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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

SIMPSON STRONG-TIE COMPANY, INC,
Plaintiff,
v.
OZ-POST INTERNATIONAL, LLC,
Defendant.

Case No. [3:18-cv-01188-WHO](#)

**ORDER DENYING MOTION TO
TRANSFER AND DENYING MOTION
TO DISQUALIFY COUNSEL**

Re: Dkt. No. 30, 38

INTRODUCTION

After receiving demand letters from defendant Oz-Post International, LLC (“OZCO”) regarding alleged infringement of one of its patents, plaintiff Simpson Strong-Tie, Inc. brought this action for declaratory judgment. It also asserts affirmative claims for false advertising. OZCO wishes to transfer this action to the Eastern District of Texas, the venue where OZCO chose to file its patent infringement action and that is near both its headquarters and a warehouse operated by Simpson Strong-Tie. But because this action was filed first and the other factors do not favor transfer, OZCO’s motion to transfer is DENIED.

In addition, Simpson Strong-Tie moves to disqualify OZCO’s counsel given its concurrent representation of Simpson Strong-Tie in unrelated matters. In the particular circumstances of this case, there is no actual threat to the duty of loyalty owed by Foley & Lardner LLP (“Foley”) to Simpson Strong Tie, and disqualification would harm OZCO by removing its long-time patent counsel without benefiting Simpson Strong Tie, except tactically. Simpson’s motion is also DENIED.

1 **BACKGROUND**

2 **I. FACTUAL BACKGROUND**

3 **A. The Parties and the Dispute**

4 Simpson Manufacturing Co., Inc. (“Simpson Manufacturing”) conducts all of its domestic
5 business through its wholly-owned subsidiary Simpson Strong-Tie Company, Inc. (“Simpson
6 Strong-Tie”), a California corporation headquartered in Pleasanton, California. Magstadt Decl. ¶¶
7 1, 3 (Dkt. No. 38-2). Simpson Strong-Tie “designs, engineers and manufactures structural
8 connectors, fasteners, and fastening systems... .” Murphy Decl. ¶ 3 (Dkt. No. 39-1). Simpson
9 Strong-Tie’s United States’ operations account for 77 percent of Simpson Manufacturing’s total
10 revenue. Magstadt Decl. ¶ 5. The companies are “operationally intertwined: there is complete
11 overlap in management control; they share the same mailing address and principal place of
12 business; and they have the same Chief Executive Officer and Chief Financial Officer.” *Id.* ¶ 6.

13 Simpson Manufacturing is a publicly traded company with over 2,900 employees and first
14 quarter 2018 sales of \$244.8 million. Simpson Manufacturing 2017 10-K (Ridley Decl. ¶ 4; *id.*,
15 Ex. 3; Dkt. No. 30-4 at 10); Simpson Manufacturing 2018 First Quarter Financial Results (Ridley
16 Decl. ¶ 3; *id.*, Ex. 2; Dkt. No. 30-3). Neither Simpson Strong-Tie nor Simpson Manufacturing has
17 an internal legal department. Magstadt Decl. ¶ 7.

18 The Pleasanton office houses approximately 250 employees focused on business
19 operations, including “research and development, finance, and marketing[.]” and in particular, the
20 inventors and instrumental employees involved in the development of the “Hex-Head Washer”
21 and other ornamental wood connectors and fasteners in the “Outdoor Accents” product line (the
22 “Accused Products”), the subject of the present dispute. Murphy Decl. ¶¶ 5–9. Simpson Strong-
23 Tie states that both of the named inventors, the product manager, its vice president of national
24 accounts, its vice president of connectors, and two research and developer engineers, among
25 others, work out of the Pleasanton facility. *Id.* ¶ 8. It also notes that the finance team and the
26 Sales and Marketing unit are located in Pleasanton. *Id.* ¶¶ 3, 12.

27 Simpson Strong-Tie also has a 518, 400 square foot warehouse and office located in
28 McKinney, Texas, which is within the Eastern District of Texas. Ridley Decl. ¶¶ 5–6. No

1 employee at the Texas Branch had any involvement in developing the Accused Products, and no
 2 evidence relevant to this dispute was generated or maintained there. Murphy Decl. ¶ 14. Simpson
 3 Strong-Tie offers its Outdoor Accents decorative hardware at 69 dealers within 100 miles of the
 4 federal courthouse in Sherman, Texas, Ridley Decl. ¶ 7, but California accounts for the greatest
 5 amount of sales of the Outdoor Accents product line, Murphy Decl. ¶ 17.

6 Oz-Post International LLC dba OZCO Building Products (“OZCO”), a small company
 7 with only 11 employees, is headquartered in Richardson, Texas. Hill Decl. ¶¶ 2–3 (Dkt. No. 30-
 8 8). All current and former employees with knowledge of this dispute, as well as relevant
 9 customers and contacts, live in northeast Texas. *Id.* ¶¶ 3–11. OZCO has 16 dealers in California,
 10 and more than 120 dealers in Texas. *Id.* ¶ 2.

11 In late 2017, OZCO entered into a sales and distribution agreement with MiTek Industries,
 12 Inc., a global building products company and a direct competitor of Simpson Manufacturing. *See*
 13 “MiTek Enters Into North American Sales and Distribution Agreement with OZCO Building
 14 Products” (Minor Decl. ¶ 11; *id.*, Ex. H). The agreement means that “Ozco and its products will
 15 have access to MiTek’s North American sales force, and will be available through MiTek’s large
 16 footprint of retail and pro-dealer customers[,]” including in California. *Id.*

17 On February 15, 2017, OZCO sent Simpson Strong-Tie a demand letter to its Pleasanton
 18 headquarters indicating that the design of Simpson Strong-Tie’s decorative hardware within its
 19 “Mission Collection” is “confusingly similar to Ozco’s Laredo Sunset ornamental design, and it
 20 infringes the trade dress rights of Ozco.” First Demand Letter from OZCO to Simpson Strong-Tie
 21 (Minor Decl. ISO Opp’n to Mot. to Transfer ¶ 4; *id.*, Ex. B).¹ The letter also referenced OZCO’s
 22 patents and certain pending patent applications. *Id.* Simpson Strong-Tie’s California-based
 23 counsel responded on March 22, 2017 expressing its view that “Ozco’s Laredo Products are not
 24 protectable trade dress under the Lanham Act.” 3/22/17 Letter from Simpson Strong-Tie to
 25 OZCO (Minor Decl. ISO Opp’n to Mot. to Transfer ¶ 5; *id.*, Ex. C).

26 On January 31, 2018, OZCO sent Simpson Strong-Tie a second demand letter indicating
 27

28 ¹ This letter was sent by counsel at Gardere Wynne Sewell (“Gardere”), prior to its merger with
 Foley & Lardner LLP, which is relevant to the motion to disqualify counsel, discussed below.

1 that it owns U.S. Patent No. D798,701 (“the ’701 Patent”), which issued on October 3, 2017, and
2 accusing Simpson Strong-Tie’s outdoor accents structural wood screw and Hex-Head Washer of
3 patent infringement. Second Demand Letter from OZCO to Simpson Strong-Tie (Minor Decl.
4 ISO Opp’n to Mot. to Transfer ¶ 6; *id.*, Ex. D). The letter states that OZCO sought to “negotiate a
5 resolution that allows Simpson to continue to use OZCO’s patented design.” *Id.* Simpson Strong-
6 Tie disputes that the Accused Products infringe the ’701 patent or that a license is appropriate. *See*
7 *generally* Compl. (Dkt. No. 1).

8 **B. The Accused Products**

9 Simpson Strong-Tie’s Outdoor Accents product line includes various sizes and style of
10 connectors and fasteners. Murphy Decl. ¶ 7. When the Hex-Head Washer and structural wood
11 screw are used together, they offer the appearance of a bolted connection. *Id.* Simpson Strong-
12 Tie owns U.S. Patent No. D733,546 (“the ’546 Patent”), entitled “Screw With Decorative Head,”
13 which issued on July 7, 2015 and discloses a hex-head washer and screw very similar to the
14 Accused Products. *Id.* ¶ 6. Simpson Strong-Tie also owns a pending utility patent for the Hex-
15 Head Washer and fastener combination at issue, including an “extending tube” not disclosed in the
16 ’546 Patent. *Id.* ¶¶ 5–6; *see* U.S. Patent App. Ser. No. 15/279,193 (“the ’193 Application”). All
17 design, development, testing, and refining of the Accused Products took place in Pleasanton,
18 California. *Id.* ¶¶ 7, 9.

19 **C. Attorney-Client Relationships**

20 **1. Simpson Manufacturing’s Relationship with Foley²**

21 In June 2014, Simpson Manufacturing and Foley³ entered into an Engagement Letter
22 Agreement (“the Foley Engagement Agreement”) in which Foley agreed to provide “general labor
23

24 ² The parties have variably referenced “Simpson Manufacturing” and “Simpson Strong-Tie” and
25 “Simpson,” which has led to some confusion, as I discuss in analyzing the motion to disqualify
26 counsel. I mention it here because Simpson Strong-Tie has labeled this section of its background
27 “Simpson Strong-Tie’s Attorney-Client Relationship With Foley,” but the only agreement was
28 between Foley and Simpson Manufacturing.

³ Effective April 1, 2018, Foley & Lardner LLP merged with Gardere Wynne Sewell LLP; the
surviving entity is known as Foley & Lardner, LLP d/b/a Foley Gardere. Minor Decl. ¶ 9.

1 and employment advice and counseling, including representing [Simpson Manufacturing] in labor
2 negotiations... ” 6/5/14 Foley Engagement Agreement (Magstadt Decl. ¶ 8; *id.*, Ex. A). Kamran
3 Mirrafati, a partner at Foley, sent Simpson Manufacturing the Foley Engagement Agreement on
4 behalf of Foley.⁴ *Id.* Brian Magstadt, chief financial officer of Simpson Manufacturing (*and*
5 Simpson Strong-Tie), signed the agreement, but did not consult with legal counsel prior to
6 executing it. Magstadt Decl. ¶¶ 1, 9.

7 The Foley Engagement Agreement includes the following provisions:

8 3. Conflicts of Interest

9 We have checked our records based on the information [Simpson
10 Manufacturing] has provided to us at this time. Our search included
11 the names of business entities, if any, about which you have
12 informed us of an affiliation that could give rise to significant
13 concerns if we should be involved in matters for other clients
14 directly adverse to such business entities. We have determined that
15 there is no conflict of interest that prevents us from working on this
16 Matter.

17 This Agreement creates an attorney/client relationship only between
18 [Foley] and [Simpson Manufacturing]. Therefore, [Simpson
19 Manufacturing] agrees that this engagement does not create an
20 attorney/client relationship between [Foley] and any business
21 entities with which you are affiliated unless subject to separate
22 engagement Agreement. [Simpson Manufacturing] will not provide
23 [Foley] with any confidential information about any of its other
24 subsidiaries or affiliates, and [Foley] will not provide services to
25 [Simpson Manufacturing’s] subsidiaries or affiliates unless [Foley]
26 represents such subsidiary or affiliate. [Simpson Manufacturing]
27 agrees that [Foley’s] representation of [Simpson Manufacturing]
28 will not create any conflicts of interest in the event that other clients
of [Foley] are adverse to a subsidiary or affiliate of [Simpson
Manufacturing] (unless that subsidiary or affiliate also is represented
by [Foley]).

4. Advance Waiver of Conflict

a. [Simpson Manufacturing] agrees that [Foley] may represent
current or new clients in work directly adverse to [Simpson
Manufacturing], and may be adverse to the business entities with
which you are affiliated, provided such work is not substantially
related to the Matter and [Foley] does not use any of [Simpson
Manufacturing’s] confidential information in representing such
clients. This consent includes our being counsel in litigation or other

⁴ Simpson notes that it had an ongoing legal relationship with Mirrafati and kept its labor and employment work with him when he moved to Foley from Seyfarth Shaw LLP in 2014. Magstadt Decl. ¶ 11.

1 formal disputes adverse to [Simpson Manufacturing]. In addition,
2 [Simpson Manufacturing] agrees that, even though [Foley]
3 represents [Simpson Manufacturing] in this Matter, [Foley]
4 may represent in the future other parties who are adversely involved
5 in the Matter, or who may later become adversely involved in the
6 Matter, as long as that representation of other parties is substantially
7 unrelated to the Matter. By way of examples only, and assuming
8 such representations are not substantially related to the Matter, we
9 may represent one or more parties in bankruptcy cases that may
10 have interests adverse to [Simpson Manufacturing], we may
11 represent clients with regard to intellectual property rights that may
12 be adverse to those of [Simpson Manufacturing], or we may
13 represent clients in contract negotiations adverse to [Simpson
14 Manufacturing]. [Foley] agrees that it will not use any of [Simpson
15 Manufacturing's] confidential information in representing such
16 other clients and, when needed, we will establish an ethical wall to
17 assure that confidential information is not exchanged between those
18 working on the Matter and those working for such other clients.

19 Foley Engagement Agreement at 1–2.

20 Even though the agreement is between Foley and Simpson Manufacturing, Foley has
21 provided legal services to Simpson Strong-Tie in various labor and employment cases, for which
22 Simpson Manufacturing has paid approximately \$224,000. Magstadt Decl. ¶ 10. Currently, Foley
23 is representing Simpson Strong-Tie in an employee dispute pending before the Department of Fair
24 Employment and Housing (DFEH). *Id.* ¶ 12.

25 **2. Simpson Manufacturing's Relationship with Gardere**

26 In 2015, Simpson Manufacturing engaged Gardere Wynne Sewell LLP for legal services in
27 connection with a Texas state property condemnation proceeding in McKinney, Texas (“the
28 Condemnation Action”). Magstadt Decl. ¶ 20; *see* Gardere Engagement Agreement (Magstadt
Decl., Ex. D). The agreement provides that “the representation ... does not give rise to an
attorney-client relationship with any parent, subsidiary or affiliate of [Simpson Manufacturing].”
Gardere Engagement Agreement at 1. The agreement also contains a conflict waiver provision.
See id. at 2–3.

In December 2017, Simpson Manufacturing and the State of Texas agreed to settle the
Condemnation Action, but, in April 2018, the State of Texas contacted Phil Morgan, the Gardere
attorney representing Simpson Manufacturing, about an issue with the judgment. Magstadt Decl.
¶ 25. Morgan forwarded the information on to Magstadt and informed him that he and Kate David
no longer represented Simpson Manufacturing because they were no longer with Gardere. *Id.*

1 Magstadt emailed the Houston Office Managing Partner at Gardere seeking the firm’s continued
2 assistance, but no one responded. *Id.* Gardere never terminated its representation of Simpson
3 Manufacturing and Simpson Manufacturing recently received a bill (from Foley) dated May 31,
4 2018. *Id.* ¶ 26. Magstadt had to engage outside counsel to resolve the Condemnation Action. *Id.*
5 ¶ 25.

6 **3. The Current Dispute and Foley’s Conflict of Interest**

7 On February 6, 2018, a week after OZCO’s Second Demand Letter, *see* above section I.A,
8 Simpson Strong-Tie’s counsel sent a letter to Gardere about its conflict of interest related to the
9 Condemnation Action.⁵ 2/6/18 Letter from Simpson Strong-Tie to Gardere (Minor Decl. ¶ 4; *id.*,
10 Ex. F). Simpson Strong-Tie communicated its view that Gardere’s representation of OZCO
11 breached its duty of loyalty to Simpson Manufacturing and demanded its immediate withdrawal.
12 *Id.*

13 On February 8, 2018, Gardere responded, indicating that its “representation of OZCO
14 against Simpson Strong-Tie does not create an ethical conflict because Gardere is not adverse to
15 its client, [Simpson Manufacturing].” 2/8/18 Letter from Gardere to Simpson Strong-Tie (Minor
16 Decl. ¶ 5; *id.*, Ex. G). It further noted that “it disclosed its intended representation that would be
17 adverse to Simpson Strong-Tie, and [Simpson Manufacturing’s] vice president, Jeff Mackenzie,
18 consented to that adverse representation on condition that no information was shared between the
19 lawyers handling the condemnation case and the lawyers handling the patent matter.”⁶ *Id.*

20 According to Gardere, Kate David, one of its attorneys responsible for handling the
21 Condemnation Action, “advised Mr. Mackenzie that Gardere ‘had been approached about filing a
22 patent infringement suit against Simpson Strong Tie Co.,’ and pointed out the [separate entity
23 conflict] provision in our engagement agreement with [Simpson Manufacturing].” *Id.*; *see also*

24 _____
25 ⁵ At this time, Foley and Gardere had not yet merged, and Foley did not yet represent OZCO.
26 According to Simpson Strong-Tie, Foley’s representation of OZCO first became known to it when
27 Foley filed a notice of appearance in this case on March 16, 2018. Minor Decl. ¶ 8. Simpson
28 Strong-Tie indicates that “the facts relating to Gardere’s representation of Simpson Manufacturing
are not necessarily material to the Court’s ruling[,]” but are included “to provide the Court with
additional background information... .” Mot. to Disqualify at 7 n.4 (Dkt. No. 38).

⁶ Jeff Mackenzie is no longer employed at Simpson Manufacturing or Simpson Strong-Tie.
Magstadt Decl. ¶ 21.

1 Magstadt Decl. ¶ 23 (pointing out that “Ms. David never responded to Mr. Mackenzie, never gave
2 him the identity of the person or entity with whom the potential conflict had arisen, never spoke
3 further with Mr. Mackenzie about the potential conflict, never advised Mr. Mackenzie to seek
4 independent legal counsel to evaluate the potential conflict, never informed Mr. Mackenzie that
5 Gardere had actually been retained by this unidentified third party..., and never asked Mr.
6 Mackenzie or anyone else at Simpson Manufacturing to sign a conflict waiver.”). Mackenzie
7 responded to David’s email with “I don’t think that would be an issue so long as no information is
8 shared.” Minor Decl. ¶ 14; *see* 5/18/18 Letter from Foley to Simpson Manufacturing (including
9 1/31/17 Email from David to Mackenzie)(Minor Decl., Ex. M). Magstadt notes that Gardere
10 never informed him or anyone else at Simpson Manufacturing that it had been prosecuting patents
11 on behalf of OZCO. Magstadt Decl. ¶ 24.

12 On February 20, 2018, Simpson Strong-Tie responded to Gardere indicating that Gardere
13 could not have obtained informed consent because it never sufficiently disclosed the nature of the
14 potential conflict, for instance, that it “had been retained to prosecute the patents at issue.”
15 2/20/18 Letter from Simpson Strong-Tie to Gardere at 2 (Minor Decl.¶6; *id.*, Ex. H). Simpson
16 Strong-Tie also took issue with Gardere’s assertion that there was “no conflict because [Gardere]
17 represents only Simpson Manufacturing and not its wholly-owned subsidiary, Simpson Strong-
18 Tie... .” *Id.* Gardere did not respond to this letter. Minor Decl. ¶ 16.

19 **II. PROCEDURAL HISTORY**

20 On February 23, 2018, Simpson Strong-Tie filed this action seeking declarations that it
21 does not infringe the ’701 Patent and that the ’701 Patent is invalid. Compl. (Dkt. No. 1). OZCO
22 sought and obtained two extensions to respond to the complaint. Dkt. Nos. 12, 18. Prior to
23 responding to the complaint in this action, OZCO filed a lawsuit in the Eastern District of Texas
24 on May 1, 2018 accusing Simpson Strong-Tie of infringing the ’701 Patent and U.S. Patent No.
25 9,957,998 (“the ’998 Patent”), which issued the same day OZCO filed suit. *Oz-Post*
26 *International, LLC, d/b/a Ozco Building Products v. Simpson Strong-Tie Company, Inc.*, Case No.
27 4:18 cv 00319 (the “Texas Action”).

28 On May 18, 2018, Simpson Strong-Tie amended its complaint to add claims of false

1 advertising after OZCO failed to respond to Simpson Strong-Tie’s earlier demand to cease
2 circulating false advertisements.⁷ Am. Compl. (Dkt. No. 22); see 4/16/18 Letter from Simpson
3 Strong-Tie to OZCO (Minor Decl. ¶ 7; *id.*, Ex. E). And on May 31, 2018, OZCO amended its
4 complaint in the Texas Action to add declaratory relief claims that mirror Simpson Strong-Tie’s
5 False Advertising claims here. Minor Decl. ¶ 8; see Ozco’s Amended Compl. in the Texas Action
6 (Minor Decl. ¶ 8; *id.*, Ex. F). Simpson Strong-Tie intends to seek dismissal or transfer of the
7 Texas Action based on the first-to-file rule. Minor Decl. ¶ 9.

8 On June 1, 2018, OZCO responded to the complaint in this action with a motion to transfer
9 venue. Mot. to Dismiss or Transfer at 4 (“Mot.”)(Dkt. No. 30). Simpson Strong-Tie filed a
10 motion to disqualify OZCO’s counsel, Foley, based on an alleged concurrent representation that
11 breaches Foley’s duty of loyalty two weeks later. Mot. to Disqualify Counsel (“DQ Mot.”)(Dkt.
12 No. 38). I heard argument on both motions on August 8, 2018.

13 **LEGAL STANDARD**

14 **I. MOTION TO TRANSFER**

15 For the convenience of parties and witnesses, in the interest of justice, a district court may
16 transfer any civil action to any other district or division where it might have been brought or to
17 any district or division to which all parties have consented. 28 U.S.C. § 1404(a). District courts
18 have the broad discretion to adjudicate motions to transfer on a case-by-case basis. *Jones v. GNC*
19 *Franchising, Inc.*, 211 F.3d 495, 498 (9th Cir. 2000). Prior to granting a transfer of venue
20 pursuant to 28 U.S.C. § 1404(a), a district court must find “that the transferee court is one where
21 the action might have been brought and that the convenience of parties and witnesses in the
22 interest of justice favor transfer.” *Hatch v. Reliance Ins. Co.*, 758 F.2d 409, 414 (9th Cir. 1985)
23 (internal quotation marks omitted).

24 The factors used in the convenience analysis are: (1) plaintiff’s choice of forum, (2)
25 convenience of the parties, (3) convenience of the witnesses, (4) ease of access to the evidence, (5)

26 _____
27 ⁷ Simpson Strong-Tie alleges that OZCO disseminated false and misleading advertisements
28 comparing certain products, some of which include the purportedly false statement that Simpson
Strong-Tie’s Hex-Head Washers have an “exposed driving port susceptible to corrosion.” 4/16/18
Letter from Simpson Strong-Tie to OZCO.

1 familiarity of each forum with the applicable law, (6) feasibility of consolidation of other claims,
 2 (7) any local interest in the controversy, and (8) the relative court congestion and time of trial in
 3 each forum. *See, e.g., Lax v. Toyota Motor Corp.*, 65 F. Supp. 3d 772, 776 (N.D. Cal. 2014);
 4 *Barnes & Noble, Inc. v. LSI Corp.*, 823 F. Supp. 2d 980,993 (N.D. Cal. 2011); *Vu v. Ortho-McNeil*
 5 *Pharm., Inc.*, 602 F. Supp. 2d 1151, 1156 (N.D. Cal. 2009). “The party seeking transfer has the
 6 burden of showing that transfer is appropriate.” *Sarinana v. DS Waters of Am., Inc.*,
 7 No. C-13-0905 EMC, 2013 U.S. Dist. LEXIS 95649, at *3 (N.D. Cal. July 9, 2013).

8 **II. MOTION TO DISQUALIFY COUNSEL**

9 The Northern District of California local rules require attorneys permitted to practice here
 10 to “[b]e familiar and comply with the standards of professional conduct required of members of
 11 the State Bar of California[.]” Civil L. R. 11-4; *see also Visa U.S.A., Inc. v. First Data Corp.*, 241
 12 F. Supp. 2d 1100, 1103 (N.D. Cal. 2003)(“The Northern District of California has adopted the
 13 California Rules of Professional Conduct at Civ. L.R. 11–4, and attorneys practicing in this court
 14 are required to adhere to those standards, as articulated in the rules and any court decisions
 15 interpreting them.”).

16 “The right to disqualify counsel is within the discretion of the trial court as an exercise of
 17 its inherent powers.” *Visa*, 241 F. Supp. 2d at 1103–04 (citing *United States v. Wunsch*, 84 F.3d
 18 1110, 1114 (9th Cir. 1996)). But “[m]otions to disqualify counsel are strongly disfavored.” *Id.* at
 19 1104. “A motion for disqualification of counsel is a drastic measure which courts should hesitate
 20 to impose except when of absolute necessity.” *In re Marvel*, 251 B.R. 869, 871 (Bankr. N.D. Cal.
 21 2000)(citing *Schiessle v. Stephens*, 717 F.2d 417 (7th Cir. 1983)). “They are often tactically
 22 motivated[.]” and “tend to derail the efficient progress of litigation.” *Id.* (citing *Evans v. Artek*
 23 *Systems Corp.*, 715 F.2d 788, 791 (2nd Cir. 1983)). “The moving party, therefore carries a heavy
 24 burden and must satisfy a high standard of proof.” *Id.* “Because of the potential for abuse,
 25 disqualification motions should be subjected to particularly strict judicial scrutiny.” *Id.*

26 “In reviewing a motion to disqualify counsel, the district court must make ‘a reasoned
 27 judgment and comply with the legal principles and policies appropriate to the particular matter at
 28 issue.’” *Visa*, 241 F. Supp. 2d at 1104 (quoting *Gregori v. Bank of America*, 207 Cal. App. 3d

1 291, 300 (1989)). “The district court is permitted to resolve disputed factual issues in deciding a
2 motion for disqualification and must make findings supported by substantial evidence.” *Id.* (citing
3 *Dept. of Corporations v. Speedee Oil Change Syst.*, 20 Cal.4th 1135, 1143 (1999)).

4 DISCUSSION

5 I. MOTION TO DISMISS OR TRANSFER

6 OZCO moves to transfer this case to the Eastern District of Texas pursuant to 28 U.S.C. §
7 1404(a), or, in the alternative, to dismiss under the court’s discretionary authority to hear (or not
8 hear) declaratory relief cases. Mot. at 1.

9 A. Whether this Action Should be Transferred

10 Neither party disputes that this case was properly brought here but could also have been
11 brought in the Eastern District of Texas. Since OZCO concedes that venue is proper here, it has
12 “the burden of showing that transfer is appropriate.” *Sarinana*, 2013 U.S. Dist. LEXIS 95649, at
13 *3; *see also Decker Coal Co. v. Commonwealth Edison Co.*, 805 F.2d 834, 843 (9th Cir.
14 1986)(“The defendant must make a strong showing of inconvenience to warrant upsetting the
15 plaintiff’s choice of forum.”); *Florens Container v. Cho Yang Shipping*, 245 F. Supp. 2d 1086,
16 1092 (N.D. Cal. 2002)(“[U]nder Ninth Circuit law, a plaintiff’s choice of forum is accorded
17 substantial weight in proceedings under this section, and courts generally will not transfer an
18 action unless the ‘convenience’ and ‘justice’ factors strongly favor venue elsewhere.”).

19 As an initial matter, this is the first-filed action, so OZCO cannot (and does not) argue that
20 this case should be transferred because the Texas action was filed first.⁸ *See Pacesetter Sys., Inc.*
21 *v. Medtronic, Inc.*, 678 F.2d 93, 94–95 (9th Cir. 1982)(noting that the first-to-file rule “is a
22 generally recognized doctrine of federal comity which permits a district court to decline
23

24 ⁸ As previously mentioned, Simpson Strong-Tie will seek to transfer the Texas Action to this
25 forum based on the first-to-file rule. “Federal Circuit law controls the first-to-file rule in patent
26 cases such as this, where an action for infringement and a declaratory judgment action for non-
27 infringement are pending in different districts.” *EMC Corp. v. Bright Response, LLC*, No. 12-cv-
28 2841-EMC, 2012 U.S. Dist. LEXIS 132513, 2012 WL 4097707, at *3 n.2 (N.D. Cal. Sept. 17,
2012) (citations omitted). The Federal Circuit applies “the general rule favoring the forum of the
first-filed case, unless considerations of judicial and litigant economy, and the just and effective
disposition of disputes, requires otherwise.” *Elecs. for Imaging, Inc. v. Coyle*, 394 F.3d 1341,
1347 (Fed. Cir. 2005) (citation and internal quotation marks omitted).

1 jurisdiction over an action when a complaint involving the same parties and issues has already
2 been filed in another district.”). Rather, OZCO focuses on the convenience analysis and argues
3 that this declaratory judgment patent action should have been brought in the Eastern District of
4 Texas because that is the location of “the hub of business activity surrounding” both parties’
5 products, relevant witnesses and documents, and pending litigation, and, as a result, that district
6 has a strong interest in the case. Mot. at 4. But Simpson Strong-Tie counters that its “witnesses
7 are located in California, the Accused Products were developed here, and they are sold here more
8 than anywhere else.” Opp’n at 11.

9 **1. Simpson Strong-Tie’s Choice of Forum**

10 “[G]reat weight is generally accorded plaintiff’s choice of forum[.]” *Lou v. Belzberg*, 834
11 F.2d 730, 739 (9th Cir. 1987). “This deference is especially great when the plaintiff has chosen to
12 file the lawsuit in its home forum.” *Finjan, Inc. v. Sophos Inc.*, No. 14-CV-01197-WHO, 2014
13 WL 2854490, at *3 (N.D. Cal. June 20, 2014). Simpson Strong-Tie, a longtime resident of
14 California, was accused of patent infringement in California and chose to file suit in its home state
15 where it designed and developed the Accused Products, and where the majority of those products
16 are sold.

17 As I move through the convenience factors, I keep in mind that “[t]he defendant must
18 make a strong showing of inconvenience to warrant upsetting the plaintiff’s choice of forum.”
19 *Decker*, 805 F.2d at 843.

20 **2. Convenience of the Parties and Witnesses, and Ease of Access to the**
21 **Evidence**

22 OZCO argues that all of its witnesses are located in Texas, and specifically focuses on two
23 former employees and other non-party witnesses, who live in northeast Texas and purportedly
24 cannot be compelled to appear here, but are within the subpoena power of the Eastern District of
25 Texas. Mot. at 5–6. It also underscores that it is a small company and six out of eleven of its
26 employees will likely be key witnesses, so the burden of traveling to this district for trial would
27 impact its ability to perform daily business activities. *Id.* at 6. On the other hand, Simpson
28 Strong-Tie lists eight key witnesses based in Pleasanton, identifies the subject of each witness’s

1 testimony, and emphasizes that its Texas branch has no relevance to this dispute.

2 “In considering the convenience of witnesses, courts have recognized that the convenience
3 of *non-party witnesses* is more important than the convenience of party witnesses, including
4 representatives of corporate parties.” *Kaur v. US Airways, Inc.*, No. C-12-5963 EMC, 2013 U.S.
5 Dist. LEXIS 64519, at *12-13 (N.D. Cal. May 6, 2013); *see also Shabani v. Volkswagen Grp. of*
6 *Am. Inc.*, C 12-02365 LB, 2012 U.S. Dist. LEXIS 142728, 2012 WL 4675047, at *6 (N.D. Cal.
7 Oct. 2, 2012) (“[T]hese corporate representatives and documents are under VW’s control, and the
8 convenience to VW is less important than the convenience of non-party witnesses”); *Clark v.*
9 *Sprint Spectrum L.P.*, C 10-03625 SI, 2010 U.S. Dist. LEXIS 136510, 2010 WL 5173872, at *3
10 (N.D. Cal. Dec. 15, 2010) (“The convenience of non-party witnesses is a more important factor
11 than the convenience of the parties.”). Moreover, courts have rejected arguments when “[t]he
12 transfer would merely shift rather than eliminate the inconvenience.” *Decker*, 805 F.2d at 843. I
13 will therefore focus on the purported non-party witnesses.

14 Simpson Strong-Tie challenges whether the third parties identified by OZCO are actually
15 necessary witnesses and underscores that it is OZCO’s burden to “demonstrate, through affidavits
16 or declarations containing admissible evidence, who the key witnesses will be and what their
17 testimony will generally include.” *Cochran v. NYP Holdings, Inc.*, 58 F. Supp. 2d 1113, 1119
18 (C.D. Cal. 1998); *see Hill Decl.* ¶ 5 (noting that “former OZCO employees are also *likely*
19 *witnesses*”)(emphasis added). Simpson Strong-Tie argues that it is insufficient for OZCO to
20 identify individuals and their titles without explaining their anticipated testimony or relevance.
21 Opp’n at 15. And it further contends that OZCO has not even established that any of the potential
22 witnesses would be unwilling to travel to California.

23 In Reply, OZCO simply offers that the identified third parties are “relevant and key to this
24 dispute” because they have knowledge concerning the design and marketing efforts of OZCO’s
25 products. It also emphasizes that Simpson Strong-Tie’s allegedly infringing product deceived
26 OZCO’s distributors and customers, most of whom are located in Texas. Since OZCO merely
27 asserts that “[t]hese non-party witnesses are relevant to the litigation and *may need* to be called at
28 [sic] trial witnesses[,]” Mot. at 5–6 (emphasis added), it has not met its burden of demonstrating

1 that these individuals are key witnesses whose testimony at trial would be necessary. *See Gates*
 2 *Learjet Corp. v. Jensen*, 743 F.2d 1325, 1335–36 (9th Cir. 1984)(noting that the district court
 3 “improperly focused on the number of witnesses in each location[,]” and “should have examined
 4 the materiality and importance of the anticipated witnesses’ testimony and then determined their
 5 accessibility and convenience to the forum.”).

6 OZCO emphasizes that it is a much smaller company, so half of its employees would be
 7 impacted whereas a small percentage of Simpson Strong-Tie’s employees would have to travel.
 8 But shifting the inconvenience onto Simpson Strong-Tie does not justify a transfer. *See, e.g., Van*
 9 *Dusen v. Barrack*, 376 U.S. 612, 645–46 (1964)(“Section 1404(a) provides for transfer to a more
 10 convenient forum, not to a forum likely to prove equally convenient or inconvenient.”); *Barnes &*
 11 *Noble, Inc. v. LSI Corp.*, 823 F. Supp. 2d 980, 994 (N.D. Cal. 2011)(finding transfer inappropriate
 12 where “either forum would offer some conveniences and inconveniences to both the parties and
 13 witnesses”); *E. & J. Gallo Winery v. F. & P. S.p.A.*, 899 F. Supp. 465, 467 (E.D. Cal. 1994)(“The
 14 inconvenience of [non-party witnesses]—though considerable—does not bear F & P’s heavy
 15 burden of showing a strong balance of convenience for defendant.”).

16 As for the relevant evidence, “[i]n patent infringement cases, the bulk of the relevant
 17 evidence usually comes from the accused infringer.” *In re Genentech, Inc.*, 566 F.3d 1338, 1345
 18 (Fed. Cir. 2009)(quoting another source). Therefore, the more convenient location is typically
 19 where an accused infringer’s evidence is stored. *Id.* But in the age of electronically stored
 20 information, “[t]he ease of access to evidence is neutral because much of the evidence in this case
 21 will be electronic documents, which are relatively easy to obtain in any district.” *Finjan*, 2014
 22 WL 2854490, at *6.

23 **3. “Interests of Justice” Factors**

24 These factors—familiarity of each forum with the applicable law, feasibility of
 25 consolidation of other claims, any local interest in the controversy, and the relative court
 26 congestion and time of trial in each forum—are neutral or weigh slightly in favor of keeping the
 27 case here. In addition to Simpson Strong-Tie’s federal claims, it asserts a California statutory
 28 claim for False Advertising in violation of California Business and Professions Code § 17500.

1 OZCO points out that Simpson Strong-Tie’s state law claim for false advertising is “substantially
2 congruent to claims made under the Lanham Act[.]” *Kwan Software Eng'g, Inc. v. Foray Techs.,*
3 *LLC*, No. C 12-03762 SI, 2014 WL 572290, at *3 (N.D. Cal. Feb. 11, 2014)(quoting another
4 source).

5 Courts have found persuasive the argument that California district courts are more familiar
6 adjudicating issues of California law, including claims for false advertising.⁹ *E.g., Hendricks v.*
7 *StarKist Co.*, No. 13-cv-729 YGR, 2014 U.S. Dist. LEXIS 41718, at *15-16 (N.D. Cal. Mar. 25,
8 2014)(“[T]he Court finds merit to the argument that the California district courts are more familiar
9 with the California laws governing the claims here.”); *In re Ferrero Litig.*, 768 F. Supp. 2d 1074,
10 1081 (S.D. Cal. 2011)(“A California district court is more familiar with California law than
11 district courts in other states.”). This factor favors keeping the case here.

12 The consolidation factor does as well. While the actions will likely be consolidated
13 wherever they land, the first-to-file principle suggests that the cases should be consolidated here
14 since this action was filed first.¹⁰ *See, e.g., In re Ferrero Litig.*, 768 F. Supp. 2d at 1082
15 (considering the consolidation factor and finding that the first-to-file rule favored against
16 transferring the action).

17 The parties dispute which forum has a stronger interest in this litigation. Courts have
18 found that the forum “with the most allegedly infringing sales” has a “significant interest” in a

19
20 ⁹ OZCO also argues that Simpson Strong-Tie’s claims for false advertising “are without merit.”
21 Reply at 7. While I need not assess the plausibility of the claims at this stage, I note that Simpson
22 Strong-Tie’s letter identifies the advertisements at issue, and points out how and why they are
23 misleading. *See* 4/16/18 Letter from Simpson Strong-Tie to OZCO (Minor Decl. ¶ 7; *id.*, Ex. E).

24 ¹⁰ Simpson Strong-Tie points out that OZCO has not argued that this is an anticipatory declaratory
25 judgment action warranting an exception to the first-to-file rule. Since OZCO had not
26 communicated an “immediate plan[] to file suit, [Simpson Strong-Tie] could have reasonably
27 believed that a declaratory judgment action was its best option to expedite a resolution.” *Barnes*
28 *& Noble, Inc. v. LSI Corp.*, No. C-11-2709-EMC, 823 F. Supp. 2d 980, 992 (N.D. Cal. 2011).
Given the purpose of the Declaratory Judgment Act, “the mere potential of future litigation would
not render a declaratory judgment suit ‘anticipatory’ so as to vitiate the first-filed rule.” *Id.* Nor
can this action be considered the winner in a “race to the courthouse,” *Micron Tech., Inc. v.*
Mosaid Techs., Inc., 518 F.3d 897, 904-905 (Fed. Cir. 2008), since Simpson Strong-Tie filed this
action one year after OZCO’s first demand letter and one month after the second letter, it “does
not come close to ‘literally sprinting to the courthouse the same day.’” *Trend Micro Inc. v. RPost*
Holdings, Inc., No. 13-cv-05227-WHO, 2014 U.S. Dist. LEXIS 47946, at *27 (N.D. Cal. Apr. 7,
2014).

1 patent infringement dispute. *Royal Queentex Enters. v. Sara Lee Corp.*, No. C 99-4787 MJJ, 2000
 2 U.S. Dist. LEXIS 10139, at *24 (N.D. Cal. Mar. 1, 2000). Simpson Strong-Tie argues that
 3 California has a greater interest because the Accused Products are designed, marketed and
 4 predominantly sold in California, and it is harmed here. OZCO insists that the Eastern District of
 5 Texas has a greater interest because both parties conduct business in that district, OZCO’s
 6 headquarters is “minutes away from the district’s border,” and the impetus for both lawsuits is
 7 “the deception of Simpson’s infringing product in Texas.” Reply at 5. Both forums have an
 8 interest in this litigation; OZCO has not established that this factor tips in its favor. *See, e.g.*,
 9 *Royal Queentex*, 2000 U.S. Dist. LEXIS 10139, at *24.

10 The remaining factor, court congestion, appears to be neutral based on the nearly
 11 equivalent statistics surrounding court congestion and time in each district. U.S. Dist. Courts—
 12 Combined Civ. & Crim. Fed. Ct. Mgmt. Statistics,
 13 <http://www.uscourts.gov/statistics/table/na/federal-court-management-statistics/2017/09/30-1> (last
 14 visited July 23, 2018)(noting, for fiscal year ending September 30, 2017, the average time from
 15 filing to disposition in civil cases was 6.9 months in Eastern District of Texas and 7.2 months in
 16 Northern District of California, and the average time from filing to trial in civil cases was 23.8
 17 months in Eastern District of Texas and 24.8 months in Northern District of California).¹¹ OZCO
 18 also argues that the recent decision in *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, ___
 19 U.S. ___, 137 S. Ct. 1514 (2017) has led to an increase of patent cases in the Northern District of
 20 California and a decrease in the Eastern District of Texas, which has yet to be reflected in the
 21 court statistics. While this may be true, it does not sway the overall balance because this “minor”
 22 factors add little to the analysis. *See Royal Queentex*, 2000 U.S. Dist. LEXIS 10139, at *24
 23 (“Relative court congestion is at best, a minor factor in the section 1404 calculus.”).

24 OZCO has not met its burden to show that the convenience of the parties and the interest of
 25 justice warrant transferring this case.

28 ¹¹ OZCO cited different statistics in its motion, which I do not see in the cited table.

1 **B. Whether this Action Should Be Dismissed**

2 In the alternative, OZCO argues that I should decline to exercise my discretionary
3 authority over this declaratory relief action and dismiss this case. This argument ignores Simpson
4 Strong-Tie’s affirmative claims for false advertising. It makes little sense to dismiss the
5 declaratory relief claims and leave other claims pending. Moreover, OZCO fails to offer any cases
6 in which a court has declined to exercise jurisdiction over a first-filed declaratory relief action in
7 favor of a later-filed infringement case.

8 “The purpose of the Declaratory Judgment Act ... in patent cases is to provide the allegedly
9 infringing party relief from uncertainty and delay regarding its legal rights.” *Micron Tech., Inc. v.*
10 *Mosaid Techs., Inc.*, 518 F.3d 897, 902 (Fed. Cir. 2008)(quoting another source). “A district
11 court, when deciding whether to exercise its discretion, should decide whether hearing the case
12 would ‘serve the objectives for which the Declaratory Judgment Act was created.’” *Id.* OZCO
13 does not and cannot argue that Simpson Strong-Tie’s declaratory relief claims do not serve the
14 purpose of the Declaratory Judgment Act; rather, it contends, without support, that I dismiss this
15 suit and allow the parties to resolve their dispute in the Eastern District of Texas litigation. Mot.
16 at 11. Since this is the first-filed action, I see no basis for declining to exercise jurisdiction over
17 Simpson Strong-Tie’s case. OZCO’s motion to dismiss or transfer is DENIED.

18 **II. MOTION TO DISQUALIFY COUNSEL**

19 Foley acknowledges that it currently represents Simpson Strong-Tie in labor and
20 employment matters while simultaneously representing OZCO in this case adverse to Simpson
21 Strong-Tie. Opp’n at 3 (Dkt. No. 42). But it contends that these concurrent representations do not
22 violate California Rule of Professional Conduct 3-310 (“Rule 3-310”) given Simpson
23 Management’s advance conflict waiver. To the extent Simpson Strong-Tie intends to rely on the
24 Gardere representation in the Condemnation Action, Foley also insists that Simpson Management
25 “affirmatively waived the present conflict[.]” *Id.* at 4.

26 **A. Rules Governing Concurrent Representation**

27 California Rule of Professional Conduct 3-310, provides, in part, that
28 A member shall not, without the informed written consent of each
 client:
 (1) Accept representation of more than one client in a matter in

1 which the interests of the clients potentially conflict; or
2 (2) Accept or continue representation of more than one client in a
3 matter in which the interests of the clients actually conflict; or
4 (3) Represent a client in a matter and at the same time in a separate
5 matter accept as a client a person or entity whose interest in the first
6 matter is adverse to the client in the first matter.

7 Cal. Rule Prof. Conduct 3-310(C). Rule 3-310 defines “disclosure” as “informing the client or
8 former client of the relevant circumstances and of the actual and reasonably foreseeable adverse
9 consequences to the client or former client[.]” Cal. Rule Prof. Conduct 3-310(A). And it defines
10 “informed written consent” as “the client’s or former client’s written agreement to the
11 representation following written disclosure[.]” Cal. Rule Prof. Conduct 3-310(A).

12 “A concurrent conflict places the interests of two current clients at odds.” *Lennar Mare*
13 *Island, LLC v. Steadfast Ins. Co.*, 105 F. Supp. 3d 1100, 1108 (E.D. Cal. 2015). Rule 3-310
14 creates a presumption that the duty of loyalty has been breached when a law firm concurrently
15 represents two clients whose interests are adverse, even on unrelated matters. *Visa*, 241 F. Supp.
16 2d at 1104; *see also White v. Experian Info. Sols.*, 993 F. Supp. 2d 1154, 1161 (C.D. Cal.
17 2014)(“The default rule for a concurrent conflict in California is automatic disqualification in all
18 but a small number of cases.”); *Flatt v. Superior Court*, 9 Cal. 4th 275, 284 (1994)(“Even though
19 the simultaneous representations may have *nothing* in common, and there is *no* risk that
20 confidences to which counsel is a party in the one case have any relation to the other matter,
21 disqualification may nevertheless be *required*.”)(emphasis in original).

22 The presumption may be rebutted, however, “if full disclosure of the situation is made to
23 both clients and both agree in writing to waive the conflict.” *Visa*, 241 F. Supp. 2d at 1105.
24 Under California law, an advance waiver of potential future conflicts is permitted, “even if the
25 waiver does not specifically state the exact nature of the future conflict.” *Id.* (citing *Maxwell v.*
26 *Superior Court*, 30 Cal. 3d 606, 622 (1982)). “The only inquiry that need be made is whether the
27 waiver was fully informed.” *Id.*

28 **B. The Foley Engagement Agreement and Concurrent Representation**

Simpson Strong-Tie is not a party to the Foley Engagement Agreement, but Foley
nonetheless represents it in labor and employment matters, including the ongoing matter before
the DFEH. *See* Magstadt Decl. ¶¶ 10–18. The Conflicts provision provides,

1 This Agreement creates an attorney/client relationship only between
2 [Foley] and [Simpson Manufacturing]. Therefore, [Simpson
3 Manufacturing] agrees that this engagement does not create an
4 attorney/client relationship between [Foley] and any business
5 entities with which you are affiliated unless subject to separate
6 engagement Agreement. [Simpson Manufacturing] will not provide
7 [Foley] with any confidential information about any of its other
8 subsidiaries or affiliates, and [Foley] will not provide services to
9 [Simpson Manufacturing's] subsidiaries or affiliates unless [Foley]
10 represents such subsidiary or affiliate. [Simpson Manufacturing]
11 agrees that [Foley's] representation of [Simpson Manufacturing]
12 will not create any conflicts of interest in the event that other clients
13 of [Foley] are adverse to a subsidiary or affiliate of [Simpson
14 Manufacturing] (unless that subsidiary or affiliate also is represented
15 by [Foley]).

9 Foley Engagement Agreement, § 3. Yet Simpson Strong-Tie insists that its absence from the
10 Engagement Agreement is “irrelevant to the question of whether Foley represents Simpson
11 Strong-Tie.” DQ Mot. at 12.

12 In *Lennar Mare Island, LLC v. Steadfast Ins. Co.*, the Hon. Kimberly J. Mueller assessed a
13 similar situation in which the parent company was named in the engagement agreement, which
14 included an explicit provision identifying the client as the parent and not any subsidiaries, but the
15 firm nonetheless expanded its representation to include certain subsidiaries. 105 F. Supp. 3d
16 1100, 1113–14 (E.D. Cal. 2015). Judge Mueller concluded that the firm’s conduct demonstrated
17 that both the parent and subsidiary were current clients, notwithstanding the language of the
18 agreement. *Id.* at 1114; *see also id.* at 1119 (“It [Hogan Lovells] directly represented CH2M's
19 subsidiaries in the Savannah River fee dispute without updating its engagement letter, despite its
20 original intent not to represent a subsidiary absent express written agreement.”).

21 Foley does not dispute that it currently represents “Simpson,” although that
22 acknowledgement is somewhat muddled because it uses “Simpson” to refer to both Simpson
23 Strong-Tie and Simpson Manufacturing. *See* Opp’n at 3 (“Foley does not dispute that it currently
24 represents Simpson in L&E matters and currently represents OZCO in this patent case adverse to
25 Simpson.”). Regardless, as in *Lenmar*, its conduct establishes that it currently represents Simpson
26 Strong-Tie, notwithstanding the language of the Engagement Agreement.

27 Since Foley is concurrently representing Simpson in labor and employment matters and
28 OZCO, its adversary in this case, there is a presumption that Foley’s duty of loyalty has been

1 breached. *Visa*, 241 F. Supp. 2d at 1104. Foley aims to rebut the presumption by relying on the
2 advanced waiver provision of the Foley Engagement Agreement, but Simpson Strong-Tie insists
3 that Foley cannot enforce the agreement against it.

4 **C. The Advanced Waiver Applies to Simpson Strong-Tie**

5 Simpson Strong-Tie emphasizes that it is not a party to the Foley Engagement Agreement.
6 But both parties tacitly acknowledge that Foley’s work for Simpson Strong-Tie stems from the
7 Foley Engagement Agreement.

8 “California law recognizes that a parent corporation and its subsidiary, even if wholly
9 owned, are generally regarded as separate entities for conflicts purposes, unless an exception
10 applies—where the relationship between the entities are such they have a ‘unity of interests’ so as
11 to deserve being treated as one.” *Certain Underwriters at Lloyd's London v. Argonaut Ins. Co.*,
12 264 F. Supp. 2d 914, 920–21 (N.D. Cal. 2003). The *Argonaut* court applied the “unity of interest”
13 test of *Morrison Knudsen Corp. v. Hancock, Rothert & Bunshoft*, 69 Cal. App. 4th 223 (1999), in
14 the context of concurrent representation of adverse interests and concluded that “[t]he question ...
15 is whether there is a sufficient unity of interest between [parent] and [subsidiary] such that [the
16 firm’s] representation of [parent’s adversary] in the instant case reasonably diminishes the ‘level
17 of confidence and trust in counsel’ held by [subsidiary].” 264 F. Supp. 2d at 922. The court found
18 two factors “militate[d] in favor of finding a reasonable basis for a diminution of such trust and
19 confidence[:.]” the financial impact of the instant litigation on the subsidiary, and “the management
20 operations and the legal affairs” were “essentially identical” for both the parent and subsidiary. *Id.*
21 at 923–24.

22 As discussed above, Foley actually represents Simpson Strong-Tie, so I need not analyze
23 whether there is a “unity of interests” between Simpson Manufacturing and Simpson Strong-Tie.
24 But there is absolutely a “unity of interests,” and I quickly address the issue to expose Simpson
25 Strong-Tie’s attempts to acknowledge its separate corporate status only when advantageous. In
26 the event Foley disputed its representation of Simpson Strong-Tie, Simpson Strong-Tie argued
27 that the two companies share a unity of interests such that they should be treated as one for
28 conflicts purposes. *See* DQ Mot. at 13 n.7; *see also id.* at 8 (arguing, with respect to the Gardere

1 representation in the Condemnation Action that “Simpson Manufacturing and Simpson Strong-Tie
2 are operationally interrelated and have a unity of interests that are completely aligned, they should
3 be considered a single entity for conflicts purposes.”).

4 Magstadt, the chief financial officer of both companies, acknowledges the “complete
5 overlap in management control.” Magstadt Decl. ¶ 6. Moreover, Simpson Strong-Tie accounts
6 for all of Simpson Manufacturing’s domestic revenue and “it is the entity that employs Simpson
7 Strong-Tie’s non-exempt employees[,]” *id.* ¶¶ 5, 19, so it is unclear how any of Foley’s labor and
8 employment representation would have been limited to Simpson Manufacturing in the first place.
9 The financial consequences of this litigation will equally impact Simpson and Simpson
10 Manufacturing, and “the management operations and the legal affairs” are “essentially identical”
11 for both the parent and subsidiary. *See* 264 F. Supp. 2d at 923–24.

12 Under these circumstances, the Engagement Agreement can be enforced against Simpson
13 Strong-Tie. It is clearly benefiting from Foley’s representation under the Engagement Agreement
14 and the individual that signed the Engagement Agreement on behalf of Simpson Manufacturing
15 also serves as the chief financial officer for Simpson Strong-Tie. It must have been the intended
16 beneficiary of the Engagement Agreement, as evidenced by Foley providing services for Simpson
17 Strong-Tie and Simpson Manufacturing paying Simpson Strong-Tie’s legal bills (and because
18 Simpson Strong-Tie would be the likely entity with domestic labor and employment matters). It
19 aims to benefit from the Engagement Agreement, while ignoring the conditions of the agreement.
20 *See supra* section B.1. I cannot endorse this strategic positioning. In this case, the advanced
21 waiver can be enforced against it.

22 **D. The Advanced Waiver And Informed Consent**

23 “An evaluation of whether full disclosure was made and the client made an informed
24 waiver ‘is obviously a fact-specific inquiry.’” *Visa*, 241 F. Supp. 2d at 1106. Courts look to the
25 following factors to guide the inquiry:

26 [T]he breadth of the waiver, the temporal scope of the waiver
27 (whether it waived a current conflict or whether it was intended to
28 waive all conflicts in the future), the quality of the conflicts
discussion between the attorney and the client, the specificity of the
waiver, the nature of the actual conflict (whether the attorney sought
to represent both clients in the same dispute or in unrelated

disputes), the sophistication of the client, and the interests of justice.

1
2
Id.

The advanced waiver from the Foley Engagement Agreement provides,

3 [Simpson Manufacturing] agrees that [Foley] may represent current
4 or new clients in work directly adverse to [Simpson Manufacturing],
5 and may be adverse to the business entities with which you are
6 affiliated, provided such work is not substantially related to the
7 Matter and [Foley] does not use any of [Simpson Manufacturing's]
8 confidential information in representing such clients. This consent
9 includes our being counsel in litigation or other formal disputes
10 adverse to [Simpson Manufacturing]. In addition, [Simpson
11 Manufacturing] agrees that, even though [Foley] represents
12 [Simpson Manufacturing] in this Matter, [Foley]
13 may represent in the future other parties who are adversely involved
14 in the Matter, or who may later become adversely involved in the
15 Matter, as long as that representation of other parties is substantially
16 unrelated to the Matter. By way of examples only, and assuming
17 such representations are not substantially related to the Matter, we
18 may represent one or more parties in bankruptcy cases that may
19 have interests adverse to [Simpson Manufacturing], we may
20 represent clients with regard to intellectual property rights that may
21 be adverse to those of [Simpson Manufacturing], or we may
22 represent clients in contract negotiations adverse to [Simpson
23 Manufacturing]. [Foley] agrees that it will not use any of [Simpson
24 Manufacturing's] confidential information in representing such
25 other clients and, when needed, we will establish an ethical wall to
26 assure that confidential information is not exchanged between those
27 working on the Matter and those working for such other clients.

16 Foley Engagement Agreement § 4. Numerous courts have found similar “broad, general, and
17 indefinite” advance waivers insufficient disclosure to establish the client’s informed consent.

18 **1. The Advance Waiver is Broad, Open-Ended, and Non-Specific (Factors**
19 **1, 2, and 4)**

20 Foley acknowledges that the advance waiver is “unlimited in time” and “broad in scope[.]”
21 but argues that it is “very specific” because it states that the consent concerns “litigation or other
22 formal disputes adverse to the Company” and provides non-limiting examples such as “intellectual
23 property rights[.]” Opp’n at 6. It also insists that the scope is limited because any future adverse
24 representation must be “substantially unrelated to the Matter.” Courts have repeatedly rejected
25 these arguments and labeled similarly worded advance waiver provisions “broad, general, and
26 indefinite.” *E.g.*, *Lennar*, 105 F. Supp. 3d at 1114–19 (E.D. Cal. 2015) (finding broad, general,
27 indefinite waiver insufficient to waive future conflict of interest stemming from concurrent
28 representation); *W. Sugar Coop. v. Archer-Daniels-Midland Co.*, 98 F. Supp. 3d 1074, 1083 (C.D.

1 Cal. 2015) (same)¹²; *Concat LP v. Unilever, PLC*, No. C-04-1396-SI, 350 F. Supp. 2d 796, 820
2 (N.D. Cal. 2004)(same)¹³; *TransPerfect Glob., Inc. v. MotionPoint Corp.*, No. C-10-02590 CW
3 (JCS), 2012 U.S. Dist. LEXIS 85649, at *28–32 (N.D. Cal. June 20, 2012)(finding no informed
4 written consent in an engagement agreement that did not mention the party or the matter).
5 Nonetheless, the provision does mention litigation, it explicitly lists intellectual property, and it is
6 limited to “substantially unrelated” matters.

7 **2. The Quality of the Conflicts Discussion (Factor 3)**

8 According to Magstadt, Foley did not discuss the advance waiver provision with him prior
9 to executing the Engagement Agreement. Magstadt ¶ 9. Foley does not dispute this assertion and
10 admits that “no record exists of any specific discussion concerning the waiver at the time it was
11 signed... .” Opp’n at 7. But it looks to the communication between Simpson Manufacturing’s
12 former vice president Jeff Mackenzie and former Gardere attorneys regarding the Condemnation

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¹² The waiver provided, “[i]t is possible that some of our current or future clients will have disputes with you during the time we are representing you. We therefore also ask each of our clients to agree that we may continue to represent or may undertake in the future to represent existing or new clients in any matter that is not substantially related to our work for you, even if the interest of such clients in those unrelated matters are directly adverse to yours....” *W. Sugar*, 98 F. Supp. 3d at 1083.

¹³ The waiver provided:
Morgan, Lewis & Bockius is a large law firm, and we represent many other companies and individuals. It is possible that some of our present or future clients will have disputes or other dealings with you during the time that we represent you. Accordingly, as a condition of our undertaking of this matter for you, you agree that Morgan, Lewis & Bockius may continue to represent, or may undertake in the future to represent, existing or new clients in any matter, including litigation, that is not substantially related to our work for you, even if the interests of such clients in those other matters are directly adverse to you. Further, you agree in *802 light of its general consent to such unrelated conflicting representations, Morgan, Lewis & Bockius will not be required to notify you of each such representation as it arises. We agree, however, that your prospective consent to conflicting representations contained in the preceding sentence shall not apply in any instance where, as the result of our representation of you, we have obtained confidential information of a non-public nature that, if known to another client of ours, could be used to your material disadvantage in a matter in which we represent, or in the future are asked to undertake representation of, that client.
Concat, 350 F. Supp. 2d at 801–02.

1 Action as “instructive.” *Id.* In that communication, Gardere attorney Kate David wrote the
2 following:

3 As a heads up, one of our attorneys has been approached about filing
4 a patent infringement suit against Simpson Strong-Tie Co. Gardere
5 does not represent Strong-Tie and our engagement letter provides
6 that it’s okay for us to be adverse to your affiliates, but as we are
7 handling the condemnation for Simpson Manufacturing, I wanted to
8 run this by you.
9 Please let me know if this is okay or if you’d like to discuss in more
10 detail.

11 1/31/17 Email from Gardere to Simpson Manufacturing (Dkt. No. 38-1 at 31). Mackenzie
12 responded, “I don’t think that that would be an issue as long as no information is shared.” *Id.*

13 Foley argues that Simpson Manufacturing’s informed consent in that situation suggests
14 that consent should be inferred under these circumstances because “Simpson has not explained
15 why they would agree to the adverse representation in view of land condemnation but not in view
16 of [labor and employment] matters... .” Opp’n at 7. This is true, but irrelevant. The burden is not
17 on Simpson Strong-Tie to explain why consent would not have been given had a discussion
18 occurred. *See Lenmar*, 105 F. Supp. 3d at 1118 (“The court declines to accept Steadfast’s
19 argument at hearing, that CCI bore the burden of showing it had withheld consent.”).

20 Moreover, Simpson Strong-Tie challenges the sufficiency of this email disclosure given
21 that Gardere never disclosed the name of the client, whether or not it was a current or prospective
22 client, and the precise nature of the representation, including that Gardere had been prosecuting
23 patents on OZCO’s behalf—patents that were intended to cover Simpson Strong-Tie’s products.
24 Given these omissions, Simpson Strong-Tie contends that Mackenzie’s consent was not fully
25 informed. On the other hand, Gardere’s disclosure identifies the specific nature of the matter
26 (patent infringement) and the possibility that it would be filed against Simpson Strong-Tie. If
27 Mackenzie had concerns based on this information, he could have sought additional information,
28 but instead he expressed his perspective that the representation should not present an issue as long
as no information is shared.

The Mackenzie-David exchange has no bearing on the quality of the conflicts discussion
concerning the Foley Engagement Agreement; Foley acknowledges that there is no evidence of
any discussion. The Mackenzie-David exchange is, however, relevant to whether Gardere

1 obtained a second waiver with respect to the underlying conflict prior to the merger with Foley.
2 *See* D.5 below re: interests of justice factor. If anything, the Gardere exchange shows that the
3 most prudent course of action would have been for Foley to inform Simpson¹⁴ that Foley would be
4 representing OZCO in this patent infringement suit involving Simpson Strong-Tie, just as the
5 Gardere attorneys did with respect to their representation of Simpson in the Texas Condemnation
6 Action. The disclosure would have been especially warranted since Foley was not representing
7 OZCO when Simpson Strong-Tie filed this action (prior to the merger), but was (and is)
8 representing “Simpson” in labor and employment matters. Under these circumstances, Foley
9 should have made efforts to obtain a “second waiver.” *See, e.g., Concat*, 350 F. Supp. 2d at 821
10 (“[E]ven if a prospective waiver of conflict has been obtained, the attorney must request a second,
11 more specific waiver, ‘if the [prospective] waiver letter insufficiently disclosed the nature of the
12 conflict that subsequently arose between the parties.’”)(quoting *Visa*, 241 F. Supp. 2d at 1106).

13 **3. The Nature of the Actual Conflict (Factor 5)**

14 Simpson Strong-Tie admits that the matters are unrelated. DQ Mot. at 17. The advance
15 waiver explicitly states that Foley would not seek to represent an adverse client in a “substantially
16 related” matter.

17 **4. The Sophistication of the Client (Factor 6)**

18 Simpson Strong-Tie acknowledges that Simpson Manufacturing is “a public company with
19 experience in hiring outside counsel,” but emphasizes that neither entity “employs any in-house
20 lawyers, not do they have an in-house legal department.” DQ Mot. at 17. It underscores that the
21 individuals responsible for evaluating engagement agreements and hiring outside counsel are lay
22 businessmen and businesswomen. *Id.*; *see* Magstadt Decl. ¶ 7. OZCO cites to *Cotchett, Pitre &*
23 *McCarthy v. Universal Paragon Corp.*, 187 Cal. App. 4th 1405 (2010), to support its contention
24 that an agreement entered into by a sophisticated party should generally be enforced. *See* Opp’n at
25 11 (citing *Cotchett*, 187 Cal. App. 4th at 1419–20).

26
27 _____
28 ¹⁴ Given the “complete overlap” in management, this is an instance where there is no real
distinction between Simpson Manufacturing and Simpson Strong-Tie. If Foley had informed
Magstadt, both entities would have learned of the conflict.

1 This factor adds little to the analysis. With respect to *Cotchett*, the facts are very different:
2 when analyzing unconscionability in the context of a fee agreement, the party arguing for the
3 unenforceability of that contract, a “sophisticated corporate client,” employed outside counsel to
4 negotiate the fee agreement. *Cotchett*, 187 Cal. App. at 1421. Here, Simpson Manufacturing had
5 no outside counsel and no in-house counsel assisting in its review of the Engagement Agreement.
6 More on point, OZCO highlights Simpson Manufacturing’s size, experience as a party in
7 litigation, and extensive intellectual property portfolio to urge that it must “ha[ve] someone in-
8 house responsible for its legal services.” Opp’n at 13.¹⁵ It also underscores the fact that Simpson
9 retained outside counsel for various disputes depending on counsel’s subject matter expertise,
10 which implies a certain level of sophistication.

11 While neither Simpson entity utilizes in-house counsel, they do have extensive experience
12 hiring outside counsel. They cannot and do not deny the fact that they are sophisticated corporate
13 entities. Courts have found this factor satisfied under less persuasive circumstances. *See, e.g.,*
14 *Concat*, 350 F. Supp. 2d at 820 (“Dr. Winchel’s education and business experience are strongly
15 indicative of a high degree of sophistication[.]”). Yet as Simpson Strong-Tie emphasizes, there is
16 a limit to the weight of this factor, especially in the absence of full disclosure, such as here, when
17 Simpson Manufacturing was never made aware of the precise nature of the concurrent
18 representation of an adverse party. Simpson Strong Tie also highlights that “California’s ‘policy,
19 as correctly distilled by the *Visa* and *Concat* courts, encompasses a broader range of concerns that
20 goes beyond the client’s sophistication or the absence of a direct and substantially related
21 conflict.” *Lennar*, 105 F. Supp. 3d at 1118; *see also Concat*, 350 F. Supp. 2d at 822 (granting
22 motion to disqualify despite party sophistication). This factor is neutral.

23 **5. The Interest of Justice (Factor 7)**

24 During the hearing, Simpson Strong-Tie argued that *Visa* dictates that the interest of justice
25 factor only becomes relevant if a party has brought a motion to disqualify opposing counsel for

26 _____
27 ¹⁵ OZCO unpersuasively points to Simpson employee Steve Rotzin, whose job title is Intellectual
28 Property & Legal Services Manager, and who is currently in law school. Steve Rotzin LinkedIn
Profile (McKnight Decl. ¶ 10; *id.*, Ex. 9). OZCO’s meager effort to rely on an employee in law
school to demonstrate Simpson’s legal sophistication is baffling.

1 strategic reasons. I do not read *Visa* in this way. After listing the relevant factors, which ends
2 with the interest of justice, the court dropped the following footnote:

3 Visa and Heller argue that the prejudice to Visa caused by the
4 disqualification of its counsel of choice should be taken into
5 account. The court, however, may not balance Visa's interests
6 against First Data's unless there is a showing that First Data
7 unreasonably delayed bringing this motion for tactical reasons.
8 *Dept. of Corporations*, 20 Cal.4th 1135, 1145 n. 2, 86 Cal.Rptr.2d
9 816, 980 P.2d 371 (1999); *River West, Inc. v. Nickel*, 188
10 Cal.App.3d 1297, 1307-09, 234 Cal.Rptr. 33 (1987). The record
11 does not support such a finding here.

12 241 F. Supp. 2d at 1106 n.6. The footnote and cases cited suggest that the court should not
13 consider the *interests of the parties* (distinct from the interest of justice) unless there is a potential
14 that "tactical abuse underlies the disqualification motion." *Dept. of Corporations*, 20 Cal. 4th at
15 1145. The California Supreme Court noted, "[d]epending on the circumstances, a disqualification
16 motion may involve such considerations as a client's right to chosen counsel, an attorney's interest
17 in representing a client, the financial burden on a client to replace disqualified counsel, and the
18 possibility that tactical abuse underlies the disqualification motion." *Id.* It continued,
19 "[n]evertheless, determining whether a conflict of interest requires disqualification *involves more*
20 *than just the interests of the parties.*" *Id.* And it went on to outline the disqualification principles.
21 *See id.* Those principles lie at the heart of the interest of justice factor, which must be considered
22 in assessing any motion to disqualify, regardless of the absence of tactical abuse.

23 "[D]isqualification motions involve a conflict between the clients' right to counsel of their
24 choice and the need to maintain ethical standards of professional responsibility." *SpeeDee Oil*, 20
25 Cal. 4th at 1145. The California Supreme Court has noted that "[t]he paramount concern must be
26 to preserve public trust in the scrupulous administration of justice and the integrity of the bar." *Id.*
27 In this vein, "[t]he important right to counsel of one's choice must yield to ethical considerations
28 that affect the fundamental principles of our judicial process." *Id.* A court must "balance[] the
need to maintain ethical standards of professional responsibility, preservation of public trust in the
scrupulous administration of justice, and the integrity of the bar against a client's right to chosen
counsel, and the burden on the client if its counsel were disqualified." *Western Sugar*, 98 F. Supp.
3d at 1092.

1 I am not convinced that the ethical standards, the preservation of public trust, and the
2 integrity of the bar are truly at play in this case. A quick summary of the facts proves the point.
3 Simpson’s relationship with Foley derives from its connection with a particular attorney, who
4 moved to Foley from another firm. *See* Magstadt Decl. ¶ 9. At the time Simpson Strong-Tie filed
5 this action, Gardere *already represented* OZCO, but the merger had not yet occurred. Foley first
6 made an appearance because OZCO needed California counsel to seek an extension of time to
7 respond to the complaint. This is not a case as in *Lenmar* where a firm “realized it faced a conflict
8 but determined it would take on representation” anyway, and then relied on an advance waiver to
9 argue against disqualification. 105 F. Supp. 3d at 119. The conflict arose as the result of a
10 merger, not because Foley “accepted” representation of an adverse client. *See* Cal. Rule Prof.
11 Conduct 3-310(C). Moreover, Gardere represented Simpson Manufacturing in the Condemnation
12 Action under an agreement that contained an advance waiver provision, and arguably obtained a
13 second waiver related to its potential representation of a party adverse to Simpson Strong-Tie and
14 pertaining to intellectual property rights.¹⁶

15 In this case, where the actual conflict arose as the result of several moving pieces including
16 a merger, I am not convinced that a legitimate threat to the integrity of the bar outweighs OZCO’s
17 right to its chosen counsel and the resulting burden on it if this motion were to be granted. *See*
18 *Kirk v. First Am. Title Ins. Co.*, 183 Cal. App. 4th 776, 809 (2010) (noting that “the general policy
19 concern of ‘client protection’” is “a two-fold concern” involving “the interest in protecting client
20 confidences” and “the interest in protecting a client who has established a longstanding
21 relationship with counsel, and is at risk of losing that attorney by means of vicarious
22 disqualification, through no fault of the client (or the client's attorney).”); *id.* (“[W]ith the
23 proliferation of multi-office ‘mega-firms,’ frequent firm mergers, and attorneys increasingly
24 changing firms throughout their careers, clients are at greater risk of finding their longstanding
25 attorney-client relationships challenged due solely to their counsel's changing affiliations.”).
26 Foley should have affirmatively sought a second waiver from Simpson Manufacturing following
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28 ¹⁶ As discussed above, Simpson Strong-Tie challenges the sufficiency of this disclosure.

1 its merger with Gardere and appearance in this action, but that failure does not justify its
2 disqualification. *See id.* (“[I]n certain cases, the public trust in the scrupulous administration of
3 justice is not advanced (and, in fact, may be undermined) by an order disqualifying a party's long-
4 term counsel due to the presence of another attorney in a different office of the same firm, who
5 possesses only a small amount of potentially relevant confidential information, *and* has been
6 *effectively* screened.”).

7 Moreover, despite Simpson Strong-Tie’s protestations to the contrary, one could find that
8 it brought this motion for strategic reasons. While there is admittedly no timing concern (such as
9 the motion being raised at a late stage in the litigation, which is typically considered in assessing
10 whether a disqualification motion has been filed for tactical reasons) there are several factors that
11 suggest that Simpson is not truly concerned with a potential breach of the duty of loyalty. Even
12 accepting the separate corporate personas despite the overlap in personnel, Simpson
13 Manufacturing has known of the potential conflict since Ms. David’s January 2017 email, and
14 Simpson Strong-Tie has known of Gardere’s representation of OZCO since the February 15, 2017
15 letter. Yet Simpson Strong-Tie first raised the potential conflict related to the Condemnation
16 Action a year later in February 2018, after responding to certain issues on the merits. In addition,
17 it initially focused on a purported conflict stemming from the Condemnation Action and then
18 shifted its attention to Foley’s representation related to labor and employment. But it did not make
19 this pivot immediately after Foley made an appearance in this action (March 16, 2018), or in its
20 April 19, 2018 correspondence after the official merger, or even in its May 4, 2018 letter notifying
21 Foley of its intent to file a motion to disqualify. Those letters are exclusively focused on
22 Gardere’s representation of Simpson Manufacturing in the Condemnation Action and the
23 imputation of that conflict to Foley post-merger. *See* 4/19/18 Letter from Minor to Ridley (Minor
24 Decl., Ex. J, Dkt. No. 38-1 at 20); 5/4/18 Letter from Minor to Lopez (Minor Decl., Ex. L, Dkt.
25 No. 38-1 at 26). Only after Foley raised the issue of its labor and employment-related
26 representation of Simpson Manufacturing in its May 18, 2018 response letter did Simpson Strong-
27 Tie seize on that concurrent representation as a basis for disqualification. *See* 5/18/18 Letter from
28 Lopez to Minor (Minor Decl., Ex. M, Dkt. No. 38-1 at 29); 5/29/18 Letter from Minor to Lopez

1 (Minor Decl., Ex. N, Dkt. No. 38-1 at 34).

2 At bottom, there is no indication that there has been any threat to Foley’s duty of loyalty
3 here. The record evidence establishes that Simpson Strong-Tie continues to utilize Foley’s
4 services in labor and employment matters, and has not expressed dissatisfaction with that
5 representation. *See* Magstadt Decl. ¶¶ 10–19. As OZCO’s counsel argued during the hearing,
6 granting this motion will only result in harm to OZCO with no benefit to Simpson (except the
7 tactical advantage of disqualifying OZCO’s long-time counsel).

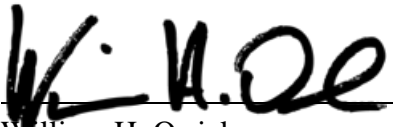
8 “In reviewing a motion to disqualify counsel, the district court must make ‘a reasoned
9 judgment and comply with the legal principles and policies appropriate to the particular matter at
10 issue.’” *Visa*, 241 F. Supp. 2d at 1104. Given the circumstances that led to the concurrent
11 representation here and the edict that these motions are “highly disfavored,” I will not disqualify
12 Foley from representing OZCO. That said, I re-emphasize the importance of full disclosure.
13 When Foley merged with Gardere, it should have informed Simpson of the conflict. Nonetheless,
14 I am concerned with the prejudice to OZCO if I granted the motion to disqualify, and I am not
15 concerned that denying this motion threatens California’s ethical rules and policy.

16 **CONCLUSION**

17 In accordance with the forgoing, OZCO’s motion to transfer is DENIED, and Simpson
18 Stonge Tie’s motion to disqualify counsel is DENIED.

19 **IT IS SO ORDERED.**

20 Dated: August 17, 2018

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23 William H. Orrick
24 United States District Judge

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