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16

17 UNITED STATES DISTRICT COURT

18 NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION

19  
20 APPLE INC., a California corporation,

21 Plaintiff,

22 vs.

23 SAMSUNG ELECTRONICS CO., LTD., a  
Korean business entity; SAMSUNG  
24 ELECTRONICS AMERICA, INC., a New  
York corporation; SAMSUNG  
25 TELECOMMUNICATIONS AMERICA,  
LLC, a Delaware limited liability company,

26 Defendant.  
27

CASE NO. 11-cv-01846-LHK

**ADMINISTRATIVE MOTION TO FILE  
DOCUMENTS UNDER SEAL**

**Date: July 24, 2012**

1 Pursuant to Civil L.R. 7-11 and 79-5, and General Order No. 62, Defendants Samsung  
2 Electronics Co., Ltd., Samsung Electronics America, Inc., and Samsung Telecommunications  
3 America, LLC (collectively, “Samsung”) hereby bring this administrative motion for an order to  
4 seal certain highly sensitive and confidential financial documents filed by the parties.

5 **Request for Relief**

6 On July 17, 2012, the Court denied several sealing motions filed by both Samsung and  
7 Apple. ECF No. 1256. The Court further ordered the parties to carefully scrutinize the documents  
8 they sought to seal, and only request that documents containing “exceptionally sensitive  
9 information that truly deserve[s] protection” be kept under seal. *Id.* at 3.

10 Samsung has complied with the Court’s Order, carefully reviewing each document page by  
11 page. Samsung has identified compelling reasons to seal very limited and specific portions of only  
12 14 of the 240 documents subject to the original sealing motions. In sum, these documents contain  
13 highly sensitive and confidential financial information, including information regarding  
14 Samsung’s exact costs of goods sold, costed bills of materials, product-by-product profits, and  
15 other financial data indicative of how Samsung positions itself and competes in the mobile device  
16 market and could be used for improper purpose if made public.

17 Attached hereto as Exhibit 1 is Table A which contains a list of documents that Samsung is  
18 seeking to seal, including a description of the sealable information and the compelling reason for  
19 each document to be sealed. The compelling reasons to seal these exceptionally sensitive  
20 documents are set out further in this Motion and in the Declaration of GiHo Ro, attached hereto.

21 **There Are Compelling Reasons to Grant the Very Limited and Specific Sealing Requested**

22 After careful review pursuant to the Court’s July 17 Order, Samsung now seeks to seal  
23 only limited and specific portions of only 14 documents out of the 240 documents originally  
24 subject to the motions to seal. These documents contain financial information of the utmost  
25 confidentiality within Samsung, are subject to stringent protections internally, and have never  
26 been disclosed to the public. These documents qualify as exceptionally sensitive; indeed they  
27 contain some of the most confidential and valuable information that Samsung possess. Compelling  
28 reasons exist to seal them.

1 The Ninth Circuit has held that parties must show compelling reasons to seal documents  
2 attached to dispositive motions. *Kamakana v. City and County of Honolulu*, 447 F.3d 1172, 1177  
3 (9th Cir. 2006). “In general, ‘compelling reasons’ sufficient to outweigh the public’s interest in  
4 disclosure and justify sealing court records exist when such ‘court files might have become a  
5 vehicle for improper purposes,’ such as the use of records to gratify private spite, promote public  
6 scandal, circulate libelous statements, or release trade secrets.” *Id.* at 1179, quoting *Nixon v.*  
7 *Warner Commc’ns, Inc.*, 435 U.S. 589, 598 (1978).

8 **Compelling Reasons Exist to Seal Samsung’s Highly Sensitive Financial Information.**

9 District courts in the Ninth Circuit have recognized that a company’s detailed financial  
10 information, such as costs of goods sold and detailed revenue and profit information, present a  
11 strong danger of improper use by the company’s competitors, and may be sealed even under the  
12 heightened “compelling reasons” standard. For example, the Southern District of California has  
13 held financial information such as customer lists, revenues per product, revenue reductions,  
14 merchandise costs, royalty costs, promotional costs, personnel costs, and costs of goods sold  
15 sealable when a company’s business competitors could use the information to replicate the  
16 company’s business practices. *Bauer Bros. LLC v. Nike, Inc.*, No. 09cv500–WQH–BGS, 2012 WL  
17 1899838, at \*3-4 (S.D. Cal. May 24, 2012) (sealing deposition testimony and documents  
18 containing financial data relating to sales and marketing information, product development, profits,  
19 advertising and marketing: “the financial data sought to be sealed by Nike could be used for  
20 improper purposes for Nike’s business competitors, as it includes . . . business sales and  
21 accounting data . . . and costs analysis”).

22 Similarly, this Court has found that “long-term financial projections, discussions of  
23 business strategy, and competitive analyses” provide compelling reasons for sealing. *Kreiger*  
24 *v. Atheros Commc’ns, Inc.*, No. 11–CV–00640–LHK, 2011 WL 2550831, at \*1 (N.D. Cal. Jun. 25,  
25 2011) (sealing presentation containing highly sensitive and confidential financial information).

26 Finally, production information and “precise revenue information results” and “exact sales  
27 and production numbers” which could be used by competitors to calibrate their pricing and  
28 distribution methods to undercut defendant also provide compelling reasons for sealing. *Bean v.*

1 *John Wiley & Sons, Inc.*, No. CV 11–08028–PCT–FJM, 2012 WL 1078662, at \*6-7 (D. Ariz. Mar.  
2 30, 2012) (sealing charts summarizing defendant’s sales and revenue figures broken out by  
3 product).

4 Public disclosure of the type of Samsung financial information that is contained in these  
5 limited and specific sealing requests presents the same dangers. Financial information showing the  
6 exact costs of all the components and manufacturing processes of Samsung’s products are subject  
7 to the highest level of protection within Samsung. (Decl. of GiHo Ro at ¶¶ 9, 13) Other financial  
8 information detailing products’ precise success in the market, are similarly among the most  
9 stringently protected at Samsung. (Decl. of GiHo Ro at ¶¶ 6, 8, 13, 15.17) This information has  
10 never been disclosed to the public and is kept in the strictest confidence within Samsung. (Decl. of  
11 GiHo Ro at ¶ 6, 8, 9, 13, 14, 15, 16, 17); *see Bean*, 2012 WL 1078662, at \*6-7 (finding additional  
12 justification to seal “information . . . kept confidential not only from the public, but also from  
13 [defendant’s] own employees”). Samsung takes extraordinary steps to maintain the secrecy of its  
14 confidential information. Samsung instructs its employees to keep hard copies of business  
15 documents in secure locations, hires private security forces to monitor its facilities, asks each  
16 employee to walk through a metal detector when exiting its offices, and uses special paper that is  
17 capable of triggering the metal detectors if a print-out is carried outside its offices in Korea. (Dkt.  
18 987-47, Declaration of Han-Yeol Ryu, at ¶¶ 12-14.)

19 Samsung offers a broad range of mobile devices targeted at different subsets of the broader  
20 market. Release of the specific type of detailed and confidential financial data for which limited  
21 sealing is requested – including especially cost data – could be devastating to Samsung as it could  
22 allow competitors to undercut Samsung’s pricing or gain leverage against Samsung in business  
23 and supply agreement negotiations, or engage in a variety of other behaviors that would damage  
24 Samsung’s ability to compete. (Decl. of GiHo Ro at ¶¶ 4, 6, 8, 10, 11, 13, 14, 15, 16, 17.)  
25 Compelling reasons exist to seal the portions of the documents identified in Table B to Exhibit 1.

26 **Conclusion**

27 Because compelling reasons in favor of secrecy exist, Samsung respectfully requests the  
28 Court seal the documents and portions of documents as identified in Table B of Exhibit 1.

1 Pursuant to General Order No. 62, Samsung's entire filing will be lodged with the Court for *in*  
2 *camera review* and served on all parties. Proposed redacted versions of documents have been filed  
3 concurrently with this motion as appropriate. (*See Decl. of Prashanth Chennakesavan*)  
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6 DATED: July 24, 2012

Respectfully submitted,

7 QUINN EMANUEL URQUHART &  
8 SULLIVAN, LLP

9  
10 By/s/ Victoria Maroulis

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