

United States District Court
For the Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

APPLIED SIGNAL TECHNOLOGY, INC., No. C-09-02180 SBA (DMR)

Plaintiffs,

v.

**ORDER GRANTING DEFENDANTS
VIASAT, INC. AND PARADISE
DATACOM LLC'S MOTION FOR
PROTECTIVE ORDER**

EMERGING MARKETS
COMMUNICATIONS, INC., et al.,

Defendants.

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Currently before the Court is Defendants Viasat, Inc. and Paradise Datacom LLC's ("Defendants") Motion for Entry of Protective Order. *See* Docket No. 148. Having considered the parties' briefs and accompanying submissions, as well as the oral argument of counsel at the January 13, 2011 hearing and all other evidence of record, the Court hereby GRANTS Defendants' Motion for Entry of Protective Order.

I. Discussion

This matter involves allegations of patent infringement between competing satellite communications companies, all of which hold some interest in patents they claim are infringed upon by their competitors' technology. The current discovery dispute arose when the parties could not reach agreement on a particular term of a contemplated protective order, intended to protect each

1 party's confidential information. Specifically, the parties have agreed to include a patent
2 prosecution bar in the protective order, but disagree on certain aspects of the bar. In particular, the
3 parties disagree on (1) the subject matter of the patent prosecution bar; specifically, the bar should
4 apply to patents that relate to "self-interference cancellation technology" or, more narrowly, to "self
5 interference cancellation technology for shared-channel, satellite communications"; and (2) whether
6 expert witnesses who view Defendants' confidential technical information should be subject to the
7 bar.

8 Defendants argue that the application of the proposed prosecution bar to *all* individuals who
9 view their confidential technical information, including expert witnesses, as well as the bar's
10 application to patents that relate to the general category of "self-interference cancellation
11 technology" is necessary to protect all possible applications of its confidential technology. Plaintiff
12 Applied Signal Technology, Inc. ("AST") and third party defendant Comtech argue that Defendants'
13 proposed prosecution bar is overly broad in its subject matter coverage and that its application to
14 expert witnesses is not justified, as Defendants have not shown any risk of inadvertent disclosure of
15 confidential information by experts that justifies the application of a prosecution bar to them.

16 **A. Reasonableness of the Proposed Prosecution Bar**

17 Despite provisions in protective orders that specify that information designated as
18 confidential may be used only for purposes of the current litigation, courts recognize that "there may
19 be circumstances in which even the most rigorous efforts of the recipient of such [sensitive]
20 information to preserve confidentiality in compliance...with a protective order may not prevent
21 inadvertent compromise." *In re Deutsche Bank Trust Co.*, 605 F.3d 1373, 1378 (Fed. Cir. 2010).
22 Accordingly, courts authorize the inclusion of prosecution bars in protective orders as a less drastic
23 alternative to the disqualification of counsel or experts. *See e.g. Cummins-Alison Corp. v. Glory*
24 *Ltd.*, 2003 U.S. Dist. LEXIS 23653, at *29-30 (E.D. Ill. 2003). "The determination of whether a
25 protective order should include a patent prosecution bar is a matter governed by Federal Circuit
26 law," and a party seeking to include a prosecution bar in a protective order carries the burden of
27 showing good cause for its inclusion. *Deutsche Bank*, 605 F.3d at 1378.

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1 Under *Deutsche Bank*, which represents the controlling law in this dispute, Defendants, as
2 the moving party, bear the burden of showing as a threshold matter that the proposed prosecution bar
3 “reasonably reflect[s] the risk presented by the disclosure of proprietary competitive information.”
4 *Id.* at 1381. This threshold inquiry essentially measures whether a prosecution bar is reasonable:
5 that is, that “the information designed to trigger the bar, the scope of activities prohibited by the bar,
6 the duration of the bar and the subject matter covered by the bar reasonably reflect the risk presented
7 by the disclosure of proprietary competitive information.” *Id.* If the moving party meets this
8 threshold requirement, the court must then weigh the risk of inadvertent disclosure by individuals
9 involved in competitive decisionmaking against the potential injury to the party deprived of its
10 counsel of choice. *Id.* Although the parties are in agreement regarding the necessity of including a
11 prosecution bar in the protective order, they do not agree on the subject matter covered by the bar,
12 which is the final element of the threshold inquiry. Given that the purpose of this initial inquiry is to
13 measure whether the bar as a whole “reasonably reflects the risk” of disclosure of confidential
14 information, the Court will therefore analyze all of the elements of the threshold inquiry to
15 determine the proper scope of the bar.

16 Here, Defendants have met their burden with respect to the first three elements of the
17 threshold inquiry, which are not disputed by Plaintiffs. First, the information designated to trigger
18 the bar must be relevant to the preparation and prosecution of patent applications. *Deutsche Bank*,
19 605 F.3d at 1381. Here, the information that will trigger the bar is “commercially sensitive technical
20 information” designed as “Confidential,” “Highly Confidential - Attorneys’ Eyes Only,” or “Highly
21 Confidential - Source Code.” *See* Docket No. 178-1 at 17 (Defendants’ Proposed Protective Order).
22 In contrast with financial data or business information, confidential technical information, including
23 source code, is clearly relevant to a patent application and thus may pose a heightened risk of
24 inadvertent disclosure. *See Deutsche Bank*, 605 F.3d at 1381. Further, the scope of the activities
25 prohibited by the bar - patent prosecution¹ - is appropriately narrow. The prosecution bar at issue

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27 ¹ The term “prosecution” in the proposed prosecution bar specifies that the term “includes
28 directly or indirectly drafting, amending, advising or otherwise affecting the scope or maintenance
of patent claims, but 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*

1 does not preclude any individuals from other activities in the field of satellite communications, such
2 as teaching, developing products, or working for other satellite communications companies. The
3 duration of the bar, two years after final disposition of the action, is not unreasonable and was
4 agreed upon by both sides. Therefore, the only remaining element of the threshold inquiry described
5 in *Deutsche Bank* to be considered is the subject matter covered by the bar.

6 AST and Comtech argue that any prosecution bar should be limited to patents that relate to
7 “self interference cancellation technology for *shared-channel, satellite communications.*” In support
8 of their argument for a narrow scope, AST and Comtech urge the Court to “assume that the existing
9 protective order [without the prosecution bar] will be strictly followed and that qualified individuals
10 receiving information subject to the protective order will refrain from misusing confidential and
11 proprietary information.” Docket No. 194 at 4. In contrast, Defendants seek the inclusion of a
12 prosecution bar that applies to patents that relate to “self-interference cancellation technology,”
13 which they assert is the technology disclosed in the patents-in-suit and the technology accused of
14 infringement. To support their position, Defendants have submitted evidence that Defendant
15 Viasat’s confidential technology can be used broadly in the area of self-interference cancellation.
16 Thus there is a risk that its technology could be used in patenting an invention unrelated to shared-
17 channel satellite application, such as in wireless, wire line, or microwave communications. *See e.g.*
18 Docket No. 178 at 8, Docket No. 179, Declaration of Donald W. Becker, ¶ 6. AST and Comtech
19 concede that the technology at issue may be applied to other fields, but argue that a narrow scope is
20 all that is required as none of the parties currently have any products with applications outside of
21 satellite communications.

22 AST and Comtech’s arguments against broader subject matter coverage of the prosecution
23 bar misapprehend the risk sought to be addressed by including a prosecution bar in a protective
24 order in the first place. Notwithstanding AST and Comtech’s assertions that individuals who receive
25 confidential information will “refrain from misusing” the information, “it is very difficult for the
26 human mind to compartmentalize and selectively suppress information once learned, no matter how

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28 reexamination).” Defendants’ Proposed Protective Order at 17.

1 well-intentioned the effort may be to do so.” *FTC v. Exxon Corp.*, 636 F.2d 1336, 1350 (D.C. Cir.
2 1980). In the course of this patent litigation, the parties and their representatives and consultants
3 may access their opponents’ highly confidential proprietary technical information. As individuals
4 cannot simply purge selected information from their memory, the risk is that they may later use the
5 knowledge gained from the confidential material, however inadvertently, in the prosecution of future
6 patents.

7 Therefore, in determining the scope of the proposed prosecution bar, the relevant question is
8 not to which field the accused products are *currently* limited, but instead in which fields the patented
9 technology reasonably *could* be used, i.e. the areas of technology where there is risk that individuals
10 may inadvertently exploit their new knowledge in future patent prosecution. Accordingly, the
11 proper subject matter of the proposed prosecution bar in this case should be coextensive with the
12 subject matter of the patents-in-suit, namely, the field of “self-interference cancellation
13 technology.”²

14 In sum, Defendants have met their burden to show that their proposed prosecution bar
15 “reasonably reflect[s] the risk presented by the disclosure of proprietary competitive information.”
16 *Deutsche Bank*, 605 F.3d at 1381. These threshold requirements being met, the Court moves to the
17 next part of the analysis described in *Deutsche Bank*: weighing the risk of inadvertent disclosure by
18 individuals involved in “competitive decisionmaking” against the potential injury to the opposing
19 party from restrictions imposed on its choice of counsel. *Id.*

20 **B. Application of the Prosecution Bar**

21 At this stage, the burden shifts to AST and Comtech as the objecting parties to demonstrate
22 that their consultants should be exempt from a prosecution bar on an individual, or
23 “counsel-by-counsel” basis. *Id.* For each person for whom an exemption is sought, the court must
24 evaluate whether the person is a “competitive decisionmaker” whose participation in patent

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26 ² This scope is also consistent with the approach taken by other courts in holding that the subject
27 matter covered by the bar should be limited to patent prosecution “relating to the subject matter of the
28 patents-in-suit.” *See e.g. Cheah IP LLC v. Plaxo, Inc.*, 2009 WL 1190331, at *2-3 (N.D.Cal. 2009) (citing to
Cummins-Alison Corp., 2003 U.S. Dist. LEXIS 23653, at *31-32 for the proposition that “a bar against
prosecution ‘relating to the subject matter of the patents-in-suit’ is the language routinely employed by the
courts when imposing a patent prosecution bar”).

1 prosecution creates a risk of inadvertent disclosure of confidential information. *Id.* Here, AST and
2 Comtech object to the application of the proposed prosecution bar to any actual or potential expert
3 witnesses on the grounds that Defendants have made no showing that its experts will disclose, or
4 have threatened to disclose, Defendants’ information in violation of the protective order.

5 Since *Deutsche Bank* was decided in 2010, there have been no cases extending its analysis to
6 expert witnesses. However, although the court in *Deutsche Bank* did not discuss the application of
7 prosecution bars to individuals *other* than attorneys, the prosecution bar at issue in that case
8 purported to apply to any “individual” who viewed confidential information. Similarly, the disputed
9 prosecution bar at issue here also applies to any “individual” who receives access to confidential
10 information.³ Further, the concept of “competitive decisionmaking” as defined by the court in
11 *Deutsche Bank* turns on the extent to which an individual is involved in patent prosecution activities,
12 which are certainly not exclusively performed by attorneys. Therefore, the Court concludes it is
13 appropriate to analyze the application of the proposed prosecution bar to expert witnesses under the
14 framework set forth in *Deutsche Bank*.

15 The question of whether there is a risk of inadvertent disclosure by a particular individual
16 turns on the extent to which they are involved in “competitive decisionmaking” for a client.
17 *Deutsche Bank*, 605 F.3d at 1378 (citing to *U.S. Steel Corp. v. United States*, 730 F.2d 1465, 1468
18 (Fed. Cir. 1984)). “Competitive decisionmaking” is defined as “counsel’s activities, association, and
19 relationship with a client that are such as to involve counsel’s advice and participation in any or all
20 of the client’s decisions (pricing, product design, etc.) made in light of similar or corresponding
21 information about a competitor.” *Deutsche Bank*, 605 F.3d at 1378 (*quoting U.S. Steel Corp.*, 730
22 F.2d at 1468 n. 3). Such activities may include

23 “obtaining disclosure materials for new inventions and inventions under
24 development, investigating prior art relating to those inventions, making
25 strategic decisions on the type and scope of patent protection that might
 be available or worth pursuing for such inventions, writing, reviewing,
 or approving new applications or continuations-in-part of applications to

27 ³ The protective order at issue in this matter was taken from the Northern District of California’s
28 model “Stipulated Protective Order for Litigation Involving Patents, Highly Sensitive Confidential
Information and/or Trade Secrets.”

1 cover those inventions, or strategically amending or surrendering claim
2 *Id.* at 1380. scope during prosecution.”

3 If the court concludes that counsel is a “competitive decisionmaker” and thus there is a risk
4 of inadvertent disclosure or competitive use, the risk must be balanced against the potential harm to
5 the opposing party in denying it the counsel of its choice. *Deutsche Bank*, 605 F.3d at 1380. In
6 evaluating this harm, the court must consider several factors: the extent and duration of counsel’s
7 past history in representing the client in litigation and before the U.S. Patent and Trademark Office
8 (PTO), the degree of the client’s reliance and dependence on that past history, and the potential
9 difficulty the client might face if forced to rely on other counsel to represent it before the PTO. *Id.*
10 at 1381. “After balancing these competing interests, the court has broad discretion to decide what
11 degree of protection is required.” *Xerox v. Google*, 2010 WL 3502546 at *2, (D.Del. 2010).

12 Under that framework, AST and Comtech’s argument that Defendants have not met their
13 burden fails. *Deutsche Bank* does not hold that the party seeking a prosecution bar must show actual
14 evidence that an individual will ignore a protective order; rather, it is *AST and Comtech’s* burden to
15 show that their experts should be exempt on an individual basis. *Deutsche Bank*, 605 F.3d at 1381.
16 AST and Comtech have submitted no evidence showing why any specific experts should be exempt
17 from the prosecution bar. Further, under *Deutsche Bank*, an expert witness who prepares or applies
18 for patents themselves is undoubtedly a competitive decisionmaker. Indeed, the court in *Deutsche*
19 *Bank* explained that attorneys involved in competitive decisionmaking were those “substantially
20 engaged” in patent prosecution who had “the opportunity to control the content of patent
21 applications,” stating that “[s]uch attorneys would not likely be properly exempted from a patent
22 prosecution bar.” *Id.* at 1380 (emphasis added). An expert witness who acts as an inventor or
23 technical advisor, as appears to be the case here based on a review of the submitted resumes of AST
24 and Comtech’s current experts, certainly controls the content of his or her own patent applications
25 and thus falls squarely into the parameters of competitive decisionmaking as contemplated by the
26 court in *Deutsche Bank*. Allowing experts who prosecute patents themselves to access confidential
27 technical information *without* the protection of a prosecution bar thus poses a tremendous risk of
28 inadvertent disclosure.

1 The risk of inadvertent disclosure by expert witnesses who prosecute patents themselves is
2 amply demonstrated by the fact that potential experts for AST and Comtech have already declined to
3 serve as experts in light of the proposed prosecution bar. For example, one witness, Dr. Theodore
4 Rappaport, declined to be an expert for AST and Comtech because his job responsibilities “would be
5 compromised if he were precluded from prosecution of any patents relating to self-interference
6 cancellation technology.” Docket No. 194-1, Declaration of Brett M. Hager, ¶ 5. Although AST and
7 Comtech point to this in support of their argument that they have been harmed by the proposed
8 prosecution bar in that it has precluded them from engaging some expert witnesses, the Court
9 concludes that this demonstrates that the proposed prosecution bar worked exactly as it should, by
10 preventing an individual who would admittedly be working as a competitive decisionmaker in the
11 same field from having access to Defendants’ confidential information.

12 In weighing Defendants’ interest in protecting its confidential information against the
13 potential harm to AST and Comtech from restrictions imposed on retaining their experts of choice,
14 the Court notes that concerns about the potential injury to a party opposing a prosecution bar from
15 restrictions imposed on its choice of counsel are not present here. Requiring a party to replace
16 counsel with whom they may have a longstanding relationship “creates a much greater burden than
17 requiring a party to hire different experts.” *MercExchange, L.L.C. v. eBay, Inc.*, 467 F.Supp.2d 608
18 (E.D. Va. 2006). Further, the Court notes that AST and Comtech have already been able to retain
19 two experts who have agreed to the proposed prosecution bar, and have made no showing that there
20 is a dearth of experts in the field of satellite communications or that they will be seriously prejudiced
21 by the imposition of the prosecution bar. That is not to say that the Court forecloses the possibility
22 that the imposition of this prosecution bar may effectively preclude the parties from being able to
23 retain necessary expert witnesses in this litigation. Therefore, in concluding that Defendants’
24 proposed prosecution bar is both warranted and reasonable, and that the harm to the parties is not
25 outweighed by the risk of inadvertent disclosure of confidential information, the Court hereby grants
26 either party leave to file a motion at a future date to challenge the application of the prosecution bar
27 to a specific expert witness or witnesses. Any such motion would necessarily require a
28 particularized showing that warrants relief from the prosecution bar. For example, a party could

1 demonstrate that the available pool of experts with the relevant expertise in the field of satellite
2 communications is so limited that the prosecution bar significantly impairs the party's ability to
3 retain expert witnesses. As a further example, a party could demonstrate that a particular expert is
4 not a competitive decisionmaker.

5 **II. Conclusion**

6 For the foregoing reasons, Defendants' motion is GRANTED and the Court will enter a
7 signed copy of the protective order.

8 IT IS SO ORDERED.

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10 Dated: January 20, 2011

