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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

BRIGHTEDGE TECHNOLOGIES, INC.,
Plaintiff,
v.
SEARCHMETRICS, GMBH., et al.,
Defendants.

Case No. [14-cv-01009-WHO](#) (MEJ)

**ORDER RE: MOTION TO MODIFY
THE STIPULATED PROTECTIVE
ORDER**

Re: Dkt. No. 112

INTRODUCTION

In this patent infringement case, the parties previously entered into a stipulated protective order regarding the disclosure and use of discovery materials (the “Protective Order”). Dkt. No. 58. Plaintiff BrightEdge Technologies, Inc. (“BrightEdge”) now seeks to modify the Protective Order to allow use of confidential documents in collateral litigation. Dkt. No. 112. Defendants Searchmetrics GmbH and Searchmetrics, Inc. (“Searchmetrics”) have filed an Opposition (Dkt. No. 115) and BrightEdge filed a Reply (Dkt. No. 116). The Court finds this matter suitable for disposition without oral argument and VACATES the January 22, 2015 hearing. *See* Fed. R. Civ. P. 78(b); Civil L.R. 7-1(b). Having considered the parties’ positions, relevant legal authority, and the record in this case, the Court issues the following order.

BACKGROUND

BrightEdge provides customers with search engine optimization (“SEO”) and analytical tools. Sec. Am. Compl. ¶ 4, Dkt. No. 19. It accuses Searchmetrics, a competitor in the field of SEO technology, of directly infringing certain BrightEdge patents related to SEO technology. *Id.* ¶¶ 5-43. On September 3, 2014, the Court issued the Protective Order, which states, “A Receiving Party may use Protected Material that is disclosed or produced by another Party or by a Non-Party in connection with this case only for prosecuting, defending, or attempting to settle this litigation.”

1 Protective Order at 9.

2 On November 21, 2014, the presiding judge in this matter, the Honorable William H.
3 Orrick, stayed the case until June 1, 2015. *Order Staying Case Pursuant to the Parties' Partial*
4 *Agreement* ("Stay Order"), Dkt. No. 109. As part of the Stay Order, the Court provided a
5 procedure by which the parties may seek to use documents produced in this action in any other
6 proceeding. *Id.* at 3-4. The Stay Order provides as follows:

7 If a receiving party seeks to use information or documents produced
8 in this action as Protected Material under the Stipulated Protective
9 Order in any other proceeding, including any Trial proceeding
10 brought by Searchmetrics before the Patent Trial and Appeal Board
11 or in any state court action, the receiving party must first disclose in
12 writing to the producing party the specific information or documents
13 sought to be used and the purpose of the use of the information or
14 documents. The parties will meet and confer within 14 days of
15 receipt of the receiving party's written request. The producing party
16 may either (1) agree to use of the information or documents in the
17 other proceeding or (2) refuse use of the information or documents
18 in the other proceeding. If the producing party refuses use, the
19 receiving party must then file a motion before Magistrate Judge
20 James to seek permission to modify the Stipulated Protective Order
21 to allow the use of the specifically identified information or
22 documents in the other proceeding. This procedure must be followed
23 each time a party seeks to use information or documents, which
24 were produced in this action by another party as Protected Material
25 under the Stipulated Protective Order, in any other proceeding.

17 *Id.*

18 Pursuant to the procedure in the Stay Order, on November 27, 2014, counsel for
19 BrightEdge sent counsel for Searchmetrics a list of 46 documents that it sought to use in
20 *BrightEdge Techs., Inc. v. Gabriel Martinez*, 113-CV-256794 (Cal. Sup. Ct. Santa Clara) (the
21 "*Martinez* case"). Swenson Decl., Ex. C at 5-8, Dkt. No. 112-1. Gabriel Martinez is a former
22 BrightEdge employee who now works at Searchmetrics. Mot. at 6. In the *Martinez* case, filed
23 November 26, 2013, BrightEdge alleges misappropriation of trade secrets and breach of contract.
24 Opp'n at 1. BrightEdge has not yet brought any claims against Searchmetrics in that case. *Id.*

25 For each document in its request, BrightEdge stated its "Purpose of Use in Other
26 Proceeding" as follows: "Evidence that Searchmetrics and its employees misappropriated and used
27 BrightEdge's confidential and/or trade secret information and committed other related state law
28 violations." Swenson Decl., Ex. C at 6-8. The parties met and conferred on December 11, 2014,

1 but were unable to reach an agreement. *Id.* ¶ 5.

2 In the present Motion, BrightEdge seeks permission to use 37 documents in the *Martinez*
3 case that were already produced by Searchmetrics in this case. The documents consist of emails to
4 and/or from: (1) Gabriel Martinez, (2) Searchmetrics employees BrightEdge anticipates naming in
5 the *Martinez* case, and (3) Searchmetrics’ founder and CEO. Mot. at 6-8. BrightEdge argues the
6 documents are highly relevant to the trade secret misappropriation claim against Martinez, as well
7 as collateral proceedings arising from an amended complaint that it intends to file adding
8 Searchmetrics and its employees as defendants to the *Martinez* case. *Id.* at 5.

9 **LEGAL STANDARD**

10 District courts have broad discretion to decide when a protective order is appropriate and
11 the degree of protection required. Fed. R. Civ. P. 26(c). A district court also has inherent
12 authority to grant a motion to modify a protective order where good cause is shown. *Phillips ex*
13 *rel. Estates of Byrd v. General Motors Corp.*, 307 F.3d 1206, 1213 (9th Cir. 2002). The party
14 asserting good cause bears the burden of showing that specific prejudice or harm will result if the
15 motion is not granted. *Id.* at 1210-11.

16 The Ninth Circuit “strongly favors access to discovery materials to meet the needs of
17 parties engaged in collateral litigation.” *Foltz v. State Farm Mut. Auto. Ins. Co.*, 331 F.3d 1122,
18 1131 (9th Cir. 2003) (citing *Beckman Indus. v. Int’l Ins. Co.*, 966 F.2d 470, 475 (9th Cir. 1992)).
19 While a motion to modify a protective order should not be granted automatically, “where
20 reasonable restrictions on collateral disclosure will continue to protect an affected party’s
21 legitimate interests in privacy, a collateral litigant’s request to the issuing court to modify an
22 otherwise proper protective order so that collateral litigants are not precluded from obtaining
23 relevant material should generally be granted.” *Id.*

24 In determining whether to grant a motion to modify a protective order, the court must first
25 consider whether the moving party has demonstrated “the relevance of the protected discovery to
26 the collateral proceedings and its general discoverability therein.” *Id.* This inquiry turns on “the
27 degree of overlap in facts, parties, and issues between the suit covered by the protective order and
28 the collateral proceedings.” *Id.* (internal citations omitted). The court next weighs the

1 “countervailing reliance interest of the party opposing modification against the policy of avoiding
2 duplicative discovery.” *Id.* at 1133. “Reliance will be less with a blanket [protective] order”
3 because such an order does not require the “good cause” showing required by Rule 26(c) with
4 respect to any particular document. *Id.* (quoting *Beckman*, 966 F.2d at 476). Where a blanket
5 protective order is at issue, “any legitimate interest . . . in continued secrecy as against the public
6 at large can be accommodated by placing [the collateral litigants] under the same restrictions on
7 use and disclosure contained in the original protective order.” *Id.* (quoting *United Nuclear Corp.*
8 *v. Cranford Ins. Co.*, 905 F.2d 1424, 1428 (10th Cir. 1990)).

9 **DISCUSSION**

10 **A. Relevance**

11 In its Motion, BrightEdge argues that each of the 37 documents are relevant in the
12 *Martinez* case because they suggest that Searchmetrics and its employees used improper means to
13 acquire knowledge of BrightEdge’s trade secret information. Mot. at 6. BrightEdge maintains
14 that 23 of the documents are directly relevant to the trade secret claim against Martinez, five
15 documents are relevant to the trade secret misappropriation claims that it intends to bring against
16 Cullen McAlpine (another former BrightEdge employee who is now employed at Searchmetrics),
17 six documents are relevant to the trade secret misappropriation claims that it intends to bring
18 against Shaun Silver (Director of Sales at Searchmetrics), and all 37 documents are relevant to the
19 trade secret misappropriation claims that it intends to bring against Searchmetrics. *Id.* at 6-8.

20 In response, Searchmetrics maintains that it is unclear where and how BrightEdge intends
21 to use the 37 protected documents, as the proposed modification to the Protective Order would
22 allow it to use the 37 documents in “any actual or potential collateral litigation.” Opp’n at 4-5
23 (quoting Proposed Amended Protective Order, Dkt. No. 112-3). Searchmetrics notes that this
24 proposed revision is in direct conflict with the relief requested by BrightEdge’s Motion, which
25 seeks only to use the documents in the *Martinez* case. As BrightEdge provides no information
26 regarding other collateral proceedings in which it contemplates using the documents,
27 Searchmetrics contends it is “difficult or impossible to evaluate the relevance of the documents to
28 the ambiguous collateral proceedings.” *Id.* at 5.

1 To the extent that BrightEdge seeks to use the 37 protected documents only in the *Martinez*
2 case, Searchmetrics argues that BrightEdge’s own descriptions of certain of these documents show
3 that they have no relevance to Mr. Martinez. *Id.* (citing Smith Decl., Ex. 2, Dkt. No. 111 (Index to
4 Exhibits), stating that Exs. 4-6, 8-10, 29, and 36-39 are relevant to a “future trade secret case”).
5 To the extent that BrightEdge intends to use certain documents in potential claims to be filed
6 against Searchmetrics and/or other Searchmetrics employees, there is no current collateral
7 proceeding against Searchmetrics or those other Searchmetrics employees, and thus it is premature
8 to consider use of these documents in a case not yet filed. *Id.* Searchmetrics also notes that some
9 of the documents are dated well before Mr. Martinez joined Searchmetrics, and BrightEdge has
10 therefore failed to show how these documents could be relevant to the *Martinez* case. *Id.* (citing
11 Smith Decl., Exs. 9-10, 23-24, 37-38).

12 Upon review of the parties’ arguments, the Court finds that BrightEdge has adequately
13 established the relevance of the protected discovery to the *Martinez* case. Of approximately
14 150,000 documents produced by Searchmetrics in this litigation, BrightEdge seeks to use 37
15 emails to and/or from Searchmetrics employees. BrightEdge intends to use these documents to aid
16 in amending its complaint in the *Martinez* case, in which it intends to bring trade secret and other
17 state law claims against Searchmetrics and two additional employees. BrightEdge has provided
18 specificity regarding the relevance of each of the 37 documents, which relate to Searchmetrics’
19 alleged direct use of BrightEdge’s trade secret information.¹ *See* Smith Decl., Ex. 2 (Index
20 detailing the relevance of the 37 identified documents). Accordingly, this factor weighs in favor
21 of modification. *See CBS Interactive*, 257 F.R.D. at 205 (permitting modification of protective
22 order in patent case where plaintiff sought “specific modification of one clause of the protective
23 order to permit it to use discovery information from this litigation for the purposes of initiating
24

25 ¹ Because the relevant documents are under seal, the Court need not enumerate or specifically
26 describe the discovery materials herein. *CBS Interactive, Inc. v. Etilize, Inc.*, 257 F.R.D. 195, 205
27 (N.D. Cal. 2009) (citing *United States v. Corbitt*, 879 F.2d 224, 228 (7th Cir. 1989) (“While this
28 Court has recognized that the common law right of access creates a strong presumption in favor of
public access to materials submitted as evidence in open court, this presumption should not apply
to materials properly submitted to the court under seal.”); *Phillips*, 307 F.3d at 1213 (holding that
the usual presumption of the public’s right of access is rebutted when a party attaches a sealed
discovery document to a non-dispositive motion)).

1 collateral litigation.”).

2 **B. Countervailing Interests**

3 The court next weighs the “countervailing reliance interest of the party opposing
4 modification against the policy of avoiding duplicative discovery.” *Foltz*, 331 F.3d at 1133.
5 “Reliance will be less with a blanket [protective] order” because such an order does not require the
6 “good cause” showing required by Rule 26(c) with respect to any particular document. *Id.*
7 (quoting *Beckman*, 966 F.2d at 476). Where a blanket protective order is at issue, “any legitimate
8 interest . . . in continued secrecy as against the public at large can be accommodated by placing
9 [the collateral litigants] under the same restrictions on use and disclosure contained in the original
10 protective order.” *Id.* (quoting *United Nuclear*, 905 F.2d at 1428).

11 Here, the disclosure sought is not as broad as full public disclosure; BrightEdge seeks a
12 specific modification of one clause of the Protective Order to permit it to use documents from this
13 litigation in pending collateral litigation. All other clauses and provisions of the Protective Order
14 will stand, including the disclosure restrictions of highly confidential materials to attorneys’ eyes
15 only.

16 Searchmetrics argues it is premature to modify the Protective Order, as there is no pending
17 collateral litigation against it or the two additional Searchmetrics employees BrightEdge intends to
18 add to the *Martinez* case. The absence of a pending suit against the target party is an important
19 factor in cases denying a motion to modify a protective order. *See, e.g., H.L. Hayden Co. of N.Y.*
20 *v. Siemens Med. Sys., Inc.*, 106 F.R.D. 551, 555-56 (S.D.N.Y. 1985) (“One explanation for these
21 decisions is that the absence of any pending litigation against the target makes it less likely that
22 modification of the protective order will avoid costly and repetitive discovery.”). However,
23 BrightEdge has already identified the claims it intends to bring and the relevance of the documents
24 to those claims. BrightEdge first notified Searchmetrics and Judge Orrick of its intent to bring
25 these claims on November 12, 2014, when it stated that it would drop them from the proposed
26 amended complaint in this federal action. Swenson Decl., Ex. B (Hr’g Tr. Nov. 12, 2014), Dkt.
27 No. 112-01 (“We are willing to take off all of the state law issues at this time that we’ve requested
28 amendment, and we will proceed in State Court with those claims at this time.”). Because

1 BrightEdge has provided the specific claims it intends to bring in the *Martinez* case, and has
2 identified the relevance of the 37 documents it seeks to use, the Court finds the lack of pending
3 collateral litigation against Searchmetrics and its two employees holds little weight in the analysis.
4 *See CBS Interactive*, 257 F.R.D. at 205 (granting modification of protective order where there was
5 no pending collateral litigation, but plaintiff asserted it needed the discovery to pursue claims for
6 trade secret misappropriation in state court).

7 Moreover, Searchmetrics previously argued that BrightEdge’s trade secret claims against
8 Searchmetrics must not be a part of this case but rather must be filed in state court. BrightEdge
9 moved to amend the complaint in this case to bring trade secret misappropriation and other state
10 law claims against Searchmetrics and two of its employees. Dkt. No. 80. Searchmetrics opposed
11 this motion (Dkt. No. 92), arguing that BrightEdge’s trade secret claims must be brought in the
12 *Martinez* case: “BrightEdge’s proposed state law claims against Searchmetrics are part of *the same*
13 *case or controversy* in BrightEdge’s case against Mr. Martinez,” and “[a]llowing BrightEdge’s
14 state law claims against Mr. Martinez and against Searchmetrics to proceed on different tracks in
15 state court and federal court is highly inefficient.” Dkt. No. 92-3 at 11 (emphasis in original).
16 Searchmetrics repeated this in its reply in support of its motion to stay this case:

17 Such state law claims (though they are baseless) are more
18 appropriately added (if at all) to the pending state trade secret
19 misappropriation case against Searchmetrics’ employee Gabriel
20 Martinez, as BrightEdge’s allegations against Searchmetrics arise
 from Mr. Martinez’s alleged actions and thus share a common
 nucleus of fact with BrightEdge’s claims against Mr. Martinez.

21 Dkt. No. 91 at 12. At the November 12, 2014 hearing, Searchmetrics agreed that BrightEdge
22 should have the option to pursue its trade secret misappropriation and related state law claims
23 either in this action or in State Court. Swenson Decl., Ex. 1 (Tr. Hr’g Nov. 12, 2014) at 18:17-20
24 (“They want to be able to have the option of moving forward here or filing elsewhere, and we
25 think it should be one or the other when a stay is issued.”). Judge Orrick agreed: “I wouldn’t take
26 supplemental jurisdiction on the state law claims because I think they are properly – they are more
27 properly in the State Court case as opposed to this one.” *Id.* at 24:7-10. Despite previously
28 expressing that BrightEdge should pursue its trade secret claims in state court, and Judge Orrick

1 supporting that position by providing a procedure for using documents produced in this case to do
2 so, Searchmetrics now attempts to prohibit BrightEdge from using documents it has already
3 obtained to bring the trade secret claims in state court. Searchmetrics cannot have it both ways.

4 Searchmetrics next argues that BrightEdge is attempting to enlist this Court’s assistance in
5 circumventing a state court order denying BrightEdge’s motion to compel production from
6 Searchmetrics. Opp’n at 6. Specifically, Searchmetrics notes that in the *Martinez* case,
7 BrightEdge issued a subpoena with 57 requests for document production from Searchmetrics, but
8 that request was denied. *Id.* at 7. However, while it appears that the state court denied
9 BrightEdge’s motion to compel production from Searchmetrics as a *third party*, there is nothing
10 preventing BrightEdge from serving discovery on Searchmetrics as a *party* to obtain the same
11 information. “Whether a collateral litigant would ultimately obtain access to the discovery
12 materials is not something this court can even determine.” *CBS Interactive*, 257 F.R.D. at 205-06
13 (citing *Foltz*, 331 F.3d at 1133; *Superior Oil Co. v. Am. Petrofina Co. of Tex.*, 785 F.2d 130, 130
14 (5th Cir. 1986) (“Questions of the discoverability in the state litigation of the materials discovered
15 in the federal litigation are, of course, for the state courts”)).

16 Searchmetrics also argues that German and European Union privacy laws prohibit
17 disclosure of personal data, and the decision for production of such data in this patent case cannot
18 justify production of and use of the information in other unrelated and unidentified litigation.²
19 Opp’n at 8. Instead, Searchmetrics contends that the court presiding over the collateral litigation
20 would need to perform a case-specific, multi-factor balancing test with respect to the specific
21 collateral litigation to determine whether the information should be produced. *Id.* However, this
22 Court previously held that the German and European privacy laws do not prohibit disclosure of
23 Searchmetrics’ documents at issue here. Dkt. No. 56 (Aug. 13, 2014 Discovery Order).

24 Searchmetrics has already produced the 37 documents, and it does not identify any personal
25 information in the 37 documents that warrants protection under the privacy laws. Further, the only
26 contemplated defendants are Searchmetrics and its employees. It is unclear how use of the

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28 ² Searchmetrics GmbH is a German limited liability company with its principal place of business
in Berlin, Germany. SAC ¶ 2.

1 already-disclosed documents would violate privacy laws.

2 Finally, Searchmetrics notes that it produced approximately 150,000 documents in reliance
3 on the Protective Order, which specifically states that the protected documents would be used in
4 this case only. Opp'n at 10. As Searchmetrics and BrightEdge are competitors, Searchmetrics
5 maintains that its reliance interest is heightened, thus weighing in favor of the continued protection
6 of Searchmetrics' information. *Id.* "Ninth Circuit precedent also looks to the needs of parties
7 engaged in pending litigation and, in particular, the reliance interests on the protective order of the
8 party opposing its modification." *CBS Interactive*, 257 F.R.D. at 206 (citing *Beckman*, 966 F.2d at
9 475; *Foltz*, 331 F.3d at 1132 ("modification should generally be granted only where reasonable
10 restrictions on collateral disclosure will continue to protect an affected party's legitimate interests
11 in privacy.")). Here, the Court finds that Searchmetrics has not shown that its privacy interests
12 will be affected or harmed by the disclosure of any particular documents produced in discovery in
13 the *Martinez* case. BrightEdge has already obtained the documents and seeks to use them only
14 against Searchmetrics and its employees. Further, there is no indication that Searchmetrics'
15 information would be exposed to any third parties; the documents would have equally restricted
16 access under the protective order in the *Martinez* case, and the parties could modify that protective
17 order if needed. "Mere reliance on a blanket protective order does not justify a refusal to modify it
18 when a reasonable request for disclosure has been made." *Id.* (citing *Beckman*, 966 F.2d at 476).

19 **CONCLUSION**

20 Based on the analysis above, BrightEdge's Motion to Modify the Stipulated Protective
21 Order is **GRANTED**. The Protective Order entered on September 3, 2014 will be modified to
22 permit use of the 37 documents solely in the *Martinez* case. The parties shall meet and confer and
23 file a stipulation as an addendum to the Protective Order.

24 **IT IS SO ORDERED.**

25 Dated: January 13, 2015

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27 _____
28 MARIA-ELENA JAMES
United States Magistrate Judge