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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

KARL STORZ ENDOSCOPY-AMERICA,
INC.,

Plaintiff,

v.

STRYKER CORPORATION, et al.,

Defendants.

Case No. 14-cv-00876-RS (JSC)

**ORDER RE: PROTECTIVE ORDER
DISPUTE**

Re: Dkt. No. 94

In this patent infringement lawsuit the parties dispute the protections to be given to confidential information belonging to Defendants Stryker Corporation and Stryker Communications, Inc. (together, “Stryker”). Now pending before the Court is the motion of Plaintiff Karl Storz Endoscopy-America (“KSEA”) for a protective order. (Dkt. No. 94.) KSEA seeks entry of a protective order that does not include a patent prosecution bar (*id.* at 2; *see* Dkt. No. 95), while Stryker urges the Court to impose a protective order that does include such a provision. (*See* Dkt. No. 98.) After carefully considering the parties’ arguments, and having had the benefit of oral argument on November 20, 2014, the Court rules as set forth below.

BACKGROUND

On February 26, 2014, KSEA filed a complaint against Stryker for patent infringement.¹ (Dkt. No. 1; Dkt. No. 67.) The parties, both producers and sellers of medical imaging devices and operating room communication technology (*see* Dkt. No. 67; Dkt. No. 94 at 3), have been engaged in discovery since June of 2014. (Dkt. No. 59.) Part of this discovery pertains to information regarding the structure and operation of Stryker’s allegedly infringing products. (*See* Dkt. No. 94 at 3.) The parties have reached an agreement as to all terms of a protective order except for one:

¹ KSEA alleges that Stryker has infringed five patents, numbers 8,069,420; 7,471,310; 7,821,530; 7,844,657; and 8,439,821. (Dkt. No. 67 ¶¶ 11-15.)

1 whether or not the order should include a patent prosecution bar.

2 **LEGAL STANDARD**

3 Federal Rule of Civil Procedure 26(c) “confers broad discretion on the trial court to decide
4 when a protective order is appropriate and what degree of protection is required.” *Seattle Times*
5 *Co. v. Rhinehart*, 467 U.S. 20, 36 (1984). Generally, the party seeking a protective order has the
6 burden of showing that the protection is warranted. *See Foltz v. State Farm Mut. Auto. Ins. Co.*,
7 331 F.3d 1122, 1130 (9th Cir. 2003).

8 Federal Circuit law governs the determination of whether a protective order should include
9 a patent prosecution bar. *See In re Deutsche Bank Trust Co. Ams.*, 605 F.3d 1373, 1378 (Fed. Cir.
10 2010). The party seeking the prosecution bar must demonstrate good cause for its inclusion,
11 which involves two showings. First, the party must show that there is an unacceptable risk of
12 disclosure of confidential information. Such risk may exist when litigation counsel is also
13 involved in “competitive decisionmaking” for a client. *Id.* at 1381. The Federal Circuit has
14 identified several situations that may qualify as “competitive decisionmaking,” including
15 “obtaining disclosure materials for new inventions and inventions under development,
16 investigating prior art relating to those inventions, making strategic decisions on the type and
17 scope of patent protection that might be available or worth pursuing for such inventions, writing,
18 reviewing, or approving new applications or continuations-in-part of applications to cover those
19 inventions, or strategically amending or surrendering claim scope during prosecution[.]” *Id.*
20 However, not all involvement in patent prosecution qualifies as “competitive decisionmaking”
21 under the *Deutsche Bank* standard. The Federal Circuit has distinguished administrative and
22 oversight duties from activities in which counsel plays a “significant role in crafting the content of
23 patent applications[.]” *id.* at 1379-80, which poses a greater risk of inadvertent disclosure.
24 Because of the fact-specific nature of this inquiry, a “case-by-case”—*i.e.*, counsel-by-counsel—
25 determination of competitive decisionmaking is necessary. *See U.S. Steel Corp. v. United States*,
26 730 F.2d 1465, 1467 (Fed. Cir. 1984).

27 Second, once a party has established a risk of inadvertent disclosure, it must demonstrate
28 that the proposed prosecution bar is reasonable in scope. *Deutsche Bank*, 605 F.3d at 1381. With

1 respect to this second prong, “a party seeking imposition of a patent prosecution bar must show
2 that the information designated to trigger the bar, the scope of activities prohibited by the bar, the
3 duration of the bar, and the subject matter covered by the bar reasonably reflect the risk presented
4 by the disclosure of proprietary competitive information.” *Id.* If the moving party makes this
5 showing, the court must weigh the risk of inadvertent disclosure against the potential injury to the
6 party deprived of its counsel of choice. *Id.*

7 This District has approved a Model Protective Order (“Model PO”) that governs discovery
8 unless the court enters a different protective order. *See* U.S. District Court for the Northern
9 District of California’s Stipulated Protective Orders webpage, at
10 <http://cand.uscourts.gov/stipprotectorder> (“The protective orders on this page are court-approved
11 model forms to which counsel may stipulate in a particular case.”); N.D. Cal. Patent L.R. 2–2
12 (“The Protective Order authorized by the Northern District of California shall govern discovery
13 unless the Court enters a different protective order.”). The Model PO provides that:

14 Absent written consent from the Producing Party, any individual who
15 receives access to “HIGHLY CONFIDENTIAL – ATTORNEYS’ EYES
16 ONLY” or “HIGHLY CONFIDENTIAL – SOURCE CODE” information
17 shall not be involved in the prosecution of patents or patent applications
18 relating to the subject matter of this action, including without limitation the
19 patents asserted in this action and any patent or application claiming
20 priority to or otherwise related to the patents asserted in this action, before
21 any foreign or domestic agency, including the United States Patent and
22 Trademark Office (“the Patent Office”). For purposes of this paragraph,
23 “prosecution” includes directly or indirectly drafting, amending, advising,
or otherwise affecting the scope or maintenance of patent claims. To avoid
any doubt, “prosecution” as used in this paragraph does not include
representing a party challenging a patent before a domestic or foreign
agency (including, but not limited to, a reissue protest, ex parte
reexamination or inter partes reexamination). This Prosecution Bar shall
begin when access to “HIGHLY CONFIDENTIAL – ATTORNEYS’
EYES ONLY” or “HIGHLY CONFIDENTIAL – SOURCE CODE”
information is first received by the affected individual and shall end two
(2) years after final termination of this action.

24 In the ordinary course, “the court treats the model protective order as setting forth presumptively
25 reasonable conditions regarding the treatment of highly confidential information.” *Kelora Sys.,*
26 *LLC v. Target Corp.*, No. 11-cv-2284, (CW) (LB), 2011 WL 6000759, at *2 (N.D. Cal. Aug. 29,
27 2011).

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1 **DISCUSSION**

2 **I. THE PARTIES' ARGUMENTS**

3 KSEA contends that a patent prosecution bar is unnecessary in this case because there is no
4 risk that any information that could trigger a bar will be disclosed. In KSEA's view, patent
5 prosecution bars are only relevant to information about new inventions and technology still under
6 development, while discovery in the instant case pertains only to information about existing
7 patents and products already subject to widespread public use whose structural and operational
8 information easily could be discovered through reverse engineering. (Dkt. No. 94 at 4-5.)
9 Because the gravamen of KSEA's argument is that the Court should reject a patent prosecution bar
10 altogether, it does not address the scope of a bar in its motion. In its reply, however, while
11 reiterating its position that a prosecution bar is unnecessary, KSEA also argues that in the event
12 the Court deems a prosecution bar appropriate, any such provision should be limited to
13 information regarding "source code" and "future products not yet released," and should only bar
14 "competitive decisionmakers" to be identified by the Court and the parties. (Dkt. No. 100 at 8-
15 10.) During oral argument, KSEA reiterated this position.

16 Stryker, for its part, asks the Court to reject KSEA's proposed protective order *sans*
17 prosecution bar and to enter an order that includes the same prosecution bar provision included in
18 this District's Model PO. (See Dkt. No. 98 at 14-15.) In support of its request, Stryker contends
19 that Plaintiff's litigation firm, the St. Onge Steward Johnson & Reens LLC firm, and its member
20 Wesley W. Whitmyer, Jr., are engaged in competitive decisionmaking within the meaning of
21 *Deutsche Bank*. (See Dkt. No. 98 at 5-6, 12-13.) Stryker has submitted numerous examples of
22 documents that Whitmyer has filed during the course of prosecuting patents related to the subject
23 matter of this case. (See, e.g., Dkt. Nos. 98-3, 98-4, 98-5.) Stryker has also submitted
24 documentary evidence indicating that Whitmyer and the St. Onge firm prosecuted the very patents
25 asserted in this case and have continued to file amendments to those patents in favor of their
26 patentability. (Dkt. No. 98 at 6; see, e.g., Dkts. No. 98-3, 98-4, 98-5, 98-16.) As far as the scope
27 of the proposed prosecution bar, Stryker contends that the subject matter of this litigation properly
28 triggers such a bar for two reasons: first, because information that will be revealed during the

1 course of discovery in the form of software design documents and specifications remains
 2 confidential insofar as it cannot be discovered in existing patents or through reverse engineering
 3 (*id.* at 9-10); and second, because in addition to information about the currently patented products,
 4 KSEA also seeks information regarding “future design, development and manufacture” and
 5 “change[s] or proposed change[s] to the design of each product.” (Dkt. No. 98-28 at 10.)

6 **II. ANALYSIS**

7 Stryker has met its burden of showing good cause for the inclusion of a patent prosecution
 8 bar in the protective order governing information exchanged throughout this litigation.

9 First, Stryker has made a sufficient showing that KSEA’s counsel, namely, Wesley
 10 Whitmyer, Jr., is engaged in competitive decisionmaking for Plaintiff based on the myriad
 11 examples of his participation in prosecuting patents for KSEA in subject matters related to the
 12 patents at issue in this case, including post-approval amendments and other arguments in favor of
 13 patentability. (*See, e.g.*, Dkt. Nos. 98-3, 98-4, 98-5.) *See Deutsche Bank*, 605 F.3d at 1381
 14 (noting that participation in amendment of patent claims may constitute competitive
 15 decisionmaking). The most recent example of Whitmyer’s active patent prosecution on KSEA’s
 16 behalf dates from May of 2014, several months after this case commenced. (Dkt. No. 98-24.) Far
 17 from mere administrative or oversight duties, Whitmyer’s filing of such amendments indicates
 18 substantial involvement in prosecution—precisely the type of activity that poses a high risk of
 19 inadvertent disclosure under the *Deutsche Bank* standard. *See* 605 F.3d at 1379-80; *see, e.g.*,
 20 *Ameranth, Inc. v. Pizza Hut, Inc.*, No. 3:11-cv-01810-JLS-NLS, 2012 WL 528248, at *5-6 (S.D.
 21 Cal. Feb. 17, 2012) (noting that litigation counsel’s responsibilities, including amending claims,
 22 qualified as competitive decisionmaking). Indeed, in its reply, KSEA appears to concede that
 23 Whitmyer is engaged in competitive decisionmaking for the company. (*See* Dkt. No. 100 at 6.)
 24 The Court agrees that based on Whitmyer’s participation in prosecuting the patents-in-suit and
 25 other related patents for KSEA, sensitive information received from Defendant in this action might
 26 unintentionally be used in prosecuting on-going patent applications for Plaintiff.

27 Second, Stryker has also met its burden of showing that the proposed bar is reasonable in
 28 scope. *See Deutsche Bank*, 605 F.3d at 1379-80. Stryker’s proposed bar is identical in scope and

1 duration to the Model PO, which prohibits any individual who receives access to information
2 designated “Highly Confidential” information—either marked “for attorneys’ eyes only” or
3 “source code”—from “directly or indirectly drafting, amending, advising, or otherwise affecting
4 the scope of maintenance of patent claims” that “relat[e] to the subject matter of this action” for
5 two years after the conclusion of this litigation. (Dkt. No. 98-31 at 9-10.) This provision is
6 presumed to be reasonable, *see Kelora Sys.*, 2011 WL 6000759, at *2, and courts in this district
7 and elsewhere have found that it reasonably reflects the risks of disclosure of confidential
8 information. *See, e.g., id.; Applied Signal Tech. v. Emerging Mkts. Commc’ns*, No. C-09-02180
9 SBA (DMR), 2011 WL 197811, at *2 (N.D. Cal. Jan. 20, 2011); *Ameranth*, 2012 WL 528248, at
10 *5-6. So it is here: allowing KSEA’s counsel to have access to Stryker’s confidential information
11 about camera and operating room technology while simultaneously continuing to amend or
12 otherwise prosecute patents in the same field is just the type of unfair competitive advantage that a
13 prosecution bar is designed to avoid. *See Deutsche Bank*, 605 F.3d at 1379 (“The concern over
14 inadvertent disclosure manifests itself in patent infringement cases when trial counsel also
15 represent the same client in prosecuting patent applications before the PTO.”).

16 As discussed at oral argument, however, the Court will modify the protective order to
17 apply in this case to address Plaintiff’s concern that not all information designated by Defendant
18 as “highly confidential” should trigger a prosecution bar. Accordingly, the first sentence of
19 Stryker’s proposed provision shall be amended as follows:

20 Absent written consent from the Producing Party, any individual who
21 receives access to information marked “HIGHLY CONFIDENTIAL –
22 SUBJECT TO PATENT PROSECUTION BAR” shall not be involved in
23 the prosecution of patents or patent applications relating to the subject
24 matter of this action, including without limitation the patents asserted in
this action and any patent or application claiming priority to or otherwise
related to the patents asserted in this action, before any foreign or domestic
agency, including the United States Patent and Trademark Office (“the
Patent Office”).

25 This amendment requires Defendant to distinguish between “highly confidential information” and
26 “highly confidential information” that, according to Defendant, should result in application of the
27 patent prosecution bar. If the parties thereafter dispute whether information in a particular
28 document should trigger the bar, they should then follow the dispute resolution process set forth in

1 the protective order. If, ultimately, agreement cannot be reached, then they can bring the dispute
2 to the Court's attention. The advantage to such a process is that the Court will have before it the
3 actual information at issue and can decide whether the particular information should trigger the
4 prosecution bar.

5 The Court acknowledges that such a process means that litigation counsel that litigate the
6 applicability of the patent prosecution bar will themselves be subject to the bar if the Court
7 determines that the bar should apply to a particular type of information. Plaintiff has not shown,
8 however, that it has a legitimate need to have every single one of its attorneys exempt from a
9 patent prosecution bar, let alone a need that outweighs Defendant's need to protect against
10 inadvertent disclosure.

11 **CONCLUSION**

12 For the reasons discussed above, the Court concludes that Stryker has shown good cause
13 for the inclusion of a patent prosecution bar in the parties' protective order with the modification
14 explained by the Court at oral argument and above. Accordingly, KSEA's motion is DENIED.
15 The Court understands that the parties have otherwise agreed to the terms of a protective order.
16 Accordingly, they shall file a stipulated protective order that is consistent with this Order.

17 **IT IS SO ORDERED.**

18 Dated: November 21, 2014

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21 JACQUELINE SCOTT CORLEY
22 United States Magistrate Judge
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