

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

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

UCP INTERNATIONAL COMPANY
LIMITED and GLOBAL UNITED
ENTERPRISES LIMITED,

No. C 16-07255 WHA

Plaintiffs,

v.

**ORDER GRANTING MOTION
TO DISQUALIFY NEWLY-
ADDED COUNSEL**

BALSAM BRANDS INC. and BALSAM
INTERNATIONAL UNLIMITED
COMPANY,

Defendants.

INTRODUCTION

After two years of litigation over two patents and the extent to which they cover artificial Christmas trees, the patent owners retained, as additional litigation counsel, the former law firm of the then-presiding judge, who was already immersed in the case. The judge then recused himself, as he had done four times in four separate cases in recent years after appearances by his former firm. Following his recusal, this action was reassigned and the accused infringer moved to disqualify the former law firm. This order now disqualifies the former law firm. A notice will be filed to invite the originally-assigned judge to relate the action back under our local rules, so that he may resume presiding over the case.

STATEMENT

This patent infringement dispute involves artificial Christmas trees and has provoked two back-to-back civil actions in our district court, both assigned to the Honorable William

1 Orrick, III. The first was *Balsam Brands Inc. v. Cinmar, LLC*, No. C-15-04829-WHO, filed by
2 patent owners Balsam Brands Inc., Balsam International Limited, and Balsam International
3 Unlimited Company (collectively, “Balsam”) against Frontgate Marketing, Inc., and Cinmar,
4 LLC (collectively, “Frontgate”). Frontgate, a catalog and online retailer, sold the accused
5 artificial invertible Christmas trees called Inversion Trees made by UCP International Company
6 Limited and Global United Enterprises Limited (collectively, “UCP”) (Dkt. No. 60 at 1–2). The
7 first lawsuit will be referred to as *Frontgate*.

8 Two months before Christmas 2015, Balsam sought a temporary restraining order against
9 Frontgate, which Judge Orrick denied in a 19-page order (*Frontgate*, Dkt. Nos. 11, 42). UCP
10 was not sued, but its tree dominated the *Frontgate* litigation, so UCP defended Frontgate under
11 an indemnity arrangement (Dkt. Nos. 60 at 1–2, 79 at 3).

12 Judge Orrick eventually issued a 22-page claim-construction order in *Frontgate* (Dkt. No.
13 108). Frontgate then indicated it would file a motion for summary judgment of non-infringement
14 based on that order, but the case settled in December 2016.

15 The same day as the dismissal, UCP filed this action seeking a declaratory judgment of
16 non-infringement against Balsam. This second action also went to Judge Orrick and involves the
17 same trees and the same patents, the only difference being that this suit involves the tree
18 manufacturer rather than the tree marketer.

19 Judge Orrick ordered the parties to meet and confer over a stipulated procedure for
20 importing the *Frontgate* claim-construction order and claim-construction record, advising that he
21 intended to rely on his prior work and rulings in his claim-construction order and to resolve any
22 lingering claim-construction disputes on summary judgment. He set a tentative deadline of
23 June 27 for UCP to file a summary judgment motion (*see, e.g.*, Dkt. No. 58 at 8:14–25, 10:3–22).

24 Shortly after those statements by Judge Orrick, Balsam added Jonathan Bass and his firm
25 Coblentz Patch Duffy & Bass LLP as additional counsel (Dkt. No. 68). Coblentz is Judge
26 Orrick’s former law firm, where he practiced from 1984 to 2009 and then again from 2012 to
27 2013 (Dkt. No. 89-1). (From 2009 to 2012, he worked at Main Justice in Washington, D.C.)
28 Attorney Bass was a long-time law partner of Judge Orrick.

1 counsel was based not on the firm’s intent, but on counsel’s failure to consider in advance the
2 known or knowable risk of a judge’s recusal).

3 The Eleventh Circuit in *Robinson* and *BellSouth* identified the following objective factors
4 to consider and balance in the disqualification analysis: (1) the potential for manipulation or
5 impropriety, (2) the judicial time invested, (3) the court’s docket, (4) the delay in reaching
6 decision, (5) the injury to the other party, (6) the fundamental right to counsel, and (7) the
7 expense to the party that retained counsel. *Robinson*, 79 F.3d at 1055; *BellSouth*, 334 F.3d at
8 962–66. These factors are not exclusive, nor are they all necessary. Their weight will vary with
9 the circumstances. *BellSouth*, 334 F.3d at 962.

10 Where the objective factors weigh in favor of disqualification, a party resisting such
11 disqualification must show an overriding need for its choice of counsel, *i.e.*, a need that would
12 reflect upon its ability to have its case fairly presented. *See Robinson*, 79 F.3d at 1054–56.

13 This order will apply the objective test set forth by the Eleventh Circuit in *Robinson* and
14 *BellSouth*, expecting that our own circuit will follow the Eleventh Circuit, for two reasons.
15 *First*, the objective test avoids the attorney-client privilege barriers attendant to any inquiry into
16 the true purpose of or motive behind counsel’s appearance. *Second*, the objective test better
17 comports with preservation of public trust. Specifically, judicial recusal following appearance of
18 counsel mid-stream implicates two interests important to preservation of public trust. One is to
19 prevent even the appearance of manipulation to angle for a particular judge or angle away from a
20 particular judge. Another is to preserve the investment of time and effort by an assigned judge
21 and, conversely, to avoid a waste of judicial resources as a result of having to go through it all
22 over again with a new judge upon a recusal by the original judge.

23 Balsam opposes an objective test and favors a subjective test. Not surprisingly, it insists
24 that recusal wasn’t on its mind in bringing in Judge Orrick’s former law firm. This order holds
25 that the objective *Robinson/BellSouth* test should apply here and rejects Balsam’s arguments to
26 the contrary.

27 *First*, in the spirit of *fait accompli*, Balsam contends *Robinson* and *BellSouth* involved
28 motions for leave to add counsel, not motions to disqualify counsel who have already appeared.

1 This is a distinction without a difference where, as here, it is clear that other *Robinson/BellSouth*
2 factors are implicated. See *BellSouth*, 334 F.3d at 962. Decisions have also applied the
3 *Robinson/BellSouth* test in the context of motions to disqualify. E.g., *In re RFC & Rescap*
4 *Liquidating Trust Litig.*, Civil Nos. 13-3506 (SRN/HB), 13-3451 (SRN/HB), 2016 WL 7177706,
5 at *5–9 (D. Minn. Dec. 8, 2016) (Chief Judge John Tunheim); *Hunters Run Apartments Ltd. v.*
6 *WCA Waste Corp.*, Case No. 1:15-CV-00151-MP-GRJ, 2016 WL 9086970, at *2–4 (N.D. Fla.
7 Apr. 25, 2016) (Judge Maurice Paul); *Glover v. Standard Fed. Bank*, No. CIV 97–2068 DWF
8 SRN, 2001 WL 228440, at *2 (D. Minn. Mar. 6, 2001) (Judge Donovan Frank).

9 *Second*, Balsam contends *Robinson* and *BellSouth* support only the proposition that
10 counsel may be disqualified when their appearance in a case results in the presiding judge’s
11 *mandatory* disqualification pursuant to Section 455(b) of Title 28 of the United States Code,
12 whereas in this instance — according to Balsam — Attorney Bass’s appearance “did not require
13 Judge Orrick’s recusal” (Dkt. No. 89 at 6–8). In support of its contention, Balsam cites decisions
14 for the proposition that Judge Orrick was also not required under Section 455(a) to recuse
15 himself because of his previous employment. See, e.g., *In re Complaint of Judicial Misconduct*,
16 816 F.3d 1266, 1268 (9th Cir. 2016); *Singer v. Wadman*, 745 F.2d 606, 608 (10th Cir. 1984).

17 Balsam’s argument misses the point. The appearance of manipulation or impropriety in
18 our judicial system — e.g., the appearance of judge-shopping — threatens to erode public trust
19 irrespective of whether the underlying facts technically concern mandatory disqualification
20 versus voluntary recusal of the presiding judge. Indeed, no component of the
21 *Robinson/BellSouth* test suggests that the test’s underlying rationale is limited to circumstances
22 featuring mandatory disqualification as opposed to near-certain voluntary recusal. Balsam’s
23 attempt to read this limitation into the *Robinson* and *BellSouth* decisions is unpersuasive.

24 This order now turns to consideration of the objective factors set forth by the
25 *Robinson/BellSouth* test, as applied to the facts of this case.

26 **1. THE POTENTIAL APPEARANCE OF MANIPULATION OR IMPROPRIETY.**

27 While motions to disqualify counsel are generally strongly disfavored and subject to
28 “particularly strict judicial scrutiny,” the “paramount concern must be the preservation of public

1 trust both in the scrupulous administration of justice and in the integrity of the bar.” *See Optyl*
2 *Eyewear Fashion Int’l Corp. v. Style Cos., Ltd.*, 760 F.2d 1045, 1050 (9th Cir. 1985); *State Farm*
3 *Mut. Auto. Ins. Co. v. Fed. Ins. Co.*, 72 Cal. App. 4th 1422, 1428 (1999). Accordingly, “[t]he
4 recognizably important right to choose one’s counsel must yield to the ethical considerations that
5 embody the moral principles of our judicial process.” *State Farm*, 72 Cal. App. 4th at 1428.

6 The purpose of our district’s random assignment process is, among other things, to
7 “[e]nsure that cases are randomly and blindly assigned.” *General Order No. 44 Assignment*
8 *Plan*, N.D. CAL., www.cand.uscourts.gov/filelibrary/132/GO-44_6.20.17.pdf (last amended
9 June 20, 2017). Our random-assignment process aims to ensure the integrity of the judicial
10 system and is taken quite seriously by our judges, to eliminate any hint of the appearance of
11 judge- or case-shopping. Even the appearance of judge-shopping would “doubtless disrupt[] the
12 proper functioning of the judicial system,” and could “impair[] public confidence in the
13 impartiality of judges.” *See Standing Comm. on Discipline of U.S. Dist. Court for Cent. Dist. Of*
14 *Cal. v. Yagman*, 55 F.3d 1430, 1443 (9th Cir. 1995); *Keilholtz v. Superior Fireplace Co.*, No. C
15 08-00836 SI, 2008 WL 5411497, at *2 (N.D. Cal. Dec. 29, 2008) (Judge Susan Illston); *see also*
16 *BellSouth*, 334 F.3d at 962.

17 Balsam again argues that because Judge Orrick was not *required* to disqualify himself
18 under Section 445, there is no basis for inferring any attempted manipulation of this district’s
19 assignment plan. As stated, however, the distinction between mandatory disqualification and
20 voluntary recusal under these circumstances does not alter the analysis. Regardless of whether
21 Judge Orrick was statutorily *required* to remove himself from this case, the point remains that
22 his recusal was a predictable consequence of Attorney Bass’s appearance herein. Judge Orrick
23 has uniformly recused himself in all four cases assigned to him in which his former law firm has
24 appeared — including as recently as April of this year. Any objective member of the bar or the
25 public would have expected Judge Orrick to recuse himself in a fifth case, just as he had in the
26
27
28

1 prior four.¹ In short, the appearance of mischief is as inherent in our circumstances as in cases
2 where disqualification is mandated by statute.

3 Balsam next argues that the disqualification order in *BellSouth* was in direct response to
4 an established pattern of prior abusive attempts to manipulate the Northern District of Alabama's
5 random assignment of judges through the appearance of a judge's nephew (Dkt. No. 96 at 1–3).
6 It is true that such a pattern lurked as a background fact in *BellSouth*, but that decision in no way
7 suggested that every conflict firm somehow gets “one free bite.” As discussed, the
8 circumstances attending Judge Orrick's recusal in this case alone are sufficient to threaten the
9 appearance of impropriety. *See RFC*, 2016 WL 7177706, at *6. This order therefore holds that
10 disqualification can occur even without a prior track record of manipulation.

11 Indeed, Balsam's arguments, insofar as they suggest that disqualification under the
12 *Robinson/BellSouth* test requires both subjective intent and a prior track record of abuse (*see*
13 Dkt. Nos. 89 at 11–12, 96 at 1–3), underscore the wisdom in relying on objective factors rather
14 than trying to prove the subjective reasons for particular appearance of counsel. Were we to
15 accept Balsam's arguments, we would need to inquire into whether or not a prior pattern of
16 manipulation existed. In that connection, four judges in our district have recused themselves 52
17 times after the appearance of the Coblenz firm in cases assigned to them, usually at the outset of
18 each case.² With one arguable exception, these judges have never remained in a case after the
19 Coblenz firm has appeared. Judge Orrick, specifically, has not remained in a single case after
20 Coblenz appeared. In other words, there is a long, substantiated history of recusal by judges on
21 our court who once were part of the Coblenz firm. Balsam's view of *BellSouth* would thus
22 require that we delve into these prior cases to ascertain the subjective motives of counsel and
23 clients in retaining the Coblenz firm. Any such subjective inquiry, however, would run head-on
24 into attorney-client privilege and become unworkable.

25
26 ¹ *Forge Grp. Power Pty. Ltd.*, Case No. 4:17-cv-02045; *Fuentes v. Dish Network, LLC*, Case No. 4:16-
27 cv-02001; *United States v. Handl*, Case No. 3:15-cr-00126; *eBay, Inc. v. Dotcom Retail Ltd.*, Case No.
3:13-cv-02853.

28 ² District Judges Charles Breyer, Edward Chen, and William Orrick, III, plus Chief Magistrate Judge
Joseph Spero.

1 Attorney Bass contended during oral argument that before disqualification of his firm, the
2 case should be sent back to Judge Orrick to see if he would seek consent of both sides to waive
3 any grounds for disqualification. This argument is a non-starter. Attorney Bass has no objective
4 basis to believe that Judge Orrick would ever exercise this option. Judge Orrick certainly did not
5 seek such consent when he had the opportunity prior to recusing himself. There is nothing to
6 suggest he would do so now. It is clear that Judge Orrick routinely recuses himself upon
7 appearances by Coblenz attorneys without offering this option.

8 This factor weighs heavily in favor of disqualification of the Coblenz firm.

9 **2. JUDICIAL TIME INVESTED, THIS COURT’S DOCKET, AND PROCEDURAL DELAY.**

10 In addition to the potential appearance of judge-shopping, a second issue arises when
11 appointment of counsel provokes a judge’s recusal, *i.e.*, the considerable investment of
12 additional judicial time and resources when a new judge has to come up to speed on matters in
13 which the previous judge already mastered.

14 This action is indisputably a continuation of the *Frontgate* action, which was litigated for
15 a year before Judge Orrick prior to settling. This action would undoubtedly have qualified as a
16 related action under both Civil Local Rule 3-12(a) and Patent Local Rule 2-1(1)(a)(1), which
17 requires actions concerning the same patent brought by the same plaintiff to be deemed related.
18 (In a declaratory-relief patent case, the defendant is really the plaintiff.) He issued a 22-page
19 claim-construction order and has amassed substantial knowledge that would have been useful
20 when resolving any lingering claim construction disputes at summary judgment. Reassignment
21 of this action to a new judge, if allowed to stand, would cause major duplicative investment of
22 precious judicial resources (*see* Dkt. No. 96 at 4–5).

23 Furthermore, *Robinson* reasoned that “delay for *any* reason is sufficient” to bring the
24 rejection of additional counsel within the court’s discretion. 79 F.3d at 1055. Balsam’s
25 argument that Judge Orrick’s recusal has not resulted in any delay is off the mark (*see* Dkt. No.
26 89 at 9–10), given that the ensuing reassignment has already resulted in some postponement of
27 summary judgment briefing and the hearing date. Additionally, Balsam’s argument conveniently
28 omits that it actually sought additional time and further briefing following reassignment, and this

1 case will proceed more or less on schedule only because a prior order for the most part rejected
2 Balsam’s requests for further delay (*see* Dkt. Nos. 73, 81).

3 This factor also weighs in favor of disqualification of the Coblenz firm.

4 **3. INJURY TO UCP AND EXPENSE TO BALSAM.**

5 Other than asserting its fundamental interest to counsel — a point discussed in the next
6 factor below — Balsam does not allege that it would incur any particular expense if the Coblenz
7 firm is disqualified. On the other hand, the appearance of the Coblenz firm and Judge Orrick’s
8 subsequent recusal have resulted in a slight delay in the case schedule, which delay would have
9 been more significant had Balsam had its way (*see* Dkt. Nos. 73, 81). Moreover, UCP is at
10 greater risk of prejudice than Balsam from Judge Orrick’s recusal given that, just before said
11 recusal, UCP had filed an early dispositive motion — at Judge Orrick’s instruction and based on
12 his prior claim-construction order — representing the culmination of nearly two years of hard-
13 fought litigation. According to Balsam’s own arguments, reassignment to a new judge at this
14 key juncture would possibly threaten to unravel the foundation of UCP’s summary judgment
15 motion. On balance, this order finds that these factors weigh slightly in favor of UCP.

16 **4. FUNDAMENTAL RIGHT TO COUNSEL.**

17 Balsam argues that it has a fundamental right to its choice of counsel. The undersigned
18 judge agrees that choice of counsel is generally a fundamental interest in civil litigation, but it is
19 important to note that this interest is not absolute. *See, e.g., BellSouth*, 334 F.3d 955–56.

20 Under the *Robinson/BellSouth* test, choice of counsel must sometimes yield to competing
21 factors. The retention of counsel that results in a judge’s recusal is permissible only if an
22 overriding need exists. *See Robinson*, 79 F.3d at 1054–56. This order finds unpersuasive
23 Balsam’s suggestion that the phrase “overriding need” does not denote a general principle
24 because that phrase appeared in *BellSouth* only in connection with that district court’s specific
25 requirement that the defendant demonstrate an “overriding need” for the judge’s nephew as its
26 local counsel over any of the other local firms more than capable of filling a ministerial rather
27 than substantive role. Balsam’s narrow reading of the “overriding need” requirement is
28 inconsistent with how other decisions applying the *Robinson/BellSouth* test have construed it.

1 For example, in *Robinson*, “the fact that the case had been pending for fifteen months at
2 the time the motion was filed militate[d] against granting [the motion for leave to associate
3 additional counsel] in the absence of an overriding need for a particular lawyer.” Moreover, the
4 movant’s explanation that it hired additional counsel because of their “knowledge of
5 employment-related matters and the vast resources of the firm that would enable it to handle the
6 complexities of this case” proved insufficient to establish an “overriding need.” See *Robinson*,
7 79 F.3d at 1054–56.

8 As another example, *Hunters Run*, applying the *Robinson/BellSouth* test, similarly
9 rejected a defendant’s argument that it had “good and legitimate reason” for selecting counsel
10 because of counsel’s case-specific expertise. Judge Paul found this argument unpersuasive when
11 considered within the context of other applicable *Robinson/BellSouth* factors, including the “lack
12 of need by defendants for this particular counsel, and the potential delay and loss of judicial
13 activity.” 2016 WL 9086970, at *4. In short, Balsam has not shown any reason why the
14 “overriding need” requirement should not apply here.

15 In this action, Coblenz appeared only after more than twenty months of ongoing
16 litigation. Balsam’s original counsel in the *Frontgate* litigation, Marc Bernstein and The
17 Business Litigation Group, P.C., continue to represent it in this present action. (In fact, two
18 attorneys from that firm attended the hearing on this motion.) Attorney Bass and the Coblenz
19 firm are well-regarded and, for present purposes, most candid in acknowledging that, even if
20 Balsam retained him “to play a central role,” there is simply no overriding need for Coblenz’s
21 participation. He does not even purport to be offering case-specific expertise, or to be the only
22 lawyer in San Francisco or California that could have met that criteria.

23 This order finds that the other objective factors here — including the potential
24 appearance of manipulation of the judicial process, Judge Orrick’s substantial prior investment
25 of time and resources, and the likelihood of a new judge unnecessarily duplicating his efforts —
26 all outweigh any interest Balsam has in retaining the Coblenz firm, no matter how capable the
27 firm, given the absence of any overriding need for its presence. In sum, this factor does not
28 prevent disqualification of the Coblenz firm under these circumstances.

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


CONCLUSION

For the foregoing reasons, this order disqualifies the Coblenz firm from appearing in this civil action.

This order leaves the Coblenz firm free to appear as counsel at the outset of a case assigned to a judge who once practiced at Coblenz (or for which there remains a further basis for conflict). This order concerns only the mid-stream appearances by the Coblenz firm in cases before our judges who once practiced at Coblenz. In these latter circumstances, the Coblenz firm (or its client) must show an overriding need for its particular services, a showing that has not been made here.

IT IS SO ORDERED.

Dated: July 19, 2017



WILLIAM ALSUP
UNITED STATES DISTRICT JUDGE