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EDUCATION
South Texas College of Law (J.D. summa cum laude 2000, graduated first in class); Hardin-Simmons University (B.S. 1997)

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Josh's cases have spanned the legal gamut including complex breach of contract, intellectual property (trade secret and copyright), toxic tort, product liability, fraud, antitrust, the False Claims Act, and market manipulation. He has worked with clients such as BP, Chevron, Experian, International Paper, KFC, Research In Motion, SAP, Sherwin-Williams, Textron, and Wal-Mart. Josh has taken lead briefing roles in successful appeals and motions, first chaired a successful bench trial, and participated in multiple successful injunction and discovery hearings. In addition, he has taken and defended close to 100 depositions and has worked with a wide array of experts preparing cases for trial including economists, software engineers, metallurgists, epidemiologists, and land appraisers.

Josh has substantial success helping clients reduce e-discovery costs by presenting burden arguments to courts and opponents. He is a member of Jones Day's e-Discovery Team and helps design and conduct electronic discovery training programs for law firm associates.
Chip Koons serves as Senior Director of Electronic Services for Equivalent Data. Since 1994 Equivalent Data has served the legal industry by providing large-scale discovery services and software solutions to attorneys, investigators, corporations and legal professionals throughout the country. Equivalent Data is the developer of NeedleFinder, a single source eDiscovery solution allowing users to process, analyze, review and produce electronic evidence in a single solution. Chip received his BA in Accounting from Texas A&M where he was selected to the CBA Fellows Program. In addition to the time he spends with his clients, Chip enjoys spending time with his wife of 18 years and their three children. He is also actively involved in Watermark Community Church in Dallas, TX.
E-DISCOVERY: “GOT IT ON THE RUN NOW”

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State Bar of Texas
Chapter _
Houston: April 20, 2012

¹ The views expressed are solely those of the authors and should not be attributed to the authors’ firms or their clients. Joshua Fuchs is a Partner at Jones Day, Benjamin Wolinsky is an Associate at Jones Day, and Chip Koons is Director of Electronic Services at Equivalent Data.
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I. INTRODUCTION

The size and complexity of e-discovery has grown dramatically over the past decade. Not long ago, the average production in a civil case was in paper and ran only a few thousand pages. Costs varied, but were rarely considered unmanageable. Today’s landscape looks very different. Producing hundreds of millions of pages is no longer unheard of. In fact, large companies now routinely review approximately 5,000,000 documents as part of the discovery process in average cases. Even modest litigation can initially involve dozens of custodians and substantial gigabytes of raw data.

Yet three movements, that have gathered steam within the last few years, make it seem as though we might finally have “e-discovery on the run now.” First, the “doctrine of proportionality”—part of the Federal Rules of Civil Procedure (“Rules”) since 1983—reemerged as a tool for keeping e-discovery costs from eclipsing the amount in controversy. Second, both the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) and the U.S. District Court for the Eastern District of Texas (“Eastern District”) adopted model orders that narrow e-mail discovery in patent litigation and refocus on “core documents” like those concerning the accused product, related finances, and prior art. Third, Magistrate Judge Andrew Peck of the Southern District of New York approved computer-assisted review as part of discovery in a pending civil case, Da Silva Moore v. Publicis Groupe, thereby starting to end the era of exclusive reliance on manual review.

The bottom line? Courts increasingly expect informed, efficient and cooperative conduct throughout the e-discovery process, and attorneys must adjust their approach accordingly. Proportional discovery, limits to the amount of production required, and use of computer-assisted review are current and defining changes in the e-discovery landscape that all practitioners should be aware of and using in representing their clients. This article provides a high-level overview of the law on each.

II. DOCTRINE OF PROPORTIONALITY

The “doctrine of proportionality” has typically referred to a series of provisions in Rule 26(b) designed to limit discovery that is “redundant or disproportionate…by giving the court authority to reduce the amount of discovery that may be directed to matters that are otherwise proper subjects of inquiry.” Advisory Committee Notes to 1983 Amendments to Fed. R. Civ. P. 26(b). Other Rules, however, incorporate these same principles. For example, Rule 26(g) makes sanctionable those requests that are unduly burdensome considering the needs of the case, prior discovery, the amount in controversy, and the importance of the issues at stake in the action. Rule 1 demands that all subsequent rules be “construed and administered to secure the just, speedy, and inexpensive determination of every action and proceeding.” And, Rule 45 incorporates proportionality considerations into the subpoena process. Proportionality also goes hand-in-hand with the concepts of “cooperation” and “transparency.” In order for proportionality to work, the parties must cooperate and be willing to share how they are managing the discovery process, including its true costs.

A. FEDERAL RULES

1. Rule 26(b)

Rule 26(b)(2)(C) establishes the framework for determining whether production is proportional. On motion or on its own, the court may limit the frequency or extent of discovery to prevent discovery costs from eclipsing the matter at issue. Considerations in limiting discovery include whether the information sought is available from other more convenient sources, whether a party used previous discovery opportunities, and whether the burden or expense of the proposed discovery outweighs its likely benefit. Fed. R. Civ. P. 26(b)(2)(C). In weighing benefits against burdens the court may consider “the needs of the case, the amount in controversy, the parties’ resources, the importance of the issues at stake in the action, and the importance of the discovery in resolving the issues." Fed. R. Civ. P. 26(b)(2)(C)(iii).

Rule 26(b)(2)(B) further limits discovery of electronically stored information (“ESI”) that is accessible only at a significant cost or burden. A party need not provide ESI from sources identified as “not reasonably accessible because of undue burden or cost.” Fed. R. Civ. P. 26(b)(2)(B). On motion to compel discovery or for a protective order, the party...
for whom discovery is sought must show that the information is not reasonably accessible because of undue burden or cost. *Id.* If that showing is made, the court may nonetheless order discovery from such sources if the requesting party shows good cause, considering the limitations of Rule 26(b)(2)(C). *Id.*

2. **Rule 26(g)**

Rule 26(g) incorporates proportionality principles into the sanctions portion of the rule. By signing a discovery request, the attorney or party certifies that, to the best of that person’s knowledge, information, and belief formed after reasonable inquiry, the request is “neither unreasonable nor unduly burdensome or expensive, considering the needs of the case, prior discovery in the case, the amount in controversy, and the importance of the issues at stake in the action.” Fed. R. Civ. P. 26(g)(1)(B)(iii). If a certification violates the rule without substantial justification, “the court, on motion or on its own, must impose an appropriate sanction on the signer, the party on whose behalf the signer was acting, or both.” The sanction may include an order to pay the party’s reasonable expenses, attorney’s fees, or both. Fed. R. Civ. P. 26(g)(3).

3. **Rule 45(d)**

Rule 45(d) applies to the production of ESI in response to a subpoena. Under the Rule, a person responding to a subpoena generally must produce documents as they are kept in the ordinary course of business. Fed. R. Civ. P. 45(d)(1)(A). However, the requesting party has a duty to “take reasonable steps to avoid imposing undue burden or expense on a person subject to the subpoena.” Fed. R. Civ. P. 45(c)(1). Additionally, the person responding need not provide discovery of ESI from sources that the person identifies as not reasonably accessible because of undue burden or cost. Fed. R. Civ. P. 45(d)(1)(D). On motion to compel or for a protective order, the person responding must show that the information is not reasonably accessible because of undue burden or cost; if that showing is made, the burden then shifts to the requesting party to show good cause. *Id.*

**B. COMMENTARY**

Both circuit courts and educational institutes have emphasized the role of proportionality in construing the Rules related to e-discovery. To date, the most notable have been the U.S. Court of Appeals for the Seventh Circuit and the Sedona Conference.

The U.S. Court of Appeals for the Seventh Circuit has developed an Electronic Discovery Pilot Program and incorporated proportionality into Principle 1.03. It provides that “[t]he proportionality standard...should be applied in each case when formulating a discovery plan.” The Seventh Circuit Electronic Discovery Committee, *Seventh Circuit Electronic Discovery Pilot Program, Phase One*, Oct. 1, 2009 (“Seventh Circuit Pilot Program”). Courts have instructed parties to familiarize themselves with these principles, and to incorporate them into their discovery plans. *See, e.g., Tamburo v. Dworkin*, 2010 WL 4867346, at *3 (N.D. Ill. Nov. 17, 2010) (directing the parties to familiarize themselves with the Seventh Circuit Pilot Program in advance of meeting to prepare a phased discovery schedule).

Similarly, the Sedona Conference, which is a group established to pursue in-depth study of tipping point issues in areas such as complex litigation, has promulgated commentary on proportionality. The commentary outlines the proportionality doctrine’s origins and establishes six principles for best practice. *See The Sedona Conference, The Sedona Conference Commentary on Proportionality in E-Discovery, 11 SEDONA CONF. J. 289, 291 (Supp. 2010) (“Sedona Commentary”). The second principle sets forth factors for the court to consider:

In determining whether to limit purportedly burdensome or expensive discovery...a court’s analysis should be tailored to the specific facts at issue, taking into account the various sources in which the requested information is located, the burden and expense of production from those sources, and whether limiting discovery to less burdensome or expensive sources will result in a reduction in the utility of the information sought. *Id.* at 297. Courts have since incorporated the Sedona Commentary into their orders. *See, e.g., Escamilla v. SMS Holdings Corp.*, 2011 WL 5025254, at *5 (D. Minn. Oct. 21, 2011) (citing the Sedona Commentary for the proposition that, in assessing whether a particular discovery request or requirement is unduly burdensome or expensive, a court should examine the degree to which the burden grows out of a party’s own action or inaction).

Both the Seventh Circuit and the Sedona Conference have emphasized the need for “cooperation” and “transparency” to make proportionality work. *See Seventh Circuit Pilot Program, Principle 1.02 (“The failure of counsel or
the parties to litigation to cooperate in facilitating and reasonably limiting discovery requests and responses raises litigation costs and contributes to the risk of sanctions.”); see also The Sedona Conference, The Sedona Conference Cooperation Proclamation, 10 SEDONA CONF. J. 331, 331 (Supp. 2009) (“It is not in anyone’s interest to waste resources on unnecessary disputes, and the legal system is strained by ‘gamesmanship’ or ‘hiding the ball,’ to no practical effect.”).

C. CASES


In Madere, the court considered a motion to compel discovery amidst disagreement over whether the cost of discovery would surpass the amount in controversy.

Plaintiff alleged that her former employer, Compass Bank, violated the Family and Medical Leave Act (“FMLA”) by discriminating and retaliating against her after she took leave. Madere, 2011 WL 5155643, at *1. During discovery, plaintiff requested three categories of documents: other employees’ personnel files; ranking reports from 2007 and 2008; and e-mails concerning the plaintiff’s leave and subsequent termination. Id. In response, the defendant produced only those e-mails maintained in hard copy. Id. Plaintiff moved to compel discovery of all the remaining items—including the unproduced electronic e-mails. Id.

The court agreed to compel both the personnel files and ranking reports. Id. However, the e-mail requests presented “a more difficult issue.” Id. at *2. Compass Bank averred that accessing the e-mails—a process which required obtaining and analyzing backup tape—would cost over $270,000 and require hundreds of work hours. Madere, 2011 WL 5155643, at *1. During discovery, plaintiff requested three categories of documents: other employees’ personnel files; ranking reports from 2007 and 2008; and e-mails concerning the plaintiff’s leave and subsequent termination. Id. In response, the defendant produced only those e-mails maintained in hard copy. Id. Plaintiff moved to compel discovery of all the remaining items—including the unproduced electronic e-mails. Id.

The court declined to compel production of the e-mails. Id. In doing so, it emphasized the cost projections by Compass Bank’s expert and cast doubt over plaintiff’s proposed outsourcing alternative. Id. The court expressed further concern that the plaintiff’s expert failed to articulate a competing estimate. Id. The court concluded that “the cost to restore Compass Bank’s backup tapes ‘outweighs its likely benefit,’ especially in light of the amount in controversy.” Id. (citing Fed. R. Civ. P. 26(b)(2)(C)(iii)).


In Connect Insured Telephone, the court examined whether the degree of burden changes depending on a party’s ability to pay for discovery.

At issue in the case was the cost of several million toll-free telephone calls provided as part of long-distance services. Connect Insured Telephone, 2011 WL 4736292, at *1. The plaintiff, Connected Insurance Telephone, Inc. (“CIT”), alleged that Qwest Communications Company, LLC (“Qwest”) owed approximately $250,000 for long-distance services related to CIT customers. Id. Qwest countered that the charges were illegitimate because CIT engaged in a scheme that shifted these costs to Qwest. Id.

During discovery, CIT requested a call detail record (“CDR”) for all calls at issue. Id. at *2. Qwest objected to the request as unduly burdensome and oppressive because the records were archived on magnetic tape housed off-site, where they were interspersed with billions of other entries, and it would take “hundreds if not thousands of hours” and “tens of thousands of dollars” to gather and process them. Id. at *3. Qwest also suggested that it would be easier for CIT to gather the records from its own agents because it handles a lower call volume. Id. In response, CIT contended that the records were “key” to several of its claims, and that, because Qwest was a multi-billion dollar company and the amount in controversy was at least $264,398, the benefits outweighed the burden. Id. at *4.

The district court sustained Qwest’s objection. Connect Insured Telephone, 2011 WL 4736292, at *4. In doing so, it stressed that CIT had failed to explain why it could not obtain the records from a more convenient source such as its own files. The court also raised a critical eye to the resources argument noting, “[t]hat Qwest is a multi-billion dollar company does not, in itself, make the discovery any less burdensome.” Id.


In Wood, the district court conducted a full proportionality analysis to determine whether the
plaintiff’s motion to compel further discovery was warranted in light of its ultimate cost to the defendant.

In this case, the plaintiff claimed that the defendants’ efforts to collect consumer debt violated the Fair Debt Collection Practices Act (“FDPA”) and New York General Business Law (“GBL”) § 349. Wood, 2011 WL 2154279, at *1. The plaintiff accumulated an outstanding credit balance of $1731.35 to Capital One Services, LLC (“Capital One”), and subsequently fell into delinquency. Id. As a result, a pre-legal notice, which identified Capital One as the creditor, was generated and delivered to the plaintiff via mail. Id. The plaintiff claimed that this notice misled him into believing legal action was imminent when, in fact, there was no present intention on the part of the defendants to initiate suit. Id. at *5. He also claimed that the letter, though initiated by Capital One, was sent on behalf of another defendant (“NCO”), and it failed to disclose that it was an initial communication from a debt collector. Id. The plaintiff further claimed that the letter failed to provide the required protective notifications, including the right to receive information to verify the debt and the right to dispute it. Id. In its defense, Capital One argued that it did not qualify as a “debt collector” within the meaning of the legislation, and that the letter was not misleading. Wood, 2011 WL 2154279, at *6. For its part, NCO asserted that it had no involvement in sending the initial letter and therefore could not be held liable under the statutes. Id.

During discovery, the plaintiff served twenty-five interrogatories and forty-three document demands on Capital One. Id. Capital One answered plaintiff’s interrogatories, twice supplementing those answers, and produced approximately 1,500 pages of documents. Id. NCO produced in excess of 400 pages of e-mails concerning the account. Id. The e-mails produced included all non-privileged communications discovered through a search using some—though not all—of the plaintiff’s proposed search terms of active e-mail boxes of agreed-upon NCO employees. Id.

Plaintiff subsequently made several additional demands of both Capital One and NCO. The demands of NCO fell into four broad categories: (1) all e-mail related to the pre-litigation notices and the pre-legal program at Capital One; (2) images from NCO hard drives that related to the Pre-Legal Notice; (3) copies of recordings of calls from Capital One consumers related to the Pre-Legal Program; and (4) dates upon which each potential class member’s account was transferred by Capital One Services to NCO. Wood, 2011 WL 2154279, at *6-7. Plaintiff sought similar information from Capital One. Id. at *7. The plaintiff filed a letter motion to compel discovery. Id. at *2. Both defendants then moved for a protective order shielding them from the requirements of plaintiff’s discovery demands. Id.

In weighing competing arguments, the court began by invoking the proportionality doctrine and considering the factors set-out in Rule 26(b)(2)(C)(iii). Id. at *7. Two of those factors weighed in favor of the plaintiffs. First, both Capital One and NCO, as large companies, had the resources to finance the effort required by such discovery demands. Id. Second, the court acknowledged the “strong public policy considerations” that led to the enactment of the legislation at issue. Wood, 2011 WL 2154279, at *7. All remaining factors, however, did not favor the plaintiff. First, the amount in controversy (absent class certification) was described by the court as “exceedingly modest”; in fact, the plaintiff essentially acknowledged that he did not suffer any damages as a result of alleged violations, and thus his recovery would likely be limited to $1,000 plus attorneys’ fees. Id. Second, the relevance of the discovery sought was marginal and the information sought was not likely to play an important role in resolving the material issues in the case. Id.

Although the court thoroughly analyzed each category of demand, it identified as the “primary thrust” of the plaintiff’s efforts e-mail searches relating to the preparation of the pre-legal notice. Id. at *8. The plaintiff had already run an initial e-mail search of ten e-mail accounts using several dozen search terms, and subsequently demanded similar searches for six additional employees. Id. Capital One estimated that, after eliminating duplicates, the likely volume to be generated ran as high as 1,753,537 documents and would cost in excess of $5,000,000 to process, review, and produce. Id. Plaintiff also demanded a search of eleven NCO employees’ accounts. Wood, 2011 WL 2154279, at *8.

While the court noted the relevance of this information was “not readily apparent,” it acknowledged plaintiff’s argument that the pre-legal notice was important as was the possibility that—from reading it—the “least sophisticated consumer” would assume that a lawsuit was imminent. Id. at *9. Yet the court determined that the plaintiff had not met his burden and that cost-shifting should be considered. Applying the seven-factor test outlined in Zubulake, Magistrate Judge Peebles noted that plaintiff’s demands were “anything but specifically tailored to discover the necessary information,” that the information sought was “available through other means, including deposition,” and that “the cost of
production exponentially exceed[ed] the amount in controversy." Id. Accordingly, the court denied the motion to compel e-mail searches, and stated in its final order that, absent an agreement by the plaintiff to bear the expense of production, his requests should be denied, with the exception of three previously-identified files on Capital One’s hard-drive. Id. at *11


Thermal Design presented another example of a court weighing the cost of discovery—and a party’s ability to pay for it—against the value of the material sought and the overall amount in controversy.

In this dispute, the defendants—acting pursuant to the parties’ Agreement for Electronic Discovery—produced 1.46 million pages (91 GB) of ESI, which resulted from four months of collection and analysis, followed by three months of processing and production, at a cost of almost $600,000. Thermal Design, 2011 WL 1527025, at *1. Plaintiffs moved to compel a search of all remaining archived e-mail accounts and share network drives, without restriction as to custodian or individual. Id.

The defendants argued that compelling further production would cost an additional $600,000 and present an undue burden. Id. Plaintiffs countered that the defendants should have produced more ESI under the terms of the parties’ Agreement for Electronic Discovery and, in response to the undue burden issue, that the defendants were a series of large companies with “considerable resources." Id.

In reviewing the motion, the court began with Rule 26(b)(2)(B), which provides that a party need not provide discovery of ESI from “sources that the party identifies as not reasonably accessible because of undue burden or cost.” Id. The court also noted that, under Rule 26(b)(2)(C), it “may non-theless [sic] order discovery from such sources if the requesting party shows good cause...." Thermal Design, 2011 WL 1527025, at *1. And under the proportionality doctrine, the court must limit discovery if it is unreasonably cumulative or duplicative, if the party seeking discovery has had ample opportunity to obtain the information by discovery in the action, or if the burden or expense of the proposed discovery outweighs its likely benefit. Id. citing Fed. R. Civ. P. 26(b)(2)(C)(i-iii)).

But the case is equally significant for its analysis of arguments related to available resources. The court stressed that a party’s ability to bear cost is not sufficient in these determinations; rather, Rule 26(b)(2)(C)(iii) provides as series of relevant factors including “the needs of the case, the amount in controversy, the parties’ resources, the importance of the issues at stake in the action, and the importance of the discovery in resolving the issues." Id. The court concluded that the Rules do not allow “fishing expeditions simply because the party resisting discovery can afford to comply." Id

III. MODEL DISCOVERY ORDERS

Rule 1 of the Federal Rules of Civil Procedure states that all subsequent Rules should be “construed and administered to secure the just, speedy, and inexpensive determination of every action and proceeding." Both the bench and the bar, however, have expressed concern that implementation of this Rule—at least in the e-discovery context—has fallen short.

One response has been new model orders for patent cases. The Federal Circuit and the Eastern District of Texas have both endorsed model orders that focus on early production of core documents, limiting mass keyword searches, and cost shifting for excessive requests.

A. U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

1. Background

The Advisory Council for the U.S. Court of Appeals for the Federal Circuit (“Council”) reviews, studies, and makes recommendations regarding the rules and internal operating procedures of the court. See 28 U.S.C. § 2077(b). Recently, the Council turned its attention to the increasing size and cost of e-discovery, especially in patent cases. To address the problem, it created a special subcommittee (“Subcommittee”) to study the issue.

The Subcommittee concluded that the cost of e-discovery had risen dramatically, especially among patent cases, which had become 62% more expensive than civil litigation on average. AN E-DISCOVERY MODEL ORDER, INTRODUCTION (Fed. Cir. Advisory Council 2011) ( “Order Introduction”). And although e-discovery continued to present a broad spectrum of challenges, these had been exacerbated by “attorneys [who] use discovery tools as tactical weapons." Id. at *2.
The Subcommittee also identified several causal factors, including disproportionate focus on emails and over-breadth of e-discovery requests. Id. Chief Judge Randall Rader expanded on these concerns during his presentation of the Model Order at the Eastern District Bench Bar Conference, “I saw one analyst...concluded that .0074% of all documents produced actually made their way into a trial exhibit list—less than one in ten thousand.” Randall Rader, Chief Judge of the U.S. Court of Appeals for the Federal Circuit, The State of Patent Litigation, Address to the Eastern District of Texas Judicial Conference (Sept. 27, 2011). Such waste, the Subcommittee determined, amounted to “an unhealthy tax on legitimate commerce.” Order Introduction at *2.

The result of these findings was the 2011 Model Order Regarding E-Discovery in Patent Cases (“Model Order”). The Subcommittee began from the premise that district courts have inherent power to control their dockets to further “economy of time and effort for itself, for counsel and for litigants.” Id. (citing Landis North Am. v. Co., 299 U.S. 248, 254 (1936)). Accordingly, the Model Order focused on narrowing permissible e-discovery to maximize cost and efficiency:

The goal...is to promote economic and judicial efficiency by streamlining discovery, particularly e-mail production, and requiring litigants to focus on the proper purpose of discovery—the gathering of material information—rather than permitting unlimited fishing expeditions.

Order Introduction at *2. These concerns guide the Model Order, which restricts both the early exchange of material documents and the use of e-mail production.

2. Contents of the Order

The Model Order is designed to be a comprehensive discovery order for patent cases. It can be broken down into four main components: cost-shifting; core document production; e-mail production; and privilege, waiver, and mass production.

(a) Cost-shifting

Cost-shifting is the first component. The Model Order dictates that the court shall shift costs in response to disproportionate production requests, as provided by Federal Rule of Civil Procedure 26. Model Order at *2. It will also consider cost-shifting for non-responsive or dilatory discovery tactics. Id.. However, meaningful compliance with the Model Order and efforts to promote efficiency and reduce costs are both mitigating factors. Id.

The proposed cost-shifting requirement does not break from the Federal Rules or establish new measures; rather, it echoes recent comments from the Federal Circuit that courts should be less reticent to use existing options. Chief Judge Rader stressed the point in his address to the Eastern District, “I believe cost shifting will encourage more conscientious requests, as we all know, when you are ordering drinks at a bar, you order a little more wisely when you know you are paying the tab!” Randall Rader, Chief Judge of the U.S. Court of Appeals for the Federal Circuit, The State of Patent Litigation, Address to the Eastern District of Texas Judicial Conference (Sept. 27, 2011).

(b) Core Documents

The Model Order distinguishes between two broad types of patent ESI: “core” documents and e-mail. Core documents include initial disclosures and basic documentation concerning the patent, the accused product, the prior art, and the relevant finances. Model Order at *1-2. This term includes both traditional e-mail and other “electronic correspondence,” presumably extending to instant messages, SMS, and MMS. Id. at *2. Although producing core documents is not automatically required, it is a prerequisite to any requests seeking e-mail production. Id. Accordingly, the order “encourages prompt and early production of this information....” Id. at *3.

The reasoning here lies in judicial economy. The Subcommittee emphasized that “[m]ost discovery in patent litigation centers on what the patent states, how the accused products work, what the prior art discloses, and the proper calculation of damages....” Order Introduction at *2. Identifying those documents early on avoids unnecessary searching for their contents. The corollary, which the Subcommittee also noted, is that beginning discovery with mass e-mail searches or other expansive measures often leads to costly overproduction. This concern guides the Model Order’s subsequent restrictions on e-mail requests.

(c) E-mail Limitations

Under the Model Order, parties may not request e-mail as part of general ESI requests pursuant to Rules 34 and 35. Model Order at *2. Instead, they
must propound e-mail production requests tailored to address specific issues. Requests must specify the relevant custodian, search terms, and time frame. Id. at *3. The Model Order further instructs the parties to cooperate in identifying this information. Id.

Only five custodians from each producing party may be searched. Id. Parties may agree to modify this limit without leave of court. Id. The court considers contested requests for up to five additional custodians per producing party only upon a showing of distinct need based on the “size, complexity, and issues of the specific case.” Id. However, should a party serve e-mail production requests for additional custodians beyond the limits agreed to by the parties or granted by the court, it bears all reasonable costs caused by the additional discovery. Id.

Similarly, only five search terms are allowed per custodian per party. Model Order at *3. Here also, the parties may jointly agree to modify this limit without leave of court. Id. The court shall consider contested requests for up to five additional search terms per custodian, upon showing a distinct need based on “size, complexity, and issues of the specific case.” Model Order at *3. Indiscriminate terms, such as the producing company’s name or its product name, are inappropriate unless combined with narrowing search criteria that sufficiently reduce the risk of overproduction. Id. Again, if a party exceeds these boundaries, it bears the expense.

But what qualifies as a “search term”? Under the Model Order, a conjunctive combination of multiple words or phrases (e.g., “computer” and “system”) narrows the search and counts as a single search term. Id. at *4. A disjunctive combination of multiple words or phrases (e.g., “computer” or “system”) broadens the search, and thus each word or phrase counts as a separate search term unless they are variants of the same word. Id. Use of narrowing search criteria (e.g., “and,” “but not,” “w/x”) is encouraged to limit the production and is considered when determining whether to shift costs for disproportionate discovery. Model Order at *4.

Metadata is excluded as a production requirement almost entirely. General ESI production requests made pursuant to Federal Rules 34 and 35 may not seek metadata absent a showing of good cause. Id. Producing parties are, however, generally required to provide certain limited information regarding produced ESI, including: (i) fields showing the date and time that the document was sent and received; and (ii) a complete distribution list for each document. Id.

(d) Privilege, Waiver, and Mass Production

The Model Order reinforces and builds on existing protections contained in Federal Rule of Evidence 502 for privileged documents and their inadvertent production. A receiving party may not use ESI that the producing party asserts to be attorney-client privileged or work product protected to challenge that privilege protection. Id.

3. Cases Using the Order

The U.S. District Court for the Northern District of California has incorporated elements of the Model Order and addressed several initial objections. See, e.g., DCG Sys., Inc. v. Checkpoint Tech., LLC, 2011 WL 5244356 (N.D. Cal. Nov. 2, 2011).

Here, defendant sought an order adopting the Model Order on E-Discovery in Patent Cases (“Model Order”) promulgated by the Subcommittee of the Advisory Committee of the Federal Circuit. DCG Sys., Inc., 2011 WL 5244356, at *1. Plaintiff opposed adoption, urging that the court instead impose any limits on e-mail discovery under the applicable provisions of Federal Rule of Civil Procedure 26 and 34. Id. Plaintiff argued that, because the case involved direct competitors, it raised issues not contemplated by the Model Order. Id. As an example, the plaintiff pointed to the issue of whether the defendant copied its products. Id.

However, the district court rejected this argument. First, although the magistrate judge conceded not to know whether the Subcommittee intended the Model Order only to apply in so-called “NPE” cases, nothing in the Introduction or Judge Rader’s speech suggested such a reading. Id. Second, Magistrate Judge Grewal concluded that there was no reason to believe that competitor cases present less compelling circumstances in which to incorporate the Model Order. The order noted that, “if competitor cases such as this lack the asymmetrical production burden often found in NPE cases, so that two parties might benefit from production restrictions, the Model Order would seem more appropriate, not less.” Id. For additional cases please see section III. B. 2. below.
B. U.S. DISTRICT COURT FOR
THE EASTERN DISTRICT OF
TEXAS

1. Model Order

The Eastern District of Texas has issued its own model order based on the Federal Circuit’s example. Local Rules now include a modified version of the Model Order applicable in patent cases, and numbered as Appendix P (“Eastern District Order”). Chief Judge Leonard Davis approved a draft on February 27, 2012, which was incorporated through General Order 12-6.

The Eastern District Order tracks the Federal Circuit’s example, but differs in several respects, especially in relation to e-mail discovery and the number of searchable terms and custodians. These are some of the key differences:

- **Modification standard.** The Eastern District Order may be modified “in the court’s discretion or by agreement of the parties,” which differs from the Federal Circuit’s “good cause” standard.

- **Initial identifications.** Parties must disclose the fifteen most significant e-mail custodians in light of the claims and defenses at issue.

- **Pre-request discovery.** Each party may propound up to five discovery requests and conduct one deposition per producing party to identify appropriate custodians and search terms.

- **Custodians.** The number of searchable custodians for e-mail is increased from five to eight. If parties agree, the court may allow additional custodians. However, unilateral requests will not be entertained, even if the requesting party bears the cost.

- **Search terms.** The allowed number of e-mail search terms is increased to ten per custodian, but searches must be conjunctive. The court will consider a request for additional or fewer custodians.

- **Text search.** There is no obligation to produce in a text-searchable format. However, if a document already exists in a text-searchable form, or is converted for the litigation, it must be produced in such form.

- **Format.** Absent agreement of the parties, each document must be produced in TIFF format.

2. Application

Although the Eastern District Order was not finalized until 2012, courts quickly began incorporating aspects of it into pending cases as early as September 2011. Initial examples have focused on limiting e-mail production and prioritizing core materials, although not always incorporating every aspect of the Order. In addition, the U.S. District Court for the Southern District of Texas (“Southern District”) has begun incorporating similar requirements into its orders.

- **Stambler v. Atmos Energy Corp., No. 2:10-cv-594 (E.D. Tex. Sept. 29, 2011).** This case presented one of the first incorporations of the Eastern District Order’s contents, and was entered days after Chief Judge Rader’s speech. Here, the court limited the parties’ e-mail searches to five custodians and ten search terms. However, after the production of e-mail and electronic messages, either party could move to expand the number of search terms and number of custodians upon a showing of good cause. Yet nothing was said as to how the search terms should be crafted (disjunctive, conjunctive, etc.), nor did the order incorporate other issues from the Model Order, such as cost shifting.

- **Effectively Illuminated Pathways LLC v. Aston Martin Lagonda of N. Am., Inc., No. 6:11-cv-34 (E.D. Tex. Oct. 20, 2011).** In this case, the order delayed production of e-mail until after the production of core materials. E-mail searches were limited to five custodians for each party, with searching to be done “in the most efficient way possible with the fewest and most relevant search terms.” No party was required to produce metadata absent a showing of good cause.

- **Intravisual, Inc. v. Fujitsu Ltd., No. 2:10-cv-090 (E.D. Tex. Oct. 28, 2011).** Here, Judge Folsom entered an order that closely tracked the Model Order, including that e-mail production be limited to specific issues, and that initial requests be limited to a total of five custodians per producing parties for all such requests.

- **Rydex, Ltd. v. Ford Motor Co., No. 4:11-cv-0122 (S.D. Tex. Feb. 21, 2012).** In Rydex,
Judge Gilmore entered a protective order closely resembling recent patent orders from the Eastern District. It required the parties to produce all ESI in TIFF or single-page PDF format; limited e-mail requests to specific issues, rather than general discovery; and limited e-mail production requests to those custodians specifically identified by name in the parties’ respective initial disclosures, unless and upon a showing of good cause.

IV. COMPUTER-ASSISTED REVIEW

A. FORMS OF REVIEW

For years lawyers have conducted manual reviews to determine which documents warrant production. This process generally involves attorneys going page-by-page through thousands, if not millions, of documents and is by far the most expensive component of discovery. Now, however, technology is attempting to come to the rescue with “computer-assisted review”—also often referred to as “predictive coding.”


In contrast, computer-assisted review involves the interplay of humans and computers to identify the documents in a collection that are responsive to a production request, or to identify those documents that should be withheld on the basis of privilege. Id. A common example is “predictive coding.” Here, a human examines and codes a select set of documents—commonly known as a “seed set.” Using the results from this human review, the computer codes the remaining documents in the collection for responsiveness and other designated criteria. Id. (citing Maura Grossman and Terry Sweeney, What Lawyers Need to Know About Search Tools, THE NAT’L L.J., Aug. 23, 2010). Human reviewers then sample the computer’s coding to ensure accuracy.

B. DA SILVA MOORE

To date, only one court has written an opinion endorsing the use of predictive coding.⁴ Magistrate Judge Andrew Peck of the U.S. District Court for the Southern District of New York approved predictive coding for use in a pending civil case, Da Silva Moore v. Publicis Groupe & MSL Group, 2012 WL 607412 (S.D.N.Y. Feb. 24, 2012) (opinion and order regarding discovery). This order marks the first time a federal court has approved of this coding as part of civil discovery, and it has been seen as a watershed moment for the use of this technology.

1. Background

In Da Silva Moore, five named plaintiffs brought suit against one of the world’s “big four” advertising conglomerates (Publicis Groupe) and its American public relations subsidiary (MSL Group). Id. at *1. Plaintiffs asserted claims for gender discrimination under Title VII, pregnancy discrimination under Title VII, violations under the Equal Pay Act and the Fair Labor Standards Act, as well as similar claims pursuant to New York statutes. Id.

The complaint sought to bring the Equal Pay Act claims and the Fair Labor Standards Act claims as a collective action on behalf of all current, former, and future female PR employees employed by the defendants in the United States at any time during the applicable liability period. Id. It sought to bring the New York Labor Law claims and the pregnancy and gender discrimination claims as a class action. Defendant MSL denied the allegations and asserted several affirmative defenses. Id. at *2. Publicis Groupe challenged the court’s jurisdiction over it, for which jurisdictional discovery was scheduled to occur March 2012. Da Silva Moore, 2012 WL 607412, at *2.

2. Order and Opinion

On February 8, 2012, a discovery status conference was held regarding the discovery protocol and at the hearing Magistrate Judge Peck generally

⁴ At the time of submission, the U.S. District Court for the Northern District of Illinois was considering motions in a case where plaintiffs have asserted that defendants’ near exclusive reliance on keyword searches, as opposed to alternatives such as predictive coding, runs afoul of the Rules. See Kleen Prod., LLC, v. Packaging Corp. of Am., No. 1:10-cv-05711 (N.D. Ill. filed Sept. 9, 2010).
approved the use of predictive coding. Id. at *7. On February 17, the parties submitted their “final” ESI Protocol, which the court “so ordered.” Id. at *6. However, the plaintiffs filed objections to the court’s February 8, 2012 rulings. Id. An opinion and order (“Opinion”) issued in response on February 24. Id.

Magistrate Judge Peck began the Opinion by clarifying perceived misconceptions about the protocol. A press release by the plaintiffs’ vendor claimed that predictive coding had been ordered by the court; in fact, the parties agreed to use predictive coding, but had disputes over form of implementation. Da Silva Moore, 2012 WL 607412, at *1, n.1. The court ruled on these disputes, considered the proposed use of predictive coding, and approved it. Id. However, the Opinion also highlighted its own broader significance:

[C]omputer assisted review...should be seriously considered for use in large-data-volume cases where it may save the producing party (or both parties) significant amounts of legal fees in document review. Counsel no longer have to worry about being the “first” or “guinea pig” for judicial acceptance of computer-assisted review. Id. at *12.

The Opinion further discussed the facts of the case that made it suitable for predictive coding. First, although disagreeing on implementation methods, the parties agreed to its use. Id. at *11. Second, the large amount of ESI, which was estimated to include three million electronic documents from the agreed-upon custodians, made a linear manual review impractical. Id. Third, although predictive coding remains imperfect, it “appears to be better than the available alternatives.” Id. Fourth, Rule 26(b)(2)(C) demanded a plan developed with the considerations of cost effectiveness and proportionality. Da Silva Moore, 2012 WL 607412, at *11. And, finally, the process proposed by MSL was transparent. Id.

Magistrate Judge Peck also addressed the plaintiffs’ objections. First, plaintiffs had argued that use of predictive coding conflicted with defendants’ duty to certify their filings as “complete” and “correct” under FRCP 26(g)(1)(A). Id. at *7. In response, the court reasoned that this misreads the rule, which governs any “disclosure,” a term that refers to mandatory disclosures under Rule 26(a)(1). Id. In the present case, Rule 26(g)(1)(B) applies to discovery responses and does not require certification that production is “complete,” but rather incorporates the proportionality principle. Id. Second, plaintiffs argued that the order ran contrary to Federal Rule of Evidence 702 and its “gatekeeping” function. Here, the court determined that Evidentiary Rule 702 applies to admissibility of evidence; it did not extend to searches conducted in discovery. Id. Third, plaintiffs argued that the protocol failed to include a standard of relevance that is transparent and accessible to all parties...” Da Silva Moore, 2012 WL 607412, at *8. However, the court determined that relevance is determined by plaintiff’s document demands; statistics suggest perhaps only 5% of disagreement among reviewers comes from close questions of relevance, as opposed to reviewer error. Id.

The Opinion also distinguished Da Silva Moore from cases where parties found no common ground on computer-assisted review. Here, the Opinion noted, the parties agreed to using computer-assisted technology, though they disagreed on how best to implement it. Magistrate Judge Peck suggested that the slightly more difficult case would be “where the producing party wants to use computer-assisted review and the requesting party objects.” Id. at *9. However, this again raised questions as to whether there are better alternatives.

Keyword searches, he argued, resemble “a child’s game of “go fish” in that the requesting party guesses which keywords might produce evidence to support its case, without having much, if any, knowledge of the responding party’s “cards.” Id. at *10, n.13. They also tend to be over-inclusive. For example, in Da Silva Moore, a keyword search for “training” resulted in 165,208 hits; Da Silva Moore’s name resulted in 201,178 hits; and “bonus” resulted in 40,756 hits. Id. at *10. Moreover, these searches are largely ineffective, and cited studies dating back to Blair and Maron (1985). Da Silva Moore, 2012 WL 607412, at *10. There, researchers collected 40,000 documents from a Bay Area Rapid Transit accident, and instructed experienced attorney and paralegal searchers to retrieve at least 75% of the documents relevant to 51 document requests. Id. (citing David L. Blair & M.E. Maron, An Evaluation of Retrieval Effectiveness for a Full-Text Document-Retrieval System, 28 COMM. ACM 289 (1985)). Although reviewers believed they had met their goal, average recall was actually just 20%. Id. These results have been replicated in the TREC legal track studies over the years. Id. Based on these findings, Magistrate Judge Peck concluded that predictive coding should be “seriously considered” going forward. Id. at *12.

While computer-assisted review is not needed or maybe even not ready for all cases, Da Silva Moore
does demonstrate that a solution for mass review is required and that technology is providing real options.

V. CONCLUSION

The continual data explosion with which we are all dealing is not going away but (1) proportionality, (2) orders limiting the scope of e-discovery, and (3) computer-assisted review are all tools that can make e-discovery more manageable. To the extent that you are not using aspects of these tools to help limit the burdens on your clients, we encourage you to try them. Our goal, like the Rules, is to keep discovery within its proper boundaries and not to allow discovery to overwhelm a fair resolution of the merits of a dispute. In short, we aim to get back to practicing law and stop allowing the tail to wag the proverbial dog.
E-Discovery: “Got It on the Run Now”

Joshua L. Fuchs
Chip Koons

State Bar of Texas
Houston: June 15, 2012
E-Discovery: “Got It on the Run Now”
Pop Quiz Question
Proportionality

• Doctrine of Proportionality

• Key Federal Rules of Civil Procedure
  26(b)(2)(C)(iii)
  26(g)
Model Discovery Orders

• How did they originate?

- Developed by the Federal Circuit’s Advisory Council.

- Introduced by Chief Judge Randall Rader at the 2011 Eastern District of Texas Bench Bar Conference.

- Adopted in a modified form by the Eastern District as “Appendix P” to the Local Rules.
Model Discovery Orders

• Components
  - Modification standard
  - Initial identifications
  - Pre-request discovery
  - Limited custodians
  - Limited search terms
  - Text Search
  - Format
# Model Discovery Orders

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Pop Quiz Question
Computer Assisted Review

• *Da Silva Moore v. Publicis Groupe & MSL Groupe*, 1:11-cv-01279 (S.D.N.Y.)

• *Kleen Products, LLC v. Packaging Corp. of America*, 1:10-cv-05711 (N.D. Ill.)
THE TIMES

They Are

A-CHANGIN’