be done on their server areas as well as hard drives, PDAs and voice mail files.

Finally, work with technical experts to ensure metadata has been properly preserved during the review and production phase. This is an issue that was hopefully addressed at the F.R.C.P. 26(f) conference. Regardless, if the metadata may be an issue, ensure your client does not jeopardize its integrity. Metadata associated with certain documents, such as non-infringement opinions in patent litigation, may be more critical than is the case with other documents.

XIII. STEP 8: REVIEW AND TAG DOCUMENTS
After your client produces electronic data for your review, the information can be loaded into a document a review database using software such as Concordance or Summation. The database can be accessed on-line so that attorneys from different cities can access the documents for review. Doing so can save money in that a review team does not incur travel and boarding expenses traditionally expending on the small legion of associates that gather together for document review. Using the on-line review database, the review team

44 Zubulake, 2004 WL 1620866 at 8.
45 Various software programs, such as FindIT software. FindIT software is distributed by PerfCap Corporation, 85 Perimeter Road, Nashua, NH 03063, www.perfcap.com, (603)594-0222.
may then conduct additional keyword searches to further reduce or refine the universe of documents that must be reviewed. The review team can use electronic tags to mark and categorize key documents into the following example categories: "Privileged," "Hot Doc," "Infringement," "Validity" and "Damages." Such a classification system makes later preparation for depositions and trial more efficient and helps to leverage the cost savings potential of E-discovery.

In most cases, you will review your client's information in its native format. In other words, you will review e-mail that is in fact e-mail and not a PDF, TIFF or other rendition of what used to be an e-mail. If the documents are eventually produced in this native format, a great deal of money can be saved. However, the more typical case is that documents are reviewed in native format and then the relevant, non-privileged documents are converted to PDF or TIFF images for exchange with the adversary.

Finally, in addition to Bates labeling the images, the produced information is typically coded (e.g., author, recipient, date) just as the case is with paper documents. When the coding is performed using non-United States based staff, cost savings of $.10 have been reported. Coding, whether it be with paper or electronic documents, is typically the most expensive portion of document processing. Fortunately, basic coding with e-mail can be automated at little to no cost.

XIV. STEP 9: PRODUCE DOCUMENTS

As touched on above in various locations above, your document production will either entail native production or non-native production. Typically, non-native production is used whereby paper documents are scanned into a PDF or TIFF and e-mail and e-documents (e.g., memoranda and spreadsheets) are converted into a PDF or TIFF.46 One draw-back to this method is the cost associated with scanning and conversion. Furthermore, metadata is lost. The produced documents are static, however, which means they may not be manipulated and will print the same way regardless of what printer or computer they are printed from.

If documents are produced in their native form (i.e., Microsoft Word documents are produced as .doc files), such production truly complies with the F.R.C.P. 34(b) mandate that documents shall be produced "as they are kept in the usual course of business." In addition, metadata may be preserved if the documents are processed correctly. Also, the costs for converting e-mail and e-documents to PDF or TIFF files is avoided. The images are not static, however, so Bates labels and page breaks may appear at different locations depending on what printer is used to print the document. Also, the document may be revised by adding or deleting text from the document. The fear of an adversary modifying a document is enough to drive some lawyers to avoid native format production.

Assuming documents are produced in non-native format, the following costs may be encountered. For paper to PDF production, to scan ($1.01/page), OCR ($0.03/page), LDD (i.e., establish proper document breaks) ($0.05/document), code ($0.79/document) and Bates label ($0.02/page) documents should total approximately ($1.01/single page document).47 A fifty page document may cost $9.34 to process because LDD and coding are the same for each document no matter how many pages are in the document. Of course, this entails coding and Bates labeling which occurred with traditional paper discovery.

Producing e-mail in non-native format requires exporting the e-mail into a RTF file ($0.10/document), conversion the e-mail to PDF ($0.12/document) and Bates labeling the e-mail ($0.02/page) to total approximately ($0.24/single page e-mail).

Producing e-documents in non-native form requires imaging ($0.12/page), coding ($0.79/document) and Bates labeling ($0.02/page) the document totaling ($0.93/single page document).

The documents are then typically produced on CD or DVD.48 Production can be made to a Mutual On-Line Repository that can be accessed by multiple parties. Such hosting works well when many parties are involved or when the parties lack resources to host the data themselves.

XV. STEP 10: MAKE FOLLOW-UP INQUIRY

Once the information has been produced, you have a continuing duty to monitor preservation of documents.49 For example, counsel should ensure key back-up tapes are safely set aside.50 Furthermore, you should reissue preservation letters to ensure new (and old) employees produce relevant documents.51

In conclusion, the world of e-discovery can no longer be avoided—it can only be managed. The best

47 In 2002, costs for scanning documents ranged between 15 cents and 25 cents per page at commercial services. As the number of vendors in the area has increased, competition and technological advances have brought this price down to around 12 cents per page.
48 *Id.*
49 *Zubulake*, 2004 WL 1620866 at 8.
50 *Id.*
51 *Id.*
way to manage such discovery, control costs and avoid sanctions is to have a discovery plan in place before and throughout the litigation.
E-Discovery and Patents

Perspective.

Number of spoliation cases (1994-2004) = 195.
Number of spoliation cases (1794-1993) = 155.

E-Discovery Principle #1.

You can’t avoid it anymore.
1. 99% of new information is stored electronically.
2. You must review electronic documents.
3. You must produce them in electronic form.

E-Discovery Principle #2.

Be competent...or else.

1. Lawyers must oversee client’s production.
2. Production must be coordinated with IT staff.
3. Production must target key players.
4. Sanctions include:
   a. Adverse inferences (ordinary negligence).
   b. Costs of data recovery.
   c. Attorneys’ fees.
   d. Default judgment.


E-Discovery Principle #3.

Be efficient—Limit Avoidable Costs.

1. Make agreements with opposing counsel to limit discovery and costs.
2. Cost shifting is up to court’s discretion...which is unpredictable.
3. Cost shifting test from producing party to requesting party:
   a. Extent to which request tailored to discover relevant information;
   b. Availability of such information from other sources;
   c. Total cost of production, compared to amount in controversy;
   d. Total cost of production, compared to the resources available to each party;
   e. Relative ability of party to control cost and its incentive to do so;
   f. Importance of the issues at stake in the litigation; and
   g. Relative benefits to the parties of obtaining the information.

Zubulake v. UBS Warburg LLC, 217 F.R.D. 309, 316 (S.D.N.Y 2003) (Zubulake I);

10 Step E-Discovery Program.

1. Enforce Document Retention Policy.
2. Send Preservation Instructions.
3. Retain E-Discovery Vendor.
4. Meet with IT Staff to Determine Lay of the Land.
5. Conduct F.R.C.P. 16(b) and 26(f) Conferences.
6. Send Discovery Memo to Client.
7. Conduct General E-Data and Key Player Search.
8. Review and Tag Documents.
10. Make Follow-Up Inquiry.

Winstead
Step 1: Document Retention Policy.

1. Justifications for policy remain the same.
   a. Costly to store too much information.
   b. Costly to review/produce too much information.
   c. Burdensome to access archived information.
   d. Strategically advantageous to cull information.
2. Automation can facilitate enforcement of the policy.
3. Never begin implementation when suit is anticipated.
4. May help avoid Preservation Order.

References:

Step 2: Send Preservation Instructions When Litigation Is Anticipated.

1. Preservation (“litigation hold”) letter tells a party what to preserve.
   a. You may send one to your client and opposing counsel.
2. Duty to preserve discoverable documents exists.
3. Sending “litigation hold” letter can help win sanctions.
4. Obtain preservation order if spoliation is a risk.
5. Maintain data in accessible form or pay to restore it.
   a. Specify which back-up tapes should no longer be recycled.
   b. $166,000 -- $9.7 million to restore ($5,000/tape).
   c. Costs of restoration are going down (RenewData).

References:

Step 3: Retain E-Discovery Vendor.

1. Many amateur vendors are in the area.
2. Inefficient e-discovery is expensive.
3. Vendors are open to negotiation.
### Step 4: Meet with IT Staff.

1. Draft F.R.C.P. 30(b)(6) questions regarding opposing party’s IT practices.
2. Ask your IT representative the same questions. 
   a. How is data preserved?
   b. What retention policies are in place?
   c. Are those policies strictly enforced?
   d. How many servers and where are they located?
   e. How many e-mail and v-mail servers?
   f. Was data ever lost when upgrading equipment?
   g. How easy is it to access back-up tapes?
   h. How can you search e-data for key search terms?
3. Ask key players where they keep relevant data (e.g., home PC, floppy, PDA).

### Step 5: 16(b) and 26(f) Conference.

1. Local rules may require that e-discovery be addressed. 
   a. Proposed amendments to F.R.C.P. 16(b) and 26(f) require this.
2. What must be saved? 
   a. Only data with certain date ranges, authors, and file types?
   b. Only backup tapes created between 2000 and 2002?
   c. Only servers located at satellite office?
3. Are there cost sharing opportunities? 
   a. Basic coding (e.g., author, recipient, date).
   b. OCR services (e.g., character recognition).
   c. LDD services (e.g., document breaks).
4. Should you enter into a privilege non-waiver agreement?
5. Negotiate whether key terms will be used to perform searches. 
   a. Makes it difficult to complain about later.
6. Determine in what form data should be produced (i.e., native/non-native format).
   *Zubulake V, 2004 WL 1620866 at 8.*

### Step 6: Send Discovery Memo to Client.

1. Identifies relevant information to be produced.
2. Lists search terms IT staff should perform.
3. Identifies point person for document production.
4. Distributed to key players. 
   a. Key players should actively search for documents and not rely solely on key word search.
Step 7: E-Data and Key Player Search.

1. Search e-data (e.g., e-mail and MS Word files) for key terms.
   a. Need not review results but ensure they are maintained.
2. The Right Software.
   a. FindIt Pro: Allows you to search within documents on server.
3. Determine key players (e.g., those listed in initial disclosures).
   a. Expanded search terms for this group.
   b. Search hard drives and PDA’s for this group.
   a. One “hidden disk” is worse than one “hidden box.”
5. Preservation of Metadata (e.g., revision history for file).
   a. Don’t ruin data while reviewing it.
   b. Potentially critical (e.g., revisions to non-infringement opinion).

Step 8: Review and Tag Documents.

1. Electronic Tags Facilitate Searching (e.g., Concordance, Summation).
   a. Privileged.
   b. Hot doc.
   c. Relevant.
   d. Infringement.
   e. Damages.
   f. Validity.
2. Review in native format.
   a. Don’t spend money on conversion until production.
3. Coding
   a. Moving coding offshore can save $0.10 per document.
   b. Coding is the most expensive portion of document production.
   c. Same for paper or e-data with one exception: e-mail.

Step 9: Produce Documents (Format).

1. In what form should documents be produced?
   a. Non-native Formats
      i. Paper is scanned.
      ii. E-mail is converted to .pdf or .tiff.
      iii. E-docs are converted to .pdf or .tiff.
      iv. Metadata is lost.
   b. Native Formats
      ii. Not static.
         a) Printing issues.
         b) Integrity issues.
         c) Bates labeling is more of an issue.
      iii. Metadata maintained.
### Step 9: Produce Documents (Cost).

1. **Paper**
   - Scan [.12]/page.
   - OCR [.05]/page.
   - LDD [.05]/document.
   - Code [.69 v. .79]/document.
   - Bates Label [.02]/page.
   - Total = $1.01/single page document.

2. **Email**
   - Export e-mail into .RTF files [.10]/document.
   - Turn into .PDF [.12]/document.
   - Bates = [.02]/page.
   - Total = $.24/single page e-mail.

3. **E-docs**
   - Image = [.12]/page.
   - Code = [.69 v. .79]/document.
   - Bates = [.02]/page.
   - Total = $.93/single page document.

4. **Medium to Produce On**
   - CD or DVD.
   - Mutual Server – Multiple Parties

### Step 10: Follow-Up Inquiry.

1. Continuing duty to monitor preservation of documents.
2. Ensure key backup tapes are safely set aside.
   - Ensures new (and old) employees produce needed documents.

### Questions?

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