

1 Tyler R. Andrews (SBN CA 250686)
2 GREENBERG TRAUIG, LLP
3 3161 Michelson Drive, Suite 1000
4 Irvine, California 92612
5 Telephone: 949.732.6500
6 Facsimile: 949.732.6501
7 andrewst@gtlaw.com

8 Attorneys for Defendant LANTERN CREDIT, LLC

9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**

11 APOLLO ENTERPRISE SOLUTIONS,
12 INC., a California corporation,

13 Plaintiff,

14 v.

15 LANTERN CREDIT, LLC, F/K/A NEW
16 ENGLAND FUNDING
17 TECHNOLOGIES, LLC, a Delaware
18 limited liability corporation; and DOES
19 1-10, inclusive,

20 Defendants.

CASE NO. 2:2017-cv-02331-AB-JC

**LANTERN CREDIT, LLC'S
OPPOSITION TO APOLLO
ENTERPRISE SOLUTION, INC.'S
MOTION TO DISQUALIFY
GREENBERG TRAUIG, LLP AS
COUNSEL FOR DEFENDANT (DKT.
14)**

DATE: May 22, 2017
TIME: 10:00 a.m.
CTRM.: 7B

TABLE OF CONTENTS

1

2 I. INTRODUCTION 1

3 II. FACTUAL BACKGROUND..... 2

4 A. Apollo Retained Other Patent Counsel Before The Patents Were Ever

5 Filed 2

6 B. Lantern’s Counterclaims Rely On The New Legal Standard For

7 Patentability, Not Apollo’s Provisional Patent Application 4

8 C. The Sole Remaining Greenberg Attorney Associated With Apollo’s

9 Provisional Application Is Subject To An Ethical Screen 5

10 D. Apollo Has Always Been Aware Of Greenberg’s Representation Of

11 Lantern Regarding This Dispute 6

12 III. LEGAL ARGUMENT 7

13 A. Disqualification Is Disfavored 7

14 B. Greenberg Does Not Possess Any Confidential Information Related To

15 This Matter 9

16 C. No “Substantial Relationship” Exists That Would Mandate

17 Disqualification of Greenberg..... 9

18 1. There is no Substantial Relationship Between the Former and

19 Current Representations..... 11

20 2. Similar Subject Matter Is Not Sufficient To Establish A

21 Substantial Relationship..... 12

22 3. Apollo Sets Forth No Authority Mandating Disqualification Of

23 Greenberg..... 14

24 D. Greenberg Should Not Be Disqualified Even If A Substantial

25 Relationship Exists 15

26 E. Policy Considerations Favor Lantern’s Choice Of Counsel 18

27 IV. CONCLUSION..... 19

28

TABLE OF AUTHORITIES

Page(s)

Federal Cases

Alexander v. Primerica Holdings, Inc.,
822 F. Supp. 1099 (D.N.J.1993).....8

Alice Corp. Pty. Ltd. v. CLS Bank International,
134 S. Ct. 2347 (2014).....*passim*

Almont Ambulatory Surgery Ctr., LLC v. UnitedHealth Grp., Inc.,
No. 14-02139, 2014 WL 12589658 (C.D. Cal. June 16, 2014)..... 7

Asyst Technologies, Inc. v. Empak, Inc.,
962 F.Supp. 1241 (N.D. Cal. 1997)..... 14

Bobbitt v. Victorian House, Inc.,
545 F. Supp. 1124 (N.D. Ill. 1982)..... 8

Clarilogic, Inc. v. FormFree Holdings Corp.,
No. 2016-1781, 2017 WL 992528 (Fed. Cir. Mar. 15, 2017) 15

Debt Resolve, Inc. v. Apollo Enterprise Solutions, LLC,
Case No. 3:07-cv-00103-MLC-TJB (D. NJ, Filed January 8, 2007) 6

Eclipse IP LLC v. McKinley Equip. Corp.,
No. SACV-14-154-GW-AJWX, 2014 WL 4407592 (C.D. Cal. Sept. 4,
2014) 14

Ernie Ball, Inc. v. Earvana, LLC,
No. 06-384, 2006 WL 4941832 (C.D. Cal. Aug. 9, 2006) 8

Genentech, Inc. v. Sanofi-Aventis Deutschland GMBH,
C08-04909 SI, 2010 WL 1136478 (N.D. Cal. Mar. 20, 2010).....7, 10

Hitachi,
419 F. Supp. 2d 1158 (N.D. Cal. 2006) 16

In re Cty. of Los Angeles,
223 F.3d 990 (9th Cir. 2000) 15, 16

1 *In re Marvel*,
 2 251 B.R. 869 (Bankr. N.D. Cal. 2000), *aff’d*, 265 B.R. 605 (N.D. Cal.
 3 2001) 8
 4 *Layer2 Communications, Inc. v. Flexera Software LLC*,
 5 No. 13-02131, 2014 WL 2536993 (N.D. Cal. Jun. 5, 2014) . Filed..... 11
 6 *Mortg. Grader, Inc. v. Costco Wholesale Corp.*,
 7 No. SA-CV-1300043-AG-ANX, 2014 WL 10763261 (C.D. Cal. Oct. 27,
 8 2014) 14
 9 *Optyl Eyewear Fashion Int’l Corp. v. Style Companies, Ltd.*,
 10 760 F.2d 1045 (9th Cir. 1985) 8
 11 *Richardson-Merrell, Inc. v. Roller*,
 12 472 U.S. 424 (1985)..... 7, 8
 13 *Somers v. Digital Realty Trust, Inc.*,
 14 119 F. Supp. 3d 1088, 1107 (N.D. Cal. 2015), *aff’d*, 15-17352, 2017 WL
 15 908245 (9th Cir. Mar. 8, 2017)..... 12
 16 *State Insurance Compensation Insurance Fund v. Drobot*,
 17 2014 WL 12579808 (C.D. Cal. 2014) 16
 18 *Trust Corp. of Montana v. Piper Aircraft Corp.*,
 19 701 F.2d 85 (9th Cir. 1983) 6
 20 *Voter Verified Inc. v. Election Systems & Software LLC*,
 21 No. 16-cv-267-MW-GRJ (N.D. Fla.), Dkt. 25 14
 22 *Walker Digital, LLC v. Axis Communications AB*,
 23 2012 WL 5878668 (D. Del. Nov. 21, 2012) 13
State Cases
 24 *Banning Ranch Conservancy v. Superior Court*,
 25 193 Cal.App.4th 903 (Cal. App. 2011)..... 9, 10
 26 *People ex rel. Dep’t of Corps. v. Speedee Oil Change Sys., Inc.*,
 27 20 Cal.4th 1135 (1999) 15
 28 *Farris v. Fireman’s Fund Ins. Co.*,
 119 Cal.App.4th 671 (Cal. App. 2004)..... 10, 11

1 *Flatt v. Superior Court*,
2 9 Cal.4th 275 (1994) 17

3 *Gregori v. Bank of Am.*,
4 207 Cal. App. 3d 291 (1989), modified (Feb. 17, 1989) 8

5 *H. F. Ahmanson & Co.*,
6 229 Cal. App. 3d (1445) (1991) 12

7 *Henriksen v. Great American Savings & Loan*,
8 11 Cal.App.4th 109 (1992) 17

9 *Jessen v. Hartford Cas. Ins. Co.*
10 (2003) 111 Cal.App.4th 698, 3 Cal.Rptr.3d 877 10

11 *Johnson v. Superior Court*,
12 159 Cal. App. 3d 573 (1984) 12

13 *Khani v. Ford Motor Co.*
14 155 Cal. Rptr. 3d 532 (2013) 12

15 *Khani v. Ford Motor Co.*,
16 215 Cal.App.4th 916. (Ca. Ct. App., 2013) 11

17 *Kirk Corp. v. First American Title Co.*,
18 220 Cal.App.3d 804 (1990) 12, 13

19 *Kirk v. First Am. Title Ins. Co.*,
20 183 Cal.App.4th 776 (Cal. App. 2010)..... 7, 16, 18

21 *Klein v. Superior Court*,
22 198 Cal.App.3d 894 (1988) 17

23 **Federal Statutes**

24 35 U.S.C. § 111(a) 3

25 35 U.S.C. § 111(a)(2)..... 3

26 35 U.S.C. § 111(b) 3

27 35 U.S.C. § 112(b) 3

28 35 U.S.C. § 112(b)(1)(A)..... 3

1 **State Statutes**

2 Cal. Code of Evid. § 912..... 12

3 Cal. R. Prof. Con. 3-310(E) 1, 7

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Plaintiff and Counterclaim Defendant Apollo Enterprise Solution, Inc.’s
4 (“Apollo”) motion to disqualify Greenberg Traurig, LLP (“Greenberg”) as counsel for
5 Defendant and Counterclaimant Lantern Credit, LLC (“Lantern”) is a tactical ploy which
6 should fail for at least two fundamental reasons. First, Greenberg’s nominal patent
7 related work for Apollo both began and ended with the filing of one provisional patent
8 application more than *twelve years ago*. Contrary to Apollo’s representations, the
9 Smyrski Law Group, a completely unrelated law firm, *not* Greenberg, drafted, filed, and
10 prosecuted all of the Apollo patents, including the patents Lantern seeks to invalidate
11 through its Counterclaims. Second, Lantern’s challenge to the validity of Apollo’s
12 patents arises solely from the 2014 U.S. Supreme Court’s decision in *Alice Corp. Pty.*
13 *Ltd. v. CLS Bank International*, 134 S. Ct. 2347 (2014) which materially altered the
14 standard for patentable subject matter under U.S. law. *Id.* at 2357 (2014) (“method
15 claims, which merely require generic computer implementation, fail to transform that
16 abstract idea into a patent-eligible invention”). This recent and fundamental change in
17 patent law occurred more than a decade *after* Greenberg’s representation of Apollo
18 concluded, and has no bearing on the provisional patent application Greenberg filed
19 more than twelve years ago.

20 This motion to disqualify Greenberg is just one component of Apollo’s overall
21 litigation strategy designed to disrupt the progress of this case, obtain perceived leverage,
22 and deny Lantern its choice of counsel. Greenberg’s current representation of Lantern
23 does not create a conflict of interest and will not, in any way, prejudice Apollo. Indeed,
24 Apollo has known full well that Greenberg represented Lantern in this dispute for more
25 than a year. Because no substantial relationship exists between this lawsuit and
26 Greenberg’s prior representation of Apollo, California Rule of Professional Conduct 3-
27 310(E) is inapplicable and Greenberg should be permitted to continue its representation
28 of Lantern.

II. FACTUAL BACKGROUND

A. Apollo Retained Other Patent Counsel Before The Patents Were Ever Filed

In late August of 2004, Bruce Neel, and Christopher Darrow, patent attorneys in Greenberg's Phoenix and Los Angeles offices, respectively,¹ were retained to provide limited intellectual property services to Apollo. Specifically, Apollo, through its founder Christopher Imrey, requested that a provisional patent application relating to a method for settling a debt of a debtor be prepared. Within approximately one month of retention, the requested provisional application was drafted and filed on Apollo's behalf with the United States Patent and Trademark Office ("USPTO"). See Declaration of Bruce T. Neel ("Neel Dec."), ¶ 3. Greenberg *never* drafted, filed, or prosecuted any utility patent applications on behalf of Apollo; let alone those Apollo patents currently being challenged by Lantern. See, Neel Dec. ¶ 5. To the contrary, just four months after the provisional application was filed, Greenberg ceased representation of Apollo on all intellectual property matters (and ceased all work for Apollo of any nature shortly thereafter).

In March of 2005, Greenberg transferred the file and all responsibility for Apollo's provisional patent application to attorney Steve Smyrski of the Smyrski Law Group. Neel Decl ¶ 6. The Smyrski Law Group – not Greenberg – continues to be, and always has been, Apollo's patent counsel, responsible for all strategy, drafting, filing, prosecution, and maintenance of all patents in Apollo's portfolio, including the patents at issue here. *Id.* ¶ 7; *see also*, Dkt. 14-4 and 14-5 (Apollo patents listing Smyrski Law Group as counsel). Although Apollo's patents claim the benefit of the 2004 provisional application filing date, the provisional application itself has no substantive relationship to the patents ultimately issued to Apollo. Declaration of Rick Tache ("Tache Dec."), ¶¶ 16-17, Ex. A (explaining issue and highlighting patent differences between provisional application and issued patent).

¹ Mr. Darrow left Greenberg in 2010, and Mr. Neel is the subject of an ethical screen relating to any matters involving Apollo.

1 According to 35 U.S.C. §111(b), a provisional application for patent (“provisional
2 application”) is a low-cost means for an inventor to establish an early effective filing
3 date. Because provisional applications are *not examined* by the USPTO, they are *not*
4 *required* to have a formal patent claim, or an oath or declaration. A provisional
5 application has a pendency of only 12 months from filing. To obtain the benefit of this
6 filing date, an applicant (i.e. Apollo) must, within one year, file a corresponding non-
7 provisional application (“utility application”) in accordance with 35 U.S.C. §111(a).² In
8 essence, a provisional application is nothing more than a short-term placeholder affording
9 an applicant a 12 month window in which to file a corresponding utility application.
10 Moreover, in accordance with the USPTO rules, in April 2006 (18 months after the
11 provisional application was filed), the Apollo utility applications claiming the benefit of
12 this filing date were published. To the extent that the provisional application contained
13 any confidential information (which was incorporated by reference into the utility
14 applications), as of April 2006, it became public knowledge.³

15
16
17
18 ² Unlike a provisional application, 35 U.S.C. §111(a)(2) *requires* that a utility application
19 include:

- 20 (A) a specification as prescribed by section 112;
21 (B) a drawing as prescribed by section 113; and
22 (C) an oath or declaration as prescribed by section 115.

23 35 U.S.C. §112(b) further requires that the (utility application) specification “shall
24 conclude with one or more *claims particularly pointing out and distinctly claiming* the
25 subject matter which the inventor or a joint inventor regards as *the invention*” (emphasis
26 added).

27 ³ 35 U.S.C. §112(b)(1)(A) States that “each application for a patent [i.e. the Apollo utility
28 applications claiming priority to the provisional application] shall be published, in
accordance with procedures determined by the Director, promptly after the expiration of
a period of 18 months from the earliest filing date [here, the provisional application filing
date] for which a benefit is sought under this title.”

1 Despite Apollo's representations to the contrary, Greenberg had nothing to do with
 2 the currently challenged Apollo patents beyond securing a priority filing date.⁴
 3 Moreover, to the extent Mr. Neel received *any* information or knowledge regarding the
 4 system and methods claimed in any of Apollo's patents, it became public when the
 5 USPTO published Apollo's application in 2006. Further, each of Apollo's patents,
 6 including those currently contested by Lantern, are materially different than the 2004
 7 provisional application and contain claims drafted, filed, and prosecuted by and
 8 according to a strategy developed and implemented by the Smyrski Law Group without
 9 Greenberg's input or knowledge. See, Tache Dec., ¶¶ 10-17, Ex. A (explaining the
 10 material differences in the scope, claims, etc., of the provisional and the prior patent
 11 prosecution work, etc. and highlighting differences in exemplar patent).

12 **B. Lantern's Counterclaims Rely On The New Legal Standard For**
 13 **Patentability, Not Apollo's Provisional Patent Application**

14 Central to Apollo's motion is the argument that Lantern's counsel is seeking to
 15 invalidate the same patents it once helped Apollo obtain. Not only is this factually
 16 inaccurate, a review of Lantern's actual invalidity claim against Apollo demonstrates the
 17 unsubstantiated nature of Apollo's position. Lantern seeks to invalidate at least U.S.
 18 Patent Nos. 7,814,005 (the "'005 Patent") and 8,510,214 (the "'214 Patent") by applying
 19 the standard set forth by the United States Supreme Court in *Alice Corp. Pty. Ltd. v. CLS*
 20 *Bank International*, which altered the standard for the patentability of inventions under
 21 35 U.S.C. § 101. *Alice*, 134 S.Ct. at 2357 ("method claims, which merely require generic

22 _____
 23 ⁴ The multiple Greenberg client invoices attached as Exhibit A to Apollo's Motion are
 24 duplicative (the same invoices are included twice) and misleading. All but a fraction of
 25 the work referenced in the invoices pertains to corporate matters handled by former
 26 Greenberg attorneys, and has no relation to the issues raised in this motion. All but three
 27 time entries of Bruce Neel, the only Greenberg attorney at issue in Apollo's motion, are
 28 for work performed in a one month period between late September and early November
 2004 (the vast majority contained in a single October 2004 invoice). The three nominal
 entries outside this period occurred in early 2005, and involved checking the docket and
 transferring Apollo's patent file to the Smyrski Law Group.

1 computer implementation, fail to transform that abstract idea into a patent-eligible
2 invention”). This application of a new and binding legal standard has nothing to do with
3 the provisional application Greenberg filed in 2004 (or the disclosure contained within
4 the provisional application and incorporated by reference into the patents ultimately
5 prosecuted by the Smyrski Law Group). The *Alice* standard of patentability was set forth
6 by the Supreme Court in 2014, nearly ten years *after* Greenberg’s representation of
7 Apollo ceased. The passage of more than a decade since Greenberg’s representation of
8 Apollo, coupled with the April 2006 publication of all information from Apollo’s
9 provisional application, render impossible the notion that Greenberg possesses any
10 confidential information obtained during its previous representation of Apollo which
11 could in any way affect Lantern’s patent invalidity arguments in the instant litigation.

12 **C. The Sole Remaining Greenberg Attorney Associated With Apollo’s**
13 **Provisional Application Is Subject To An Ethical Screen**

14 Apollo first raised its disqualification threat to Lantern’s counsel in March 2017.
15 *See* ECF No. 14-7. After thoroughly investigating the issues raised in Apollo’s letter,
16 Greenberg determined that the allegations lacked merit, concluded that no conflict of
17 interest existed, and declined to withdraw from the case. *See* ECF No. 14-8.
18 Nonetheless, out of an abundance of caution, on March 15, 2017, Greenberg immediately
19 implemented an ethical screen barring any attorneys working on this lawsuit (or for
20 Lantern in general) from access to any information or files relating to Greenberg’s prior
21 representation of Apollo, and barring Mr. Neel from any access to or involvement with
22 any legal work for Lantern or communication with Lantern’s litigation counsel about
23 Apollo.⁵ Tache Decl. ¶ 6; Declaration of Tyler Andrews (“Andrews Dec.”) ¶ 9.

24 ⁵ As a further example of Apollo’s needlessly aggressive and tactical strategy, Apollo has
25 now filed a direct lawsuit *against Greenberg*, based on the same meritless conflict of
26 interest allegations raised in the motion. *Apollo Enterprise Solutions, Inc. v. Greenberg*
27 *Traurig, LLP*, Los Angeles Superior Court Case No. BC660185 (filed May 5, 2017).
28 Notably, the suit against Greenberg was filed before the conflict issue could be
adjudicated here, and indeed does not even reference this federal court litigation or
Apollo’s pending disqualification motion.

1 **D. Apollo Has Always Been Aware Of Greenberg’s Representation Of**
2 **Lantern Regarding This Dispute**

3 For over a year, Apollo has been aware of Greenberg’s representation of Lantern in
4 connection with the dispute over the Master Services Agreement (“MSA”) that led to the
5 current lawsuit.⁶ On September 24, 2014, Christopher Imrey, then a member of the
6 Board of Directors of both Apollo and Lantern, engaged Greenberg on Lantern’s behalf.
7 Declaration of Douglas Norman (“Norman Decl.”) ¶ 3. A few weeks later, on October
8 17, 2015, Mr. Imrey was copied on correspondence relating to Greenberg’s
9 representation of Lantern adverse to Apollo. *Id.* ¶ 4. Throughout 2016, Mr. Imrey
10 continued to be involved in Lantern’s discussions with Greenberg adverse to Apollo. *Id.*
11 ¶¶ 5-8. Because Mr. Imrey was also a director of Apollo, Apollo had actual knowledge
12 more than a year ago that Greenberg continued to represent Lantern in connection with
13 the dispute over the MSA, including the potential patent defenses to any claim brought
14 against Lantern by Apollo. At no time during any subsequent meetings of the Lantern
15 Board of Directors or any of the numerous meetings between principals or authorized
16 representatives of Apollo and Lantern, over the last year, attempting to resolve this
17 dispute, did anyone at Apollo ever raise an issue with Greenberg’s ongoing
18 representation of Lantern. Apollo’s failure to do so until after the lawsuit was filed
19 constitutes a waiver of its right to attempt to disqualify Greenberg at this juncture of the
20 ongoing dispute. *See, e.g., Trust Corp. of Montana v. Piper Aircraft Corp.*, 701 F.2d 85,
21 87-88 (9th Cir. 1983) (“It is well settled that a former client who is entitled to object to an
22 attorney representing an opposing party on the ground of conflict of interest but who
23 knowingly refrains from asserting it promptly is deemed to have waived that right.”)
24

25 _____
26 ⁶ More generally, Apollo and Mr. Imrey have been aware of Greenberg’s involvement in
27 matters adverse to Apollo’s patents and technology for at least ten years. *See Debt*
28 *Resolve, Inc. v. Apollo Enterprise Solutions, LLC*, Case No. 3:07-cv-00103-MLC-TJB
(D. NJ, Filed January 8, 2007) (later transferred to the Southern District of New York as
Case No. 1:07-cv-04531-JSR)

1 Based on these facts, and as explained below, Greenberg has not violated Rule 3-
2 310(E), no conflict of interest exists, and disqualification is not warranted here. This
3 Court should deny Apollo's motion.

4 **III. LEGAL ARGUMENT**

5 The California Rules of Professional Conduct prohibit attorneys from accepting
6 employment adverse to a former client where "the [attorney] has obtained confidential
7 information material to the employment." *See* Cal. R. Prof. Con. 3-310(E). If the
8 representations are successive, disqualification is proper where either (1) the attorney
9 actually possesses confidential information material to the employment, or (2) there is a
10 "substantial relationship" between the former and current representation. *See generally*
11 *Genentech, Inc. v. Sanofi-Aventis Deutschland GMBH*, C08-04909 SI, 2010 WL
12 1136478, at *4 (N.D. Cal. Mar. 20, 2010). Neither of these situations is present here.

13 **A. Disqualification Is Disfavored**

14 Disqualification of a party's chosen legal counsel is a "drastic measure" that is
15 "generally disfavored;" motions to disqualify counsel should be granted only when
16 "absolutely necessary." *See Genentech, Inc. v. Sanofi-Aventis Deutschland GMBH*, C08-
17 04909 SI, 2010 WL 1136478, at *4 (N.D. Cal. Mar. 20, 2010). This is so because of the
18 high potential for abuse. *See, e.g., id.* (noting that such motions "are often tactically
19 motivated and can be disruptive to the litigation process"). Courts uniformly reject
20 strategically motivated disqualification motions out of hand. In fact, this Court has
21 warned that "[d]isqualification motions can be (and often are) misused as weapons to
22 harass opposing counsel, delay litigation, or force disadvantageous settlement." *Almont*
23 *Ambulatory Surgery Ctr., LLC v. UnitedHealth Grp., Inc.*, No. 14-02139, 2014 WL
24 12589658, at *2 (C.D. Cal. June 16, 2014) (Fitzgerald, M.) (quotation omitted). Further,
25 "[t]he purpose of a disqualification order is prophylactic, not punitive." *Kirk v. First Am.*
26 *Title Ins. Co.*, 183 Cal.App.4th 776, 815 (Cal. App. 2010).

27 The U.S. Supreme Court has expressed "concern about the 'tactical use of
28 disqualification motions' to harass opposing counsel." *Richardson-Merrell, Inc. v.*

1 *Roller*, 472 U.S. 424, 436 (1985). As Justice Brennan opined, “[t]he tactical use of
2 attorney misconduct disqualification motions is a deeply disturbing phenomenon in
3 modern civil litigation.” *Id.* at 441 (Brennan J., concurring). “[B]ecause of this potential
4 for abuse,” the Ninth Circuit has instructed that “disqualification motions should be
5 subjected to ‘particularly strict judicial scrutiny.’” *Optyl Eyewear Fashion Int’l Corp. v.*
6 *Style Companies, Ltd.*, 760 F.2d 1045, 1050 (9th Cir. 1985).

7 In fact, “motions to disqualify counsel often pose the very threat to the integrity of
8 the judicial process that they purport to prevent.” *Gregori v. Bank of Am.*, 207 Cal. App.
9 3d 291, 300–01 (1989), modified (Feb. 17, 1989); *see also Alexander v. Primerica*
10 *Holdings, Inc.*, 822 F. Supp. 1099, 1120 (D.N.J.1993) (a motion to disqualify that
11 “reflects an attempt to . . . inhibit the ability of [Defendants] to fairly oppose Plaintiff’s
12 case[] is inimical to the search for truth . . . and cannot be condoned”); *see also Ernie*
13 *Ball, Inc. v. Earvana, LLC*, No. 06-384, 2006 WL 4941832, at *2-3 (C.D. Cal. Aug. 9,
14 2006) (denying motion to disqualify Greenberg where the moving party “attempt[ed] to
15 manufacture a conflict in order to reduce the availability of experienced counsel for the
16 other side”); *In re Marvel*, 251 B.R. 869, 872 (Bankr. N.D. Cal. 2000), *aff’d*, 265 B.R.
17 605 (N.D. Cal. 2001) (denying motion to disqualify counsel and imposing sanctions
18 where the motion “was without merit and brought for two improper reasons: dislike of
19 [the attorney] engendered in other cases, and a desire to make [the attorney’s]
20 investigation of [the moving party’s] conduct more difficult”); *Bobbitt v. Victorian*
21 *House, Inc.*, 545 F. Supp. 1124, 1128 (N.D. Ill. 1982) (denying “disqualification motion
22 [filed] as a litigation tactic,” which “divert[ed] the litigation from attention to the
23 merits”).

24 Here, Apollo’s request to disqualify Greenberg demonstrates why disqualification
25 motions are disfavored. Rather than voicing legitimate concerns over potential prejudice
26 to Apollo, the motion takes great pains to link the nominal legal work performed by
27 Greenberg in 2004 to the invalidity claims posed by Lantern in the current case. The
28 motion is clearly tactical, would serve no legitimate purpose, and runs contrary to the

1 established case law. It is designed to be punitive rather than prophylactic, and should be
2 denied on this basis alone. At the very least, it is clearly not “absolutely necessary” to
3 disqualify Greenberg in this matter, as there is no likelihood that Lantern’s litigation
4 counsel would ever come into contact with Apollo’s confidential information (assuming
5 such information even exists). Apollo’s interests are adequately protected by several
6 independent factors, including the dissimilarity of the two matters, the public nature of
7 the patent documents, the length of time since the prior representation, and the ethical
8 screen.

9 **B. Greenberg Does Not Possess Any Confidential Information Related To**
10 **This Matter**

11 Apollo’s motion proffers no evidence that anyone at Greenberg possesses
12 confidential information about Apollo or its patents. Therefore the focus of Apollo’s
13 motion is on (1) whether it must be automatically *presumed* that Mr. Neel has
14 confidential information relevant to this litigation; and if so, (2) whether Mr. Neel’s
15 alleged constructive “possession” of confidential information automatically bars
16 Greenberg from representing Lantern in this litigation.

17 Here, Mr. Neel has offered sworn testimony that he does not possess any
18 confidential information concerning Apollo or its patents. *See* Neel Dec. ¶ 9. But even
19 assuming such confidential information was obtained, disqualification is not proper
20 where no “substantial relationship” exists between the subsequent representations.
21 Further, even assuming *Mr. Neel* could conceivably be disqualified from representing
22 Lantern in this matter, such disqualification should not be imputed to Lantern’s attorneys
23 on this case, or to anyone else at Greenberg Traurig.

24 **C. No “Substantial Relationship” Exists That Would Mandate**
25 **Disqualification of Greenberg**

26 Not all successive representations require disqualification. *See, e.g., Banning*
27 *Ranch Conservancy v. Superior Court*, 193 Cal.App.4th 903, 918 (Cal. App. 2011)
28 (“former representation alone does not give rise to a lifetime prohibition against future

1 representation of an opposing party”); *Farris v. Fireman’s Fund Ins. Co.*, 119
2 Cal.App.4th 671 (Cal. App. 2004) (noting that the rules do not have the effect of
3 “creating a lifetime prohibition against representation adverse to a former client, treating
4 the former client in the same fashion as a current client, or automatically mandating
5 disqualification where the two compared matters are entirely unrelated.”).

6 To disqualify an attorney based on a successive representation, the party seeking
7 disqualification must show that there is a “substantial relationship” between the subject
8 of the former and current representation. Successive representations are “substantially
9 related” only where information material to the evaluation, prosecution, settlement, or
10 accomplishment of the former representation is also material to the evaluation,
11 prosecution, settlement or accomplishment of the current representation. *Jessen v.*
12 *Hartford Cas. Ins. Co.* (2003) 111 Cal.App.4th 698, 713, 3 Cal.Rptr.3d 877. Further, a
13 substantial relationship only exists if there is a “substantial risk” that the present
14 representation will involve the use of information acquired in the course of the prior
15 representation. *Farris v. Fireman’s Fund Ins. Co.*, 119 Cal. App. 4th, 671, 679 (Ca. Ct.
16 App. 2004). And a “substantial risk” only exists where it is reasonable to conclude that it
17 would “materially advance” the present client’s position in the subsequent matter to use
18 confidential information obtained in the prior representation. *Id.* Without a substantial
19 relationship between successive matters, confidential information is not presumed to
20 exist, and disqualification is not mandated.

21 Courts take a “practical” approach to this inquiry, examining whether confidential
22 information material to the current dispute would normally have been imparted to the
23 attorney by virtue of the nature of the former representation. *See Genentech*, 2010 WL
24 1136478, at *5. “Merely knowing of a former client’s general business practices or
25 litigation philosophy is an insufficient basis for disqualification based upon prior
26 representation.” *See Banning Ranch*, 193 Cal.App.4th 903, 918.

1 **1. There is no Substantial Relationship Between the Former and**
2 **Current Representations**

3 Here, there is no risk (let alone a “substantial risk”) that any information obtained
4 in 2004 in connection with preparing a provisional application could possibly “materially
5 advance” Lantern’s position in this matter, there is no “substantial relationship” between
6 Mr. Neel’s prior representation of Apollo and Greenberg’s current representation of
7 Lantern.

8 The “substantial relationship” standard “must be applied to individual cases by the
9 exercise of the court’s considered judgment based in reason, logic, and common sense.”
10 *Id.* Indeed, “[t]he substantial relationship test requires comparison not only of the legal
11 issues involved in successive representations, but also of evidence bearing on the
12 *materiality of the information* the attorney received during the earlier representation.”
13 (*Khani v. Ford Motor Co.*, 215 Cal.App.4th 916, 921. (Ca. Ct. App., 2013).

14 Courts have held that disqualification under this test is not warranted where
15 information obtained by during the prior representation “*has become generally known.*”
16 *See Farris*, 119 Cal.App.4th 671, 679, citing Rest.3d, The Law Governing Lawyers, §
17 132 (emphasis added). Here, the only information Mr. Neel received from Apollo in
18 2004 was contained in a provisional application, incorporated by reference in the utility
19 applications published in April 2006, and therefore has been “generally known” for over
20 a decade.

21 Under California law, any claim of confidentiality “is waived with respect to a
22 communication protected by the privilege if any holder of the privilege, without coercion,
23 has disclosed a significant part of the communication or has consented to disclosure
24 made by anyone.” Cal. Code of Evid. § 912. Thus, where a party who holds the privilege
25 later “publicly broadcast[s]” the confidential information, the privilege is waived. *Layer2*
26 *Communications, Inc. v. Flexera Software LLC*, No. 13-02131, 2014 WL 2536993 at *6-
27 7 (N.D. Cal. Jun. 5, 2014) (denying motion to disqualify where the movant had publicly
28 disclosed the supposedly confidential information). Filed patent documents and

1 applications, by their very nature, are “public broadcasts” to which no claim of
2 confidentiality can apply, particularly more than *twelve years* after the representation at
3 issue concluded. *See Johnson v. Superior Court*, 159 Cal. App. 3d 573, 579 (1984)
4 (denying disqualification motion and holding no risk that information could be used to
5 moving party’s disadvantage where “the latest of the former representations occurred
6 more than eight years before the present action was instituted” and the significance of the
7 confidential information imparted “has no doubt been substantially attenuated by the
8 passage of so much time.”).

9 **2. Similar Subject Matter Is Not Sufficient To Establish A** 10 **Substantial Relationship**

11 Apollo asserts that Lantern is seeking to invalidate the same patents it once helped
12 to prosecute in the prior representation. This is simply false. Greenberg had no
13 involvement whatsoever in the drafting, filing, or prosecution of Apollo’s utility
14 applications that issued into the patents currently being challenged by Lantern. The
15 matter had been transferred to the Smyrski Law Group who filed the utility applications.
16 Neel Dec. ¶ 6, Tache Dec. ¶¶ 10-15. To support its assertion, Apollo relies upon a faulty
17 assumption in trying to link the two representations together as involving “similar
18 subjects.”

19 Even assuming the two representations at issue were related in some way, courts
20 routinely find that similar subject matter or statutes do not necessarily amount to a
21 “substantial relationship.” *See, e.g., Somers v. Digital Realty Trust, Inc.*, 119 F. Supp. 3d
22 1088, 1107 (N.D. Cal. 2015), *aff’d*, 15-17352, 2017 WL 908245 (9th Cir. Mar. 8, 2017)
23 (prior employment advice to former client had “absolutely nothing” to do with
24 whistleblower action against current client employer by former client); *Khani v. Ford*
25 *Motor Co.*, 215 Cal. App. 4th 916, 922 (2013) (trial court “abused its discretion in
26 concluding that the prior cases were substantially related to the current case just because
27 they involved claims under the same statute,” where attorney had represented Ford in
28 Lemon Law cases and now sought to represent a plaintiff against Ford in a Lemon Law

1 case); *H. F. Ahmanson & Co.*, 229 Cal. App. 3d 1445 (1991) (no substantial relationship
2 although both representations involved credit risk issues); *Kirk Corp. v. First American*
3 *Title Co.*, 220 Cal. App. 3d 804, 813 (1990) (no substantial relationship where one
4 member of the law firm assisted the plaintiff in drafting CC&Rs for the same
5 condominium project involved in the litigation).

6 Apollo attempts to establish a straw man by arguing that an attorney cannot
7 prosecute a patent application for one client and then turn around and challenge the
8 validity of that same patent for another client. Greenberg did not draft, file, or prosecute
9 the patents currently being challenged by Lantern. A provisional application, which is
10 *not required* to have any claims, and is *not examined* by the USPTO,⁷ cannot serve as the
11 basis for prohibiting future patent challenges; especially when such challenge is based
12 upon claims drafted, filed, and prosecuted by another law firm.

13 In *Walker Digital, LLC v. Axis Communications AB*, a federal court held that an
14 attorney who had done patent prosecution work for a client was permitted, a decade later,
15 to represent an opposing party in a patent infringement suit against the former client. *See*
16 *1:11-CV-558-RGA*, 2012 WL 5878668, at *3–4 (D. Del. Nov. 21, 2012). There, the
17 court held that even if the attorney had learned of “general confidences,” knowledge of
18 the client’s “general strategies and plans fifteen years ago” would not be harmful to the
19 client so as to preclude that attorney from representing an opponent.

20 Here, similarly, even if Greenberg had learned of Apollo’s “general confidences”
21 by way of drafting and filing a provisional application over twelve years ago (which it
22 did not), there is no legitimate argument that such “strategies and plans” could be
23 harmful to Apollo now, or should preclude the entire firm from representing a future
24 opponent. More compelling is the fact that the challenge to the validity of the Apollo
25 patents has nothing to do with the provisional application prepared by Greenberg but

26 _____
27 ⁷ *See*, John Calvert, *The Provisional Patent Application: What You Need To Know*,
28 USPTO (Apr. 2010), <https://www.uspto.gov/custom-page/provisional> (“a [provisional
application] is not examined”; and citing minimum requirements).

1 rather, is a direct result of a material change in patent law as set forth in a U.S. Supreme
2 Court opinion issued almost ten years *after* Greenberg representation of Apollo ceased.

3 **3. Apollo Sets Forth No Authority Mandating Disqualification Of** 4 **Greenberg**

5 The primary case upon which Apollo relies to seek Greenberg’s disqualification,
6 *Asyst Technologies*, involved a situation where two partners in a law firm prosecuted two
7 patents on behalf of a client, then subsequently moved firms, and their new firm sought
8 to challenge the validity of the same patents on behalf of a different client. *See Asyst*
9 *Technologies, Inc. v. Empak, Inc.*, 962 F.Supp. 1241 (N.D. Cal. 1997). The court
10 disqualified the firm, finding it particularly probative that “several of the affirmative
11 defenses and counterclaims allege improper conduct by Asyst in prosecuting its patents.”
12 *Id.* at 1242.

13 Neither *Asyst* nor any of the related cases cited by Apollo have any bearing on the
14 Greenberg’s current representation of Lantern. Lantern is not attempting to invalidate
15 Apollo’s patents based on patent applications drafted, filed, or prosecuted by Greenberg
16 on behalf of Apollo. To the contrary, Lantern’s counterclaim for invalidity stems from
17 the seismic shift in patentability standards caused by the Supreme Court’s decision in
18 *Alice Corp. Pty. Ltd. v. CLS Bank International*. *See, Mortg. Grader, Inc. v. Costco*
19 *Wholesale Corp.*, No. SA-CV-1300043-AG-ANX, 2014 WL 10763261, at *7 (C.D. Cal.
20 Oct. 27, 2014) (permitting defendant to amend answer to assert Section 101 invalidity
21 defense post *Alice* because “Courts and commentators have hailed *Alice* as a significant
22 change” in patent law); *Eclipse IP LLC v. McKinley Equip. Corp.*, No. SACV-14-154-
23 GW-AJWX, 2014 WL 4407592, at *3 n. 5 (C.D. Cal. Sept. 4, 2014) (dismissing patent-
24 based claims as invalid under *Alice*, noting “*Alice*’s embrace of the *Mayo* framework for
25 abstract idea cases was such a significant change or clarification that [the USPTO] has
26 withdrawn issued notices of allowance—that is, stopped patents that had made it all the
27 way through examination and were about to issue”); *Voter Verified Inc. v. Election*
28 *Systems & Software LLC*, No. 16-cv-267-MW-GRJ (N.D. Fla.), Dkt. 25 (Ord. Granting

1 Mtn. to Dismiss) at 5 (Motion to Dismiss based on patent invalidity not barred preclusive
2 effect of prior litigation of patent validity: “This Court concludes that *Alice* provided an
3 authoritative decision that substantially changed the law; thus, the issue of patent validity
4 is not precluded from further litigation.”)

5 Determining invalidity under *Alice* involves a legal analysis applied to the actual
6 claim language of the *issued patent*, which here was prepared, filed, and prosecuted by
7 the Smyrski Law Group. *See Clarilogic, Inc. v. FormFree Holdings Corp.*, No. 2016-
8 1781, 2017 WL 992528, at *1 (Fed. Cir. Mar. 15, 2017) (invalidating credit reporting
9 software patent similar to Apollo’s patents as “the height of abstraction”) Apollo’s
10 patents are invalid based on a major, and relatively recent, change in patent law – *not*
11 because of anything having even a remote connection to the 2004 provisional application.

12 **D. Greenberg Should Not Be Disqualified Even If A Substantial**
13 **Relationship Exists**

14 Even if there was a “substantial relationship” between Mr. Neel’s representation
15 of Apollo thirteen years ago and the current litigation, that fact should not operate to
16 automatically bar Greenberg from representing Lantern in this matter, as there is no
17 legitimate risk of any confidential information could be obtained by Lantern’s counsel,
18 and Greenberg took immediate practical steps to implement an ethical screen out of an
19 abundance of caution.

20 The Ninth Circuit has recognized that “[t]he changing realities of law practice call
21 for a more functional approach to disqualification than in the past.” *In re Cty. of Los*
22 *Angeles*, 223 F.3d 990, 997 (9th Cir. 2000). “An ethical wall, when implemented in a
23 timely and effective way, can rebut the presumption that a lawyer has contaminated the
24 entire firm.” *Id.* at 996. While the California Supreme Court has not spoken definitively
25 on ethical walls, the Ninth Circuit determined that “the California Supreme Court may
26 well adopt a more flexible approach to vicarious disqualification.” *Id.* at 995 (citing
27 *People ex rel. Dep’t of Corps. v. Speedee Oil Change Sys., Inc.*, 20 Cal.4th 1135, 1151–
28

1 52 (1999), where the California Supreme Court “left open the possibility that screening
2 can rebut the presumption of shared confidences within the firm”).

3 At least one California Court of Appeal has followed the Ninth Circuit’s reasoning
4 and held that imputed knowledge to a law firm by a purportedly tainted attorney “may be
5 rebutted by evidence of effective ethical screening.” *Kirk v. First Am. Title Ins. Co.*, 183
6 Cal. App. 4th 776, 814 (2010), as modified (May 6, 2010). *Kirk* considered the realities
7 of the modern large law firm practice and concluded that “[t]hese are not attorneys
8 discussing their cases regularly, passing each other in the hallways, or at risk of
9 accidentally sharing client confidences at lunch. In a situation where the “everyday
10 reality” is no longer that all attorneys in the same law firm actually “work[] together,”
11 there would seem to be no place for a rule of law based on the premise that they do.” *Id.*
12 at 802; see generally *State Insurance Compensation Insurance Fund v. Drobot*, 2014 WL
13 12579808, *7 (C.D. Cal. 2014) (holding that *Kirk* “correctly reflect[s] the changing times
14 in law firm operation and culture” and noting that “[i]n this age of thousand-attorney
15 firms, where people move frequently from firm to firm, some flat rules don’t fit as well
16 as they used to.”)

17 Here, despite the fact that Greenberg strongly disputes the existence of any conflict
18 of interest, Greenberg implemented a prophylactic ethical wall immediately upon
19 learning of the alleged conflict. See Dkt. 14-8. That wall, which was fully implemented
20 and acknowledged mere days after Greenberg was apprised of the potential conflict of
21 interest, screens Bruce Neel and Lantern’s counsel from exchanging any information or
22 documents related to this Litigation. *Id.* ¶¶ 7-10. Moreover, it is undisputed that even
23 before the ethical wall was implemented, Mr. Neel (who works in a different practice
24 group and an office hundreds of miles away from Lantern’s attorneys) did not convey
25 any information related to Apollo or its patents to Lantern or the Greenberg attorneys
26 representing Lantern in this matter. Tache Dec. ¶ 9; Andrews Dec. ¶ 10. Therefore,
27 given the “changing realities of law practice” in a global firm such as Greenberg, Lantern
28

1 has effectively “rebut[ted] the presumption that a lawyer has contaminated the entire
2 firm.” *In re Cty. Of Los Angeles*, 223 F.3d at 996-97.

3 Apollo cites to *Hitachi*, 419 F.Supp.2d 1158 (N.D. Cal. 2006) for the proposition
4 that ethical screens may be insufficient to cure purported conflicts based on successive
5 representations. But unlike this case, in *Hitachi* there was no legitimate dispute that the
6 subsequent representations at issue *were* substantially related. The only issue was
7 whether or not an ethical screen could allow the new firm to continue to defend against a
8 lawsuit involving its former client. Such a question weighs far heavier *against*
9 mandatory disqualification in a situation where -- as here – not only is an ethical screen
10 in place, but the “substantial relationship” between the 2004 representation of Apollo and
11 the current representation of Lantern is tenuous at best.

12 Further, *Hitachi* (which was decided years before the far more applicable *Kirk* and
13 its progeny) relies upon three older California cases⁸ (the most recent of which was
14 decided over twenty years ago), and itself questions the propriety of such a blanket
15 prohibitory rule. *See, Hitachi*, 419 F. Supp. 2d at 1164 (noting that some courts have
16 begun to take a more flexible approach even where substantial relationships between
17 matters undoubtedly exist, and noting that “the law in California may be at a critical
18 shift”). The *Hitachi* court also left open the possibility that if the matter had been
19 transferred at the outset to another branch office of the firm, the result may have been
20 different. *See id.*, at 1165 (“Moving the matter to another office would reduce the contact
21 that [the attorney] would have with the attorneys handling this case and could relieve
22 some of the Court’s concerns while preserving [the client’s] interest of having effective
23 counsel of their choice,” but noting that this should have been done at the outset).

24 Here, Lantern’s attorneys on this matter and Mr. Neel in the Phoenix office
25 represent only a few of approximately 2000 attorneys practicing with Greenberg. They

26
27 ⁸ *Klein v. Superior Court*, 198 Cal.App.3d 894, 912–14, 244 (1988); *Henriksen v. Great*
28 *American Savings & Loan*, 11 Cal.App.4th 109, 117 (1992); *Flatt v. Superior Court*, 9
Cal.4th 275, 283 (1994).

1 have never once discussed anything related to Apollo, and indeed do not even know one
2 another. Mr. Neel focuses on patent prosecution, while Lantern's counsel are
3 commercial and intellectual property litigators. *See generally Drobot*, 2014 WL
4 12579808, *8 (commenting that confidential information is less likely to be exchanged
5 across different practice groups; "it's less likely that transactional attorneys are 'sitting
6 around the coffee pot' with litigation attorneys to share confidential information with
7 them."). This is a classic situation in which any conceivable doubt over the propriety of
8 Greenberg's earlier representation could be adequately remedied by an ethical screen,
9 and, as discussed above, such a screen has already been implemented. As such, imposing
10 the mandatory disqualification of Greenberg despite its prompt and reasonable actions in
11 implementing an ethical wall would enormously prejudice Lantern and run contrary to
12 the recent cases rejecting strict disqualification as unrealistic and unfair. Given the
13 realities of modern practice in large law firms, the more recent cases have the far better,
14 more practical, and more just approach. This Court should find the same.

15 **E. Policy Considerations Favor Lantern's Choice Of Counsel**

16 Considerations relevant to a motion for disqualification include: (1) a client's right
17 to chosen counsel; (2) an attorney's interest in representing a client; (3) the financial
18 burden on a client to replace disqualified counsel; (4) the possibility that tactical abuse
19 underlies the disqualification motion; (5) the need to maintain ethical standards of
20 professional responsibility; and (6) the preservation of public trust in the scrupulous
21 administration of justice and the integrity of the bar. *See Kirk*, 183 Cal. App. 4th 776,
22 807-08. These factors tilt heavily in favor of denying Apollo's motion.

23 Greenberg has consistently represented Lantern regarding this dispute with Apollo
24 for nearly two years. Long before Apollo filed the complaint in this lawsuit, Greenberg
25 had advised Lantern pertaining to its contract with Apollo. It would be extremely
26 prejudicial to Lantern, both financially and substantively, to have its long standing trial
27 counsel disqualified at this time. On the other hand, Apollo will suffer no actual
28 prejudice whatsoever if Lantern maintains its current counsel.

1 Further, Apollo’s motion appears motivated by a desire for a tactical advantage
2 over Lantern, rather than by a genuine concern over Apollo’s rights and confidences.
3 Indeed, the fact that the disqualification motion was filed on the last possible day prior to
4 the initially scheduled May 15 hearing date (leaving Lantern with less than three business
5 days to investigate and respond to the serious allegations contained in the motion) only
6 bolsters the conclusion that the motion is tactical rather than necessary.

7 Finally, there is no risk that Greenberg’s current representation of Lantern will
8 damage the public trust in the administration of justice or the integrity of the bar.
9 Greenberg has not engaged in any unethical, or even questionable, behavior in
10 representing Lantern. To the contrary, as soon as the conflict claim was raised,
11 Greenberg erected an ethical screen to ensure that there would be no communications
12 with the patent prosecutor who filed the provisional application in 2004. In fact, there
13 have never been any discussions with that attorney regarding Lantern or this dispute at
14 any time. Both the bar and the public understand that an attorney’s prior representation,
15 fully concluded, cannot then create a lifetime prohibition of any adverse action against
16 the former client. Here, despite Apollo’s valiant attempt to create a “substantial
17 relationship” between a 2004 provisional application and the validity of separate patents
18 issued years later, the actual facts bear out no such connection, and do not implicate the
19 public trust in any manner.

20 **IV. CONCLUSION**

21 For all the foregoing reasons, Defendant respectfully requests that the Court deny
22 Apollo’s motion to disqualify Greenberg Traurig, LLP as counsel for Lantern.

23
24 DATED: May 8, 2017

GREENBERG TRAUIG, LLP

25
26 By /s/ Tyler R. Andrews

Tyler R. Andrews

Attorneys for Defendant

27
28 LANTERN CREDIT, LLC.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

CERTIFICATE OF SERVICE

I, Tyler R. Andrews, an attorney, hereby certify that on May 8, 2017, I caused a complete and accurate copy of the foregoing document to be served via this Court’s ECM/ECF notification system, which will serve electronically to all participants in the case.

/s/ Tyler R. Andrews _____