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

PROOFPOINT, INC., et al.,
Plaintiffs,
v.
VADE SECURE, INCORPORATED, et
al.,
Defendants.

Case No. 19-cv-04238-MMC

**ORDER DENYING VADE SECURE'S
MOTION FOR PARTIAL SUMMARY
JUDGMENT**

Before the Court is Vade Secure, Inc. and Vade Secure SASU's (collectively, "Vade Secure") Motion, filed April 23, 2021, for Partial Summary Judgment.¹ Plaintiffs Proofpoint, Inc. and Cloudmark LLC have filed opposition, to which Vade Secure has replied. Having read and considered the parties' respective written submissions, the Court rules as follows.²

By the instant motion, Vade Secure seeks summary judgment on certain of plaintiffs' trade secret misappropriation claims and on each of plaintiffs' copyright infringement claims.

A. Misappropriation of Trade Secrets (Count I)

At the outset, Vade Secure contends plaintiffs have not sufficiently identified what Vade Secure refers to as "five categories of technical trade secrets" listed in plaintiffs' responses to interrogatories. (See Defs.' Mot. at 8:25.)

A plaintiff must "describe the subject matter of the trade secret with sufficient

¹ On April 24, 2021, defendant Olivier Lemarié filed a notice of joinder in Vade Secure's motion.

² By order filed May 25, 2021, the Court took the matter under submission.

1 particularity to separate it from matters of general knowledge in the trade or of special
2 knowledge of those persons skilled in the art," see IntelIClear, LLC v. ETC Global
3 Holdings, Inc., 978 F.3d 653, 658 (9th Cir. 2020), the purpose of such requirement being
4 to "enable defendants to form complete and well-reasoned defenses," see Prolifig
5 Software, Inc. v. Veeva Systems Inc., 2014 WL 2527148, at *3 (N.D. Cal June 4, 2014).

6 Here, plaintiffs' technical experts have described in detail the five categories of
7 technical trade secrets to which the instant challenge is made. (See Zahoory Decl. Ex. 3
8 ("Corrected Expert Report of Seth James Nielson, Ph.D.") ¶¶ 204-214, 252-53, 255-56,
9 260-62, 265-66, 281-85, 297-302, 308-310, 312-20, 332-36, 338, 341-46, 348-50, 353-
10 62); Ex. 7 ("Opening Expert Report of John R. Black, Jr., Ph.D.") & Ex. 5 thereto ¶¶ 1-22,
11 23-36, 40-67)), and defendants' technical experts were able to use those descriptions to
12 "craft detailed arguments for why [plaintiffs'] information does not constitute trade
13 secrets," see Prolifig Software, 2014 WL 2527148, at *3. In particular, defendants'
14 experts have set forth at length why, in their opinion, plaintiffs' asserted technical trade
15 secrets are "publicly and generally known" (see, e.g., Zahoory Decl. Ex. 25 ("Rebuttal
16 Expert Report of Paul C. Clark, D.Sc.") ¶¶ 113-14) and/or that there is no evidence that
17 any "implicated code was incorporated into [Vade Secure's] products" (see id. Ex. 2
18 ("Rebuttal Expert Report of Dr. Aaron Striegel") ¶ 35).

19 Accordingly, to the extent Vade Secure's challenge is based on an asserted failure
20 to identify trade secrets, the motion will be denied. The Court next turns to Vade
21 Secure's additional arguments.

22 **1. Content Filter**

23 As a separate ground for summary judgment, Vade Secure contends plaintiffs lack
24 evidence to base their trade secret misappropriation claim on Vade Secure's Content
25 Filter product.

26 In particular, Vade Secure argues, James Nielson, Ph.D. ("Dr. Nielson"), plaintiffs'
27 technical expert, testified he examined the "Content Filter code" and was unable to locate
28 any assertedly misappropriated information therein. (See id. Decl. Ex. 23 ("Deposition of

1 Seth James Nielson, Ph.D.") 162:11-164:15.) In response, however, plaintiffs point to Dr.
2 Nielson's report, in which he states such misappropriation can be inferred from the code
3 produced by Vade Secure in discovery (see id. Ex. 3 ¶¶ 275-76, 278); additionally,
4 plaintiffs contend, defendants have essentially acknowledged such use (see Lordgooie
5 Decl. Ex. 11 at 26-27, Ex. 14 at VS_0000024415-16, Ex. 15 at 14).³ Although plaintiffs'
6 evidence may be countered at trial, "the strength of the evidence is a question for the
7 jury, not for the court on summary judgment," even where "a plaintiff's case is weak and
8 the result seems clear." See Perez v. Curcio, 841 F.3d 255, 258 (9th Cir. 1988).

9 Accordingly, to the extent Count I is based on a claim that Content Filter uses
10 plaintiffs' trade secrets, the Court finds a triable issue exists and, consequently, Vade
11 Secure has not shown it is entitled to summary judgment.

12 **2. Current O365 Product**

13 As a separate ground for summary judgment, Vade Secure contends it is
14 undisputed that, after the instant action was filed, Vade Secure hired a third party to
15 replace the accused "module" in Vade Secure's O365 product (see Defs.' Mot. at 17:12-
16 14; Pls.' Opp. at 19:22-23), and, according to Vade Secure, plaintiffs lack evidence to
17 base their trade secret misappropriation claim on the current version.

18 In response, plaintiffs point both to Dr. Nielson's report, in which he opines that
19 "certain design choices for the new [module] were derived from [Vade Secure's]
20 knowledge of" plaintiffs' trade secrets (see Zahoory Decl. Ex. 3 ¶ 273), and to the
21 evidence on which he relies in forming that opinion, namely, the specifications Sebastien
22 Goutal ("Goutal"), Vade Secure's Chief Science Officer, gave to said third party developer
23 (see id. Ex. 6 at 5), which specifications, plaintiffs argue, were informed by Vade Secure's
24 access to and knowledge of information constituting plaintiffs' trade secrets (see
25 Lordgooie Decl. Ex. 19, Ex. 21 ("Deposition of Sebastien Goutal") at 175:22-176:3,

26 _____
27 ³ The Court has not set forth in greater detail herein the nature of the evidence
28 cited by plaintiffs, in light of the parties' respective pending motions to file such evidence
under seal.

1 219:6-221:21, Ex. 22).⁴ See BladeRoom Group Ltd. v. Facebook, Inc., 2018 WL 514923,
2 at *9 (N.D. Cal. January 23, 2018) (noting, "in the context of trade secret
3 misappropriation, information may be improperly 'used' in that it is unlawfully acquired
4 and then built upon or modified") (internal quotation and citation omitted).

5 Accordingly, to the extent Count I is based on a claim that the current version of
6 O365 uses plaintiffs' trade secrets, the Court finds a triable issue exists and,
7 consequently, Vade Secure has not shown it is entitled to summary judgment.

8 **3. Conclusion: Count I**

9 Vade Secure has not shown it is entitled to summary judgment on Count I.

10 **B. Copyright Infringement (Count VI)**

11 Plaintiffs' copyright infringement claim is based on an allegation that defendants
12 copied plaintiffs' "software, related source code, and computer programs," which material
13 is contained in four separate registrations effective as of August 2020. (See FAC ¶¶ 112-
14 14.) Vade Secure, in seeking summary judgment on all said works, contends those
15 registrations are invalid because, according to Vade Secure, plaintiffs knowingly included
16 inaccurate information in their applications for registration.

17 To prevail on a claim of copyright infringement, a plaintiff must prove "ownership of
18 a valid copyright." See Unicolors, Inc. v. H&M Hennes & Mauritz, L.P., 959 F.3d 1194,
19 1197 (9th Cir. 2020) (internal quotation and citation omitted). Although "a registration
20 certificate issued by the U.S. Register of Copyrights constitutes prima facie evidence of
21 the validity of a plaintiff's copyright," possession of such a certificate "does not satisfy the
22 Copyright Act's registration requirement if the registrant secured the registration by
23 knowingly including inaccurate information in the application for copyright registration
24 that, if known by the Register of Copyrights, would have caused it to deny registration."
25 Id.

26 _____
27 ⁴ The Court has not set forth in greater detail herein the nature of the evidence
28 cited by plaintiffs, in light of the parties' respective pending motions to file such evidence
under seal.

1 Here, Vade Secure argues, plaintiffs knowingly and inaccurately stated in their
2 applications that the works sought to be registered were unpublished. In response,
3 plaintiffs do not disagree that their applications describe the works as unpublished;
4 rather, they contend a "factual dispute" exists as to whether the works were "published."
5 (See Pls.' Opp. at 23:10-11.)

6 "Publication" is defined as "the distribution of copies or phonorecords of a work to
7 the public by sale or other transfer of ownership, or by rental, lease, or lending." See 17
8 U.S.C. § 101.⁵ As the Register of Copyrights has explained, "publication occurs when
9 one or more copies or phonorecords are distributed to a member of the public who is not
10 subject to any express or implied restrictions concerning the disclosure of the content of
11 that work." See Compendium of U.S. Copyright Office Practices ¶ 1905.1; see, e.g., DBT
12 Group, Inc. v. FMC Corp., 2001 WL 11105077, at *4 (N.D. Ill. September 19, 2001)
13 (holding software plaintiff provided to defendant under license agreement was
14 "unpublished," where "agreement contained strict provisions regarding use of the
15 Software and required prior consent from [plaintiff] before the Software could be
16 distributed to any third parties").

17 In support of its motion, Vade Secure, relying on licensing agreements between
18 Cloudmark and other entities (see Zahoor Decl. Exs. 30-31)⁶ contends Cloudmark, prior
19 to plaintiffs' applying for copyright registration, published the subject works by distributing
20 them to customers. As plaintiffs point out, however, each agreement contained
21 restrictions on the recipient's use of the work. In particular, the first such agreement,
22 titled "End-User License Agreement," states the licensee "shall not (and shall not allow
23 any third party to) . . . distribute, sell, sublicense, rent, lease or use the Software (or any
24

25 ⁵ "Publication" is also defined as "offering to distribute copies or phonorecords to a
26 group of persons for purposes of further distribution, public performance, or public
display." See id. Vade Secure does not rely on this alternative definition of "publication."

27 ⁶ Although Vade Secure cites two such agreements as examples, it has not
28 offered evidence to show any works identified in plaintiffs' copyright applications were
distributed under terms differing from those in the cited agreements.

1 portion thereof) for time sharing, hosting, service provider or like purposes" (see id. Ex.
2 30 ¶ 1.4), and the second such agreement, titled "Software Evaluation Agreement,"
3 states the licensee "shall not, and shall not authorizes others to, copy, make
4 modifications to, translate, disassemble, decompile, reverse engineer, otherwise decode
5 or alter, or create derivative works based on the Evaluation Software" (see id. Ex. 31
6 ¶ 3.0). Given such restrictions, the Court agrees a triable issue of fact exists as to
7 publication.

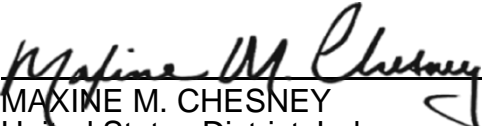
8 Accordingly, Vade Secure has not shown it is entitled to summary judgment on
9 Count VI.

10 **CONCLUSION**

11 For the reasons stated above, Vade Secure's motion for partial summary judgment
12 is hereby DENIED.

13 **IT IS SO ORDERED.**

14
15 Dated: June 29, 2021

16 
17 MAXINE M. CHESNEY
18 United States District Judge