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IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

Applied Materials, Inc.,

NO. C 07-05248 JW

Plaintiff,

**ORDER OVERRULING OBJECTION TO  
DISCOVERY ORDER NO. 43**

v.

Advanced Micro-Fabrication Equipment  
(Shanghai) Co., et al.,

Defendants.

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On October 5, 2009, the Special Master issued Discovery Order No. 43, in which he denied AMEC's motion to clarify or modify the Protective Order<sup>1</sup> to allow it to present material in two expert reports to some of its employees or former employees. (hereafter, "RDO 43," Docket Item No. 476.) In RDO 43, the Special Master determined that: (1) the plain language of the Protective Order allows AMEC to "show confidential documents referenced in expert report to employees who are alleged to have authored or received them"; but (2) there is no basis upon which to modify the Protective Order to allow AMEC to "discuss any non-documentary confidential information referenced in the reports with employees who allegedly created the information or with whom Applied alleges that such information previously was shared." (RDO 43 at 2.)

Presently before the Court is AMEC's Objection to Discovery Order No. 43 Regarding Rights Under Protective Order. (hereafter, "Objection," Docket Item No. 571.) The Court reconsiders a recommendation of the Special Master pertaining to a non-dispositive motion or

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<sup>1</sup> (See Docket Item No. 135.)

1 pretrial discovery matter only where the Special Master’s recommendation is clearly erroneous or  
2 contrary to law. (See Order of Appointment, Docket Item No. 119.)

3 Defendants object to RDO 43 on the grounds that: (1) they will be hampered in their ability  
4 to prepare adequately for trial unless they can disclose non-documentary confidential information to  
5 employees or former employees who are referenced in the expert reports; and (2) the Special Master  
6 erred in ruling that AMEC failed to show that it would be prejudiced if prevented from sharing such  
7 confidential information with employees and former employees. (Objection at 5-8.)

8 In Brown Bag Software v. Symantec Corp., the Ninth Circuit found that when facing a  
9 protective order dispute in a trade secrets case, courts should balance the risk of inadvertent  
10 disclosure of trade secrets to competitors against the risk that protection of trade secrets will impair  
11 prosecution of the plaintiff’s claims. 960 F.2d 1465, 1470 (9th Cir. 1992); see also Nutratech, Inc.  
12 v. Syntech Int’l Inc., 242 F.R.D. 552, 555 (C.D. Cal. 2007). “To modify a protective order a party  
13 must establish good cause by demonstrating how the protective order will prejudice the party’s  
14 case.” Intel Corp. v. VIA Technologies, Inc., 198 F.R.D. 525, 528 (N.D. Cal. 2000).

15 Here, the Special Master specifically found that AMEC failed to articulate how it would be  
16 prejudiced in its ability to defend itself if denied the opportunity to disclose non-documentary  
17 confidential information to employees and former employees named in the expert reports. (RDO 43  
18 at 3.) The Special Master further found that the Protective Order “was the product of substantial  
19 negotiation between counsel,” and sufficiently balances the respective interests of both sides. (RDO  
20 43 at 2, 4.) Allowing for disclosure of vaguely defined “non-documentary Confidential  
21 Information” would lead to a “very slippery slope in terms of how confidential information would be  
22 handled.” (RDO at 3.) Under the circumstances, where the parties are “present day competitors in a  
23 highly competitive industry, dissemination of ‘Confidential Information more broadly than already  
24 allowed by the Protective Order is very easily subject to abuse.” (Id.)

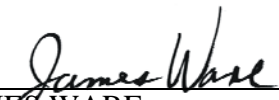
25 The Court finds that the Special Master did not commit clear error when he found that  
26 AMEC did not adequately demonstrate how it would be prejudiced in defending itself at trial if  
27 prevented from disclosing non-documentary confidential information contained in the expert reports.

1 As the Special Master pointed out, AMEC remains free to disclose confidential documents to  
2 authors and recipients of those documents, and AMEC can apprise employees of the nature of the  
3 allegations being made as long as it does not refer to specific confidential information included in  
4 the reports. (See RDO at 3.) The Court is not persuaded that AMEC cannot adequately prepare for  
5 trial without discussing with employees the particulars of non-documentary confidential information  
6 contained in the expert reports.

7 Furthermore, AMEC provides no legal authority that would require a contrary finding.  
8 Besides Brown Bag Software, Nutratch, and Intel Corp., which the Special Master directly  
9 addressed in RDO 43,<sup>2</sup> AMEC relies on Medtronic Sofamore Danek, Inc. v. Michelson,<sup>3</sup> an  
10 unreported Tennessee case not binding on this Court, to support its contention that denying a party's  
11 access to confidential information may impair its ability to defend a lawsuit. In that case, the district  
12 court balanced the respective interests of the parties to determine that prohibiting a party's access to  
13 certain confidential *documents* would greatly impair his ability to defend himself in the lawsuit. Id.  
14 at \*15. Since Medtronics only found that it was necessary for the opposing party to disclose  
15 confidential documents, that case does not support AMEC's contention that disclosing non-  
16 documentary confidential information is necessary to adequately defend itself here. Thus, the  
17 Special Master's finding that AMEC's ability to disclose to authors and recipients documentary  
18 information sufficiently protects its due process rights was not contrary to law.

19 Accordingly, the Court OVERRULES AMEC's Objection to Discovery Order No. 43.

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21 Dated: November 13, 2009

  
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JAMES WARE  
United States District Judge

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26 <sup>2</sup> (RDO at 3.)

27 <sup>3</sup> 2002 U.S. Dist. LEXIS 27981 (W.D. Tenn. 2002).

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**Dated: November 13, 2009**

**Richard W. Wieking, Clerk**

**By:           /s/ JW Chambers            
Elizabeth Garcia  
Courtroom Deputy**