

CAUSE NO. 199-596-97

DSC COMMUNICATIONS CORPORATION,

Plaintiff,

v.

EVAN BROWN,

Defendant.

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IN THE DISTRICT COURT OF

COLLIN COUNTY, TEXAS

219TH JUDICIAL DISTRICT

**DEFENDANT EVAN BROWN'S RESPONSE TO DSC COMMUNICATIONS CORPORATION'S MOTION FOR PROTECTIVE ORDER**

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW Defendant Evan Brown ("Brown") and files his response to DSC Communications Corporation's Motion for Protective Order, and would respectfully show the Court as follows:

**INTRODUCTION**

Evan Brown began working for DSC Communications Corporation ("DSC") on April 21, 1987 and shortly thereafter signed an Employee Patent, Copyright and Proprietary Information Agreement ("Agreement"). Since 1975, Brown had been working on a solution to a problem involving the conversion of machine executable binary code to high-level source code. Prior to coming to work for DSC, Brown had developed the mental image of eighty percent of the solution to this problem. In 1996, Brown envisioned the remaining twenty percent of the solution.

On April 19, 1996, Brown submitted to Larry Sewell, an intellectual property attorney with DSC, a release from any interest DSC might claim in Brown's idea under the Agreement. A true

and correct copy of this request is attached hereto as Exhibit A. On June 10, 1996, Sewell drafted a release which would have allowed Brown to further develop and patent his idea, a true and correct copy of which is attached hereto as Exhibit B. For the next several months, Brown negotiated with DSC for an agreement by which he would be allowed to pursue his idea and share in the profits of the idea with DSC. After extensive negotiations, Brown was informed by letter dated February 10, 1997 that DSC was ceasing all negotiations with Brown. On April 21, 1997, Brown was confronted by management for DSC and ordered to disclose his idea or face termination. When Brown refused to disclose the idea, he was immediately terminated.

On April 24, 1997, DSC filed the instant suit, alleging that Brown's idea is the property of DSC pursuant to the terms of the Agreement. On the same day, DSC filed a motion for expedited discovery in which it sought to take the deposition of Evan Brown on April 30, 1997. An order granting the motion was signed that same day. Evan Brown was first served with process by substituted service on April 29, 1997. On April 30, 1997, the Court heard Brown's motion for protective order in which he sought to delay his deposition for a period of two weeks so that he could locate trial counsel to assist him with the deposition. The Court refused to grant the motion for protective order, instead ruling that Brown's deposition would be taken the next day, May 1, 1997.

On May 1, Brown appeared for deposition and was questioned for several hours by Eric Pinker, counsel for DSC. During the deposition, Mr. Pinker introduced as Exhibit 3 a copy of Larry Sewell's June 10, 1996 draft release and asked Brown several questions regarding the release. During the deposition, it became clear that Brown had never seen the Sewell release before that day.

Several days after the deposition, counsel for DSC wrote a letter to counsel for Brown in which he stated that the Sewell release had been prepared by an in-house attorney for DSC (Sewell) and had been produced inadvertently, largely as a result of the accelerated pace of discovery upon which DSC had insisted. In that letter, attached hereto as Exhibit C, counsel for DSC requested that the document be returned. Counsel for Brown wrote a letter to counsel for DSC, attached hereto as Exhibit D, in which he declined to return the requested document because he had determined that any privilege applicable to the release had been waived by DSC's voluntary production of the document. Nearly three months later, DSC filed the instant motion for protective order. For the reasons set forth below, the Court should deny the motion for protective order in its entirety.

### **ARGUMENT AND AUTHORITIES**

#### **I. The Sewell Release is Not Protected by the Attorney-Client Privilege.**

A party seeking to exclude information from discovery on the basis of privilege "must specifically plead the particular exemption or immunity relied on and produce evidence supporting such claim in the form of affidavits or live testimony at a hearing." *Humphreys v. Caldwell*, 888 S.W.2d 469, 470 (Tex. 1994); *see also Braden v. Downey*, 811 S.W.2d 922, 927 (Tex. 1991). Stated another way, "the burden is on the party asserting a privilege from discovery to produce evidence concerning its applicability." *Humphreys*, 888 S.W.2d at 470; *see also Peebles v. Honorable Fourth Supreme Judicial District*, 701 S.W.2d 635, 637 (Tex. 1995). DSC has failed to meet its burden of proof in asserting the applicability of the attorney-client privilege to the Sewell release.

In its motion for protective order and accompanying affidavits, DSC wholly fails to establish the elements necessary to demonstrate the applicability of the attorney-client privilege. For example,

in Larry Sewell's affidavit, he states that he "drafted the Release solely for internal discussion and consideration within DSC's in-house legal department." He does not state, however, whether the release was ever "communicated" to anyone within DSC, either within the legal department or in some other department. Without an actual communication of the release at issue, there can be no attorney-client privilege. Moreover, assuming that the release was communicated by Sewell to others within DSC, DSC has failed to establish the identity, job title and job duties of any such individuals. Without such information, this Court cannot determine whether any individuals to whom the release was provided fall within DSC's "control group" as that term has been defined by the Texas Supreme Court's opinion in *National Tank*.<sup>1</sup> If the release was circulated to persons outside the control group, any privilege applicable to the release has been waived.

Sewell states in his affidavit that "to the best of my knowledge," the release was not circulated outside of DSC's in-house legal department. This qualifying language is legally insufficient to establish the applicability of the attorney-client privilege. *See, e.g., Humphreys*, 888 S.W.2d at 470 ("an affidavit which does not positively and unqualifiedly represent the facts as disclosed in the affidavit to be true and within the affiant's personal knowledge is legally insufficient" and will not support a claim of privilege). More importantly, Sewell's affidavit states merely that "to the best of my knowledge, it [the release] was not circulated outside of DSC's in-

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<sup>1</sup>The attorney-client privilege protects "confidential communications made for the purpose of facilitating the rendition of professional legal services to the client ..." Tex. R. Civ. Evid. 503(b). When the client is a corporation, the privilege applies only to communications to employees who are members of the "control group." *See e.g., National Tank Co. v. Brotherton*, 851 S.W.2d 493, 497 (Tex. 1993). Those courts which have had occasion to apply the "control group" test have "generally protect[ed] only statements made by the upper echelon of corporate management." *National Tank*, 851 S.W.2d 497.

house legal department prior to April 30, 1997." (emphasis added). Based on Sewell's statement, it is clear that he has no idea what happened to the release after April 30, 1997. If DSC has waived any privilege applicable to the release, either before or after the release was shown to Evan Brown during his deposition on April 30, then the release is no longer privileged and there is no reason for this Court to compel the document to be returned to DSC. Because DSC bears the burden of proving the applicability of the attorney-client privilege, it has the burden of affirmatively demonstrating that no such waiver has occurred. Clearly, DSC has failed to meet this burden.

## **II. The Sewell Release is Not Protected From Disclosure by the Work-Product Privilege.**

In its motion for protective order, DSC claims that the Sewell release is subject to the work product privilege. DSC completely fails to mention to the Court, however, that one of the essential elements of the work-product privilege is that the information at issue be prepared in anticipation of litigation. As the Texas Supreme Court has stated:

NATCO relies on the plain language of Texas Rule of Civil Procedure 166(b)(3) in arguing that a document need not be prepared in anticipation of litigation to be privileged as work-product . . . .

This argument, however, is unpersuasive. As discussed below, "work-product" by definition applies only to materials prepared in anticipation of litigation.

*National Tank*, 851 S.W.2d at 201-202; *see also Huie v. DeShazo*, 922 S.W.2d 920, 927 (Tex. 1996).

DSC completely ignores the "anticipation of litigation" requirement of the work-product privilege because it cannot possibly demonstrate that the Sewell release was drafted in anticipation of litigation. As the uncontroverted facts demonstrate, Evan Brown first sought a release from DSC to pursue his idea on April 19, 1996. The draft release was prepared by Larry Sewell on June 10,

1996. DSC and Brown negotiated for several months in order to attempt to reach an agreement which would allow for Brown's development and marketing of his idea. It was not until February 10, 1997 that DSC discontinued its negotiations with Brown. More than two months later, on April 21, 1997, Brown was terminated when he refused to disclose his idea to DSC. Based upon these uncontroverted facts, DSC cannot possibly establish that a release drafted in June 1996 was drafted in anticipation of litigation with Mr. Brown. As such, it cannot demonstrate the applicability of the work-product privilege to the Sewell release.

**III. Any Privilege Conceivably Applicable to the Sewell Release Has Been Waived by DSC's Voluntary Production of the Release During Evan Brown's Deposition.**

**A. The *Granada* case provides the framework for determining waiver.**

The seminal case in Texas dealing with the inadvertent production of privileged documents is *Granada Corp. v. The Honorable First Court of Appeals*, 844 S.W.2d 223 (Tex. 1992). In that case, Granada's counsel produced to the plaintiffs in a shareholder suit 150,000 documents to review in response to their request for production. After review, the plaintiffs designated 18,000 documents for photocopying and production. Granada agreed to produce most of the documents requested, but refused to produce 104 of the documents that it claimed were privileged. Despite its refusal to produce such documents, four of the 104 documents which Granada had designated as privileged were copied and released to the plaintiffs. When Granada realized that the documents had been produced, it sought their return by a motion for protective order. The trial court granted this motion. The court of appeals granted the plaintiffs mandamus relief and ordered Granada to release the four documents at issue. Granada then sought mandamus relief before the Texas Supreme Court.

In beginning its analysis, the Texas Supreme Court first noted that Tex. Rule Civ. Evid. 511 provides that a person holding a privilege waives the privilege if he “voluntarily discloses or consents to disclosure of any significant part of the privileged matter unless such disclosure itself is privileged.” *Id* at 226. The court distinguished between an inadvertent production and an involuntary production, stating that “Granada urges that inadvertent production of privileged documents is necessarily involuntary and therefore does not effect waiver. We disagree.” *Id*. The Court concluded that “disclosure is involuntary only if efforts reasonably calculated to prevent the disclosure were unavailing.” *Id*. In addition to looking at precautionary measures, the court held, “other factors to be examined in determining involuntariness include the delay in rectifying the error, the extent of any inadvertent disclosure, and the scope of discovery.” *Id*. Although DSC states in its motion for protective order that reasonable precautions are the primary consideration in an involuntariness inquiry and that the other factors are “secondary factors,” nowhere in the Texas Supreme Court’s opinion in *Granada* does it so hold. Rather, the Court clearly stated that “when deciding the issue of voluntariness, the court should evaluate all circumstances of the disclosure.” *Id* at 227 (emphasis added). As for the burden of proof, the Texas Supreme Court held that “a party claiming involuntary disclosure has the burden of showing, with specificity, that the circumstances confirm the involuntariness of the disclosure.” *Id* at 226.

**1. DSC failed to take efforts reasonably calculated to prevent the disclosure of the Sewell release.**

As stated above, the first criteria to apply in determining whether DSC has waived any privilege applicable to the Sewell release is whether DSC undertook efforts reasonably

calculated to prevent the disclosure of the release. In its Motion, DSC claims that this criteria is the “primary consideration in the involuntariness inquiry.” DSC’s Motion for Protective Order at p. 5. DSC, however, misstates the nature of this criteria and actually misquotes the *Granada* case in a significant and misleading manner. In its motion, DSC states that “*Granada* holds that the primary consideration in the involuntariness inquiry is whether a party took reasonable precautions to prevent disclosure of privileged documents.” DSC’s Motion for Protective Order at p. 5 (emphasis added). Nowhere in the *Granada* opinion does the Court use this language. Rather, the Court states that “[d]isclosure is involuntary only if efforts reasonably calculated to prevent the disclosure were unavailing.” *Granada*, 844 S.W.2d at 226. Clearly, the court in *Granada* focused on whether the disclosing party took precautions to prevent disclosure of the document at issue, not whether it took precautions to prevent the disclosure of privileged documents as a whole.

DSC unquestionably intended to disclose the Sewell release when its attorney used it as an exhibit in Brown’s deposition. The production of the Sewell release was neither inadvertent nor involuntary. Rather than admit to the voluntary production of the Sewell release, DSC has chosen to misquote and misstate the Texas Supreme Court’s opinion in *Granada* so as to shift the focus from this voluntary disclosure to its alleged efforts to prevent the disclosure of other privileged documents.

This Court should not be misled by DSC’s misquotation of *Granada*. Rather, this Court should simply apply the holding of that case: a party’s disclosure of a privileged document waives the privilege unless the party took reasonable steps to prevent the disclosure of the disclosed document. In the instant case, the uncontroverted evidence demonstrates that DSC intended to

produce the Sewell release. As such, it took no precautions to prevent its disclosure. This is not a typical inadvertent disclosure case like *Granada* in which a party has determined that a document is privileged but nonetheless “unwittingly” discloses the document. *Granada*, 844 S.W.2d at 226. Rather, this is a case where a party wrongly concluded that a document was not privileged and thereafter voluntarily and intentionally disclosed the document during discovery. A disclosure under such circumstances is neither inadvertent nor involuntary. In fact, it is unclear whether the *Granada* case even applies to a knowing and intentional production such as that in the instant case. What is clear is that there is no support in *Granada* or any other case for ordering the return of a voluntarily produced privileged document simply because the party producing the document subsequently alleges that it erred in concluding that the document at issue was not privileged. Rather, Rule 511 of the Texas Rules of Civil Evidence establishes that DSC’s voluntary disclosure of the Sewell release operated as a waiver of any privilege applicable to the release. DSC’s Motion should therefore be denied.

**2. DSC’s three-month delay in rectifying its disclosure of the Sewell release demonstrates waiver.**

DSC voluntarily produced the Sewell release during the deposition of Evan Brown on May 1, 1997. In its motion for protective order, DSC claims that it “rectified the disclosure immediately.” This statement is disingenuous and misleading. Although DSC correctly notes that it requested the return of the Sewell release six days after it had been produced in the deposition, DSC fails to reveal that it waited an additional three months to file its motion for protective order. The eleven-month delay in the *Granada* case to which DSC compares its six-day delay in notifying

Brown's counsel of the disclosure of the Sewell release was from the time when Granada learned of the production of its privileged documents to the time that it sought relief from the court. Using that same measuring stick, DSC waited nearly three months to rectify its error in producing the Sewell release. Such a delay is but one more indication of DSC's waiver of any privilege applicable to the release.

**3. The extent of DSC's inadvertent disclosure and the scope of discovery indicate a waiver of any privilege applicable to the Sewell release.**

Among the factors identified by the Texas Supreme Court in *Granada* in determining whether an inadvertent production of a privileged document is involuntary are "the extent of any inadvertent disclosure and the scope of discovery." *Granada*, 844 S.W.2d at 226. In that case, Granada produced 150,000 pages of documents in response to the plaintiffs' request for production. The scope of discovery was obviously extensive. Out of the 150,000 pages of documents, the extent of Granada's inadvertent disclosure was quite minor; only four privileged memoranda were inadvertently disclosed. Based solely on the small proportion of documents inadvertently produced, the trial court found that Granada took reasonable precautions to prevent disclosure. *Id* at 227. The Texas Supreme Court faulted the trial court's approach. Rather than focusing on these two criteria alone, the Court stated, a court deciding an issue of voluntariness "should evaluate all circumstances of the disclosure." *Id* at 226. Based upon the facts of its case, the Texas Supreme Court held that Granada had failed to meet its burden in showing that the disclosure of its documents was involuntary despite the small proportion of documents inadvertently produced.

In stark contrast to the 150,000 pages of documents produced by Granada, DSC produced a total of six documents during Evan Brown's deposition. As to the extent of the inadvertent disclosure, one of the six documents produced at Brown's deposition was allegedly privileged. This one in six ratio stands in stark contrast to the four documents out of 150,000 pages of documents produced in *Granada*. Moreover, the documents were selected solely by DSC and were produced during discovery that DSC, not Brown, initiated. As for the timing of DSC's production of the documents, it was solely within DSC's control. Although DSC states in its motion for protective order that the extent of any inadvertent disclosure and the scope of discovery are of little value in this case, it cites no authority for that proposition. In reality, *Granada* mandates the consideration of these factors, which, as set forth above, clearly indicate a waiver by DSC.

**B. There is no justification for DSC's erroneous conclusion that the Sewell Release was drafted by Brown.**

As set forth above, *Granada* provides the framework for evaluating the inadvertent production of privileged documents. Because DSC took no precautions to prevent the disclosure of the Sewell release, but rather voluntarily produced the release during Brown's deposition, its production of the release has waived any privilege which may have attached. Moreover, waiver is also established by virtue of DSC's three-month delay in rectifying its error, the extent of the disclosure and the scope of discovery.

DSC seeks to divert this Court from the application of the *Granada* factors by defending its attorney's conclusion that the Sewell release was drafted by Brown. Under *Granada*, however, the propriety of this conclusion is not the issue; the issue is whether DSC took precautions to prevent

the disclosure of the release. As set forth above, it took no such precautions. Under *Granada*, DSC's asserted reason for failing to take such precautions and instead voluntarily producing the Sewell release -- its counsel's erroneous belief that the release was drafted by Brown -- is irrelevant. While the propriety of the conclusion that the release was drafted by Brown is not relevant to this Court's analysis, Brown nonetheless feels compelled to respond to the arguments made by DSC on this topic because such arguments are misleading and are based on a misstatement of the facts.

DSC asserts that there are three reasons why counsel for DSC incorrectly concluded that the draft release had been drafted by Brown. The first reason offered by DSC is that Brown "on several occasions" had requested a release from DSC. In reality, Brown had requested a release on only one occasion as reflected in the April 19, 1996 memorandum from Evan Brown to Larry Sewell attached hereto as Exhibit A. Significantly, Brown's April memorandum preceded the June Sewell release by nearly two (2) months. This two-month gap should have alerted counsel for DSC that the release was not prepared by Brown, but rather, was prepared by a DSC employee in response to Brown's request. More importantly, the Brown memorandum actually contained its own release and a signature line for DSC to sign the release. Given this fact, there is no reason to believe that Brown would have drafted an entirely different release nearly two months later.

Even a cursory comparison of Brown's April 19, 1996 memorandum to the June 10, 1996 Sewell release would indicate that they were not authored by the same person. Brown's memorandum was written in layman's terms and contained incorrect spelling and grammar, such as its recitation that "Evan Brown is here by [sic] granted a released [sic] by DSC Communications Corporation." See Exhibit A. In contrast, the June 10 release was much more polished and

contained various legal terms which Mr. Brown would not possibly have utilized. *See* Exhibit B. Not only is the style of the two documents vastly different, their content is vastly different as well. In Mr. Brown's memorandum, he states that "since DSC is not in the business of software reverse engineering and my job at DSC does not involve reverse engineering, I request DSC release me to pursue a patent on this idea." *See* Exhibit A. The Sewell release, to the contrary, states as follows:

While DSC is not presently in the business of selling such reverse engineering methods, it has developed at least one other reverse engineering/reverse compiling method for use in its development process. Accordingly, it is DSC's position that the Method could be considered "along the lines of the business, work or investigations of the Company", as set forth in section (A)(1) of Mr. Brown's Employee Patent, Copyright and Proprietary Information Agreement ("Employee Agreement"). It is also DSC's position that if rights in the Method were asserted by Mr. Brown against DSC, it would strengthen a claim that the Method is "along the lines of the business" and is covered by the Employee Agreement.

*See* Exhibit B. The position taken by DSC in the Sewell release is obviously in direct conflict with Brown's position as stated in his request for a release.

In addition to the differences set forth above, the font used on the two documents is not the same. Moreover, the Brown memorandum was printed on a dot matrix printer while the Sewell release was printed on a laser printer. Finally, the Sewell release contains a footer indicating that it was typed on a DSC computer while Brown's memorandum does not. Given the stark differences between the two documents, even a cursory review of Brown's April 19 memorandum and a comparison to the June 10 Sewell release would indicate that the release was not authored by Mr. Brown.

DSC also claims that its counsel believed that the Sewell release had been prepared by Mr. Brown because "the document had no indication that it was an in-house legal department document." This is patently false. The footer on the document clearly indicates that it was drafted internally within DSC. The word "forms" in the footer indicates that the release was some type of form that had previously been utilized by DSC. Most importantly, the footer contains the initials "VLS." DSC admits that these are the initials of Victor Larry Sewell, the DSC in-house attorney who received Brown's April 19, 1996 memorandum and who drafted the release in response to Brown's request. It is also interesting to note that the footer on the June 10 Sewell release is very similar to the footer on a July 16, 1996 memorandum from DSC employee Dave Hinshaw to Evan Brown, attached hereto as Exhibit E. Both footers indicate that they are internal DSC documents and both contain the initials "VLS." The footer on the Sewell release, standing alone, should have revealed to counsel for DSC that the document was not authored by Mr. Brown.

Finally, DSC contends that its counsel mistakenly believed the Sewell release had been prepared by Brown because "counsel faced time constraints given the expedited discovery order." In making this statement, DSC severely exaggerates the time constraints which it allegedly faced. The uncontroverted facts of this case indicate that Mr. Brown was terminated by DSC on April 21, 1997. DSC's lawsuit was filed three days later on April 24, 1997. Mr. Brown's deposition was taken one week later on May 1, 1997. It is reasonable to assume that DSC began preparing its lawsuit against Mr. Brown prior to the time it fired him. Even if this assumption is not indulged, it is clear that DSC had at least twelve days within which to review the six documents that it produced

at Mr. Brown's deposition. Clearly, twelve days is ample time for DSC to review six short documents which it voluntarily chose to utilize at Mr. Brown's deposition.

Even if DSC could demonstrate that the time constraints which it faced somehow caused it to mistakenly produce the Sewell release, equitable considerations alone demonstrate a waiver under these circumstances. Although DSC's motion for protective order refers to the expedited discovery order as if it was issued *sua sponte* by the Court, the truth is that DSC filed its motion for expedited discovery on the very day it filed this lawsuit. Counsel for Evan Brown subsequently filed a motion for protective order seeking to postpone Brown's deposition for two weeks, which was heard on April 30, 1997. At the hearing, counsel for DSC strenuously urged the Court to allow Mr. Brown's deposition to go forward that very day. The Court denied Brown's motion for protective order and allowed the deposition to occur on the next day, May 1, 1997. Because it was DSC which chose to proceed with discovery at such a rapid pace, DSC must accept the effects of its expedited discovery.

### **CONCLUSION**

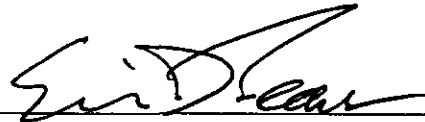
The Sewell release which DSC seeks to have returned is not protected from disclosure by any recognized privilege. Because DSC has not demonstrated that the Sewell release was communicated to anyone, and has failed to identify any persons to whom it was communicated, it has failed to demonstrate the applicability of the attorney-client privilege. Moreover, because DSC has not demonstrated that the Sewell release was drafted in anticipation of litigation, DSC has not demonstrated the applicability of the work-product privilege. Since the Sewell release is not protected from disclosure by any recognized privilege, there is no basis to compel its return to DSC.

Even if the Sewell release was privileged, any privilege has been waived by its voluntary

production to Brown. Although DSC's counsel may have erroneously concluded that Brown rather than Sewell drafted the release, this mistake is not relevant to an inquiry under *Granada* or under Rule 511 of the Texas Rules of Civil Evidence. Because DSC intentionally and voluntarily produced the Sewell release during Brown's deposition, DSC has waived any privilege applicable to the release.

WHEREFORE, PREMISES CONSIDERED, Defendant Evan Brown respectfully requests this Court deny DSC Communications Corporation's Motion for Protective Order in its entirety and award Evan Brown such other and further relief to which it may justly entitled.

Respectfully submitted,



**RICHARD A. SAYLES**

State Bar No. 17697500

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**CERTIFICATE OF SERVICE**

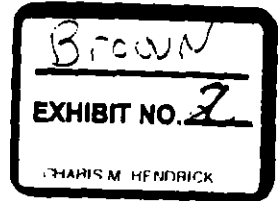
I hereby certify that a true and correct copy of the foregoing instrument has been served upon all counsel of record on this 21st day of August, 1997, pursuant to rule 21a of the Texas Rules of Civil Procedure.



ERIC D. PEARSON

MEMORANDUM  
Apr 19, 1996

TO: Larry Sewell, DSC Legal Council for Intellectual Property  
COPY: Gmini Desoyza *[Signature]*  
FROM: Evan Brown  
SUBJECT: Request for release on patent idea



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This idea was founded on a problem proposed by a friend working for El Paso Natural Gas Co. The company lost part of their original source code for a utility tax payment program and as a result, are not able to retire their existing mainframe computer system.

I have developed a method of converting machine executable binary code into a high level source code form using logic and data abstractions. The purpose of this idea is to take existing executable programs and "reverse engineer" the intelligence from the programs and "re-code" the intelligence into a portable high level language.

This idea was developed from my own personal experience and on my own time.

Since DSC is not in the business of software reverse engineering and my job at DSC does not involve reverse engineering, I request DSC release me to pursue a patent on this idea.

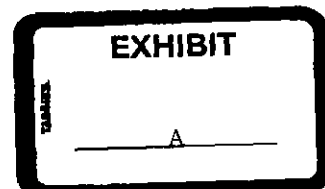
Thank you,

A handwritten signature in black ink, appearing to be 'Evan Brown', written over a horizontal dashed line.

Evan Brown

Evan Brown is here by granted a released by DSC Communications Corporation to pursue this reverse engineering idea. This idea has been judged to not meet the criteria specified in DSC's "Employee Patent, Copyright and Proprietary Information Agreement" dated and signed April 27, 1987 by Evan Brown.

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DSC Legal Representative



DRAFT

RELEASE  
6/10/96



This Agreement is between DSC Communications Corporation on behalf of itself and its subsidiaries, including DSC Telecom L.P., (collectively "DSC") and Evan Brown ("Mr. Brown"), an employee of DSC.

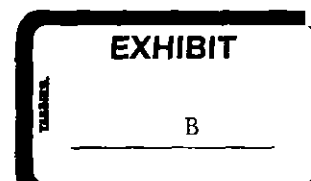
Attached is description of a method (the "Method") Mr. Brown has developed for reverse engineering binary code and converting it to source code.

While DSC is not presently in the business of selling such reverse engineering methods, it has developed at least one other reverse engineering/reverse computing method for use in its development process. Accordingly, it is DSC's position that the Method could be considered "along the lines of the business, work or investigations of the Company", as set forth in section (A)(1) of Mr. Brown's Employee Patent, Copyright and Proprietary Information Agreement ("Employee Agreement"). It is also DSC's position that if rights in the Method were asserted by Mr. Brown against DSC, it would strengthen a claim that the Method is "along the lines of the business" and is covered by the Employee Agreement.

Mr. Brown hereby represents that he did not use DSC time or resources in the development of the Method and that it did not result from and was not suggested by any work which he has done for or on behalf of DSC. Based on this representation, DSC hereby releases all right, title, or interest which it may have in the Method, so that Mr. Brown may further develop the method and perfect any and all intellectual property rights therein, including patent and copyright. In consideration of this release, Mr. Brown promises (1) not to use any DSC time or resources in the development or exploitation of his Method and (2) not to enforce against DSC any intellectual property right in the Method or an improvement or modification thereof.

Mr. Brown understands that he is still subject to the DSC policy on Conflict of Interest.

vls\forms\modelagr\empral



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Re: Cause No. 199-596-97; *DSC Communications Corporation v. Evan Brown*

Dear Counsel:

During the deposition of Mr. Brown, I used a June 6, 1996 document entitled "Draft Release," a copy of which was marked as Exhibit 4 to the deposition. As you may recall, at the time of the deposition, I believed that Mr. Brown had authored that document.

Since the deposition, I have investigated the source of the document and I have determined that it was drafted by an attorney employed by DSC as part of DSC's internal and privileged communications concerning Mr. Brown's demand for a release. As such, this document is protected from disclosure to Brown by the attorney-client privilege and the attorney work product doctrine. DSC's production of this document during the deposition was wholly inadvertent, and was largely a result of the accelerated pace of discovery, which did not allow me sufficient time to ascertain that it was an internal DSC document.

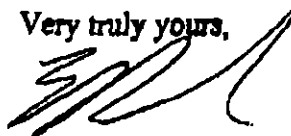
EXHIBIT

C

Steven E. Aldous, Esq.  
Dale Drake, Esq.  
May 7, 1997  
Page 2

Based on these facts, DSC requests that Defendant and his attorneys immediately cease any use of this privileged and confidential document, and that all copies of this document be returned to DSC immediately. In this regard, I respectfully refer you to American Bar Association Formal Opinion 94-382, and related cases, concerning the ethical and professional obligations of counsel to return privileged documents that have been inadvertently produced during discovery.

Very truly yours,



Eric W. Pinker

EWP:rkp

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May 16, 1997

Eric D. Pearson  
Direct Line 939.8708  
epearson@saylid.com

**VIA FAX 981-3839**

Eric W. Pinker, Esq.  
Lynn Stodghill Melsheimer & Tillotson, L.L.P.  
750 N. St. Paul Street  
Suite 1400  
Dallas, Texas 75201

Re: Cause No. 199-596-97; *DSC Communications Corporation v. Evan Brown*, pending in the 199th Judicial District Court of Collin County

Dear Mr. Pinker:

Steve Aldous has asked me to respond to your May 7, 1997, letter regarding your production of a June 6, 1996, draft release prepared by a DSC attorney. As you point out in your letter, the draft release was marked as an exhibit (Exhibit 3) during Mr. Brown's deposition. In addition, Mr. Brown was asked several questions regarding the draft release. Despite these facts, your letter alleges that the draft release is protected from disclosure by the attorney-client privilege and the work product doctrine and requests that the letter be returned to you.

Based upon the facts as I understand them, it is clear that your client's production of the draft release may have been inadvertent, but was not involuntary. Texas law clearly holds that only a disclosure which is "involuntary" will permit the party disclosing the material to maintain any privilege applicable to the document. *Granada v. The Honorable First Court of Appeals*, 844 S.W.2d 223, 226 (Tex. 1992); see also *Alldread v. City of Granada*, 988 F.2d 1425, 1433-34 (5th Cir. 1993). As the court held in *Granada*, a disclosure is deemed to be involuntary "only if efforts reasonably calculated to prevent the disclosure were unavailing." *Granada*, 844 S.W.2d at 226. As for the burden of proof on this issue, the court in *Granada* held that "a party claiming involuntary disclosure has the burden of showing, with specificity, that the circumstances confirm the involuntariness of the disclosure. *Id.*

Based upon Texas Rule of Civil Evidence 511 and the opinion of the Texas Supreme Court in *Granada*, I believe that your client has waived any privilege applicable to the draft release at issue. Your May 7 letter fails to set forth any efforts taken by you or your client to prevent the disclosure of the draft release. Although you state in your letter that production of the document "was largely a result of the accelerated pace of discovery," it was you and your client who chose to conduct discovery at such a rapid pace. Moreover, it would have taken no more than a few minutes for you to discuss the document with your client in order to ascertain whether your client had drafted the document or whether Mr. Brown had drafted the document. Finally, the computer generated "footer" at the bottom of the draft release would indicate to a reasonable person that it was a corporate document rather than a document drafted by Mr. Brown. Based

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Eric W. Pinker  
May 16, 1997  
Page 2

upon the foregoing, I do not believe that you or your client can meet the burden of showing that the circumstances surrounding the production of the draft release demonstrate the involuntariness of its disclosure. As such, it would appear that the production of the draft release was voluntary, thereby waiving any privilege applicable to the document.

Your May 7 letter refers to American Bar Association Formal Opinion 94-382. That opinion relates primarily to the inadvertent faxing or mailing of documents which "on their face appear to be subject to the attorney/client privilege or otherwise confidential." In addition, the opinion primarily deals with documents produced "under circumstances where it is clear that they were not intended for the receiving lawyer." Neither of these two criteria is applicable in the instant case. In addition, the ABA opinion cites with approval a decision of the New Mexico Supreme Court in *Hartman v. El Paso Natural Gas Company*, 763 P. 2d 1144, 1152 (N.M. 1988) in which the court set forth a five-factor test identical to the test utilized by the Fifth Circuit in *Allread*. I believe that the application of this five-part test to the disclosure of the draft release establishes that the disclosure was not involuntary and therefore constitutes a waiver of any privilege applicable to the document. Finally, as you know, the ABA opinion is merely advisory and is not binding on Texas courts. Rather, the Texas Supreme Court's opinion in *Granada* supplies the appropriate framework for evaluating a party's inadvertent disclosure of privileged documents.

Based on the foregoing, I cannot agree to return the draft release, nor can I agree that we will not make use of the draft release in our defense of DSC's lawsuit. While my client and I are firm in this position, I would be happy to discuss this matter with you further if you so desire.

Sincerely,

  
Eric D. Pearson

EDP/lh

cc: Dale Drake (via fax 972-548-8046)  
Steve Aldous  
Evan Brown

MEMORANDUM

July 16, 1996

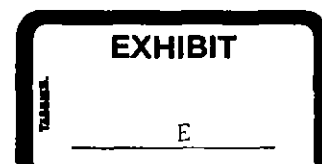
TO: Evan Brown  
 FROM: Dave Hinshaw  
 COPY: Wylie Basham  
 George Brunt  
 SUBJECT: Assembly Language Converter



You have requested the Company to state its position with regard to your idea or invention concerning an assembly language converter product that you believe may be one of the first products to allow automatic conversion of executable machine code or assembly language to a specified high level language. I enclose a copy of your Employee Patent, Copyright and Proprietary Information Agreement (or "Employee Agreement"), executed on April 27, 1987. In paragraph (A), you agreed to communicate to the Company all inventions, etc. "which are along the lines of the business, work or investigations of the Company..." While we understand that your current assignment is not to develop an assembly language converter product, please be advised that the Company has on several occasions investigated assembly language converter systems, software, and ideas. For example, as recently as May of this year, an invention disclosure was provided to the Company by several employees in IN/Wireless Products Division who were specifically directed to work on a potential assembly language converter project. Thus, your work in the assembly language converter area would fall under the provisions of the Employee Agreement concerning "along the lines of the business, work or investigations of the Company." Accordingly, any work that you have done in this area is work that belongs to the Company.

However, the Company is interested in providing and willing to provide you with a format to maintain the security of your employment with the Company while at the same time allowing you to participate in the upside of a fully functional operating and patentable assembly language converter product. Pursuant to the Employee Agreement, we request that you communicate to us a description of the assembly language converter that will permit us to make an assessment as to the viability of the project. Assuming that we are in agreement with you that this is a viable project, and subject to the preparation of mutually agreeable documentation, we propose that the development and marketing of the assembly language converter be handled as follows:

- We will reassign you from your current position to a position known as Software Engineering Tools Development that will enable you to spend full time on the development of the project. We will provide you such assistance, support, funding and personnel as may be appropriate. Additionally, you will report to Matt Bilbo, Development Services, and will be responsible to Rick Billings, Software Engineering Tools Group, as your supervisor.



- At the end of four (4) months or such time as the Company may deem appropriate, the Company will analyze and make a decision as to whether it wants to continue to be involved in the project.
- If at that time the Company decides not to continue the support of the project, it will retain the invention and patent rights, and will apply for and own any patents in our name. We will, however, provide you with a license to entitle you to complete the project. All marketing rights will be licensed to you, including all rights to income. We will retain the right to use the finished product internally for conversion of codes DSC uses, including EMX-2500 Motorola code. In the license, the Company will retain an option exercisable on an agreed upon basis to participate financially and otherwise in the future.
- If instead, the Company decides to continue funding and development of the project, the Company will pay you five percent (5%) of the net savings to the Company (estimated cost to develop the high level language code, minus the cost of converting to the high level language code, both costs including documentation) up to a total maximum payment of \$2,000,000, based upon conversion of our codes, EMX-2500 Motorola code, and any other internal applications. DSC will apply for and own any patents. With regard to third-party markets, the Company will split with you on a fifty/fifty (50/50) basis all net profits generated.