SARA M. THORPE (SBN 146529)
sthorpe@gordonrees.com
D. CHRISTOPHER KERBY (SBN 124546)
ckerby@gordonrees.com
GORDON & REES LLP
Embarcadero Center West
275 Battery Street, Suite 2000
San Francisco, CA 94111
Telephone: (415) 986-5900
Facsimile: (415) 986-8054

Attorneys for Defendant
ST. PAUL MERCURY INSURANCE COMPANY

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT COURT OF CALIFORNIA

SAN JOSE DIVISION

NETSCAPE COMMUNICATIONS CORPORATION, a Delaware corporation; and AMERICAN ONLINE, INC., a Delaware corporation, Plaintiffs, vs. FEDERAL INSURANCE COMPANY, an Indiana corporation; et al., Defendants.¶	CASE NO. 5:06-CV-00198 JW (PVT) **DEFENDANT ST. PAUL MERCURY INSURANCE COMPANY'S MOTION TO SEAL REPLY BRIEF ON MOTION TO COMPEL** Complaint Filed: 12/12/05 Amended Complaint: 2/24/06 **Accompanying Documents:** Stipulation To Seal; Declaration of Sara M. Thorpe; Proposed Order

TO THE PARTIES AND TO THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on _____, 2006 at _____, in the above-captioned Court, Defendant St. Paul Mercury Insurance Company ("St. Paul") will and hereby does move this Court, before the Hon. Patricia V. Trumbull, pursuant to Rule 26(c) of the Federal Rules of Civil Procedure and Civil Local Rule 79-5, for an order to seal, in its entirety, the Reply Brief to St. Paul's Opposition to Motion to Compel Production ("Reply Brief"), Declaration of Leslie Pereira ("Pereira Dec."), and Exhibits, submitted by America Online, Inc. and Netscape Communications Corporation (collectively "Plaintiffs"). Alternatively, St. Paul moves this Court to seal portions of the Reply Brief, portions of the Pereira Dec., and Exhibit D to that Declaration.

Gordon & Rees LLP
275 Battery Street, Suite 2000
San Francisco, CA 94111

This motion is based on the Points and Authorities set forth below follow, the Stipulation To Seal, and the Declaration of Sara M. Thorpe filed herewith.

Plaintiffs do not oppose the motion (see Stipulation To Seal). The parties do not request a hearing, unless the Court deems one appropriate.

MEMORANDUM OF POINTS AND AUTHORITIES

I. OVERVIEW OF REPLY BRIEF AND EXHIBITS

On September 29, 2006, Plaintiffs filed a motion to compel documents from St. Paul. St. Paul opposed the motion. On October 12, 2006, Plaintiffs filed a Reply Brief, Pereira Dec., and Exhibits A to F. On the day of the hearing of the motion, the motion to compel was taken off calendar because of a procedural issue related to Plaintiffs' filing. Following this turn of events, the parties met and conferred and were able to resolve the issues raised in the motion to compel and other pending discovery issues, so the motion to compel became moot. Declaration of Sara M. Thorpe, filed herewith ("Thorpe Dec."), ¶7. In connection with the compromise reached, Plaintiffs agreed to cooperate with St. Paul's request to withdraw the Reply Brief from the Court's record.

In connection with the motion to compel, Plaintiffs had filed a Reply Brief which includes inadvertently produced attorney client communications, which Plaintiffs should not have included in their filing. The Reply Brief also contains other misstatements and disparaging remarks.

The parties filed a Stipulation to have the Reply Brief withdrawn. This request was denied. Therefore, the parties further met and conferred as to a means, under the procedural rules, for sealing the Reply Brief and accompanying documents entirely or, alternatively, as to portions. The parties stipulated to Seal the Reply Brief and accompanying papers, and Plaintiffs agreed not to oppose this motion.

II. REQUEST TO SEAL

St. Paul requests the entire Reply Brief with accompanying papers be sealed because: the motion to compel is moot; the Reply Brief and accompanying documents contain inadvertently produced attorney client privileged communication, and other

Gordon & Rees LLP
275 Battery Street, Suite 2000
San Francisco, CA 94111

erroneous and disparaging statements. Furthermore, sealing the documents does not harm the public's right to information since these documents are made in the context of a discovery dispute. Sealing only portions of the Reply Brief creates a "swiss-cheese" document. Alternatively, St. Paul requests the Court seal portions of the Reply Brief, Pereira Dec., and all of Exhibit D.

The portions of the Reply Brief that should at a minimum be redacted are:

Page: Lines/Reason	
Reply Brief	
2:1-5	Disparaging; Inaccurate – St. Paul does not contend the same language in the advertising injury provisions of the policy are irrelevant as to interpretation of the personal injury provisions of the policy. No such argument is made at Opposition 3, 9, 10.
4: 25-26	Inaccurate, disparaging – St. Paul has not conceded.
5:24-6:8	Inaccurate, based on attorney client communication – St. Paul has not "admitted away" the application of TCPA cases. In fact it is quite clear St. Paul intends to rely on that line of authority. This argument is based upon and misinterprets an inadvertently produced attorney client communication.
6: footnote 3	Disparaging, based on attorney client communication – Plaintiffs question credibility of St. Paul's claim attorney on the basis of the inadvertently produced attorney client communication.
7: footnote 4	Disparaging, inaccurate – Plaintiffs question the preparation and knowledge of witness Eric Solberg, even though they know he testified at his deposition that he was the "principal architect" of the policy language changes. (Thorpe Dec., ¶10a.)
11: 3-12:6, 12:11-13	Disparaging, based upon attorney client communication, inaccurate – Plaintiffs criticize the veracity of the claim attorney who presented the declaration regarding the burden of plaintiffs' discovery request, based upon the inadvertently disclosed attorney client communication. Plaintiffs unduly criticize, when the point is that St. Paul does not collect or index deposition testimony given in cases so as to be able to locate any such depositions.
12:21-13:6	Inaccurate, misleading – Plaintiffs suggest Bonnie Girard is a person more knowledgeable than St. Paul's declarant on the burden issue, when Plaintiffs were advised with the St. Paul's Initial Disclosure in March 2006 and during subsequent discussions regarding depositions to be taken in the case, that Girard is no longer an employee at St. Paul. (Thorpe Dec. ¶10b.) (Obviously St. Paul's web-site has not been updated.)

Gordon & Rees LLP
275 Battery Street, Suite 2000
San Francisco, CA 94111

13:25-14:1	Attorney client communication – Plaintiffs arguments rely upon a document that contains inadvertently produced attorney client communication.
Pereira Dec. ¶ 3	Attorney client communication - The entire paragraph references the document with the inadvertently produced attorney client communication.
Exhibit D	Attorney client communication - The exhibit is the document with the inadvertently produced attorney client communication.

III. POINTS AND AUTHORITIES

A. The Reply Brief Contains, Refers To, And Is Based On Information Protected Under The Attorney-Client Privilege

Under Local Rule 79-5(a), a court record is "sealable" if it is "entitled to protection under the law." "Confidential communication[s] between client and lawyer" are entitled to protection under California law. Calif. Evid. Code § 954.[1]

Plaintiffs attached as Exhibit D to their Reply Brief a confidential email communication between Judi Lamble, a claims attorney at St. Paul, and her counsel, Sara Thorpe. Thorpe Dec., ¶3. In those emails, advice was being provided regarding various legal issues in this lawsuit. *Id.* Exhibit D is protected as an attorney-client privileged communication.

Thorpe inadvertently sent the email communication to plaintiffs' counsel. Thorpe Dec., ¶3. This inadvertent disclosure does not constitute a waiver of the attorney-client privilege for two reasons. First, because the client, and not the attorney, is the holder of the attorney-client privilege, Thorpe did not waive that privilege by sending the email communication. *State Comp Ins. Fund v. Telanoff,* 70 Cal.App.4th 644, 651 (1999). Second, there was no waiver because the disclosure was inadvertent. *Roberts v. Superior Court,* 9 Cal.3d 330, 343 (1973) ("The waiver of an important right must be a voluntary and knowing act done with sufficient awareness of the relevant circumstances and likely consequences.").

[1] In diversity actions in federal court, attorney-client privilege is based on the law of the forum state. *First Pac. Networks v. Atlantic Mut. Ins. Co.*, 163 F.R.D. 574, 577 (N.D. Cal. 1995).

Gordon & Rees LLP
275 Battery Street, Suite 2000
San Francisco, CA 94111

Upon receiving the inadvertent disclosure, plaintiffs' counsel had an ethical duty to immediately notify St. Paul's counsel about receipt of the privileged material. *State Farm, supra*, 70 Cal.App.4th at 656. As the California court has made clear:

> When a lawyer who receives materials that obviously appear to be subject to an attorney-client privilege or otherwise clearly appear to be confidential and privileged and where it is reasonably apparent that the materials were provided or made available through inadvertence, the lawyer receiving such materials should refrain from examining the materials any more than is essential to ascertain if the materials are privileged, and shall immediately notify the sender that he or she possesses material that appears to be privileged. *Id.*

Plaintiffs counsel obviously did not refrain from reviewing the email communication. Plaintiffs did not advise St. Paul's counsel about receipt of the attorney client communication. Thorpe Dec., ¶4. Plaintiffs took advantage of the inadvertent disclosure and attached the privileged material to their Reply Brief in support of their motion to compel discovery. Discussion of the privileged material is scattered throughout Plaintiffs' entire Reply Brief and is the basis for Plaintiffs' criticism of the veracity of the declarant on the burden of locating responsive documents.

B. The Reply Brief Is Moot And Contains Disparaging Comments

In deciding whether to seal the Reply Brief, this Court is not limited to considering any prescribed set of factors. As stated by the Ninth Circuit: "courts should consider all relevant factors" when deciding a motion to seal. *Swerdlow v. City of Portland*, 76 Fed. Appx. 827, 828 (9th Cir. 2003). Rule 26(c), Fed. Rules Civ. Proc., allows courts to "make any order" to protect parties from "annoyance, embarrassment, oppression, or undue burden." With this broad discretion, this Court should consider the following additional factors, which favor sealing the Reply Brief in its entirety.

Because the parties resolved the discovery dispute on their own, St. Paul never had an opportunity to controvert Plaintiffs' statements on the Court record. Had the dispute not been resolved, St. Paul would have requested permission to file a surreply and at the hearing addressed the misstatements. Thorpe Dec. at ¶6.

Gordon & Rees LLP
275 Battery Street, Suite 2000
San Francisco, CA 94111

The Reply Brief is now moot. The parties were able to resolve discovery disputes, including those addressed in the Reply Brief. Thorpe Dec. at ¶7. Plaintiffs will suffer no prejudice if this Court seals the entire Reply Brief. In fact, Plaintiffs stipulated to withdraw the Reply Brief and accompanying documents entirely from this Court's file. Thorpe Dec. at ¶ 9. See, also, Stipulation To Withdraw. Plaintiffs now stipulate to sealing the Reply Brief and its accompanying documents in its entirety (or as the Court deems appropriate). See, Stipulation To Seal filed herewith.

The Reply Brief contains disparaging and erroneous comments. Plaintiffs question the veracity of person providing the burden declaration, based on the inadvertently disclosed attorney client communication. Further the declarant's knowledge by suggesting Bonnie Girard would be a better witness, when Plaintiffs have been aware since March 2006 that Ms. Girard is no longer with St. Paul (and therefore the web-site information must not have been up to date). Thorpe Dec. ¶10b.

Plaintiffs suggest Mr. Solberg was not prepared and knowledgeable about the policy forms on which he provided testimony, but fail to mention Mr. Solberg testified he was "the principal architect and approver" of the form changes. Thorpe Dec., ¶10a.

Plaintiffs state St. Paul's inadvertently disclosed attorney client communication constitutes an admission. (Reply Br. at pg. 5-6.) It does not. Plaintiffs argue St. Paul's counsel has conceded advertising injury language is irrelevant to policy interpretation of the same words in the personal injury coverage provision, citing to pp. 3, 9, 10 of St. Paul's Opposition Brief. See, Reply Brief, p. 2:5. But, there is no such argument made on those pages of St. Paul's Opposition Brief.

D. <u>The Right to Public Access Does Not Apply To Discovery Documents</u>

While there is a right to public access of court records, that right is not absolute. *San Jose Mercury News, Inc. v. United States Dist. Court - N. Dist.*, 187 F.3d 1096, 1102 (9th Cir. 1999) ("The federal common law right of access is not absolute, and is not entitled to the same level of protection accorded a constitutional right.").

Gordon & Rees LLP
275 Battery Street, Suite 2000
San Francisco, CA 94111

Moreover, some courts hold the right of public access does not apply to discovery documents. As stated by the United States Supreme Court:

> Much of the information that surfaces during pretrial discovery may be unrelated, or only tangentially related, to the underlying cause of action. Therefore, restraints placed on discovered, but not yet admitted, information are not a restriction on a traditionally public source of information.

Seattle Times Co. v. Rhinehart, 467 U.S. 20, 33 (1984).

Invoking *Seattle Times,* the Third Circuit further explained why the right of public access does not apply to discovery documents, by stating:

> [A] holding that discovery motions and supporting materials are subject to a presumptive right of access would make raw discovery, ordinarily inaccessible to the public, accessible.... This would be a holding based more on expediency than principle.

Leucadia, Inc. v. Applied Extrusion Technologies, Inc., 998 F.2d 157, 164 (3rd Cir. 2003).

This jurisdiction has also recognized the policy for public access to court records is less significant for discovery documents. *Kamakana v. City & County of Honolulu*, 447 F.3d 1172, 1179 (9th Cir. 2006) ("The public policies that support the right of access to dispositive motions, and related materials, do not apply with equal force to non-dispositive [discovery] materials."). In cases where courts of this jurisdiction held there was a right of public access to discovery documents, it was because those documents were attached to a dispositive motion, and thus lost their discovery status. See, e.g., *Foltz v. State Farm Mut. Auto. Ins. Co.,* 331 F.3d 1122, 1135 (9th Cir. 2003):

> As the Fourth Circuit held in *Rushford*, 'once the [sealed discovery] documents are made part of a dispositive motion [e.g., a summary judgment motion ruled upon by the court] . . . they lose their status of being raw fruits of discovery,' and no longer enjoy protected status. *Id.* (brackets in original).

Here, the Reply Brief does not lose its protected status as a discovery document. Accordingly, the right to public access is not a sufficient ground to deny St. Paul's motion to seal the Reply Brief.

Gordon & Rees LLP
275 Battery Street, Suite 2000
San Francisco, CA 94111

D. PARTIAL SEALING IS NOT SUFFICIENT

Partial sealing of the Reply Brief is insufficient and creates a "swiss cheese" document. See, e.g., *United States v. Aispuro*, 1998 U.S. App. LEXIS 24103 (9th Cir. 1998), in which the Ninth Circuit affirmed the district court's decision to seal an entire opposition brief because a confidential presentence report was attached to that brief.

St. Paul requests the Court seal the entire Reply Brief to which the attorney client communication was attached.

CONCLUSION

For the foregoing reasons, St. Paul respectfully requests this Court seal the entire Reply Brief, Pereria Dec., and Exhibits. Alternatively, at the minimum, this Court should seal the requested portions of the Reply Brief, Pereira Dec., and Exhibit D.

Dated: November 22, 2006

GORDON & REES LLP

SARA M. THORPE
D. CHRISTOPHER KERBY
Counsel to St. Paul Mercury Insurance Company

Gordon & Rees LLP
275 Battery Street, Suite 2000
San Francisco, CA 94111