

# EXHIBIT I

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

ABBOTT GMBH & CO., KG, AND	)	
ABBOTT BIORESEARCH CENTER, INC.	)	C.A. No. 4:09-CV-11340 (FDS)
	)	
Plaintiffs,	)	
	)	JURY TRIAL DEMANDED
v.	)	
	)	
CENTOCOR ORTHO BIOTECH, INC.,	)	
	)	
Defendant.	)	

STIPULATED PROTECTIVE ORDER

WHEREAS, Abbott GmbH & Co., KG, (“Abbott GmbH”) and Abbott Bioresearch Center (“ABC”) (collectively, “Abbott”), and Centocor Ortho Biotech, Inc. (“Centocor”), the parties to this action (collectively the “parties” and individually a “party”), and likely third party witnesses, possess confidential information which may be disclosed in responding to discovery requests or otherwise in this action and which must be protected in order to preserve the legitimate business and other interests of the parties, and

WHEREAS, the parties have, through counsel, stipulated to the entry of this Protective Order to prevent unnecessary dissemination or disclosure of such confidential information,

IT IS HEREBY ORDERED that:

1. Definitions

a. The term “Confidential Information” as used in this Order is to include all information that the designating party believes constitutes or discloses or relates to processes, operations, research, technical or developmental information, production, marketing, sales, shipments or other proprietary data or information of commercial value, including, but not

limited to, trade secrets or any other information within the meaning of Federal Rule of Civil Procedure 26(c)(7). It may include, without limitation: documents produced in this action, during formal discovery or otherwise; documents and information produced by third parties which the producing or designating party is under an obligation to maintain in confidence; answers to interrogatories, responses to requests for production, responses to requests for admission, or other discovery requests; deposition transcripts; and tangible things or objects that are designated Confidential pursuant to this Order. The information contained therein and all copies, abstracts, excerpts, analyses or other writings that contain, reflect, reveal, suggest or otherwise disclose such Confidential Information shall also be deemed Confidential Information. Information originally designated as Confidential Information pursuant to this agreement shall not retain Confidential status after any ruling by any Court denying such status.

b. The terms “designating party” and “producing party” mean the party producing or designating documents or information as Confidential Information under this Order.

c. The term “receiving party” shall mean any person to whom Confidential Information is disclosed.

d. The term “this action” shall mean the above-captioned action.

e. The term “Centocor Interference Appeal” shall mean *Centocor Ortho Biotech, Inc. v. Abbott GMBH & Co. KG.*, Case No. 4:10-cv-40003.

f. The term “Centocor Declaratory Judgment Action” shall mean *Centocor Ortho Biotech, Inc. v. Abbott GMBH & Co. KG.*, Case No. 4:10-cv-40004.

**Designation of Confidential Information**

2. Any party who produces or discloses any material that it believes comprises Confidential Information shall designate the same by marking “CONFIDENTIAL” prominently on each page of all documents containing the information.

3. If a producing party elects to produce original files and records for inspection and the inspecting party desires to inspect those files, no confidentiality designations need be made by the producing party in advance of the initial inspection, but the party inspecting such files and records shall maintain the confidentiality of all those original files and records that it reviews. Thereafter, upon selection of specified documents for copying by the inspecting party, the producing party shall mark the copies of such documents as may contain subject matter with the appropriate designation at the time the copies are produced to the inspecting party.

4. If any Confidential Information is produced by a third party to this litigation, such third party shall be considered a “designating party” or a “producing party” within the meaning of those terms as they are used in the context of this Order.

5. Confidential Information that originated with a third party, subject to the terms of any confidentiality obligation to that third party, may be designated as “Confidential” and shall, once designated, be subject to the restrictions on disclosure specified in Paragraph 7.

6. In the event that any designating party produces Confidential Information that has not been designated “Confidential” or not correctly designated, the designating party may designate or redesignate the information to the same extent as it may have designated the information before production by a subsequent notice in writing specifically identifying the redesignated information accompanied by a replacement set of such misdesignated documents bearing a “Confidential” designation thereon, in which event the parties shall henceforth treat

such information in accord with this Protective Order, and shall undertake their best efforts to correct any disclosure of such information contrary to the redesignation. Further, the receiving party shall immediately return the documents that lacked the “Confidential” designation to the designating party upon receiving the replacement set of documents bearing the “Confidential” designation. No showing of error, inadvertence, or excusable neglect shall be required for such redesignation.

**Disclosure of Confidential Information**

7. Information designated “Confidential” shall not be given, shown, made available or communicated in any way to any person or entity other than the following:
  - a. U.S. counsel for Centocor in the above-captioned action:
    - i. Nutter McClennen and Fish LLP
    - ii. Akin Gump Strauss Hauer & Feld LLP
  - b. U.S. counsel for Abbott in the above-captioned action:
    - i. Wilmer Cutler Pickering Hale and Dorr LLP
    - ii. Sughrue Mion PLLC
  - c. U.S. counsel for Centocor in the Centocor Interference Appeal:
    - i. Nutter McClennen and Fish LLP
    - ii. Akin Gump Strauss Hauer & Feld LLP
  - d. U.S. counsel for Abbott in the Centocor Interference Appeal:
    - i. Wilmer Cutler Pickering Hale and Dorr LLP
    - ii. Sughrue Mion PLLC
  - e. U.S. counsel for Centocor in the Centocor Declaratory Judgment Action:

- i. Akin Gump Strauss Hauer & Feld LLP
  - ii. Nutter McClennen and Fish LLP
- f. U.S. counsel for Abbott in the Centocor Declaratory Judgment Action:
  - i. Wilmer Cutler Pickering Hale and Dorr LLP
- g. Members or employees of any of the foregoing law firms assisting in this action, the Centocor Interference Appeal, and/or the Centocor Declaratory Judgment Action as well as any independent litigation support providers retained by such firms to assist in this litigation (*e.g.*, outside copy services, graphic artists and visual aid providers, and jury consultants).
- h. The Court and Court personnel and stenographic/ videographic reporters at depositions taken in this action, the Centocor Interference Appeal, and/or the Centocor Declaratory Judgment Action.
- i. The in-house counsel listed below, as well as the non-lawyer employees within the legal department who assist them, provided, however, that no person who is currently – or will be within one year of final termination of this action (including all appeals) – involved in the preparation or prosecution of any U.S., Canadian, or other foreign patent application relating to anti-IL-12 and anti-IL-23 antibodies, will be permitted access to any Confidential Information, whether listed below or not:
  - i. For plaintiff Abbott: Ms. Karen Nelson and Ms. Lydia Nenow. Ms. Nelson and Ms. Nenow shall each execute Exhibit A, hereto, as well as a declaration affirming her non-involvement in the preparation or prosecution of any U.S. or foreign patent application relating to anti-IL-12 and anti-IL-23 antibodies currently, and that neither will be involved in the preparation or prosecution of any U.S. or foreign patent

application relating to anti-IL-12 and anti-IL-23 antibodies for at least one year following the termination of this case.

ii. For defendant Centocor: Mr. Eric Harris and Mr. Michael Timmons shall each execute Exhibit A, hereto, as well as a declaration affirming his or her non-involvement in the preparation or prosecution of any U.S. or foreign patent application relating to anti-IL-12 and anti-IL-23 antibodies currently, and that neither will be involved in the preparation or prosecution of any U.S. or foreign patent application relating to anti-IL-12 and anti-IL-23 antibodies for at least one year following the termination of this case.

j. Independent consultants or experts and their staff not employed by or affiliated with a party or with a party's licensee or licensor, retained by the attorneys for the parties either as technical consultants or expert witnesses for the purposes of this action, the Centocor Interference Appeal, and/or the Centocor Declaratory Judgment Action, provided that (i) such persons have complied with the procedure of Paragraph 13 herein, and (ii) agree in writing to be bound by the provisions of this Order, in the form set forth as Exhibit A, hereto.

k. Individuals not listed in Paragraphs 7(k) and 7(l) will be permitted access to Confidential Information only under the following circumstances: (1) upon the individual's agreement in writing to be bound by the provisions of this Order, in the Form set forth as Exhibit A hereto; and (2) upon written request to the designating party providing the Bates range of the Confidential Information a party seeks to disclose and satisfaction of either of the following: (a) a grant of consent by the designating party; or (b) the expiration of five (5) business days from the date of written notice of intent to disclose without written notice of objection from the designating party. In the event the designating party does provide notice of

objection to disclosure, a party must seek leave of the Court to make the disclosure and may not make such disclosure without an order of the Court authorizing such disclosure.

1. The list of persons to whom Confidential Information may be disclosed may be expanded or modified by mutual agreement in writing by counsel for the designating party and the receiving party without necessity of modifying this Order.

m. The receiving party shall give notice of this Order and advise of the duty to comply with its terms to any person allowed access to Confidential Information prior to allowing said person access to Confidential Information.

**Use and Control of the Confidential Information**

8. Confidential Information produced by Abbott or Centocor in this action shall be deemed produced in the Centocor Interference Appeal and the Centocor Declaratory Judgment Action, and may be used by Abbott or Centocor in the Centocor Interference Appeal and the Centocor Declaratory Judgment Action, under protective orders issued in those actions consistent with the terms of this Order, provided, however, that such use shall be subject to any applicable objections, including relevance, authenticity, and admissibility. Confidential Information produced in this action and used in the Centocor Interference Appeal or the Centocor Declaratory Judgment Action pursuant to this paragraph shall not lose the protections afforded by this Order by virtue of its use in the Centocor Interference Appeal or the Centocor Declaratory Judgment Action.

9. Confidential Information produced by Abbott or Centocor in the Centocor Interference Appeal or the Centocor Declaratory Judgment Action shall be deemed produced in this action, and may be used by Abbott or Centocor in this action, under the terms of this Order consistent with the terms of protective orders issued in the Centocor Interference Appeal and/or



the Centocor Declaratory Judgment Action, provided, however, that such use shall be subject to any applicable objections, including relevance, authenticity, and admissibility. Confidential Information produced in the Centocor Interference Appeal and/or the Centocor Declaratory Judgment Action and used in this action pursuant to this paragraph shall not lose the protections afforded by protective orders issued in the Centocor Interference Appeal or the Centocor Declaratory Judgment Action by virtue of its use in this action.

10. All Confidential Information disclosed pursuant to this Order shall be used by any recipient thereof solely for the purposes of this action and/or the Centocor Interference Appeal, and/or the Centocor Declaratory Judgment Action, and not for any business or competitive or other purposes. It shall be the duty of each party and each individual having notice of this Protective Order to comply with this Order from the time of such notice.

11. All depositions shall be marked "CONFIDENTIAL" regardless of whether a designation of confidentiality was made on the record or otherwise and shall be subject to this Protective Order, unless and until the receiving party makes a request to the party producing the witness or counsel for the witness to release the deposition or any portion thereof from Confidential treatment, and only if, and to the extent that, the party producing the witness or counsel for the witness agrees in writing to the modification of treatment of all or part of the transcript, or unless the Court so orders. If the party producing the witness or counsel for the witness fails to respond to such a request within fourteen (14) days, the receiving party may move the Court for an order releasing the requested transcript or portion thereof from Confidential treatment.

12. All Confidential Information that is filed with the Court, and any pleadings, motions or other papers filed with the Court disclosing any Confidential Information,

shall be filed and maintained in Court under seal. Where practical, only confidential portions of filings with the Court shall be filed under seal.

13. Before any person may be given access to Confidential Information under Paragraph 7(l), the party seeking to provide such access must give written notice to the attorneys for the designating party of the intention to make such disclosure, stating the name, address, and a resume of the background and qualifications of the person to whom disclosure is proposed. Within ten (10) days from the service of such written notice, the designating party may object to such disclosure by service of a written notice of objection on the attorneys for the party seeking to make the disclosure, stating the reasons for the objection. No disclosure of Confidential Information to any such person may occur prior to the expiration of ten (10) days from the date of service of the written notice of intent to disclose unless consent is granted earlier by the designating party. If the designating party gives notice of objection to disclosure, the party seeking to make the disclosure must seek leave of the Court to make the disclosure and may not make such disclosure without an order of the Court authorizing such disclosure.

14. Nothing in this Order shall prevent or otherwise restrict counsel for a party from rendering legal advice to such party with respect to the U.S. litigations and, in the course thereof, relying upon an examination of Confidential Information; provided, however, that in rendering such advice and in otherwise communicating with the party, counsel shall not disclose Confidential Information.

15. Nothing herein shall prevent any party from disclosing its own Confidential Information in any manner that it considers appropriate. Additionally, counsel for any party shall be entitled to show or use Confidential Information obtained from another party during examination, either at deposition or at any hearing or trial, of any officer, employee or

retained expert of the designating party. Counsel for any party shall also be entitled to show or use Confidential Information obtained from another party during examination, either at deposition or at any hearing or trial, of any person who is apparently an author, creator or recipient of the Confidential Information.

16. If a party intends to reveal Confidential Information of another party during a trial, court appearance, or hearing which is open to the public, the party intending to reveal such Confidential Information shall provide notice and opportunity to object, unless written consent from the designating party is previously obtained.

No Waiver of Privileges

17. Inadvertent production of documents or information subject to attorney-client privilege, work product immunity, or any other applicable privilege or immunity shall not constitute a waiver of, nor a prejudice to, any claim that such or related material is privileged or protected by the work product immunity, provided that the designating party notifies the receiving party in writing promptly after discovery of such inadvertent production. Such inadvertently-produced documents and all copies thereof shall promptly be returned to the designating party upon request. No use shall be made of such documents other than to challenge the propriety of the asserted privilege or immunity, nor shall they be shown to anyone who has not already been given access to them subsequent to the request to return them. No demonstration or proof of error, inadvertence, excusable neglect, or absence of negligence shall be required of the designating party in order for such party to avail itself of the provisions of this paragraph.

**Duration of Order, Objections, Modifications**

18. This Protective Order shall remain in force and effect until modified, superseded or terminated by order of this Court, which may be entered pursuant to agreement of the parties hereto. This Protective Order shall continue in effect after termination of this action and continue to be binding upon all persons to whom Confidential Information is disclosed hereunder.

19. Upon final termination of this action, the Centocor Interference Appeal, and the Centocor Declaratory Judgment Action, including all appeals, the receiving party shall, within thirty (30) days of such termination, either return all Confidential Information in its possession to the designating party or destroy all such Confidential Information. In either event, the receiving party shall describe the materials returned or destroyed and certify their return or destruction, with the exception that outside counsel and the persons designated in Paragraph 7(k) may retain (i) copies of the pleadings or other papers filed with the Court or served in the course of the litigation, depositions transcripts, deposition exhibits and the trial record; and (ii) one file copy of all documents produced in the course of discovery. Nothing herein shall restrict the ability of the parties or their counsel to retain information or documents not designated as Confidential Information by the producing party.

20. If the receiving party learns that Confidential Information produced to it is disclosed to or comes into the possession of any person other than in the manner authorized by this Order, the receiving party responsible for the disclosure must immediately inform the designating party of such disclosure and shall make a good faith effort to retrieve any documents or things so disclosed and to prevent disclosure by each unauthorized person who received such information.

21. Any receiving party may at any time request that the designating party remove the “Confidential” designation with respect to any document, object or information. Such request shall be served on counsel for the designating party, and shall particularly identify the designated Confidential Information that the receiving party contends is not confidential and the reasons supporting its contention. If the designating party does not agree to remove the “Confidential” designation within ten (10) business days, then the party contending that such documents or information are not Confidential may file a motion to remove such information from the restrictions of this Order.

Miscellaneous

22. This Protective Order may be modified only by written agreement of the parties or further order of the Court and is without prejudice to the rights of any party or third party to seek additional or different relief from the Court not specified in this Order.

23. The designation by counsel for the designating party of any document, material or information as constituting or containing Confidential Information is intended solely to facilitate the preparation and trial of the U.S. litigations, and such designation shall not be construed in any way as an admission or agreement by any party that such document, material or information constitutes or contains any Confidential Information as a matter of law.

24. Any court reporter who transcribes testimony in the U.S. litigations at a deposition shall, before transcribing any such testimony, agree in writing, by execution of the form set forth as Exhibit A, that all Confidential testimony is and shall remain confidential and shall not be disclosed except as provided under this Order, and that copies of any transcript, reporter’s notes, or any other transcription records of any such testimony shall be retained in

absolute confidentiality and safekeeping by such shorthand reporter or shall be delivered to an attorney of record or filed under seal with the Court.

25. In the event that Confidential Information disclosed during the course of this action, the Centocor Interference Appeal and/or the Centocor Declaratory Judgment Action is sought by any person or entity not a party to this litigation, whether by subpoena in another action or service with any legal process, the party receiving such subpoena or service shall promptly notify in writing outside counsel for the designating party if such subpoena or service demands the production of Confidential Information of such designating party. Any such person or entity seeking such Confidential Information by attempting to enforce such subpoena or other legal process shall be apprised of this Protective Order by outside counsel for the party upon whom the subpoena or process was served. Nothing herein shall be construed as requiring anyone covered by this Protective Order to contest a subpoena or other process, to appeal any order requiring production of Confidential Information covered by this Protective Order, or to subject itself to penalties for non-compliance with any legal process or order.

26. In the event anyone shall violate or threaten to violate the terms of this Stipulated Protective Order, the aggrieved party immediately may apply to obtain injunctive relief against any such person violating or threatening to violate any of the terms of this Stipulated Protective Order, and in the event that the aggrieved party does so, the responding party, subject to the provisions of this Stipulated Protective Order, shall not employ as a defense thereto the claim that the aggrieved party possesses an adequate remedy at law.

27. Nothing herein shall prevent any party or non-party from seeking additional or different relief from the Court not specified in this Order.

28. The section titles in this Order are for convenience of organization only, and are not part of, nor are they relevant to the construction of this Order.

SIGNED this 12<sup>th</sup> day of May, 2010.



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JUDGE F. DENNIS SAYLOR, IV  
UNITED STATES DISTRICT JUDGE

AGREED TO:

DATE: May 6, 2010

By: /s/ Robert J. Gunther, Jr.

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DATE: May 6, 2010

By: /s/ Angela Verrecchio

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*Attorneys for Defendants,  
Centocor Ortho Biotech, Inc.*

EXHIBIT A

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

ABBOTT GMBH & CO., KG, AND	)	
ABBOTT BIORESEARCH CENTER, INC.	)	C.A. No. 4:09-CV-11340 (FDS)
	)	
Plaintiffs,	)	
	)	JURY TRIAL DEMANDED
v.	)	
	)	
CENTOCOR ORTHO BIOTECH, INC.,	)	
	)	
Defendant.	)	

DECLARATION OF COMPLIANCE

I, \_\_\_\_\_ do declare and state as follows:

1. I live at \_\_\_\_\_. I am employed as \_\_\_\_\_ (position) by \_\_\_\_\_ (name and address of employer).

2. I have read the Protective Order entered in this case, a copy of which has been given to me.

3. I understand and agree to comply with and be bound by the provisions of the Protective Order and consent to the jurisdiction of the district court to enforce the terms of the Protective Order, including that upon receipt of any Confidential Information, I will be personally subject to it, and to all of its requirements and procedures.

4. Further, I declare, as provided by 28 U.S.C. § 1746, under penalty of perjury under the laws of the United States of America, that the foregoing is true and correct.

Executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Signature)

**UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS**

**UNITED STATES OF AMERICA**

**v.**

**BISWAMOHAN PANI,**

**Defendant**

**Case No. 08-CR-40034-FDS**

**PROTECTIVE ORDER**

Pursuant to Federal Rule of Criminal Procedure 16(d) and 18 U.S.C. § 1835, and having heard the arguments of counsel, the Court finds that the following provisions are necessary to protect the confidentiality of Intel's trade secrets:

1. Under the conditions set forth below, the government shall allow Defendant Pani, his defense counsel and their staff ("the defense"), and any experts retained by him or the defense to review the government's discovery materials, including any suspected trade secrets, confidential and proprietary information, and/or contraband contained therein. For the purpose of this order, "discovery materials" shall include not only the discovery materials themselves, but also any information derived from the discovery materials.

2. The discovery materials shall be available for review at the FBI's Boston Office. Defendant Pani, the defense, and defense experts may copy any discovery materials other than the suspected trade secrets, confidential and proprietary information, and contraband provided by, taken from, or owned by Intel Corporation, or summaries thereof. None of the suspected trade secrets, confidential and proprietary information, and contraband provided by, taken from, or owned by Intel Corporation, or summaries thereof may be copied, and the government may verify that by reviewing the contents of any briefcases, folders, baggage, or other containers that

Defendant Pani, the defense, and defense experts have when they leave the FBI, which Defendant Pani, the defense, and defense experts hereby consent to. Defendant Pani, the defense, and defense experts may take notes concerning any discovery materials, including those that they may not copy, but those notes (including Defendant Pani's) must be stored at the defense's or the experts' offices according to procedures set forth below.

3. The defense and Defendant Pani shall use and maintain the discovery materials, including any copies or notes, as follows:

- a. The defense and Defendant Pani shall use the discovery materials solely and exclusively in connection with this case (including investigation, trial preparation, trial, and appeal), and not for any commercial or other purpose, including but not limited to the preparation or prosecution (including reexamination proceedings) or directing or assisting the preparation or prosecution of any patent application or patent license (whether governed by the United States or foreign patent laws). Additionally, any person who receives and/or reviews any discovery materials shall not participate, directly or in supervisory, strategic, consultative or advisory roles, or direct or assist any third party, in the preparation or prosecution (including reexamination proceedings) of any patent application or patent license (whether governed by the United States or foreign patent laws) relating to the architecture, microarchitecture, design, development, manufacture, fabrication, and/or process for any aspect of 32nm, 28nm, 22nm, 20nm and/or 64b microprocessor technology, including but not limited to circuitry, software

or firmware used in such microprocessor technology, from the time of receipt of such information through and including one year following the conclusion of this case, including the conclusion of any and all appeals associated with this case.

- b. The discovery materials shall be maintained by the defense at their law firm in a locked room and on one or more computers that are not connected to the Internet.
- c. A copy of this protective order shall be kept with the discovery materials at all times.
- d. The only people who may view the discovery materials shall be Defendant Pani, and any defense experts (as detailed below). Defendant Pani may access and view the discovery materials solely in the presence of counsel and under the direct supervision and control of counsel.
- e. In no event shall the defense or Defendant Pani disclose or describe any of the discovery materials to any other person or entity other than the government, Intel, or this Court. Should the defense or Defendant Pani need to disclose or describe any of the discovery materials to this Court, they shall do so under seal. Should the defense or Defendant Pani need to disclose or describe any of the discovery materials to any other court or during any other legal proceedings, it shall do so only with notice to the government and after gaining permission from this Court.

4. The defense and Defendant Pani may describe or provide the discovery materials to any expert retained by them, whether testifying or non-testifying, and those experts may

review the discovery materials, but only if:

- a. The defense and Defendant Pani discloses the expert's identity and resume to the government and the victim, Intel, fourteen days beforehand.

Notices to Intel shall be faxed to the attention of Robert Keefe, Esq., at Wilmer Hale. If the government or Intel objects during this fourteen-day period, the defense and Defendant Pani shall not disclose the discovery materials to the identified expert until this Court rules on the objections and the defense's response.

- b. The expert must sign a copy of this Order, and by doing so, agree to maintain the discovery materials in accordance with the above procedures as if the expert was a member of the defense, solely for the purpose of assisting the defense in this case, and not for any commercial or other purpose, including but not limited to the preparation or prosecution (including reexamination proceedings) or directing or assisting the preparation or prosecution of any patent application or patent license (whether governed by the United States or foreign patent laws).

Additionally, any person who receives and/or reviews any discovery materials shall not participate, directly or in supervisory, strategic, consultative or advisory roles, or direct or assist any third party, in the preparation or prosecution (including reexamination proceedings) of any patent application or patent license (whether governed by the United States or foreign patent laws) relating to the architecture, microarchitecture, design, development, manufacture, fabrication, and/or

process for any aspect of 32nm, 28nm, 22nm, 20nm and/or 64b microprocessor technology, including but not limited to circuitry, software or firmware used in such microprocessor technology, from the time of receipt of such information through and including one year following the conclusion of this case, including the conclusion of any and all appeals associated with this case.

- c. The procedures outlined above shall govern the expert's use, maintenance, disclosure, and safekeeping of the discovery materials, except that the expert may maintain the discovery materials and notes at their offices, but only under the same secure conditions provided above.
- d. The expert may not disclose the discovery materials to anybody other than the defense, Defendant Pani, or another expert who has satisfied the conditions in this paragraph and subparagraphs.

5. Defense counsel shall keep an up-to-date list of all counsel, staff, agents, and experts who have accessed this information or had it described to them.

6. Defense counsel shall promptly notify the government and this Court if any discovery materials are disclosed to anyone not designated by this Order or further order of the Court, either intentionally or unintentionally. Defendant Pani and any defense experts shall promptly notify defense counsel of any such disclosures.

7. At the end of these proceedings, Defendant Pani, the defense, and the defense

experts shall return the discovery materials to the government. Defense counsel may retain any notes made by Defendant, the defense, and defense experts under the conditions set forth above, or destroy them.

IT IS SO ORDERED.



LEO T. SOROKIN  
UNITED STATES MAGISTRATE JUDGE

Date: *March 3, 2010*



218 F.R.D. 659  
(Cite as: 218 F.R.D. 659)

**H**

United States District Court,  
N.D. California.  
Hark CHAN, et al., Plaintiffs,  
v.  
INTUIT, INC, et al., Defendants.

No. C02-2878 VRW (JL).  
Oct. 20, 2003.

Patentee filed infringement action against three competitors, alleging that competitors infringed patent by manufacturing and selling CD-ROMs and other read-only storage devices with links to remote sites. Upon competitor's motion for a protective order governing the disclosure of confidential information to attorneys, the District Court, [Larson](#), United States Magistrate Judge, held that definition of patenting, in order to define restrictions on counsel's ability to engage in future patenting for clients following conclusion of action, would include counsel's advice regarding scope of claims in a patent, preparation or prosecution of patent applications, and preparation of patent claims, but would not include counsel's assistance, supervision, or provision of counsel to anyone in connection with competitive decision-making actions.

Motion granted in part and denied in part.

West Headnotes

**[1] Federal Civil Procedure 170A** 🔑1271.5

[170A](#) Federal Civil Procedure  
[170AX](#) Depositions and Discovery  
[170AX\(A\)](#) In General  
[170Ak1271.5](#) k. Protective orders. [Most Cited Cases](#)  
(Formerly 170Ak1271)

**Privileged Communications and Confidentiality**  
**311H** 🔑402

[311H](#) Privileged Communications and Confidential-

ity

[311HVII](#) Other Privileges  
[311Hk402](#) k. Trade secrets; commercial information. [Most Cited Cases](#)  
(Formerly 170Ak1271)

When determining counsel's access to the opposing parties' confidential information in ruling on motion for a protective order in an intellectual property case, a court should balance the risk of inadvertent disclosure of trade secrets and the risk of impairing the process of litigation by denying discovery. [Fed.Rules Civ.Proc.Rule 26\(c\)](#), 28 U.S.C.A.

**[2] Patents 291** 🔑292.4

[291](#) Patents  
[291XII](#) Infringement  
[291XII\(B\)](#) Actions  
[291k292](#) Discovery  
[291k292.4](#) k. Other matters. [Most Cited Cases](#)

**Privileged Communications and Confidentiality**  
**311H** 🔑402

[311H](#) Privileged Communications and Confidentiality  
[311HVII](#) Other Privileges  
[311Hk402](#) k. Trade secrets; commercial information. [Most Cited Cases](#)

In ruling on motion for protective order sought in patent infringement action, district court was required to consider, when allowing counsel to view confidential information of its client's competitor, whether counsel's involvement in future patent prosecution strategy would be affected by such information to the competitor's detriment. [Fed.Rules Civ.Proc.Rule 26\(c\)](#), 28 U.S.C.A.


**[3] Patents 291** 🔑292.3(2)

[291](#) Patents  
[291XII](#) Infringement  
[291XII\(B\)](#) Actions  
[291k292](#) Discovery

218 F.R.D. 659  
(Cite as: 218 F.R.D. 659)

[291k292.3](#) Production of Documents  
and Things

[291k292.3\(2\)](#) k. Subject matter. [Most Cited Cases](#)


**Privileged Communications and Confidentiality**  
**311H**  **402**

[311H](#) Privileged Communications and Confidentiality

[311HVII](#) Other Privileges

[311Hk402](#) k. Trade secrets; commercial information. [Most Cited Cases](#)

For purposes of protective order in patent infringement action, in order to define restrictions on ability of counsel who viewed confidential information of client's competitor to engage in future patenting following conclusion of action, patenting would include counsel's advice regarding scope of claims in a patent, preparation or prosecution of patent applications, and preparation of patent claims, but would not include counsel's assistance, supervision, or provision of counsel to anyone in connection with competitive decision-making actions; counsel's advice and preparation of described documents were sufficiently related to patent prosecution to be defined as competitive decision-making that required protection from inadvertent disclosure, while prohibition of counsel's assistance, supervision, or provision of counsel to another party was overly restrictive. [Fed.Rules Civ.Proc.Rule 26\(c\)](#), [28 U.S.C.A.](#)

**Patents 291**  **328(2)**

[291](#) Patents

[291XIII](#) Decisions on the Validity, Construction, and Infringement of Particular Patents

[291k328](#) Patents Enumerated

[291k328\(2\)](#) k. Original utility. [Most Cited Cases](#)

[6,314,574](#). Cited.

\***660** [Brian Oberst](#), Robins, Kaplan Miller & Ciresi, Minneapolis, MN, for plaintiffs.

[David Perlson](#), Quinn, Emanuel, Urquhart, Oliver & Hedges, Redwood Shores, CA, for defendants.

## Introduction

[LARSON](#), United States Magistrate Judge.

Defendants' motion for protective order came on for hearing October 1, 2003. Brian Oberst appeared for plaintiffs Hark Chan, et al. ("Plaintiffs"). David Perlson appeared for Defendants Intuit, Inc. and Electronic Arts, Inc. ("Defendants"). The motion of defendant Symantec Corporation was withdrawn and Plaintiffs' case against Symantec was dismissed by Docket # 195.

The Court considered the Joint Statement submitted by the parties and the oral argument of counsel and hereby grants the motion in part and denies it in part. As part of the protective order in this case, counsel who view confidential information shall be restricted from patenting for a party for the pendency of the trial and for two years after its conclusion. The definition of patenting shall include paragraphs 4(a)(i), (ii) and (iii) of Defendants' proposed order. Paragraph 4(a)(iv) is stricken as too broad and therefore too restrictive.

## Background

On June 14, 2002, Hark Chan, TechSearch LLC and IP Innovation ("Plaintiffs") filed a complaint against Intuit, Inc., Symantec Corp. and Electronic Arts, Inc. ("Defendants") alleging infringement of [U.S. Patent No. 6,314,574 B1](#) ("the '574 patent"). Plaintiffs contend that Defendants infringed [the '574 patent](#) by manufacturing and selling CD-ROMs and other read-only storage devices with links to remote sites. Plaintiffs assert these products infringe [the '574 patent](#).

The parties drafted a protective order governing the disclosure of confidential information to attorneys. They agree it is necessary to protect confidential information; they disagree, however, on one aspect.

Defendants propose that disclosure of confidential information to persons involved in patenting for a party be prohibited, and counsel to whom confidential information is disclosed be precluded from patenting for a party during the pendency of this litigation and for two years thereafter. Defendants define patenting as follows:

## 4. Patenting and Patent Protected Persons

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(a) “Patenting” shall mean and include:

\*661 (i) preparing and/or prosecuting any patent application (or portion thereof), whether design or utility, and either in the United States or abroad ...;

(ii) preparing patent claim(s) relating to any of the fields listed above;

(iii) providing advice, counsel or suggestion regarding, or in any other way influencing, claim scope and/or language, embodiment(s) for claim coverage, claim(s) for prosecution, or products or processes for coverage by claim(s) relating to the field(s) listed ... above; and

(iv) assisting, supervising, and/or providing counsel to anyone in connection with doing any of the foregoing. (Parties' Joint Statement at pages 2 and 3)

Plaintiffs concede that their attorneys who have access to Defendants' confidential information should be barred from patenting for a party for the pendency of this litigation and for two years after its conclusion. Plaintiffs accept paragraphs 4(a)(i) and (ii) as proposed by Defendants, but contend that 4(a)(iii) and (iv) are vague and overbroad. Plaintiffs are concerned that the additional provisions in 4(a)(iii) and (iv) effectively strip Plaintiffs' counsel of their ability, indeed obligation, to advise their clients. (*Id.*)

### Discussion

[1] [Rule 26\(c\) of the Federal Rules of Civil Procedure](#) allows a district court to make any order to protect a trade secret or confidential information by designating the way in which it is disclosed. When determining counsel's access to the opposing parties' confidential information, a court should balance the risk of inadvertent disclosure of trade secrets and the risk of impairing the process of litigation by denying discovery. [Interactive Coupon Marketing, Inc. v. H.O.T! Coupons, LLC](#), 1999 WL 618969, at \*2, 1999 U.S. Dist. LEXIS 12437, at \*11 (N.D.Ill. August 5, 1999).

“A crucial factor ... was whether in-house counsel was involved in competitive decision making”; that is, advising on decisions about pricing or design made in light of similar or corresponding information

about a competitor.” [Brown Bag Software v. Symantec Corp.](#) 960 F.2d 1465, 1470 (9th Cir.1992) (internal quotations omitted).

At least one federal court has held that patent prosecution counsel participates in competitive decision-making. [In re Papst Licensing](#), 2000 WL 554219, \*3, 2000 U.S. Dist. LEXIS 6347, \*11 (E.D.La. May 4, 2000) (upholding protective order which required counsel having access to confidential information to refrain from advice in patent prosecution for one year after conclusion of litigation, including appeals) (“advice and participation of the Papst parties' counsel in preparation and prosecution of patent applications related to the patents in suit is an intensely competitive decision making activity and would be informed by access to the Non-Papst parties confidential information.”) *Id.* at \*3, 2000 U.S. Dist. LEXIS 6347 at \*12.

[2] This Court must consider, when allowing counsel to view confidential information of its client's competitor, whether counsel's involvement in future patent prosecution strategy will be affected by such information to the competitor's detriment. [In re Papst Licensing](#), *Id.* at \*2-3, 2000 U.S. Dist. LEXIS 6347 at \*7-8, \*11 (upholding protective order which required counsel having access to confidential information to refrain from advice in patent prosecution for one year after conclusion of litigation, including appeals).

Defendants define patenting as patent prosecution, advice on the scope of the claims of a patent and assisting, supervising, or providing counsel in connection with those activities. Plaintiffs object that advice regarding the scope of patent claims is not competitive decision-making, should not be barred, and assisting, supervising or providing counsel would effectively prevent them from representing their clients in matters which do not constitute competitive decision-making.

[3] This Court finds that if advice related to patent prosecution is defined as competitive\*662 decision-making, as it clearly is in the *Papst* decision, then advice on the scope of patent claims must also be defined as competitive decision-making. A court construing the claims of a patent considers the prosecution history, if available, which helps to define the scope of the claims of the patent. “This history contains the complete record of all the proceedings be-

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fore the Patent and Trademark Office, including any express representations made by the applicant regarding the scope of the claims.” [Vitronics Corp. v. Con-ceptronic, Inc.](#), 90 F.3d 1576, 1582 (Fed.Cir.1996). Advice regarding the scope of the claims in a patent is sufficiently related to patent prosecution to be defined as competitive decision-making.

If counsel in the case at bar receives confidential information that could pertain to future patent prosecution, counsel would have to compartmentalize the information so that it does not inform counsel's decisions pertaining to those future patent prosecutions. [Mikohn Gaming Corp. v. Acres Gaming, Inc.](#), 1998 WL 1059557 at \*2, 1998 U.S. Dist. LEXIS 22251 at \*10 (D.Nev. Apr. 15, 1998). The Court must consider whether counsel might inadvertently use confidential information obtained in the course of this litigation to shape advice regarding the scope of patent claims as part of the prosecution of patents for any party to this action, to the detriment of the opposing party, its competitor. If so, then such counsel should either be denied access to confidential information or be precluded from patenting for a party.

The Court applies these considerations to Defendants' proposed definitions of “patenting,” and finds as follows:

Paragraphs 4(a)(i), (ii) and (iii) are sufficiently related to competitive decision-making to require protection of confidential information from inadvertent disclosure. Each defines “patenting” as something related to patent prosecution or providing advice regarding patent prosecution. *Papst* and *Mikohn Gaming* both allow restrictions on the disclosure of confidential information if the recipient is involved in providing advice about patent prosecutions. [Papst](#), 2000 WL 554219 at \*2, 2000 U.S. Dist. LEXIS 6374 at \*11-12, [Mikohn Gaming](#), 1998 WL 1059557 at \*2, 1998 U.S. Dist. LEXIS 22251 at \*10.

This Court finds that patent prosecution includes advice regarding the scope of claims of a patent. [Vitronics](#), 90 F.3d at 1582. The Defendants' proposals are sufficiently related to competitive decision-making to justify the restriction imposed on counsels' future services to their clients. This Court finds that in the case at bar, Defendants' proposed definitions of patenting at sections 4(a)(i), (ii) and (iii) are acceptable definitions of patenting and may be included in

the protective order.

Paragraph 4(a) (iv), however, does not satisfy the requirements of *Papst* or *Vitronics*. This Court finds that “assisting, supervising and/or providing counsel to anyone in connection with any of the foregoing” is too broad and therefore overly restrictive. Paragraph 4(a)(iv) covers activities which would not constitute competitive decision-making and therefore, the restriction is not justified. Paragraphs 4(a)(i), (ii) and (iii) are sufficient to protect the parties' confidential information, without 4(a)(iv).

### Conclusion

As part of the protective order in this case, counsel who view confidential information shall be restricted from patenting for a party for the pendency of the trial and for two years after its conclusion. The definition of patenting shall include sections 4(a)(i), (ii) and (iii) of Defendants' proposed order. Paragraph 4(a)(iv) shall be stricken as too broad and therefore too restrictive.

For all the above reasons, Defendants' motion is granted in part and denied in part.

IT IS SO ORDERED.

N.D.Cal.,2003.  
 Chan v. Intuit, Inc.  
 218 F.R.D. 659

END OF DOCUMENT

Not Reported in F.Supp.2d, 2000 WL 554219 (E.D.La.)  
(Cite as: 2000 WL 554219 (E.D.La.))



Only the Westlaw citation is currently available.

United States District Court, E.D. Louisiana.  
In re PAPT LICENSING, GmbH, PATENT LITI-  
GATION

No. MDL 1278.  
May 4, 2000.

#### MEMORANDUM AND ORDER

[SEAR](#), District J.

##### *Background*

\*1 On October 13, 1999, the Panel on Multi-District Litigation transferred to this Court four related patent cases from the Northern District of Illinois, the Northern District of California, the District of Columbia and the District of Delaware, pursuant to [28 U.S.C. § 1407](#). Each of the cases involve a number of patents and licensing agreements related to computer hard disk drives, licensed by Papst Licensing, GmbH and Georg Papst ("Papst parties") to several hard disk drive manufacturers and their customers ("Non-Papst parties").

All parties in the this multi-district litigation submit that a comprehensive protective order is necessary to protect the parties' confidential business, financial and technical information. The Papst and Non-Papst parties assert that they agree on most of the details of the proposed protective order. The parties, however, have not submitted to the Court a joint proposed protective order because the parties differ strongly on the issue of whether certain counsel with access to confidential information should be able to prosecute related patent applications.

The Non-Papst parties urge the Court to adopt a modified version of the protective order, entered on July 9, 1999, by the district court for the District of Columbia. That protective order includes the following provision:

Confidential Information of a Furnishing Party may be disclosed only to: Outside Counsel for any Receiving Party in the Proceeding, except any Welsh & Katz attorneys or employees who receive

Confidential Information under this Protective Order shall not prosecute, supervise or assist in the prosecution of any patent application on behalf of Georg Papst or Papst Licensing, GmbH or any entity related to Georg Papst or Papst Licensing, GmbH pertaining to the subject matter of the patents in suit during the pendency of this case and for one year after the conclusion of this litigation, including any appeals.

The Non-Papst parties argue that the provision is necessary because an unacceptable risk of inadvertent disclosure or misuse of the Non-Papst parties' confidential information arises from the participation of Papst parties' counsel in patent prosecution activities. In support of that assertion, the Non-Papst parties provide, among other documents, the following: (1) the declaration of Professor Martin J. Adelman, explaining a patent applicant or owner's ability to obtain new and broader exclusionary rights by adding additional claims to new, continuation-in-part, continuation and reissue patent applications and distinguishing between "new matter" and "new claims" in various patent application types; (2) a copy of portions of the transcript from a February 25, 1999 hearing in the Northern District of California in which Papst parties' counsel, Jerold B. Schnayer of Welsh & Katz, Ltd., testified as to a patent applicant or owner's ability to add additional claims to existing or pending patents so long as the basis of that new claim is not confidential information; and (3) a copy of a September 23, 1994 protective order stipulated to by Papst Licensing, GmbH, in its patent infringement suit against Western Digital Corporation, prohibiting persons with access to designated confidential prosecution bar information from prosecuting disk drive patent applications during the pendency of that suit and for one year after its conclusion.

\*2 The Papst Parties oppose the adoption of the Non-Papst parties' proposed restriction, arguing that it unilaterally and unfairly restricts only counsel from Welsh & Katz without justification. The Papst parties assert that the Non-Papst proposal seeks merely to limit the Papst parties' choice of counsel. In support of that assertion, the Papst parties point out that the proposed provision allows counsel of the Non-Papst parties' direct competitors, who prosecute patents,

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(Cite as: **2000 WL 554219 (E.D.La.)**)

access to allegedly confidential information. Accordingly, the Papst parties argue that the only hardship the Non-Papst parties would suffer from a rejection of their proposal would be that the Papst parties' counsel of choice would be allowed to represent its long-time client in this litigation and in the prosecution of certain patent applications.

In addition to their opposition to the Non-Papst parties' proposal, the Papst parties submit their own proposed restriction:

Outside counsel of record having access to Confidential Information from any party in The Litigation, shall not draft, file or prosecute, or assist in the drafting, filing or prosecution of new patent applications or new continuation-in-part applications on behalf of the parties during the pendency of The Litigation before this District Court, during the pendency of the individual actions upon remand to their respective District Courts and for one calendar year thereafter. New patent applications and new continuation-in-part applications are those applications which contain new disclosures not contained in patent applications which are or were pending anytime before this Protective Order becomes effective.

The Papst parties assert that a similar restriction was adopted by the district court in the Northern District of California, after an evidentiary hearing in which that court determined that a restriction on Welsh & Katz attorneys only and over all existing patent prosecutions was unreasonable.

#### *Discussion*

[Rule 26\(c\) of the Federal Rules of Civil Procedure](#) allows a district court to “make any order which justice requires to protect a party or person from annoyance, embarrassment, oppression or undue burden or expense, including ... that a trade secret or other confidential research, development, or commercial information not be revealed or be revealed only in a designated way.” [Rule 26\(c\)](#) requires that the party seeking to protect allegedly confidential information show good cause for such an order. The good cause requirement of [Rule 26\(c\)](#) demonstrates that the burden is upon the movant to show the necessity for the issuance of a protective order. The Rule “ ‘contemplates a particular and specific demonstration of fact as distinguished from stereotyped and conclusory

statements.’ ” <sup>FN1</sup> Because the interest in protecting allegedly confidential information conflicts with the broad discovery mandate of [Rule 26\(b\)\(1\)](#), allowing access to all non-privileged information “reasonably calculated to lead to the discovery of admissible evidence,” the courts seek to balance these interests in determining a motion for protective order. <sup>FN2</sup>

[FN1. \*In re Terra International, Inc.\*, 134 F.3d 302, 305 \(5th Cir.1998\)](#) (quoting [United States v. Garrett](#), 571 F.2d 1323, 1326 n. 3 (5th Cir.1978)) (further citation omitted).

[FN2. See \*Brown Bag Software v. Symantec Corp.\*, 960 F.2d 1465, 1470 \(9th Cir.1992\).](#)

\*3 Specifically, “the court must balance the risk of inadvertent disclosure against the risk that the protective order will impair the prosecution or defense of the other party's claims.” <sup>FN3</sup> In balancing these important competing interests, the court seeks to determine whether access to the confidential information creates “an unacceptable opportunity for inadvertent disclosure.” <sup>FN4</sup> In determining whether an unacceptable risk of inadvertent disclosure exists, the court must consider “the facts on a counsel-by-counsel basis, and cannot [make the determination] solely by giving controlling weight to the classification of counsel as in-house rather than retained.” <sup>FN5</sup>

[FN3. \*Id.\*](#)

[FN4. \*U.S. Steel Corp. v. United States\*, 730 F.2d 1465, 1468 \(Fed.Cir.1984\).](#)

[FN5. \*Id.\*](#)

The primary consideration in making this determination is whether the attorney with access to the confidential information is involved in “competitive decisionmaking,” that is, whether the attorney's “activities, association, and relationship with a client ... are such as to involve counsel's advice and participation in any or all of the client's decisions (pricing, product design, etc.) made in light of similar or corresponding information about a competitor.” <sup>FN6</sup>

[FN6. \*Id.\* at 1468 n. 3.](#)

Not Reported in F.Supp.2d, 2000 WL 554219 (E.D.La.)  
(Cite as: **2000 WL 554219 (E.D.La.)**)

Several district courts have determined that competitive decisionmaking also includes advice and participation in prosecuting patent applications related to the patents in suit. For example, in *Mikohn Gaming Corp. v. Acres Gaming Inc.*,<sup>FN7</sup> the district court for the District of Nevada addressed whether counsel's role as lead trial and patent prosecution counsel for the defendant created an unacceptable risk of inadvertent disclosure of the plaintiff's confidential information. Because that court determined that counsel's patent prosecution activities involved patents at issue in the suit, the court determined that the advice rendered by the defendant's counsel was "intensely competitive" and that the risk of inadvertent disclosure outweighed the impairment of the defendant's ability to litigate the suit, especially in light of the defendant's retainer of other experienced patent counsel.<sup>FN8</sup> The court explained that

[FN7. 50 U.S.P.Q.2d 1783 \(D.Nev.1998\).](#)

[FN8. See \*Mikohn\*, 50 U.S.P.Q.2d at 1786.](#)

Were he given access to [the plaintiff's] technology, [counsel] would be in the "untenable position" of having to either refuse his client legal advice on competitive design matters or violate the protective order's prohibition against revealing [the plaintiff's] technical information.... No matter how much good faith [counsel] might exercise, it is unrealistic to expect that his knowledge of [the plaintiff's] secret technology would or could not influence the nature of his advice to [the defendant]. This is so whether the advice relates to a pending application or a future application....

"Attorneys who were to view [the plaintiff's] voluminous confidential information and then later prosecute the patents would have to constantly challenge the origin of every idea, every spark of genius. This would be a Sisyphean task, for as soon as one idea would be stamped "untainted," another would come to mind. The level of introspection that would be required is simply too much to expect, no matter how intelligent, dedicated, or ethical the ... attorneys may be."<sup>FN9</sup>

[FN9. \*Id.\* \(quoting \*Motorola, Inc. v. Interdigital Technology Corp.\*, 1994 U.S. Dist. LEXIS 20714 \(D.Del.1994\)\).](#)

\*4 Similarly, in *Interactive Coupon Marketing Group, Inc. v. H.O.T! Coupons, L.L.C.*,<sup>FN10</sup> the Northern District of Illinois court ordered that all plaintiff's counsel privy to defendant's confidential information "shall not participate in the prosecution of any patent application for plaintiff relating to the subject matter of the patents in suit during the pendency of this case and for one year after the conclusion of this litigation, including appeals."<sup>FN11</sup> Although the court found that competitive decisionmaking extends to "the manner in which patent applications are shaped and prosecuted," it cautioned that it is not appropriate "to disqualify patent prosecution from an active role in its client's litigation as a matter of course."<sup>FN12</sup> The court reasoned that the appropriate inquiry was "whether the firm's prosecution activities are likely to be shaped by confidential information about competitors' technology obtained through the discovery process" and explained that "[t]he concern is whether the firm's involvement in developing a patent prosecution strategy will be informed by such information to the competitors' detriment."<sup>FN13</sup>

[FN10. 1999 WL 618969 \(N.D.Ill.1999\).](#)

[FN11. \*Interactive Coupons\*, 1999 WL 618969 at \\*3.](#)

[FN12. \*Id.\*](#)

[FN13. \*Id.\*](#)

Here, after considering the parties' voluminous submissions, the determinations of the district courts to which the individual cases in this multi-district litigation shall be returned and the applicable case law, I find that the Non-Papst parties meet their burden of showing good cause for the proposed restriction. The risk of inadvertent disclosure of the Non-Papst parties' confidential information clearly outweighs the impairment, if any, of the Papst parties' ability to litigate this action. Despite the Papst parties' arguments to the contrary, it is clear that the advice and participation of the Papst parties' counsel in preparation and prosecution of patent applications related to the patents in suit is an intensely competitive decisionmaking activity and would be informed by access to the Non-Papst parties' confidential information. Counsel's ability to file new claims in existing and pending patents based on the confidential information discovered during the course of this liti-

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gation poses an unacceptable opportunity for inadvertent disclosure and misuse. Although the Court is confident that counsel for the Papst parties maintains the highest ethical and professional standards, the risk of inadvertent disclosure and misuse and the difficulty of distinguishing the source of the Papst parties' basis for filing new claims are great.

Furthermore, I find that the Non-Papst parties proposed restriction works the least burden on the parties involved in this multi-district litigation. The parties have operated under an identical restriction imposed by the District of Columbia court for many months, and numerous third parties have consented to the disclosure of their confidential information in express reliance on that restriction. To alter the restriction significantly after thousands of documents have been produced would likely create significant disputes and delays.

\*5 Moreover, despite their numerous grounds for objecting to the Non-Papst parties' proposed restriction, the Papst parties fail to address the underlying risk of inadvertent disclosure or misuse and have not persuaded the Court that the Papst parties' ability to litigate the actions in this multi-district litigation will be substantially impaired. The Papst parties have stipulated to similar restrictions in other patent infringement cases and have continued to litigate this matter for months under the restrictions imposed by the July 9, 1999 D.C. protective order.

Accordingly, I find that the Non-Papst parties have met their burden of showing good cause for their proposed restriction and that the risk of advertent disclosure and misuse clearly outweighs the impairment, if any, on the Papst parties' ability to litigate this matter. Nevertheless, because the risk of inadvertent disclosure or misuse is identical whether counsel for the Papst parties is a member or associate of the Welsh and Katz firm or is inside or retained counsel, where the Papst parties' counsel with access to the information sought to be protected gives advice or participates in the prosecution of patents related to the patents in suit, the restriction applies to all counsel for the Papst parties prosecuting, supervising or assisting in the prosecution of patent applications related to the subject matter of the patents in suit. This restriction, however, applies only to information that embodies product design information which is classifiable as confidential and which is of the type

that can be included in a patent application and form the basis, or part of the basis for a claim or claims. Such information shall be designated "Confidential-Prosecution Bar Material."

Finally, the Papst parties fail to show good cause for their proposed restriction, limiting all counsel's ability to prosecute all new and continuation-in-patent patents, regardless of their relation to the patents in suit. The Papst parties make no argument that any risk of inadvertent disclosure of the Papst parties' confidential information exists.

Accordingly,

IT IS ORDERED that the parties shall submit jointly to the Court on or before May 24, 2000, a proposed protective order, restricting the Papst parties' counsel, inside and retained, as well as their employees, with access to confidential prosecution bar materials, from prosecuting, supervising or assisting in the prosecution of any patent application on behalf of Georg Papst or Papst Licensing, GmbH or any entity related to Georg Papst or Papst Licensing, GmbH pertaining to the subject matter of the patents in suit during the pendency of this case and for one year after the conclusion of this litigation, including any appeals.

IT IS FURTHER ORDERED that the parties, in preparing the joint protective order, shall rely to the greatest extent possible on the July 9, 1999 D.C. protective order.

E.D.La.,2000.

In re Papst Licensing, GmbH, Patent Litigation  
Not Reported in F.Supp.2d, 2000 WL 554219  
(E.D.La.)

END OF DOCUMENT



162 Fed.Appx. 954, 2005 WL 3529007 (C.A.Fed.)  
 (Not Selected for publication in the Federal Reporter)  
 (Cite as: 162 Fed.Appx. 954, 2005 WL 3529007 (C.A.Fed.))



This case was not selected for publication in the Federal Reporter.

Not for Publication in West's Federal Reporter See Fed. Rule of Appellate Procedure 32.1 generally governing citation of judicial decisions issued on or after Jan. 1, 2007. See also Federal Circuit Rule 32.1 and Federal Circuit Local Rule 32.1. (Find CTAF Rule 32.1)

United States Court of Appeals,  
 Federal Circuit.  
 Joseph GRAYZEL, Plaintiff-Appellant,

v.

ST. JUDE MEDICAL, INC., St. Jude Medical, Daig  
 Division, Inc., and St. Jude Medical S.C., Inc., De-  
 fendants-Appellees.

No. 05-1126.  
 Dec. 23, 2005.

**Background:** Owner of patent for bevel-tipped introduction-dilation catheter sued competitor for infringement. Competitor counterclaimed for invalidity. The United States District Court for the District of New Jersey, [Jose L. Linares, J.](#), [345 F.Supp.2d 466](#), held patent invalid, and owner appealed.

**Holdings:** The Court of Appeals, [Michel](#), Chief Judge, held that:

(1) patent was invalid as anticipated, and  
 (2) barring plaintiff from participating in reexamination proceeding was not abuse of discretion.

Affirmed.

West Headnotes

[\[1\] Patents 291](#) [101\(2\)](#)

[291](#) Patents  
[291IV](#) Applications and Proceedings Thereon  
[291k101](#) Claims  
[291k101\(2\)](#) k. Construction in general.  
[Most Cited Cases](#)

“Sheath,” called for in patent for vascular introduction-dilation catheter, was any tubular member of any size that could be used for accessing vascular system through skin and through which other devices and elements could be passed.

[\[2\] Patents 291](#) [101\(2\)](#)

[291](#) Patents  
[291IV](#) Applications and Proceedings Thereon  
[291k101](#) Claims  
[291k101\(2\)](#) k. Construction in general.  
[Most Cited Cases](#)

Requirement, in patent for vascular introduction-dilation catheter, that sheath be “flexible,” meant that it had to be flexible enough for use in vascular system as conduit for introducing catheter and other devices.

[\[3\] Patents 291](#) [101\(2\)](#)

[291](#) Patents  
[291IV](#) Applications and Proceedings Thereon  
[291k101](#) Claims  
[291k101\(2\)](#) k. Construction in general.  
[Most Cited Cases](#)

Requirement, in patent for vascular introduction-dilation catheter, that sheath be “uniformly” thin-walled, meant that its wall thickness had to be “always the same” or “unvarying.”

[\[4\] Patents 291](#) [70](#)

[291](#) Patents  
[291II](#) Patentability  
[291II\(D\)](#) Anticipation  
[291k67](#) Prior Description in Printed Publication  
[291k70](#) k. Operation and effect. [Most Cited Cases](#)

Patent claim for flexible, bevel-tipped introduction-dilation catheter was invalid as anticipated by

162 Fed.Appx. 954, 2005 WL 3529007 (C.A.Fed.)  
 (Not Selected for publication in the Federal Reporter)  
 (Cite as: 162 Fed.Appx. 954, 2005 WL 3529007 (C.A.Fed.))

prior art journal article that either expressly or inherently taught every element of claim. [35 U.S.C.A. § 102\(b\)](#).

## [\[5\] Patents 291](#) [324.2](#)

### [291](#) Patents

#### [291XII](#) Infringement

##### [291XII\(B\)](#) Actions

##### [291k324](#) Appeal

[291k324.2](#) k. Decisions reviewable.

### [Most Cited Cases](#)

Court of Appeals had jurisdiction over appeal from interlocutory order enjoining patent infringement plaintiff from participating in Patent and Trademark Office's ex parte reexamination proceedings, even though plaintiff's appeal from final judgment for defendant did not mention order; appeal impliedly incorporated all interlocutory orders, plaintiff had raised issue in its opening appellate brief, and defendant had had opportunity to respond. [F.R.A.P.Rule 3\(c\), 28 U.S.C.App.\(1994 Ed.\)](#)

## [\[6\] Patents 291](#) [140](#)

### [291](#) Patents

#### [291VII](#) Reissues

[291k140](#) k. Application for reissue and proceedings thereon. [Most Cited Cases](#)

Finding that patent infringement plaintiff, subject to protective order limiting his use of defendant's confidential information to purposes connected with litigation, was barred from participating in Patent and Trademark Office reexamination proceeding was not abuse of discretion.

## Patents 291 [328\(2\)](#)

### [291](#) Patents

[291XIII](#) Decisions on the Validity, Construction, and Infringement of Particular Patents

#### [291k328](#) Patents Enumerated

[291k328\(2\)](#) k. Original utility. [Most Cited Cases](#)

[4,850,960](#). Invalid.

\*[955](#) Before [MICHEL](#), Chief Judge, [SCHALL](#) and

[GAJARSA](#), Circuit Judges.

[MICHEL](#), Chief Judge.

\*\*[1](#) Dr. Joseph Grayzel ("Grayzel") appeals the United States District Court for the District of New Jersey's grant of summary judgment of invalidity of claims 13, 14, and 16 of [U.S. Patent No. 4,850,960](#) ("the '960 patent") in favor of St. Jude Medical, Inc., St. Jude [Medical S.C., Inc., and St. Jude Medical, Daig Division, Inc.](#) (collectively, "St. Jude"). [Grayzel v. St. Jude Med., Inc., 345 F.Supp.2d 466 \(2004\)](#) ("Summary Judgment Decision"). Grayzel also appeals the district court's grant of an injunction to enforce a protective order entered into by the parties during the course of discovery. Because we agree with the district court's construction of the "sheath," "flexible," and "uniformly-thin" claim limitations and its finding that the prior art anticipates each and every limitation of claim 13 of [the '960 patent](#), we \*[956](#) affirm the summary judgment of invalidity. We further hold that the district court's grant of an injunction enforcing the protective order is moot as to claims 13, 14, and 16 and affirm as to claims 1-12, 15, and 17-26.

## I. BACKGROUND

### A. The Asserted Patent

In 1953, Dr. Sven Seldinger developed a new [percutaneous technique](#) for introducing a catheter into a patient's blood vessel. See Sven Seldinger, "Catheter Replacement of the Needle in Percutaneous Arteriography: A New Technique," *Acta Radiologica* 39: 368-76 (1953). His technique, which became known as the "[Seldinger technique](#)," involved: (1) inserting a hollow needle through the skin; (2) puncturing the blood vessel with the needle; (3) inserting a guidewire through the bore of the needle into the vessel; (4) removing the needle, leaving the guidewire in the vessel; (5) advancing a catheter over the guidewire into the vessel; and (6) removing the guidewire, leaving the catheter in the vessel through which a cardiologist may insert diagnostic and therapeutic devices. Prior to the "[Seldinger technique](#)," a doctor cut an [incision in the skin](#) and artery and then inserted the desired catheter.

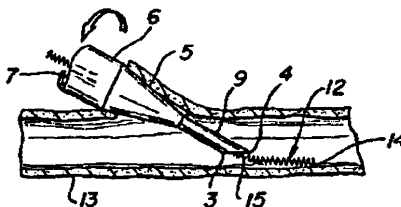
In 1965, Drs. Donald Desilets and Richard Hoffman improved the [Seldinger technique](#). See Donald T. Desilets & Richard Hoffman, "A New Method of Percutaneous [Catheterization](#)," *Radiology* 85: 147-48 (1965). They introduced a thin-walled,

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flexible sheath on top of the catheter and inserted that unit into the vessel as described above. The catheter was, however, removed along with the guidewire, leaving only the sheath in the vessel to act as a channel through which multiple devices could be inserted and removed without having to pass each new device over a reinserted guidewire. This technique became known as the “modified [Seldinger technique](#).” Notably, because both the catheter and the sheath contained blunt or flat tips, considerable force was needed to insert the sheath-covered catheter into the vessel. That force often caused [tearing](#) and trauma at

the puncture site.

In July of 1987, Grayzel filed a patent application claiming an improvement to the modified [Seldinger technique](#). Specifically, he disclosed using a beveled tip at the end of the sheath, as shown in the figure below, to reduce the force needed to insert the sheath-covered catheter and to avoid traumatizing the insertion site. See ['960 patent](#), col. 2, ll. 43-58.



\*\*2 ['960 patent](#), fig. 9. The beveled tip is indicated by the number 15 with the leading point shown as number 4 and rearmost point shown as number 3. The catheter is designated number 6 with the distal portion shown as number 5 and cylindrical section leading to the beveled tip shown as number 9.

['960 patent](#), col. 11, ll. 61-68 (emphases added) (underlined text shows disputed limitations; bracketed numbers reflect district court's designation of claim limitations).

This application issued as [the '960 patent](#) in July of 1989. Independent claim 13 recites:

13. [1] A sheath of a size for use in the vascular system for assisting in the insertion of other devices in blood vessels through the wall of the blood vessel, said sheath comprising:

[2] a flexible catheter for use in the vascular system;

[3] said sheath having a flexible uniformly thin walled cylindrical shell body portion having a bore therethrough and a distal end and a \*957 proximal end, said bore constructed to coact with and be supported by said flexible catheter extending within the bore;

[4] a bevelled tip portion formed on the distal end of said sheath, said bevelled tip being formed at an acute angle with respect to the longitudinal axis of said tubular portion, to facilitate entry into an existing puncture in the wall of a blood vessel.

## B. The Prior Art

Two years before Grayzel filed his application, Dr. S. Murthy Tadavarthy and others published an article describing a [percutaneous technique](#) for introducing a filter into the inferior vena cava to snare [blood clots](#) (“Tadavarthy Article”). See S. Murthy Tadavarthy, “Kimray-Greenfield [Inferior vena cava Filter](#): Percutaneous Introduction,” *Radiology* 151: 525-26 (May 1984). The article disclosed a blood vessel dilation system having four parts: (1) a guidewire; (2) an 8 French dilator; (3) a 24 French dilator; and (4) a 24 French Teflon tube that fits over the 24 French dilator. <sup>FN1</sup> The article explained that after the two dilators and tube are inserted percutaneously into a patient's inferior vena cava by way of the guidewire, the dilators are removed, leaving the tube in position. It further explained that a Kimray-Greenfield filter may be placed into a patient's inferior vena cava through the tube to catch loose [blood clots](#).

<sup>FN1</sup>. The term “French” is a measurement for the diameter of tubular instruments and is equal to 0.013 inches. See McGraw Hill Dictionary of Scientific & Technical Terms 646 (3d ed.1984).

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### C. The District Court Decision

In August of 2001, Grayzel filed a patent infringement action against St. Jude, alleging that St. Jude's Angio-Seal vascular closure device infringes independent claim 13 and dependent claims 14 and 16 of [the '960 patent](#).<sup>FN2</sup>

<sup>FN2</sup>. Claim 14 is drawn to the invention of claim 13 wherein "visible indicia are provided along the length of the sheath to indicate the position of the tip of the beveled end." ['960 patent](#), col. 12, ll. 8-10. Claim 16 is drawn to the invention of claim 1, 2, 3, or 13 wherein visible indicia are provided on the body portion of the catheter to indicate the orientation of the bevel. *Id.*, col. 12, ll. 16-18.

During the course of discovery, St. Jude identified numerous prior art references that were not disclosed during the prosecution of [the '960 patent](#). Grayzel in turn filed a request for an ex parte reexamination with the U.S. Patent and Trademark Office ("PTO") for claims 13, 14, and 16, and moved to stay the district court action pending reexamination. The PTO granted Grayzel's request for reexamination not just for claims 13, 14, and 16 as requested, but also for claims 1-12, 15, and 17-26. The district court denied Grayzel's motion to stay the litigation.

**\*\*3** In response, St. Jude filed a motion for an injunction to enforce the protective order entered by the district court at the start of the litigation to bar both Grayzel and his litigation counsel from participating in the ex parte reexamination. That protective order identified two classes of information: (1) "Confidential Information;" and (2) "Attorneys' Eyes Only Information." Under the terms of the order, Grayzel had access to the Confidential Information, but not the Attorneys' Eyes Only Information. His use of Confidential Information was, however, restricted such that he could not use it "for any purpose other than in connection with [the] litigation."<sup>958</sup> The protective order also contained a so-called "prosecution bar" provision, which prohibited any person "who ha[d] come into the possession of Attorney's [sic] Eyes Only Information" from "any involvement in the prosecution of" [the '960 patent](#). That same provision likewise specifically stated: "Joseph Grayzel understands the terms of this Protective Order limit-

ing the use of CONFIDENTIAL INFORMATION and ATTORNEY'S [sic] EYES ONLY INFORMATION only for purposes in connection with this litigation and that no patent application can be filed or prosecuted at any time based on CONFIDENTIAL INFORMATION or ATTORNEY'S [sic] EYES ONLY INFORMATION produced by St. Jude or Daig in this litigation." The district court referred the injunction motion to a magistrate judge for resolution.

Following briefing and a two-day hearing, the magistrate judge recommended barring Grayzel and his counsel from participating in the ex parte reexamination. The magistrate judge reasoned that the "entire tenor of the protective order was to protect information within the four corners of this litigation and not to allow discovery that is confidential to be used for outside purposes." The district court adopted the magistrate judge's recommendation and granted St. Jude's motion for an injunction to enforce the protective order. *Grayzel v. St. Jude Med., Inc.*, No. 01-CV-3737 (D.N.J. Dec. 4, 2003).

In March of 2003, St. Jude filed a motion for summary judgment of invalidity due to anticipation under [35 U.S.C. § 102](#) and obviousness under [35 U.S.C. § 103](#). The district court issued its claim construction and granted summary judgment in favor of St. Jude in October of 2004. It held that claim 13 of [the '960 patent](#) was anticipated by the Tadavarthy Article as well as two other prior art references. *Summary Judgment Decision*, [345 F.Supp.2d at 476-78](#). The district court also held that claims 14 and 16 were obvious in light of other prior art references. *Id.* [at 479-81](#).

With particular regard to anticipation of claim 13 by the Tadavarthy Article, the district court first found that

the sheath pictured in the article's diagram is clearly a "tubular member ... used for accessing the vascular system through the skin and through which other devices ... can be passed," and it is obviously "thin-walled" and "flexible enough for use in the vascular system." As the very title of the article demonstrates, this sheath is being inserted percutaneously into the vena cava. A device, specifically a so-called "[Greenfield filter](#)," is passed through the sheath following removal of the intro-

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ducing catheters.

\*\*4 *Id.* at 478. It consequently concluded that the Tadavarthy Article teaches limitations [1] and [3] of claim 13. Next, the district court found that “the article shows an introducing catheter that visibly bends and is inserted into the vena cava, thus rendering it, by definition, flexible enough for use in the vascular system.” *Id.* at 478. As such, it concluded that the Tadavarthy Article also teaches limitation [2] of claim 13. Finally, the district court found that the Tadavarthy Article “clearly reveals a sheath with a ‘sloped edge’ that would facilitate vein entry,” thereby disclosing limitation [4] of claim 13. *Id.*

Grayzel timely appeals the district court’s claim construction, its grant of summary judgment on anticipation grounds as to claim 13, and its grant of an injunction enforcing the protective order.<sup>FN3</sup> \*959 We have jurisdiction to consider the appeal pursuant to [28 U.S.C. § 1295\(a\)\(1\)](#).

<sup>FN3</sup> Grayzel does not challenge the district court’s invalidity ruling on obviousness grounds as to claims 14 and 16. He merely asserts those claims are not invalid because they depend from claim 13. The district court did not, however, hold claims 14 and 16 anticipated. Consequently, we shall not address Grayzel’s argument regarding claims 14 and 16.

## II. DISCUSSION

### A. Claim Construction

Because claim construction is purely a matter of law, [Markman v. Westview Instruments, Inc.](#), 52 F.3d 967, 970-71 (Fed.Cir.1995) (en banc), we review the district court’s claim construction de novo. [Cybor Corp. v. FAS Techs., Inc.](#), 138 F.3d 1448, 1454 (Fed.Cir.1998) (en banc). In interpreting claims, a court’s primary focus should be on the intrinsic evidence of record, i.e., the patent itself, including the claims, the specification, and, if in evidence, the prosecution history. See [Phillips v. AWH Corp.](#), 415 F.3d 1303, 1312-17 (Fed.Cir.2005) (en banc).

Grayzel argues that the district court misconstrued the “sheath,” “flexible,” and “uniformly” limitations found in claim 13 of [the '960 patent](#).<sup>FN4</sup> We consider each of his arguments in turn.

<sup>FN4</sup> Grayzel also argued that the district court misconstrued the limitation “visible indicia are provided along the length of the sheath to indicate the position of the tip of the beveled end” of claim 14 to mean “visible indicia extending from the beveled tip portion to indicate the catheter’s position in the vein.” *Summary Judgment Decision*, 345 F.Supp.2d at 476. The district court’s construction of this limitation does not impact the resolution of this appeal since Grayzel does not properly raise any challenge with respect to claim 14. We thus need not address Grayzel’s argument.

### 1. Sheath

[1] The district court framed the dispute surrounding the “sheath” limitation as “whether the sheath described has a particular size range,” ultimately concluding that it did not. *Summary Judgment Decision*, 345 F.Supp.2d at 472-73. It thus construed the term to mean “any tubular member of any size that can be used for accessing the vascular system through the skin and through which other devices and elements can be passed.” *Id.* Grayzel asserts that the district court erroneously relied on a dictionary definition to trump both the intrinsic and extrinsic record in rendering its construction. He contends that the correct construction for the “sheath” limitation, based upon the intrinsic record, is “a SDH sheath for use in the SDH technique.” For support, he relies on the “Summary and Objects of the Invention” section, which he argues describes the introducing catheter and sheath as an assembly used in the SDH technique at least sixteen times. He also relies on the prosecution history, in particular a statement Grayzel made in response to an office action disclosing that “[b]asically, the present invention sets forth an introducing catheter and/or sheath having a beveled end.”

\*\*5 We disagree with Grayzel. [The '960 patent](#) uses the term “sheath” in the ordinary sense of the word. First, as the district court noted, claim 13 recites that the “sheath” is “of a size for use in the vascular system for assisting in the insertion of other devices in blood vessels through the wall of the blood vessel.” Second, as St. Jude points out, the specification expressly defines the term “sheath” as “[a] thin-walled outer tubular member” through which an operational catheter is inserted into the blood vessel. ['960 patent](#), col. 1, ll. 58-59, 67-68. While that defini-

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tion is disclosed in the “Background of the Invention” section of the specification in the context of describing the prior art, Grayzel does not depart from it when describing his invention. For example, the specification states in the context of describing\*960 figures 12, 13, and 14: “Once the sheath is in place, with entry to the lumen of the blood vessel properly dilated and the opening is secured, the introducing catheter 506 and the guide wire 514 can be removed leaving the sheath in place to allow for entry of the various devices that will then be placed into the blood vessel.” [’960 patent](#), col. 10, ll. 17-22. Third, logically, it is unlikely that Grayzel would have defined the term “sheath” distinct from the prior art because his invention did not radically depart from the modified Seldinger technique. Rather his invention involved an improvement over the prior art wherein he simply terminated the tip of the prior art sheath at an angle to facilitate entry through the puncture site.

Given that the term “SDH sheath” does not appear anywhere in [the ’960 patent](#) or its prosecution history, we suspect that Grayzel likely coined the term for purposes of this appeal. Indeed, the statements in the specification and prosecution history relied upon by Grayzel do not actually support his proffered construction. Instead, we read those statements to be consistent with an ordinary definition for the term as accorded by the district court. Additionally, we note that before the district court Grayzel argued only in favor of limiting the definition of “sheath” to a particular size range, numerical limits which the district court correctly found are not present in the intrinsic record. Grayzel did not advocate below that the term “sheath” means “SDH sheath.” Accordingly, we agree with the district court’s construction of the term “sheath” to mean “any tubular member of any size that can be used for accessing the vascular system through the skin and through which other devices and elements can be passed.”

## 2. Flexible

[2] The district court construed the term “flexible” to mean “flexible enough for use in the vascular system as a conduit for an introducing catheter and other devices.” *Summary Judgment Decision*, 345 F.Supp.2d at 475. Grayzel argues that such a construction “reverses the relationship between the SDH sheath and the introducing catheter in the SDH apparatus.” The sheath, he contends, does not act as a conduit for the introducing catheter. Rather, Grayzel

asserts that the introducing catheter enters the puncture site carrying the sheath and that the sheath would “bend, fray, or buckle” if unsupported by an introducing catheter. Grayzel relies on the language of claim 13, which recites that the sheath “coacts with” and is “supported by” the introducing catheter, to support his contention. Hence, he advocates that the correct construction for the term “flexible” is “sufficiently flexible such that the sheath must be carried into the vessel wall puncture by the introducing catheter” and “would bend, fray, or buckle if it were introduced into the puncture site without the benefit of being carried in by the introducing catheter.”

\*\*6 Grayzel’s proposed construction is not consistent with the intrinsic record. The specification makes clear that the sheath may be supported by the catheter, but that it is not required to be. The specification states in the “Summary and Objects of the Invention” section: “After insertion of the catheter, the sheath can be inserted by sliding it over the catheter *if the sheath is not already on the body of the catheter.*” [’960 patent](#), col. 5, ll. 34-36 (emphasis added). Contrary to Grayzel’s argument, this disclosure suggests that the introducing catheter may be inserted first followed by the sheath. Once inside the vessel, the sheath will be slid onto the introducing catheter so that the two are positioned in the vessel as a single unit. The specification does not caution that the sheath may “bend, fray, or buckle” if introduced without the support of the introducing catheter. Nor does it disclose that \*961 special care is necessary when handling an independent sheath. Alternatively, this disclosure suggests the way that St. Jude apparently contemplates for inserting the introducing catheter and sheath under [the ’960 patent](#), specifically, that the sheath may be placed over the introducing catheter at the outset and the two are inserted and positioned into the vessel as a single unit.

Significantly, either approach is consistent with the language of claim 13, which merely states that the bore of the sheath will “coact with” and “be supported by the said flexible catheter.” This language does not proscribe that such coaction and support exist before the sheath is inserted into the vessel. Grayzel plainly misapprehends this language in arguing otherwise. Hence, because the specification teaches two approaches for inserting the sheath into a vessel, one where the sheath is independent of an introducing catheter, we conclude that the district

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court correctly construed the “flexible” limitation simply as “flexible enough for use in the vascular system as a conduit for an introducing catheter and other devices.”

### 3. Uniformly

[3] The district court construed the term “uniformly” as “always the same” or “unvarying.” *Summary Judgment Decision, 345 F.Supp.2d at 475*. Grayzel challenges this construction, arguing that the correct construction is “without fluctuation or variation; consistent.” Grayzel is splitting hairs in arguing that the district court should have selected the definition “without fluctuation or variation; consistent” instead of the definition “always the same; unvarying” for the term “uniformly.” The district court’s definition is synonymous with Grayzel’s proposed definition. *See* The Oxford Thesaurus 561 (Am. ed. 1992) (“consistent” and “unvaryingly” listed as synonyms for the adjective “uniform”). Moreover, either definition conveys that the walls of the sheath are thin for the entire length of the sheath. As such, we conclude that the district court did not err in construing the “flexible” limitation to mean “always the same” or “unvaryingly.”

### B. Anticipation

\*\*7 We review the grant of summary judgment de novo, reapplying the same standard as the district court. *Knoll Pharm. Co., Inc. v. Teva Pharms. USA, Inc., 367 F.3d 1381, 1384 (Fed.Cir.2004)*. Summary judgment is appropriate when there are no genuine issues of material fact or when the non-movant cannot prevail on the evidence submitted when viewed in a light most favorable to it. *Id.* “When ruling on a motion for summary judgment, all of the non-movant’s evidence is to be credited, and all justifiable inferences are to be drawn in the non-movant’s favor.” *Id.* (quoting *Caterpillar Inc. v. Deere & Co., 224 F.3d 1374, 1379 (Fed.Cir.2000)*). A claim is anticipated under § 102 “if each and every limitation is found either expressly or inherently in a single prior art reference.” *Bristol-Myers Squibb Co. v. Ben Venue Labs., Inc., 246 F.3d 1368, 1374 (Fed.Cir.2001)*.

Grayzel argues that the district court erred in holding that the Tadavarthy Article anticipates claim 13 of [the '960 patent](#) because it fails to disclose a “catheter” and a “sheath” as set forth in claim 13. As to the former, he contends that the neither the 8

French dilator nor the 24 French dilator discussed in the Tadavarthy Article serve as a “catheter” because they do not function to “introduce” diagnostic tools into a patient’s vessel by expanding the puncture site. Instead, the 8 French dilator, he claims, serves a “diagnostic” purpose because it allows an inferior cavogram to be taken by a diagnostic catheter once that catheter is positioned in the inferior vena cava. Similarly, he maintains \*\*962 that the 24 French dilator also serves a “diagnostic” purpose because it expands the inferior vena cava to allow deliver of the Kimray-Greenfield filter. Grayzel also asserts that the Tadavarthy Article teaches that the 24 French dilator is made of a stiff material and thus not flexible. He points out that claim 13, by contrast, requires the “catheter” to be “flexible.”

Turning to the “sheath” limitation, Grayzel argues that the Tadavarthy Article does not disclose a “sheath” as required by claim 13 because the 24 French Teflon tube discussed in that reference is both too large and too rigid. For support, Grayzel relies on the testimony of his expert, Dr. David Eckmann, who explained in his declaration that “SDH sheaths” are normally much smaller than 24 French, and that he compared the representative flexibility of the claimed “SDH sheath” with that of the 24 French Teflon tube and found that the latter was 30 times more rigid. Grayzel also relies on three articles published by Dr. Wilfrido Castaneda-Zuniga wherein Dr. Castaneda referred to the Teflon tube used in conjunction with dilators as being “stiff.” Additionally, Grayzel asserts that Tadavarthy Article does not disclose that the 24 French Teflon tube is “uniformly thin-walled” as required by claim 13. He contends that the district court merely speculated that this limitation was found in the Tadavarthy Article, stating that the “[24 French Teflon tube] is obviously thin-walled,” *Summary Judgment Decision, 345 F.Supp.2d at 478*, without conducting a proper anticipation analysis for that claim limitation.

\*\*8 St. Jude responds by asserting that the district court correctly found that the Tadavarthy Article discloses at least one “catheter” and a “sheath.” St. Jude contends that either the 8 French dilator or the 24 French dilator qualifies as a “catheter” because they both expand the puncture site, even though they may also serve other purposes. It also contends that the 24 French Teflon tube is a “sheath” as claimed in claim 13. The size of the tube, St. Jude argues, is of

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no import because it is not a specific claim limitation. Moreover, St. Jude advocates that the 24 French Teflon tube is necessarily flexible because it is inserted percutaneously into the vascular system via either the jugular vein in the neck or the femoral vein in the leg and navigated to the inferior vena cava without causing any internal damage. Finally, St. Jude maintains the Tadavarthy Article plainly illustrates that the “sheath” is “uniformly thin-walled.” As such, it argues that the district court correctly found that the Tadavarthy Article anticipates each and every limitation of claim 13 of [the '960 patent](#).

[4] We agree with St. Jude that the Tadavarthy Article anticipates claim 13. First, as the district court correctly found, the 24 French dilator disclosed in the Tadavarthy Article operates as a “catheter” as set forth in claim 13. The 24 French dilator is inserted into either the jugular or femoral vein via a guidewire and carries the 24 French Teflon tube with it to the inferior vena cava, exactly like the claimed “catheter.” That the 24 French dilator simultaneously expands the jugular or femoral vein and inferior vena cava to allow the Kimray-Greenfield filter to enter is immaterial. The language of claim 13 does not limit the function of the claimed “catheter” to only introducing a “sheath.” In fact, claim 13 does not prescribe any specific function for the “catheter.” Moreover, as pointed out by St. Jude, neither the specification nor the prosecution history of [the '960 patent](#) limits the function of the “catheter.” If anything, the specification actually appears to recognize that the introducing catheter offers more than one function: “A further object of the present invention is to provide an introducing catheter\***963** which separates the *entry function* of the catheter from the *dilation function* of the catheter.” ['960 patent](#), col. 3, ll. 34-36 (emphases added).

Second, although the Tadavarthy Article does not explicitly address whether the 24 French dilator is flexible, it does so implicitly by virtue of the fact that the 24 French dilator is inserted via either the jugular or femoral vein and delivered to the inferior vena cava, some internal distance away from the puncture site. If the 24 French dilator was rigid, then it would be difficult to maneuver it through the vascular system around internal organs to position it in the inferior vena cava. Indeed, the Tadavarthy Article specifically recognizes the difficulty in accessing the inferior vena cava stating that it is preferable to reach

it via the transjugular approach through the neck rather than by the transfemoral approach through the leg. Accordingly, we conclude that the Tadavarthy Article discloses a “catheter” as claimed in claim 13.

**\*\*9** Third, the district court correctly found that the 24 French Teflon tube disclosed in the Tadavarthy Article operates as the claimed “sheath.” The Tadavarthy Article teaches that the 24 French Teflon tube is placed over the 24 French dilator and inserted into the inferior vena cava, precisely as the claimed “sheath” is positioned over the claimed “catheter” and inserted into a blood vessel. Grayzel's argument that the 24 French Teflon tube is too large to qualify as the claimed “sheath” is unavailing. Claim 13 does not place any numerical restriction on the size of the claimed “sheath,” and it stands to reason, as St. Jude acknowledges, that sheath size varies with blood vessel size. Grayzel's argument that the 24 French Teflon tube is too rigid to qualify as the claimed “sheath” is equally unavailing. As discussed above, the 24 French Teflon tube implicitly must be “flexible” for the same reason that the claimed “sheath” is flexible. That is, the 24 French Teflon tube travels atop the 24 French dilator through either the jugular or femoral vein to be positioned in the inferior vena cava. If the 24 French dilator was rigid as asserted by Grayzel, it is unlikely that it could be routed through the vascular system around various internal organs. Moreover, Figure 2 in the Tadavarthy Article shows the 24 French Teflon tube in a bent position upon removal from the jugular vein after insertion of the Kimray-Greenfield filter.

Furthermore, Grayzel's reliance on the three Castaneda articles is misplaced. The “stiff” sheaths discussed in those articles were inserted via the ureter into a kidney to remove [kidney stones](#); they were not inserted into a blood vessel like the sheath employed in [the '960 patent](#). This functional difference explains why those sheaths were of a more rigid nature than the claimed “sheath.” Indeed, one of the articles explains that the stiffness was needed to prevent the dilator from buckling at the renal capsule, which was a common problem in renal dilation systems. Grayzel thus takes Dr. Castaneda's statements about the sheath out of context in asserting that they apply to the claimed “sheath.”

Fourth, while Grayzel is correct that the Tadavarthy Article does not explicitly state that the 24



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French Teflon tube is “uniformly thin-walled,” it inherently must be because the size is set at 24 French. The diameter therefore must be “unvarying” or “always the same” for the entire length of the tube. Moreover, the dilator over which the Teflon tube fits is 24 French in diameter. If the Teflon tube were of varying diameter along the length or of a diameter that increased or decreased, respectively, from the beveled tip to the far end, then the tube either potentially would not fit atop the dilator and/or \*964 would not remain in position through the insertion process. Hence, like the district court, we conclude that the Tadavarthy Article implicitly discloses a “uniformly thin-walled sheath” as claimed in claim 13.

**\*\*10** In sum, because the Tadavarthy Article discloses each and every limitation of claim 13 of [the '960 patent](#), we hold that it anticipates claim 13 and thereby renders it invalid under [§ 102](#). As such, we need not decide whether the district court correctly found that the remaining two references also anticipate claim 13.

### C. Injunction to Enforce the Protective Order

Grayzel argues that the district court erred in barring him from participating in the ex parte reexamination of [the '960 patent](#) based upon the “prosecution bar” provision of the protective order.<sup>FN5</sup> That provision, he contends, does not apply to him for three specific reasons. First, Grayzel asserts both that it applies only to recipients of Attorneys' Eyes Only Information and that he is not such a recipient. Second, he asserts that it applies only to applications either corresponding to [the '960 patent](#) or related to the subject matter of [the '960 patent](#), but not to [the '960 patent](#) itself. Third, he asserts that the “prosecution bar” provision does not name a reexamination as a prohibited proceeding.

<sup>FN5</sup>. Grayzel does not challenge the district court's order as to his litigation counsel.

In response, St. Jude asserts that we need not review Grayzel's challenge to the district court's order issuing an injunction to enforce the protective order because Grayzel only appealed the final judgment granting St. Jude's motion for summary judgment based on invalidity. Moreover, the district court's order, St. Jude argues, is not an interlocutory decision with substantial connection to the summary judgment of invalidity such that it merged into that judgment.

Rather, it claims that the district court granted the injunction to protect its confidential information; such protection is in no way related to the validity of [the '960 patent](#). Even if Grayzel had properly appealed the district court's ruling, St. Jude contends that Paragraphs 15 and 19 of the protective order expressly prevent Grayzel from using protected information, except in the litigation itself. Accordingly, it maintains that the district court did not abuse its discretion in enforcing the protective order against Grayzel.

Grayzel's challenge to the district court's issuance of an injunction enforcing the protective order is not simple and involves dividing the claims subject to reexamination into two groups, namely, (1) claims 13, 14, and 16, which were subject to the St. Jude litigation, and (2) claims 1-12, 15, and 17-26, which were not. As to the former group, we need not reach the merits of Grayzel's appeal in view of Manual of Patent Examining Procedure § 2286. That section requires the PTO to terminate a reexamination proceeding where the Federal Circuit has issued a final decision holding that the claims subject to reexamination are invalid. Specifically, “[u]pon the issuance of a final holding of invalidity or unenforceability, the claims held invalid or unenforceable will be withdrawn from consideration in the reexamination. The reexamination will continue as to any remaining claims.” U.S. Pat. & Trademark Off., Manual of Patent Examining Procedure § 2286 (8th ed.2001, rev. May 2004). Here, Grayzel sought, and the PTO granted, reexamination of claims 13, 14, and 16 of [the '960 patent](#). We hold that claim 13 is invalid under [§ 102](#) herein, and Grayzel failed to appeal the district court's ruling that claims 14 and 16 are invalid under [§ 103](#), thus waiving his rights to do so in the future. Accordingly, we conclude that \*965 there can be no substantial new question of patentability as to claims 13, 14, and 16 and that Grayzel's challenge is moot as to those claims.

**\*\*11** With respect to the latter group, claims 1-2, 15, and 17-26 were not implicated in the St. Jude litigation. Nor were they listed in Grayzel's request for reexamination. The PTO, nevertheless, included them in its reexamination grant and has proceeded to consider the patentability of these claims in light of the prior art references disclosed by Grayzel during the reexamination proceeding. We are, as a result, in the position of having to decide the merits of

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**(Not Selected for publication in the Federal Reporter)**  
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Grayzel's challenge to the issuance of an injunction enforcing the protective order. In doing so, we apply the law of the regional circuit since the nature of his challenge does not involve a patent issue. *See Phonometrics, Inc. v. Hospitality Franchise Sys.*, 203 F.3d 790, 793 (Fed.Cir.2000).

[5] Federal Rule of Appellate Procedure 3(c) provides, in pertinent part, that a notice of appeal “must designate the judgment, order or part thereof appealed from....” Fed. R.App. P. 3(c). If a party does not satisfy the requirements of this rule, then an appellate court does not acquire jurisdiction over the undesignated judgment or order. *United States v. Rivera Constr. Co.*, 863 F.2d 293, 298 (3d Cir.1988). Here, Grayzel stated in his notice of appeal that he appeals “from the final judgment entered in this action on November 8, 2004 granting defendant's motion for summary judgment based on invalidity of claims 13, 14 and 16 of U.S. Patent No. 4,850,960 and dismissing the case.” Plainly, he did not mention the district court's interlocutory order. Consequently on first blush, it appears that the St. Jude may be correct that we lack appellate jurisdiction.

Nevertheless, the Third Circuit has opted to liberally construe notices of appeal. *Drinkwater v. Union Carbide Corp.*, 904 F.2d 853, 858 (3d Cir.1990). It has, in fact, held that it may properly exercise appellate jurisdiction over orders not specified in the notice of appeal if “ ‘there is a connection between the specified and unspecified order, the intention to appeal the unspecified order is apparent and the opposing party is not prejudiced and has a full opportunity to brief the issues.’ ” *Lusardi v. Xerox Corp.*, 975 F.2d 964, 972 (3d Cir.1992) (quoting *Williams v. Guzzardi*, 875 F.2d 46, 49 (3d Cir.1989)). Here, we conclude that these three requirements are met. First, Grayzel procedurally could not appeal the district court's interlocutory order until the district court entered final judgment in favor of St. Jude. The Third Circuit has explained that an appeal from a final judgment incorporates all prior non-final orders and rulings, since only a final judgment or order is appealable. *Drinkwater*, 904 F.2d at 858 (citing *Elfman Motors, Inc. v. Chrysler Corp.*, 567 F.2d 1252, 1254 (3d Cir.1977)). To conclude otherwise in this case would prevent Grayzel from ever challenging the district court's interlocutory ruling, and we do not think such an outcome comports with the Third Circuit's jurisprudence regarding Rule 3(c). Because of

this, we conclude that the requisite connection exists. Second, Grayzel has clearly manifested his intent to appeal the district court's interlocutory order. He specifically raised this issue in clear terms in both his opening and reply briefs. Third, St. Jude would not be prejudiced if we decide this issue since it had the opportunity to fully respond to Grayzel's challenge and has done so. Accordingly, contrary to St. Jude's contention, we hold that we have jurisdiction to review the district court's interlocutory order granting an injunction to enforce the protective order.

\*966 \*\*12 [6] The Third Circuit reviews the grant of injunctive relief under the abuse of discretion standard. *United States v. Bell*, 414 F.3d 474, 478 (3d Cir.2005). In the disputed protective order, Paragraph 15 works together with Paragraph 19, the so-called “prosecution bar” provision, to restrict the use of all Confidential and Attorneys' Eyes Only Information involved in the litigation. Read together, those provisions expressly prohibit persons who come into possession of any such information from disclosing it outside of the litigation, regardless of the use. Paragraph 19, in fact, specifically discusses Grayzel's use of the two kinds of protected information, stating “Joseph Grayzel understands the terms of this Protective Order limiting the use of CONFIDENTIAL INFORMATION and ATTORNEYS' EYES ONLY INFORMATION only for purposes in connection with this litigation....” On this basis, we have no choice but to conclude that Grayzel, who had access to Confidential Information, although not Attorneys' Eyes Only Information, falls squarely into the prohibitions set forth in Paragraphs 15 and 19. Thus, he is plainly precluded from using any of the Confidential Information he acquired through this litigation in any proceeding outside of the litigation, such as the ongoing reexamination proceeding.

Grayzel's arguments regarding the scope of Paragraph 19 are unpersuasive. In asserting that he is unaffected by the prohibition on the use of ATTORNEYS' EYES ONLY INFORMATION found in Paragraph 19, Grayzel mistakenly ignores Paragraph 15. Moreover, that Paragraph 19 only mentions applications corresponding to the '960 patent or related subject matter and does not specifically list a reexamination proceeding is of no consequence in the face of the express prohibition found in Paragraph 15. Far from producing “Draconian results,” as asserted by Grayzel, the district court's order granting an in-

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junction to enforce the protective order does nothing more than effect the parties' intent, just as the magistrate judge essentially acknowledged in his recommendation. To allow Grayzel to escape the very provisions he agreed to before learning of potentially invalidating prior art during discovery and filing a request for reexamination would, we fear, render the protective order under which discovery proceeded in this case meaningless. We, therefore, conclude that the district court did not abuse its discretion in granting the injunction to enforce the protective order, and we affirm that grant.

### **III. CONCLUSION**

For the foregoing reasons, we affirm the summary judgment of invalidity of claim 13 under [§ 102](#), hold that the district court's issuance of an injunction enforcing the protective order is moot as to claims 13, 14, and 16, and affirm the district court's order granting an injunction to enforce the protective order as to claims 1-12, 15, and 17-26.

C.A.Fed.,2005.  
Grayzel v. St. Jude Medical, Inc.  
162 Fed.Appx. 954, 2005 WL 3529007 (C.A.Fed.)

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Caution

As of: May 24, 2011

**VISTO CORPORATION v. SEVEN NETWORKS, INC.**

**No. 2:03-CV-333-TJW**

**UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS, MARSHALL DIVISION**

**2006 U.S. Dist. LEXIS 91453**

**December 19, 2006, Decided**

**December 19, 2006, Filed**

**SUBSEQUENT HISTORY:** Related proceeding at *Visto Corp. v. Smartner Info. Sys.*, 2006 U.S. Dist. LEXIS 97247 (E.D. Tex., Dec. 29, 2006)

**PRIOR HISTORY:** *Visto Corp. v. Seven Networks, Inc.*, 2006 U.S. Dist. LEXIS 98445 (E.D. Tex., Mar. 27, 2006)

**COUNSEL:** [\*1] For Visto Corporation, Plaintiff: Samuel Franklin Baxter, Attorney at Law, Marshall, TX.; Gary Scott Kitchen, McKool Smith - Dallas, Dallas, TX.; Greg Travis Warder, Imran A Khaliq, James Bruce McCubbrey, Michelle Gillette, Robert D Becker, Ronald S Katz, Shawn G Hansen, Manatt Phelps & Phillips LLP, Palo Alto, CA.; Theodore Stevenson, III, Kristi Jean Thomas, McKool Smith, Dallas, TX.

For Seven Networks Inc, Defendant: Henry Charles Bunsow, David L Bilsker, Korula T Cherian, Howrey Simon Arnold & White, San Francisco, CA.; Sidney Calvin Capshaw, III, Brown McCarroll - Longview, Longview, TX.; Ahmed Kasem, Thelen Reid & Priest - San Jose, San Jose, CA.; Andrew Y Piatnicia, James Charles Pistorino, Jason T Anderson, Howrey LLP East Palo Alto, East Palo Alto, CA.; Chris Kao, Kirkland & Ellis - San Francisco, San Francisco, CA, US.; Christopher L Kelley, Daniel T Shvodian, James F Valentine, Louis L Campbell, Matthew E Hocker, Howrey Simon Arnold & White - Menlo Park, Menlo Park, CA.; Dean A Morehous, Jr, Thelen Reid & Priest - San Francisco, San

Francisco, CA. Elizabeth L DeRieux, Brown McCarroll, Longview, TX. Robert E Camors, Jr, Robert E Krebs, Thelen Reid & Priest LLP, San Jose, [\*2] CA. Thomas C Mavrakakis, Winston & Strawn - San Francisco, San Francisco, CA.

For Seven Networks Inc, Counter Claimant: Sidney Calvin Capshaw, III, Brown McCarroll - Longview, Longview, TX.

For Visto Corporation, Counter Defendant: Samuel Franklin Baxter, Attorney at Law, Marshall, TX.; James Bruce McCubbrey, Robert D Becker, Ronald S Katz, Manatt Phelps & Phillips LLP, Palo Alto, CA.

Visto Corporation, Counter Defendant.

Seven Networks Inc., Counter Claimant.

**JUDGES:** T. JOHN WARD, UNITED STATES DISTRICT JUDGE.

**OPINION BY:** T. JOHN WARD

**OPINION**

**MEMORANDUM OPINION AND ORDER**

**1. Introduction.**

Several post-trial motions are pending in this patent infringement case. For the reasons expressed in this opinion, the court grants in part and denies in part Seven's renewed motion for judgment as a matter of law. In light of the finding of willful infringement, the court declares the case exceptional and awards enhanced damages. The court denies the motion for a new trial, rejects the allegations of inequitable conduct, and issues a permanent injunction in favor of the plaintiff in this case. The court further finds that Visto's attorneys violated the Protective Order [\*3] in this case and then attempted to conceal those violations. Under these circumstances, the court stays the injunction pending appeal.

## 2. Background.

The parties to this case are competitors in the mobile email market. After a hotly contested trial, a jury found Seven liable for willful patent infringement of three United States patents related to data synchronization methods and systems. The jury awarded damages and rejected all of the defendant's claims of patent invalidity. Thereafter, the court conducted a bench trial on the allegations of inequitable conduct, and the case is now before the court on post-trial motions. Each of these motions is discussed below.

## 3. Seven's renewed motion for judgment as a matter of law/motion for new trial.

After the verdict, Seven filed a renewed motion for judgment as a matter of law and a motion for new trial. That motion ( # 385) is granted in part and denied in part. The court grants the motion insofar as it is related to claim 11 of the '192 patent. There is insufficient evidence to support a verdict that the accused products satisfy the limitation of "comprising one of an HTTP port and an SSL port." In a supplemental [\*4] claim construction order, the court construed the term "HTTP port and SSL port" to mean "any port that is used to transfer information or communicate using Hyper Text Transfer Protocol (HTTP) and any port that is used to transfer information or communicate using Secure Sockets Layer (SSL) protocol." See Order Dkt. # 340. Despite Visto's arguments to the contrary, the evidence in this case is undisputed that the accused products do not use the HTTP or SSL protocols. In the words of Visto's expert, the term protocol means "the exact formatting, the syntax, and the semantics of the connection that's being made." (Tr. Transcript April 25, 2006, at 29:14-30:3.). Visto's expert conceded that the accused products use Seven's own protocol, rather than HTTP or SSL. Claim 11 requires a port that is used to transfer information or communicate using specific protocols. Viewing the evidence in the light most favorable to the jury's verdict, Visto has not met its burden to demonstrate infringement

of claim 11 of the '192 patent. Seven's motion for judgment as a matter of law on this point is granted.

The court denies the balance of the motion for judgment as a matter of law. Under the court's [\*5] claim construction, sufficient evidence exists to support the jury's finding of infringement of the "independently modifiable copy" limitation. The jury could have rationally found, given Visto's expert's testimony, that a copy existed and only the format had changed. Testimony elicited on cross-examination from Seven's expert also supports the jury's verdict. In addition, ample evidence supports the jury's determination that the accused products contain workspace elements and use a global server under the court's claim constructions of those terms. The court accordingly rejects the defendant's remaining arguments concerning non-infringement of the asserted claims.

Seven also moves for judgment as a matter of law that the patents are invalid. These arguments are centered on Lotus Notes. Seven has not shown that judgment as a matter of law is appropriate. The patents-in-suit are presumed valid, and Seven bore the burden of proof at trial to demonstrate anticipation by clear and convincing evidence. To overcome the jury's verdict, Seven must establish that no reasonable jury could have failed to find invalidity. *FED. R. Civ. P. 50*. The court agrees [\*6] with Visto that the jury could have failed to credit the fact and expert testimony concerning the capabilities of Lotus Notes and the installations of that software. Moreover, the record includes conflicting expert testimony concerning whether Lotus Notes met the translation limitation of the '708 patent, the global server limitation of the '221 patent, and, at a minimum, the smart phone limitation of the '192 patent. The court resolves these conflicts in favor of the verdict and denies Seven's motion for judgment as a matter of law on these points.

Seven's motion asserts several additional grounds for judgment as a matter of law and/or new trial. The court rejects all of these arguments. As to damages, the jury was properly instructed as to the *Georgia-Pacific* factors, and it had expert testimony from which it could have concluded that a very high royalty rate was appropriate in this case. On the question of willfulness, contrary to Seven's pre-trial stipulation, Mr. Nguyen testified that Seven did seek an opinion of counsel and was relying on it in this case. The court remains persuaded that the rulings it made at trial on this point were proper. A new trial and/or judgment [\*7] as a matter of law is not required because of counsel's argument or any unfair prejudice flowing from this testimony. The jury had sufficient evidence from which it could have found willful infringement.

Finally, Seven filed two supplemental motions for judgment as a matter of law or new trial. These motions focus on the reexamination proceedings involving the patents-in-suit. The court has carefully reviewed these motions and denies Seven's renewed motion for judgment as a matter of law or, in the alternative, supplemental motion for new trial (# 411). The court also denies Seven's second renewed motion for judgment as a matter of law, and for other relief (# 418). The court is not persuaded that the USPTO's grant of a second reexamination for the '192 *patent* to consider the collective set of Lotus Notes references entitles Seven to judgment as a matter of law or a new trial. Likewise, the court is not persuaded that the USPTO's grant of a reexamination of the '221 *patent* entitles Seven to judgment as a matter of law or a new trial.

#### 4. Inequitable conduct.

The court now turns to the question of inequitable conduct. Seven contends that the inventors and/or the prosecuting [\*8] attorneys failed to disclose material information concerning Lotus Notes to the USPTO. Inequitable conduct requires a breach of the duty of candor that is both material and committed with an intent to deceive the USPTO. *Li Second Family Ltd. P 'ship v. Toshiba Corp.*, 231 F.3d 1373, 1378 (Fed. Cir. 2000). Breach of the duty of candor may include submission of false material information or failure to disclose material information. *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 872 (Fed. Cir. 1988). As a general rule, however, there is no duty to conduct a prior art search, and thus there is no duty to disclose art of which an applicant could have been aware. *Frazier v. Roessel Cine Photo Tech, Inc.*, 417 F.3d 1230, 1238 (Fed. Cir. 2005); *FMC Corp. v. Hennessy Indus., Inc.*, 836 F.2d 521, 526 n.6 (Fed. Cir. 1987).

The court rejects Seven's defense of inequitable conduct. The court has considered the arguments made by Seven concerning whether the inventors committed inequitable conduct in the prosecution of the original applications. Seven's argument is essentially that the inventors should have been [\*9] aware of potentially invalidating applications of Lotus Notes and should have disclosed those applications to the USPTO at the time of the original prosecution. Seven has not persuaded the court that Visto's inventors knew about the materiality of the prior art or withheld any art with the intent to deceive the USPTO. A finding of inequitable conduct is not warranted.

The court has also considered the arguments made with respect to the prosecution of the reexamination proceedings. Seven has not shown by clear and convincing evidence that the prosecuting attorneys intended to deceive the USPTO during the reexamination proceedings.

The primary references at issue are the Grous and Brown references. Grous is a magazine article that illustrates InterNotes. Brown is a reference manual that touts itself as the Official Guide to Lotus Notes. It is not disputed, however, that the USPTO was apprised of Lotus Notes during the reexamination and that Visto actually disclosed a large number of materials published by Lotus Corporation to the USPTO. After considering all of the evidence, and given the timing of the conclusion of the reexamination proceedings, the court cannot find, by clear and [\*10] convincing evidence, that Visto's attorneys intended to deceive the USPTO by failing to disclose Grous or Brown, or any of the other cited pieces of art. The court accordingly rejects Seven's defense of inequitable conduct. Visto's motion to strike the supplemental report of Dr. Goldberg and portions of the pre-hearing brief (# 423) is denied.

#### 5. Visto's motion for entry of judgment on the jury verdict and for enhanced damages.

The court grants Visto's motion for entry of judgment on the jury verdict and for enhanced damages (# 394). In light of the finding of willful infringement, the court declares the case exceptional and will enhance damages and award attorneys' fees. *SRI Int'l v. Advanced Tech. Lab.*, 127 F.3d 1462, 1468 (Fed. Cir. 1997). The court awards double damages and, in doing so, has considered the factors set forth in *Read Corp. v. Portec, Inc.*, 970 F.2d 816 (Fed. Cir. 1992). These factors include (1) whether there is evidence of copying; (2) whether there was a good-faith belief of non-infringement; (3) litigation behavior; (4) the defendant's size and financial condition; (5) the closeness of the case; (6) [\*11] the duration of the misconduct; (7) the existence of remedial action; (8) the defendant's motivation; and (9) whether the defendant concealed its conduct. *Id. at 827-28*. Although the parties are competitors and the defendant had a motivation to succeed in the market at the expense of the plaintiff, the issues in this case were close and there is some evidence to support the defendant's belief of non-infringement. The asserted claims of the '192 *patent* did not even exist until shortly before trial, and the defendant's invalidity defense asserted against the other two patents was strong. The strength of this defense was confirmed by Visto's own expert, Mr. Beckhardt, who gave very damaging testimony concerning anticipation by Lotus Notes. In all, under the totality of the circumstances, the court concludes that an enhancement of double damages is appropriate.

#### 6. Visto's motion for permanent injunction.

The court grants Visto's motion for permanent injunction (# 379). In *eBay v. MercExchange*, the Supreme Court held that the traditional four-factor test for perma-

ment injunctive relief applies to patent cases. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 126 S.Ct. 1837, 1839, 164 L. Ed. 2d 641 (2006). [\*12] The Court recited the test as follows:

According to well-established principles of equity, a plaintiff seeking a permanent injunction must satisfy a four-factor test before a court may grant such relief. A plaintiff must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.

*Id.* Bearing these factors in mind, the court now turns to the facts of this case to assess the propriety of permanent injunctive relief.

#### **A. Irreparable injury.**

Visto has demonstrated irreparable injury. The parties to this case are direct competitors, and this fact weighs heavily in the court's analysis. Intellectual property enjoys its highest value when it is asserted against a direct competitor in the plaintiff's market. In *TiVo Inc. v. EchoStar Communs. Corp.*, 446 F. Supp. 2d 664, 669 (E.D. Tex. 2006), Judge Folsom found irreparable harm because "[t]he [\*13] availability of the infringing products leads to loss of market share for Plaintiff's products." Seven's arguments to the contrary, focusing on the large market share of Research in Motion, are not persuasive. The court finds that Visto will suffer irreparable injury absent an injunction.

#### **B. Inadequacy of legal remedies.**

Visto has also demonstrated the inadequacy of legal remedies. It is true that the jury awarded a large damages verdict. Those damages, however, are designed to compensate Visto fairly and reasonably for its past injury. Under the jury's verdict, Seven is willfully using its competitor's intellectual property and a threat of continued infringement exists under this record. Although future damages may compensate Visto for an *approximate* loss, that does not make them adequate in the sense that they are a suitable proxy for injunctive relief. What makes legal remedies inadequate under the circumstances of this case is the inability to calculate the plaintiff's future losses with precision. An injunction against

the continued use of the plaintiff's intellectual property is the proper remedy to prevent future infringement.

#### **C. Balancing of hardships.**

[\*14] The court has considered the balance of hardships. The court agrees with Visto that if no permanent injunction is entered, Visto will lose goodwill, potential revenue, and the very right to exclude that is the essence of the intellectual property at issue. Although Seven will be harmed by an injunction, the balance of hardships favors Visto in this case.

#### **D. Public interest.**

The question presented by this factor is whether the public interest would be disserved by an injunction. There has been no persuasive showing that the public interest would be disserved by an injunction. In fact, the public interest would be served by issuing an injunction to protect the patent rights at issue.

After considering the traditional equitable factors, the court concludes that a permanent injunction is proper in this case. The plaintiff's motion for entry of a permanent injunction (# 379) is therefore granted. Visto's motion to strike the Thexton declaration (# 440) is denied.

### **7. Protective Order issues.**

Seven argues that Visto's attorneys violated the Protective Order in this case. Throughout this case and even after the bench trial on inequitable conduct, Seven has urged the court [\*15] to impose various remedies, from the dismissal of the lawsuit to the denial of any injunctive relief. The court has carefully evaluated the evidence presented to it and finds that Visto's attorneys violated the court's Protective Order and that a stay of the injunction pending appeal is the appropriate remedy.

On April 2, 2004, the court issued a Protective Order in this case to guard against the improper use and dissemination of confidential information produced in discovery. The Protective Order explicitly states:

17. Limitations On Use and Disclosure. Except to the extent expressly authorized in this Order, *Protected Information shall not be used or disclosed for any purpose other than the preparation and trial of this action* and any appeal therefrom....

(emphasis added). The purpose for this provision is plain-it is to allow discovery in the case to move forward and to prevent a party from using its opponent's confidential technical and financial information for purposes other than the prosecution or defense of the lawsuit.

Notwithstanding the general prohibition on use and disclosure of confidential information, the parties to this case recognized that certain [\*16] activities present an unacceptable risk of the inadvertent use or disclosure of sensitive information. To this end, the Protective Order contains a prosecution bar. The relevant language provides:

15. Individual attorneys who are outside counsel to whom information that is designated CONFIDENTIAL-ATTORNEYS' EYES ONLY or CONFIDENTIAL-ATTORNEYS' EYES ONLY-COMPUTER SOURCE CODE from any adverse party in this litigation has been disclosed, *shall not draft, file, prosecute, or assist in the drafting, filing, or prosecution of any new or currently pending patent applications that bear a reasonable relationship to patents which are the subject matter of this litigation on behalf of any party to this litigation or any party affiliated with any party to this litigation until eighteen (18) months after the date of the last disclosure to such individual attorney of CONFIDENTIAL-ATTORNEYS' EYES ONLY or CONFIDENTIAL-ATTORNEYS' EYES ONLY-COMPUTER SOURCE CODE from any adverse party in this litigation.*

(emphasis added).

During the prosecution of this case, Mr. Greg Warder ("Warder"), one of Visto's outside counsel, received information designated Attorneys' Eyes Only under the [\*17] Protective Order. At the relevant times, Warder was employed by Manatt, Phelps & Phillips, LLP ("Manatt"). After he received Attorneys' Eyes Only information, Warder participated in certain patent prosecution activities. Manatt assigned him to prosecute a portion of the continuation application that matured into the '679 patent.<sup>1</sup> When Seven learned of Warder's prosecution activities, it immediately notified Seven of its belief that a possible violation of the Protective Order had occurred. Visto did not dispute that Warder's prosecution of the continuation application violated the Protective Order. Visto maintained, however, that Warder's participation in the prosecution of the continuation application was inadvertent.

<sup>1</sup> Visto did not assert the '679 patent in this case.

Shortly thereafter, on May 11, 2005, Seven filed an Emergency Motion for Protective Order and Application for an Order to Show Cause arising out of Warder's prosecution of the continuation application. In that motion, Seven reiterated its [\*18] position that Visto's outside counsel had violated the Protective Order because Warder had viewed Seven's Attorneys' Eyes Only information and had participated in the prosecution of the continuation application. The parties resolved Seven's motion by stipulating that "Mr. Greg Warder of the Manatt firm will not prosecute patents of the kind specified in the protective order for the period of time specified in the protective order, and the provisions of the protective order remain in place." See Dkt. # 163, Agreed Motion to Withdraw Certain Discovery Motions, filed May 12, 2005.

After the stipulation, Seven learned that Warder's activities before the USPTO extended beyond the prosecution of the continuation application. He had been participating in the ongoing reexamination proceedings involving the '192 patent. Visto had not previously disclosed this to Seven. Seven learned this when Visto produced reexamination documents signed by Warder and tendered to the USPTO. All of these documents pre-dated the parties' stipulation. After the parties' stipulation, however, Warder stopped signing documents submitted to the USPTO in the reexamination. The Manatt firm transferred responsibility [\*19] for this task to Ms. Pamela Merkadeau ("Merkadeau").

Seven attempted to raise Warder's involvement in the reexamination proceedings with the court. This occurred in the context of another motion related to the Protective Order.<sup>2</sup> By way of background, Seven learned through deposition testimony that a lawyer on Visto's trial team, Michelle Gillette, disclosed certain expert reports covered by the Protective Order to officers of Visto. These persons had not previously signed the required Protective Order undertakings. As the briefing unfolded, the Manatt firm claimed the unilateral right to designate and redact certain portions of the documents before showing them to its witnesses. Although the issue before the court primarily concerned the disclosure of Seven's financial information, certain aspects of the briefing specifically addressed Warder's prosecution of the '192 reexamination. In particular, Seven objected to Warder's participation in the '192 patent reexamination proceedings.<sup>3</sup> In a surreply brief, Visto responded that "Seven brings an allegation of an additional violation of the Protective Order into this matter without justification. In fact, *the parties resolved the* [\*20] *referenced issue with a stipulation and order.*" (emphasis added).<sup>4</sup>

<sup>2</sup> See Dkt. # 206, Seven's Motion for a Finding of Contempt, Application for an Order to Show



Cause, and Request for Other Relief for Violation of the Protective Order.

3 See Seven's Reply Memorandum in Support of its Motion for a Finding of Contempt, Application for an Order to Show Cause, and Request for Other Relief for Violation of the Protective Order, at 5.

4 See Visto's Surreply to Seven Network's Motion for a Finding of Contempt, Application for an Order to Show Cause, and Request for Other Relief for Violation of the Protective Order, at 7.

During the bench trial on Seven's defense of inequitable conduct, it became clear that Warder had substantially participated in the prosecution of the reexamination even after the parties' May 12<sup>th</sup> stipulation. Warder's involvement was obscured, however, by Manatt's instructions to Merkadeau to sign documents submitted to the USPTO. Seven challenges Warder's conduct as a [\*21] violation of the Protective Order issued in this case. The court agrees with Seven that the prosecution bar covers reexamination proceedings and that Visto's outside counsel violated the provisions of the Protective Order.

Visto's primary argument is that a reexamination proceeding is not a new or currently pending patent application and is therefore not covered by the prosecution bar. According to Visto, the prosecution bar would preclude an attorney's participation in new or continuation applications, but not reexamination proceedings. This court has squarely rejected arguments to the contrary, made in the context of a prosecution bar contained in a Protective Order. See *Microunity Systems Engineering, Inc. v. Dell, Inc.*, 2:04-CV-120 (Order, Dkt. # 156) ("The Court finds that the Protective Order entered in this case is clear. The Protective Order includes a Prosecution Bar that applies equally to reexaminations as it does to new applications filed with the USPTO.").<sup>5</sup>

5 Unlike this case, the attorneys for Microunity approached the court for guidance *before* becoming involved in the reexamination.

[\*22] In the context of the prosecution bar, Visto's argument that a reexamination proceeding is different from the prosecution of a new application is not persuasive. Throughout the reexamination proceedings, Visto and the examiner consistently referred to Visto as the applicant, within the plain language of the Protective Order. The Protective Order provides that outside counsel "shall not draft, file, prosecute, or assist in the drafting, filing, or *prosecution of any new or currently pending patent applications* that bear a reasonable relationship to patents which are the subject matter of this litigation ..." Protective Order, P 15 (emphasis added). In the court's view, under the language of the Protective Order,

participation in the reexamination is the prosecution of a patent application that is not only "reasonably related" to the patents-in-suit, it is a part of the prosecution history of the very patent asserted in the case. The purpose of the prosecution bar is to prevent outside counsel from using, even inadvertently, confidential information obtained in the lawsuit for purposes outside the lawsuit (*e.g.* drafting claims during patent prosecution). This is true even if [\*23] the result of the reexamination is narrower claim language. Accordingly, Warder violated the Protective Order by participating in the reexamination of the '192 *patent* and by continuing to do so after the parties' stipulation. To make matters worse, Manatt concealed that violation from Seven to evade detection of that conduct.

The next question is one of remedy. The challenged conduct does not rise to inequitable conduct before the USPTO, and the court will not declare the patent unenforceable. It must be remembered that the effect of the reexamination was to *narrow* certain claim language. The jury found that the claims as narrowed still covered the accused systems and methods. A holding that the patent is unenforceable would unnecessarily penalize the client for its attorneys' conduct.

Nevertheless, the violation of the Protective Order causes the court to exercise its equitable discretion in a manner adverse to Visto. As a result, although the court has granted an injunction in Visto's favor, the court will stay that injunction pending the disposition of any appeal. Resolution of this issue renders it unnecessary to determine the merits of Seven's other requests for a stay of [\*24] the injunction.

In addition to a stay of the injunction, the court will also bar Ms. Gillette and Mr. Warder from further receipt of confidential information in this case or any other case on the court's docket involving Visto Corporation. With respect to Ms. Gillette, the court finds that she unilaterally redacted documents that had been marked both Attorney's Eyes Only and Confidential pursuant to the Protective Order and showed those documents to Visto personnel, including Mr. Jean Tripier, Visto's Chief Operating Officer, and Mr. Tim Robbins, Visto's General Counsel. These disclosures were not in accordance with the terms of the Protective Order. The individuals had not signed the required undertakings before receiving the confidential information. In addition, disclosure to Mr. Robbins was made without advance notice. To compound matters, after Seven objected to the disclosures, Visto produced undertakings signed by the witnesses, but the witnesses did not date their signatures. Although Visto urges that it operated in good faith to redact Seven's confidential information, a lawyer operating under the terms of a Protective Order issued by this court has no right to resort to [\*25] self-help when he or she views the provisions of that order to be burdensome or

onerous. The proper remedy is to approach the court. The court will therefore bar Ms. Gillette from receipt of any further information under the Protective Order. With respect to Mr. Warder, the briefing suggests he is no longer with the Manatt firm; however, this prohibition will extend to him should he become involved in future litigation in this court on behalf of Visto. Further relief on Seven's motion for a finding of contempt, application for an order to show cause, and request for other relief (#

206) is denied. Likewise, further relief on Seven's emergency motion for protective order and to compel (# 442) is denied.

SIGNED this 19th day of December, 2006.

T. JOHN WARD

UNITED STATES DISTRICT JUDGE

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(Cite as: 2009 WL 3875980 (E.D.Mich.))



Editor's Note: Additions are indicated by Text  
and deletions by ~~Text~~.  
Only the Westlaw citation is currently available.

United States District Court,  
E.D. Michigan,  
Southern Division.  
METHODE ELECTRONICS, INC., Plain-  
tiff/Counter-Defendant,  
v.  
DELPHI AUTOMOTIVE SYSTEMS L.L.C., Defen-  
dant/Counter-Plaintiff,  
Marian, Inc., Defendant,  
v.  
Delphi Technologies, Inc., Counter-Plaintiff.

Civil Action No. 09-13078.  
Nov. 17, 2009.

[Charles R. Wolfe, Jr.](#), [Katherine Pauley Bارعchia](#),  
Blank Rome, Washington, DC, [Ann Marie Walsh](#),  
Locke, Lord, Bissell, Chicago, IL, [Marcy L. Rosen](#),  
Miller, Canfield, Detroit, MI, [Thomas W. Cranmer](#),  
Miller, Canfield, Troy, MI, [Todd A. Holleman](#),  
Miller, Canfield, Detroit, MI, for Plaintiff/Counter-  
Defendant/Counter-Plaintiff.

[Binal Patel](#), Banner & Witcoff, Chicago, IL, [Joseph E. Papelian](#), [William Cosnowski, Jr.](#), Delphi Corpora-  
tion Legal Staff, Troy, MI, [Matthew P. Becker](#),  
Timothy J. Rechten Banner & Witcoff, Ltd., Chi-  
cago, IL, for Defendant/Counter-Plaintiff.

[Charles W. Shifley](#), [Matthew P. Becker](#), [Timothy J. Rechten](#),  
Banner & Witcoff, Chicago, IL, for Defen-  
dant/Counter-Plaintiff.

***OPINION AND ORDER GRANTING IN PART  
DELPHI'S MOTION FOR PROTECTIVE ORDER  
(# 31) [EX.A 31-3] AND DENYING METHODE'S  
MOTION FOR PROTECTIVE ORDER (# 30)***  
[VIRGINIA M. MORGAN](#), United States Magistrate  
Judge.

\*1 This matter is before the court on two mo-  
tions for Rule 26(c) protective orders (confidentiality

orders) in this patent case. While both Methode and the Delphi parties ask that a protective order be entered, they cannot agree on the form of the order or the provisions therein. No oral argument was held on the motion because sufficient discussion on the matter was had at oral argument on discovery motions on October 19, 2009. For the reasons discussed in this opinion, it is ordered that the protective order submitted by Delphi (# 31) as modified by the court be entered in this case.<sup>FN1</sup>

<sup>FN1</sup>. As noted by Methode, the caption of Delphi's proposed order must be modified to reflect the proper plaintiff and defendant in the federal case (they are reversed in the state case). Delphi's "errata" sheet is inappropriate to modify the order. A full and complete Protective Order must be submitted which corrects the procedural errors, incorporates the federal rule citations, and incorporates the reciprocal bar and time period must be filed by Delphi within FOURTEEN (14) days of the date of this order.

### Background

The case involves a dispute regarding patents for bladders in car seats which detect the weight of the passenger. There are referred to PODS (Passive Occupant Detection System) bladders. Delphi holds patent "436" and Methode holds patent "568" (which it purchased from another company). Both patents are related to the same technology. Methode claims infringement of its patent; Delphi denies infringement and claims that Methode's patent is invalid. There is a related state court contract action pending (with the parties reversed as plaintiff and defendant) and Judge Grant entered a protective order there. Both parties argue that the "same" order should be adopted here but they have differing ideas of what the "same" protective order would be. Delphi's order upholds the patent prosecution bar against Methode, which is part of the state court order, and prohibits Methode's attorneys who access "Attorneys Eyes Only" (AEO) information in this case [as in the state case] from also prosecuting patents related to bladder based occupant detection systems and related components. Methode's proposed order vaguely describes prohibited activities but does not include any way to

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protect against inadvertent disclosure or use of the information.

### Issue in Dispute

The issue is the inclusion of Par. 5 in the Delphi proposed order. The order is from the state case:

Access to information designated as ATTORNEYS EYES ONLY” shall be limited to and only to those persons listed in paragraphs 4(a) through 4(c) and 4(e) through 4(g), except that no person for the Defendant <sup>FN2</sup> including attorneys, who participate in, aide in, advise or counsel concerning the preparation, filing and/or prosecution of patent applications in any country, including any interference, re-issue, reexamination or other proceeding, relating to occupant sensing technologies and/or the subject matter of U.S. Patents 5,975,568,, 7,237,443, [Des 409,935](#) and/or related patents and patent applications shall be permitted access to documents marked “ATTORNEYS EYES ONLY.” Further, persons described in paragraph 4(d) shall not be given access to documents marked “ATTORNEYS EYES ONLY.”

[FN2](#). It appears that Delphi means Methode.

### Analysis

Protective orders are controlled by [Federal Rule of Civil Procedure Rule 26\(c\)](#), which provides that for good cause shown, a party may seek an order that limits the scope or dissemination of discoverable information. A court has broad discretion to fashion a protective order, and the general public right of access does not reach pretrial discovery. [Seattle Times Co. v. Rhinehart](#), 467 U.S. 20, 36-37, 104 S.Ct. 2199, 81 L.Ed.2d 17 (1984). [Rule 26\(c\)\(7\)](#) specifically contemplates such protection for confidential commercial information. See [Phillips ex rel. Estates of Byrd v. General Motors Corp.](#), 307 F.3d 1206, 1210-11 (9th Cir.2002). A party seeking a protective order has the burden to show good cause. [Chicago Tribune Co. v. Bridgestone/Firestone, Inc.](#), 263 F.3d 1304, 1313-14 (11th Cir.2001); [General Dynamics Corp. v. Selb Mfg. Co.](#), 481 F.2d 1204, 1212 (8th Cir.1973). To make this showing, the moving party cannot rely on broad or conclusory allegations of harm. [Gulf Oil Co. v. Bernard](#), 452 U.S. 89, 102 n. 16, 101 S.Ct. 2193, 68 L.Ed.2d 693 (1981).

### Protective Orders Against Patent Counsel

\*2 Patent litigation often requires parties to disclose confidential information to one another. Where the parties are competitors in a particular field, there is danger that one party may use such information to the competitive disadvantage of the other. The typical means to mitigate this risk is through a protective order that allows documents to be designated “attorneys eyes only.” This designation ensures that only counsel, and no other officers or employees of the party, have access to confidential information. Counsel may thus advance their party's interests without the risk that an adverse party will use confidential information for purposes other than litigation. See [Avocent Redmond Corp. v. Rose Elecs., Inc.](#), 242 F.R.D. 574, 575-76 (W.D.Wash.2007); [Glaxo Inc. v. Genpharm Pharms., Inc.](#), 796 F.Supp. 872, 874 (E.D.N.C.1992). This procedure works if litigation counsel consists of an outside law firm, or “external counsel,” whose involvement is limited to litigation alone. But where a party employs its own attorneys, or “internal counsel,” as litigation counsel-or where outside litigation counsel is also patent counsel-there is a risk that these attorneys may use information acquired in litigation in other areas of their employment. Notwithstanding their best professional efforts, counsel may acquire confidential information in litigation and use it for other matters, to the advantage of their employer and the disadvantage of the opposing party. See [Intel Corp. v. Via Techs., Inc.](#), 198 F.R.D. 525, 529-30 (N.D.Cal.2000).

The Federal Circuit considered the appropriate scope of a protective order, in a scenario where internal counsel also served as litigation counsel, in [U.S. Steel Corp. v. United States](#), 730 F.2d 1465 (Fed.Cir.1984). The court first observed that, when deciding whether counsel should have access to confidential information, designation as internal or external counsel is immaterial. The court instead took a more factually oriented approach, asking whether counsel is involved in “competitive decision-making” for the party. *Id.* at 1468-69. The *U.S. Steel* court described involvement in competitive decision-making as “counsel's activities, association, and relationship with a client that are such as to involve counsel's advice and preparation in any or all of the client's decisions (pricing, product design, etc.) made in light of similar or corresponding information about a competitor.” *Id.* at 1468 n. 3. In dictum, the court also suggested a protective order against internal counsel may not be warranted in circumstances that work “extreme and unnecessary hardship” against a

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party. *Id.* at 1469. It is well recognized that “[w]here related patents are being prosecuted and litigated simultaneously, a party may obtain strategic advantage by using information from the litigation in the patent prosecution.” [Northbrook Digital LLC v. Vendio Services, Inc.](#), 2008 WL 2390740, at \* 15 (D.Minn.2008) (citing [Merckexchange, L.L. C. v. eBay, Inc.](#), 467 F.Supp.2d 608, 624-25 (E.D.Va.2006)).

\*3 Since *U.S. Steel*, the competitive decision-maker standard, with the hardship exception, has governed protective orders against patent counsel. See [Matsushita Elec. Indus. Co. v. United States](#), 929 F.2d 1577, 1578-79 (Fed.Cir.1991); [Avocent Redmond Corp.](#), 242 F.R.D. at 577. In the current litigation, the parties' dispute requires consideration of both the underlying standard and the exception. *Northbrook Digital LLC v. Vendio Services, Inc.* WL 2390740, 13-14, [625 F.Supp.2d 728 \(D.Minn., 2008\)](#). In *Northbrook Digital*, the patent owner's activities before Patent and Trademark Office (PTO) in prosecuting continuation applications related to patents that taught methods for search and retrieval of data over computer networks such as the Internet were not compatible with allowing him to review, either as attorney or as expert witness, software company's confidential technical information. Thus, the protective order prohibiting the patent owner from viewing company's confidential technical information was warranted.

In cases specifically addressing the question of whether one party's patent prosecution lawyer should have access to an opposing party's confidential information, district courts have generally reached results on a similar case by case factual review. But, some courts have held that a company's patent prosecutor necessarily engages in competitive decision-making, and therefore, must have limited access to an opposing party's confidential information under *U.S. Steel*. For example, in [Motorola, Inc. v. Interdigital Tech. Corp.](#), No. 93-488-LON, 1994 WL 16189689 (D.Del. Dec.19, 1994), the court approved a patent prosecution provision for the reason that the defendant's litigation attorneys would later prosecute the same patents. *Id.* at \*4-5 (noting that it would be necessary for those attorneys to constantly challenge the origin of every idea and that “[t]he level of introspection that would be required [was] simply too much to expect, no matter how intelligent, dedicated, or ethi-

cal the ... attorneys may be”); see also [Mikohn Gaming Corp. v. Acres Gaming, Inc.](#), No. CV-S-97-1383, 1998 U.S. Dist. LEXIS 22251, 1998 WL 1059557 (D.Nev. Apr. 15, 1998) (denying a lawyer access to confidential information upon finding that there was a substantial risk that the lawyer would misuse information discovered in litigation in his role as patent prosecutor, whether deliberate or inadvertent); [Commissariat A L'Energie v. Dell Computer Corp.](#), No. 03-484-KAJ, 2004 WL 1196965 (D.Del. May 25, 2004) (holding that prosecuting patent applications involves decisions regarding scope and emphasis that implicate competitive decision-making); [Presidio Components, Inc. v. American Technical Ceramics Corp.](#), 546 F.Supp.2d 951 (S.D.Cal.2008) (denying lawyers access to confidential information, and emphasizing that plaintiff did not show that it would be prejudiced by receiving advice from other lawyers at the same firm and that lawyers' decisions regarding “scope and emphasis” of the products were competitive decision-making). Other courts have reached different results. In *Sibia Neurosciences, Inc. v. Cadus Pharmaceutical Corp.*, No. 96-1231-IEG, 1997 U.S. Dist. LEXIS 24130 (S.D.Cal. July 15, 1997), the district court criticized the *Motorola* case as redefining the *U.S. Steel* “competitive decision-making” analysis by expanding it to include all activities which defined the “scope and emphasis” of a client's research and development efforts. *Id.* at \*26 (finding that defendant's attorney was not involved in competitive decision-making and the denial of access would cause the defendant an unnecessary hardship), *aff'd*, [In re Sibia Neurosciences, Inc.](#), No. 525, 1997 WL 688174, 1997 U.S.App. LEXIS 31828 (Fed.Cir. Oct. 22, 1997) (unpublished); see also [Pergo, Inc. v. Faus Group, Inc.](#), No. 5:05-CV-50-FL, 2005 U.S. Dist. LEXIS 40601 (E.D.N.C. Sept.20, 2005) (holding that defendants did not sufficiently demonstrate that the counsel for plaintiffs was involved in competitive decision-making under the *U.S. Steel* test); [AFP Advanced Food Prods. LLC v. Snyder's of Hanover Mfg., Inc.](#), No. 05-3006, 2006 WL 47374 (E.D.Pa. Jan.6, 2006) (holding that there was no reason for the court to believe that the AFP lawyers would not strictly follow the adopted order and refrain from using, either inadvertently or intentionally, confidential information).

#### Discussion

\*4 Here, Delphi argues that a patent prosecution provision is necessary in this case because there is an unavoidable risk that Methode's attorneys will inad-

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vertently use Delphi's confidential information. Delphi notes that Methode's patent prosecution attorneys are currently working on reexamination proceedings at the Patent Office concerning the patents at issue in this case. Delphi believes that allowing Methode's attorneys to gain access to highly confidential information regarding Delphi's products could result in Delphi's lawyers rewriting the patent claims being litigated to specifically target Delphi's products. In response, Methode argues that the patent prosecution provision would work a substantial hardship on Methode and that Delphi has not shown good cause for its issuance.

The court finds that Delphi has met its burden of demonstrating good cause for a patent prosecution bar to be entered in this case. The *U.S. Steel* case mandates a determination of whether there is an "unacceptable opportunity for inadvertent disclosure" by considering whether Methode's patent prosecution attorneys are engaged in competitive decision-making and the hardship such a provision would cause Methode. See [U.S. Steel, 730 F.2d at 1468](#). Delphi has offered evidence of competitive decision-making by Mr. Wolfe, one of the lawyers representing Methode in this case. Indeed, at the discovery hearing on an earlier motion, it appeared that Mr. Wolfe conceded that he was involved in the reexamination and/or prosecuting patent applications related to bladder based occupant sensing technologies. This would be evidence of competitive decisions made by him. In addition, Delphi supports its position with evidence of the patent prosecution attorneys' "relationship" with Methode, including that Methode's counsel act as both patent prosecution and litigation counsel; have a more than 5-year relationship with Methode; and are currently involved in ongoing proceedings at the Patent Office regarding the patents at issue in this case. The *Motorola* line of cases have held that patent prosecution counsel are competitive decision-makers in similar instances. Whether determined on a per se basis or an individual factual analysis, there is good cause to enter the provision barring review here.

The reply brief of Delphi is helpful in explaining the issues and focuses on how disclosure of the technology to attorneys who are not only litigating this case but also prosecuting similar patents would make them "competitive decision makers" in this case. Currently, Charles Wolfe of the law firm Blank

Rome is both litigation attorney and patent prosecution counsel. He is long tenured with Methode in this arena. The attorney's history and ability to shape the context of patent applications and to amend claims, including the ones at issue here, makes him especially susceptible to using, even without awareness, information provided in litigation. His activities constitute "competitive decision making" and inadvertent disclosure or use is a substantial issue.

\*5 The patent prosecution bar in Delphi's proposed order prevents the inadvertent or accidental disclosure of the information disclosed in this litigation in the context of prosecuting a patent. In addition, it protects against the inadvertent or unconscious use of such information in fashioning patents and arguments before the Patent Office. Methode's interpretation of competitive decision making is not consistent with court rulings and its order fails to have any way to monitor or prevent or discover inadvertent disclosure, particularly as one lawyer Mr. Wolfe is already involved in the patent prosecution.

However, Delphi's order fails to accord balance in making the restriction of information to attorneys involved in related patent prosecution applicable to itself. It says that it does not use the same attorneys so Methode is apparently unable to show good cause at this time. However, given the difficulty in monitoring attorney-client relationships, the court finds that the bar should be reciprocal. Thus, Par. 5 should be modified as follows:

".. except that no person for ~~the Defendant~~ any party, including attorneys ...

#### Conclusion

Accordingly, IT IS ORDERED THAT Delphi's motion is granted in part, and the protective order as modified shall be entered. IT IS FURTHER ORDERED THAT within 14 days of the date of this order, Delphi shall file a complete and corrected Protective Order consistent with the orders herein.

No Costs to Either Side.

SO ORDERED.

E.D.Mich.,2009.

Methode Electronics, Inc. v. Delphi Automotive Sys-

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Caution

As of: May 24, 2011

**SHARED MEMORY GRAPHICS, LLC, Plaintiff, v. APPLE, INC., et al., Defendants.**

**No. C-10-2475 VRW (EMC)**

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

***2010 U.S. Dist. LEXIS 125184***

**November 12, 2010, Decided  
November 12, 2010, Filed**

**SUBSEQUENT HISTORY:** Motion granted by *Shared Memory Graphics LLC v. Apple, Inc., 2010 U.S. Dist. LEXIS 138868 (N.D. Cal., Dec. 30, 2010)*

**COUNSEL:** [\*1] For Shared Memory Graphics LLC, Plaintiff: Adam Vincent Floyd, LEAD ATTORNEY, Arthur Gollwitzer, III, Chad Phillip Ennis, H. Kenneth Prol, Joseph Daniel Gray, Kent Jeffrey Cooper, Matthew S. Wermager, Michael Joseph Smith, Reese Patrick McKnight, F & B LLP, Austin, TX; Carly Slack Anderson, Geoffrey Patton Culbertson, Nicholas H. Patton, Patton Tidwell & Schroeder LLP, Texarkana, TX; James Patrick Martin, Lisa Stockholm, Shartsis Friese LLP, San Francisco, CA; Nicholas Alfred Schuneman, Floyd and Buss LLP, Austin, TX.

For Apple Inc., a California corporation, Defendant: Darin Jeffrey Glasser, LEAD ATTORNEY, O'Melveny & Myers LLP, Newport Beach, CA; Eric David Chan, Ryan Yagura, O'Melveny Myers LLP, Los Angeles, CA; George Riley, PRO HAC VICE, O'Melveny Myers LLP, Two Embarcadero Center, San Francisco, CA; Iain R Cunningham, PRO HAC VICE, Apple Inc., Cupertino, CA; Jon Y Chow, O'Melveny and Myers LLP, Los Angeles, CA; Michael Myers, PRO HAC VICE, O'Melveny Myers LLP, Newport Beach, CA; Michael Sapoznikow, O'Melveny & Myers LLP, San Francisco, CA.

For Nintendo of America Inc., a Washington corporation, Nintendo Co. LTD., a Japan corporation, Defendants, Counter-claimant: Grant Edward Kinsel, [\*2] LEAD ATTORNEY, Joseph Preston Hamilton, Perkins Coie LLP, Los Angeles, CA; Marshall S. Ney, Mitchell Williams Selig Gates & Woodyard, PLLC, Rogers, AR; Michael Junwhan Song, PerkinsCoie LLP, Los Angeles, CA.

For Sony Corporation of America, a New York corporation, Sony Computer Entertainment America Inc., a California corporation, Sony Corporation, a Japan corporation, Sony Computer Entertainment Inc., a Japan corporation, Sony Semiconductor Kyushu Corporation, LTD., a Japan corporation, Defendants: Lewis V. Popovski, LEAD ATTORNEY, Jeong-Ah Joy Lee, Matthew Jacob Faust, Michelle Carniaux, Miriam London Martinez, Kenyon & Kenyon LLP, New York, NY; Jeffrey S. Gerchick, Kenyon Kenyon LLP, Washington, DC; Megan Rae Whyman Olesek, Kenyon & Kenyon LLP, San Jose, CA.

For Samsung Electronics Co., A Korean business entity, Samsung Telecommunications America, LLC, A Delaware limited liability company, Samsung Semiconductor, Inc., A California corporation, Samsung Electronics America, Inc., A New York corporation, Samsung Austin Semiconductor, LLC, A Delaware limited liability company, Defendants: Darin Jeffrey Glasser, LEAD



ATTORNEY, O'Melveny & Myers LLP, Newport Beach, CA; George Riley, PRO [\*3] HAC VICE, LEAD ATTORNEY, O'Melveny Myers LLP, San Francisco, CA; Michael Myers, PRO HAC VICE, LEAD ATTORNEY, O'Melveny Myers LLP, Newport Beach, CA; Ryan Yagura, PRO HAC VICE, LEAD ATTORNEY, Eric David Chan, O'Melveny Myers LLP, Los Angeles, CA; Jon Y Chow, O'Melveny and Myers LLP, Los Angeles, CA; Michael Sapoznikow, O'Melveny & Myers LLP, San Francisco, CA.

For Shared Memory Graphics LLC, Counter-defendant: Adam Vincent Floyd, LEAD ATTORNEY, H. Kenneth Prol, Joseph Daniel Gray, Kent Jeffrey Cooper, F & B LLP, Austin, TX; Carly Slack Anderson, Geoffrey Patton Culbertson, Patton Tidwell & Schroeder LLP, Texarkana, TX; James Patrick Martin, Shartsis Friese LLP, San Francisco, CA; Nicholas H. Patton, Patton Tidwell & Schroeder L.L.P., Texarkana, TX.

For Nintendo Co. LTD., a Japan corporation, Counter-claimant: Grant Edward Kinsel, LEAD ATTORNEY, Joseph Preston Hamilton, Perkins Coie LLP, Los Angeles, CA; Marshall S. Ney, Mitchell Williams Selig Gates & Woodyard, PLLC, Rogers, AR; Michael Junwhan Song, PerkinsCoie LLP, Los Angeles, CA.

For Samsung Electronics Co., A Korean business entity, Samsung Semiconductor, Inc., A California corporation, Samsung Electronics America, Inc., A New York [\*4] corporation, Samsung Telecommunications America, LLC, A Delaware limited liability company, Counter-claimants: Darin Glasser, Michael Myers, LEAD ATTORNEYS, O'Melveny Myers LLP, Newport Beach, CA; George Riley, PRO HAC VICE, LEAD ATTORNEY, O'Melveny Myers LLP, San Francisco, CA; Ryan Yagura, PRO HAC VICE, LEAD ATTORNEY, Eric David Chan, O'Melveny Myers LLP, Los Angeles, CA.

For Samsung Austin Semiconductor, LLC, A Delaware limited liability company, Counter-claimant: Darin Glasser, Michael Myers, LEAD ATTORNEYS, O'Melveny Myers LLP, Newport Beach, CA; George Riley, PRO HAC VICE, LEAD ATTORNEY, O'Melveny Myers LLP, Two Embarcadero Center, San Francisco, CA; Ryan Yagura, PRO HAC VICE, LEAD ATTORNEY, Eric David Chan, O'Melveny Myers LLP, Los Angeles, CA.

**JUDGES:** EDWARD M. CHEN, United States Magistrate Judge.

**OPINION BY:** EDWARD M. CHEN

**OPINION**

## **ORDER GRANTING IN PART AND DENYING IN PART CROSS-MOTIONS FOR PROTECTIVE ORDER**

**(Docket Nos. 270, 272)**

This is a patent infringement case brought by Shared Memory Graphics ("SMG") against Apple, Inc., Nintendo of America, Inc., Nintendo Co. Ltd., Sony Corp. of America, Sony Computer Entertainment America Inc., Sony Corp., Sony Computer Entertainment Inc., and Sony Semiconductor Kyushu [\*5] Corp., Ltd. (collectively, "Defendants"). The two patents-in-suit were first patented by Alliance Semiconductor Corporation, which later sold all rights to the patents to Acacia Patent Acquisition Corporation ("Acacia"). *See* Compl. ¶ 45. Acacia then sold all of the rights to the patents to SMG. *See id.* ¶ 47.

Currently pending before the Court is a dispute between the parties over the terms of a protective order to govern confidential information produced or otherwise provided in this case. The parties have a disagreement with respect to three issues: (1) whether SMG's in-house counsel should have access to Defendants' highly confidential information, (2) whether Defendants' outside counsel and/or expert witnesses may view the highly confidential or confidential information of other Defendants, and (3) whether the patent prosecution bar should include a bar on reexamination of the patents-in-suit by SMG's litigation counsel.

### **I. DISCUSSION**

#### **A. Legal Standard**

Under *Federal Rule of Civil Procedure 26(c)*, "[a] party or any person from whom discovery is sought may move for a protective order," and "[t]he court may, for good cause, issue an order to protect a party from annoyance, embarrassment, [\*6] oppressions, or undue burden or expense." *Fed. R. Civ. P. 26(c)(1)*.

In the instant case, the parties do not dispute that a protective order is needed to govern the production of confidential information in this case. The parties do, however, disagree as to whether certain terms should be included in the protective order. As proponents of the terms, Defendants have the burden of showing good cause. *See Phoenix Sol'ns. Inc. v. Wells Fargo Bank, N.A.*, 254 F.R.D. 568, 575 (N.D. Cal. 2008) (noting that "[t]he burden of demonstrating the need for protection from discovery is placed on the party seeking a protective order, not on the party opposing the order").

#### **B. Access by SMG's In-House Counsel**

The parties' first dispute is whether the protective order should include a term barring SMG's in-house counsel, Bradley Botsch, from accessing Defendants' highly confidential information. In resolving this issue, the Court is guided by *Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465, 1470 (9th Cir. 1992). In accordance with *Brown Bag*, the Court must balance the risk to Defendants if their confidential materials are disclosed against the risk to SMG if the materials are not disclosed. *See id.*

The [\*7] Court rejects SMG's suggestion that there is no risk to Defendants because SMG is not a direct competitor. As explained by one court, where the party asserting infringement is in the business of acquiring intellectual property and enforcing it against other entities using the allegedly infringing technology, "[t]here is little doubt" that the alleged infringer's confidential information could be of value. *ST Sales Tech Holdings, LLC v. Daimler Chrysler Co.*, No. 07-346, 2008 U.S. Dist. LEXIS 107096, 2008 WL 5634214, at \*6 (E.D. Tex. Mar. 14, 2008); *see also Intel Corp. v. VIA Techs., Inc.*, 198 F.R.D. 525, 530 (N.D. Cal. 2000) (noting that, if plaintiff's in-house counsel were given information about technical aspects of defendant's products, defendant's licensing agreements, and marketing information, that "may provide [plaintiff] a competitive advantage in negotiating related licenses in the future"). On the other hand, to the extent SMG asks that Mr. Bosch be given access to only limited financial information -- more specifically, sales and profit information for the accused products at issue -- in order participate fully in settlement discussions, the risk to Defendants is substantially lessened.

Balancing the risk [\*8] to each side, the Court concludes that the proper balance is to include a provision that generally bars SMG's in-house counsel from accessing Defendants' highly confidential information. However, there can be exceptions to the bar where the risk of competitive advantage is minimal when compared to the Plaintiff's need to make the information accessible to in-house counsel, and the parties should meet and confer to discuss exceptions as the need arises. For the benefit of the parties, the Court notes that it deems the limited financial information sought by SMG -- *i.e.*, the sales and profit information for the accused products -- to be such an exception. Unlike technical aspects of Defendants' products, the focused financial information sought here will pose little competitive risk and, at the same time, provide material information essential to settlement negotiations in which in-house counsel would be expected to participate.

#### C. Access by Defendants' Outside Counsel and Expert Witnesses

The parties' second dispute is whether one Defendant's outside counsel and expert witnesses should be able to view the highly confidential or confidential information of the other Defendants. SMG argues [\*9] that there should be such access, both as a matter of administrative convenience and as a substantive matter.

The Court rejects SMG's argument that access should turn on administrative convenience. While SMG may have to prepare different versions of one filing to accommodate each Defendant's confidential information, that is a burden that SMG implicitly accepted in bringing suit in the first place against the numerous Defendants and in seeking to utilize their confidential information of some Defendants in conducting discovery against other Defendants.

On the substantive question, the Court will not endorse a blanket rule that automatically allows all Defendants' confidential information to be shared, even if only with the other Defendants' outside counsel and experts. Such disclosure should be governed by the "reasonably necessary" standard set forth in Model Protective Order ¶ 7.2. The parties shall meet and confer to modify the language of ¶ 7.2 to make clear that its provisions extend disclosure to co-Defendants' outside counsel and experts.

#### D. Patent Prosecution Bar

The parties' final dispute is whether the protective order should include a term barring SMG's litigation counsel from [\*10] engaging in patent prosecution. SMG does not oppose a patent prosecution bar, so long as an exception is made that would permit its outside counsel to participate in any reexamination proceedings of the patents-in-suit.

Courts have taken varying approaches with respect to whether counsel for the party asserting infringement should be barred from participating in reexamination proceedings. *Compare, e.g., Pall Corp. v. Entegris, Inc.*, 655 F. Supp. 2d 169, 173 (E.D.N.Y. 2008) (holding that the prosecution bar would not extend to reexamination), *with MicroUnity Sys. Eng'g, Inc. v. Dell, Inc.*, No. 04-120, 2005 U.S. Dist. LEXIS 36814, 2005 WL 2299455 (E.D. Tex. Aug. 29, 2005) (holding that the prosecution bar applies equally to reexaminations as it does to new applications).

Those courts holding that counsel is *not* barred have typically focused on the fact that patent claims cannot be broadened in reexamination proceedings but rather only narrowed, and thus the risk of conferring a tactical advantage to the patent holder's counsel is minimal. *See Pall Corp.*, 655 F. Supp. 2d at 173 (noting that, "unlike prosecution of an initial patent application, the Patent Act expressly curtails the scope of reexamination, prohibiting [\*11] any claim amendment that would enlarge

the scope of the initial patent"); *see also Mirror Worlds, LLC v. Apple, Inc.*, No. 08-88, 2009 U.S. Dist. LEXIS 70092, 2009 WL 2461808, at \*2 (E.D. Tex. Aug. 11, 2009) (noting that "[c]laims can only be narrowed during reexamination; they cannot be broadened" and therefore concluding that "the risk of harm to Apple is already greatly limited"); *Document Generation Corp. v. Allscripts*, No. 08-479, 2009 U.S. Dist. LEXIS 52874, 2009 WL 1766096, at \*2 (E.D. Tex. Jun. 23, 2009) (stating that, "[b]ecause the reexamination process prohibits claim amendments that would enlarge the scope of the initial patent, Defendants' fears of expanded claim scope coverage are largely misplaced").

While it is true that patent claims cannot be broadened in reexamination, the Court is not convinced that that fact is dispositive to the issue. Claims may still be restructured in reexamination, and, in a given case, a patent owner may well choose to restructure claims in a manner informed by the alleged infringer's confidential information gleaned from litigation. *See, e.g., MicroUnity*, 2005 U.S. Dist. LEXIS 36814, 2005 WL 2299455, at \*4 (noting that litigation counsel with access to defendants' confidential information "will inevitably [amend or supplement [\*12] claims to distinguish prior art] in a way that they believe preserves litigation options with respect to [defendants'] products"). *See also* Robert Greene Sterne et al., *Reexamination Practice with Concurrent District Court or USITC Patent Litigation*, ACPA Meeting, Jan. 26, 2009, at 16<sup>1</sup> (noting that "in-depth knowledge of a competitor's highly confidential technical information, combined with the ability to amend claims, would . . . convey a dangerously unfair advantage to the recipient of such information"). Hence, access to confidential information could still provide a tactical advantage to the patent holder in its effort to reexamination to navigate between prior art and its infringement claims, although the risk of advantage would appear to be somewhat marginal.

<sup>1</sup> Available at [www.reexamcenter.com/wp-content/uploads/2009/08/ACPC-Reexam-Paper.pdf](http://www.reexamcenter.com/wp-content/uploads/2009/08/ACPC-Reexam-Paper.pdf).

The Court thus finds persuasive the analysis taken by the court in *Crystal Image Technology, Inc. v. Mitsubishi Electric Corp.*, No. 08-307, 2009 U.S. Dist. LEXIS 32972 (W.D. Pa. Apr. 17, 2009). There, the court acknowledged "the majority trend recognizing that the nature of the reexamination process [*i.e.*, narrowing claims and not broadening [\*13] them] mitigates against broadly stated concerns of unfair advantage." *Id.* at \*7. However, the court ultimately deemed "certain limitations regarding litigation counsel's participation in the reexamination process . . . appropriate." *Id.*

First, the court "restrict[ed] litigation counsel's participation in the reexamination process to instances in which it is the *opposing party* who initiates reexamination of a patent falling within the scope of the proposed protective order." *Id.* at \*9 (emphasis added). The court indicated that when it is the opposing party who seeks reexamination, then the reexamination is really part and parcel of the litigation at issue. *Id.* The court also indicated that it would be unfair to force the patent owner to simultaneously defend before the PTO and the court with different counsel. *See id.* But "[s]hould anyone other than Defendant seek reexamination . . . , the justifications for allowing trial counsel to participate are substantially undetermined." *Id.* at \*8-9. The court pointed out that the patent owner could initiate reexamination to secure a tactical advantage. *See Crystal Image*, 2009 U.S. Dist. LEXIS 32972, at \*8-9; *see also Pall Corp.*, 655 F. Supp. 2d at 174 [\*14] (in dicta, agreeing that a reexamination bar would be warranted if "a plaintiff patent-owner affirmatively placed his patents into reexamination, . . . attempting to re-craft them based upon his review of defendant's confidential litigation discovery [and] . . . gain a tactical advantage over the infringement defendant"). The limitation imposed by the Court prevents this scenario.

Second, the court permitted litigation counsel to participate in reexamination "preconditioned on their acceptance of an express legal obligation . . . not to rely [during reexamination] in any way on confidential information supplied by the opposing party through the course of this litigation." *Id.* at \*9. Thus, the court directed the parties to include a provision that "any individual's participation in reexamination proceeding(s) . . . is expressly conditioned on his/her/its legal obligation, established by Order of the Court, not to use in any way an opposing party's Confidential Attorney Eyes Only Information to draft new claims, or to amend previously existing claims, through the reexamination process." *Id.* at \*10.

The Court concludes that the two restrictions above are appropriate for the instant case. [\*15] The first restriction is appropriate for the reasons identified in *Crystal Image*. It prevents SGM from unilaterally employing any tactical advantage gleaned from confidential information obtained in the litigation. Conversely, it also limits any tactical advantage Defendants might seek to gain by initiating reexamination proceedings and forcing SMG to obtain new and additional counsel therein. Indeed, in its papers, SMG has identified only a concern about a reexamination initiated by or on behalf of Defendants, and not, *e.g.*, by third parties or on its own accord. *See* Pl.'s Mot. at 1 (asserting that "Defendants want the ability to initiate a reexamination and use it to disqualify SMG's trial counsel"). As for the second restriction, it is also appropriate to prohibit SMG's counsel from unfair

use in any reexamination proceeding of highly confidential information obtained in this litigation.

Accordingly, the Court orders that the parties meet and confer to reach agreement on a provision that allows SMG's outside counsel to participate in reexamination proceedings in accordance with the above.

## II. CONCLUSION

For the foregoing reasons, the Court **GRANTS** in part and **DENIES** in part both parties' [\*16] motions

regarding the terms of a protective order to govern the production of confidential information in this case.

This order disposes of Docket Nos. 270 and 272.

IT IS SO ORDERED.

Dated: November 12, 2010

/s/ Edward M. Chen

EDWARD M. CHEN

United States Magistrate Judge

270 F.R.D. 182  
(Cite as: 270 F.R.D. 182)

**C**

United States District Court,  
D. Delaware.  
XEROX CORPORATION, Plaintiff,

v.

GOOGLE, INC., Yahoo! Inc., Right Media Inc.,  
Right Media, LLC, Youtube, Inc., and Youtube,  
LLC, Defendants.

No. 10-136-JJF-MPT.  
Sept. 8, 2010.

**Background:** In patent infringement action, parties disputed whether court's permanent protective order should include provision preventing any of plaintiff's trial counsel with exposure to defendants' confidential information from participating in amendment of plaintiff's patents on reexamination.

**Holding:** Following teleconference and additional submissions from parties, the District Court, [Mary Pat Thyng](#), United States Magistrate Judge, held that good cause did not exist to include provision in parties' permanent protective order.


So ordered.

West Headnotes

**[1] Federal Civil Procedure 170A**  **1271.5**

[170A](#) Federal Civil Procedure  
[170AX](#) Depositions and Discovery  
[170AX\(A\)](#) In General  
[170Ak1271.5](#) k. Protective orders. [Most Cited Cases](#)


A party seeking a protective order has the burden of showing good cause for its issuance.

**[2] Patents 291**  **292.3(1)**

[291](#) Patents  
[291XII](#) Infringement  
[291XII\(B\)](#) Actions

[291k292](#) Discovery  
[291k292.3](#) Production of Documents and Things  
[291k292.3\(1\)](#) k. In general. [Most Cited Cases](#)

A party seeking to include in a protective order a provision effecting a patent prosecution bar has the burden of showing good cause for its inclusion. [Fed.Rules Civ.Proc.Rule 26\(c\), 28 U.S.C.A.](#)

**[3] Patents 291**  **292.3(2)**

[291](#) Patents  
[291XII](#) Infringement  
[291XII\(B\)](#) Actions  
[291k292](#) Discovery  
[291k292.3](#) Production of Documents and Things  
[291k292.3\(2\)](#) k. Subject matter. [Most Cited Cases](#)

Good cause did not exist to include provision in parties' permanent protective order preventing any of plaintiff's trial counsel with exposure to defendants' confidential information from participating in amendment of plaintiff's patents on reexamination; risk of inadvertent or competitive use of defendants' confidential information by plaintiff's trial counsel in evaluating potential claim amendments on reexamination was outweighed by potential harm in denying plaintiff the full benefit of its trial counsel in venue. [Fed.Rules Civ.Proc.Rule 26\(c\), 28 U.S.C.A.](#)

\***183** [Lawrence C. Ashby](#), [John G. Day](#), [Lauren E. Maguire](#), Ashby & Geddes, Wilmington, DE, [Allison M. Snyder](#), Pro Hac Vice, [Andrei Harasymiak](#), Pro Hac Vice, [Peter A. Emmi](#), Pro Hac Vice, [Richard J. Stark](#), Pro Hac Vice, [Scott A. Leslie](#), Pro Hac Vice, for Plaintiff.

[Richard L. Horwitz](#), [David Ellis Moore](#), Potter Anderson & Corroon, LLP, [Jack B. Blumenfeld](#), [Maryellen Noreika](#), Morris, Nichols, Arsht & Tunnell, Wilmington, DE, [Brian C. Howard](#), Pro Hac Vice, [Charles K. Verhoeven](#), Pro Hac Vice, [David A. Perlson](#), Pro Hac Vice, [Eugene Novikov](#), Pro Hac

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Vice, [Anthony I. Fenwick](#), Pro Hac Vice, [Jesse Dyer](#), Pro Hac Vice, [Jill Zimmerman](#), Pro Hac Vice, for Defendants.

### MEMORANDUM ORDER

[MARY PAT THYNGE](#), United States Magistrate Judge.

#### I. BACKGROUND

The parties in this patent case dispute whether the court's permanent protective order should include a provision preventing any of plaintiff's trial counsel with exposure to defendants' confidential information from participating in amendment of plaintiff's patents on reexamination. Following a teleconference on this issue, the court requested and received additional submissions from the parties.<sup>FN1</sup> Having considered these submissions and the relevant law, the court concludes that plaintiff should not be denied the advice of its trial counsel in amending claims on reexamination, and adopts plaintiff's proposed language for its permanent protective order.

[FN1](#). D.I. 74; D.I. 75.

#### II. LEGAL STANDARD

[\[1\]\[2\]](#) A party seeking a protective order has the burden of showing good cause for its issuance.<sup>FN2</sup> The same is true for a party seeking to include in a protective order a provision effecting a prosecution bar.<sup>FN3</sup>

[FN2](#). See [Fed.R.Civ.P. 26\(c\)](#); [Truswal Sys. Corp. v. Hydro-Air Eng'g, Inc.](#), 813 F.2d 1207, 1209-10 (Fed.Cir.1987).

[FN3](#). [In re Deutsche Bank Trust Co.](#), 605 F.3d 1373, 1378 (Fed.Cir.2010).

Prior to the recent case of [In re Deutsche Bank Trust Co.](#),<sup>FN4</sup> the Federal Circuit had not issued a published opinion addressing when an attorney's activities in prosecuting patents on behalf of a client raises an unacceptable risk of inadvertent disclosure of confidential information. The [Deutsche Bank](#) court drew on the analysis of [U.S. Steel Corp. v. United States](#), which stated that “[w]hether an unacceptable opportunity for inadvertent disclosure exists ... must be determined ... by the facts on a counsel-by-counsel basis....”<sup>FN5</sup> The [U.S. Steel](#) court instructed that this determination should turn on the extent to which counsel is involved in “competitive decision making”

with its client, defined as:

[FN4](#). *Id.*

[FN5](#). 730 F.2d 1465, 1468(Fed.Cir.1984).

activities, association, and relationship with a client [involving] counsel's advice and participation in any or all of the client's decisions (pricing, product design, etc.) made in light of similar or corresponding information about a competitor.<sup>FN6</sup>

[FN6](#). *Id.* at 1468 n. 3.

[Deutsche Bank](#) refined [U.S. Steel](#) by clarifying that not every patent prosecution attorney is necessarily involved in competitive decisionmaking.<sup>FN7</sup> In so finding, the court distinguished administrative and oversight duties from activities in which counsel play a “significant role in crafting the content of patent applications or advising clients on the direction to take their portfolios.”<sup>FN8</sup> The court explained that the latter group of activities-including “strategically amending or \*184 surrendering claim scope during prosecution”-posed a more significant risk of inadvertent disclosure than the former.<sup>FN9</sup>

[FN7](#). 605 F.3d at 1379.

[FN8](#). *Id.* at 1379-80.

[FN9](#). *Id.*

Even where a risk of inadvertent disclosure or competitive use exists, however, this court must balance that risk against the potential harm to the opposing party in denying it the counsel of its choice.<sup>FN10</sup> In evaluating this potential harm, a court should consider such things as

[FN10](#). *Id.* at 1380 (citing [U.S. Steel](#), 730 F.2d at 1468; [Brown Bag Software v. Symantec Corp.](#), 960 F.2d 1465, 1470 (9th Cir.1992)).

the extent and duration of counsel's past history in representing the client before the [Patent and Trademark Office (“PTO”)], the degree of the client's reliance and dependence on that past history, and the potential difficulty the client might face if

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forced to rely on other counsel for the pending litigation or engage other counsel to represent it before the PTO.<sup>FN11</sup>

[FN11. \*Id.\* at 1381.](#)

After balancing these competing interests, the court has broad discretion to decide what degree of protection is required.<sup>FN12</sup>

[FN12. \*Id.\* at 1380](#) (citing [Seattle Times Co. v. Rhinehart](#), 467 U.S. 20, 36, 104 S.Ct. 2199, 81 L.Ed.2d 17 (1984); [Brown Bag Software](#), 960 F.2d at 1470).

Though [Deutsche Bank](#) dealt only with provisions limiting participation in patent prosecution, the court considers its logic applicable in the context of patent reexamination as well. Just as in [Deutsche Bank](#), the competing interests involved here pit protection of defendants' confidential information against plaintiff's right to counsel of its choice. And just as in patent prosecution, the primary factor affecting the risk of inadvertent disclosure during reexamination is the extent to which counsel are involved in competitive decisionmaking with the client.

### III. DISCUSSION

#### A. Risk of Inadvertent Disclosure of Confidential Information

Defendants raise a legitimate concern that their confidential information could be competitively misused in strategically narrowing plaintiff's patent claims during reexamination. Because the parties have agreed that discovery materials within the scope of the interim protective order may only be used for purposes of this litigation,<sup>FN13</sup> and because the Federal Circuit has suggested that reexamination proceedings fall outside the scope of corresponding district court litigation,<sup>FN14</sup> the court agrees with defendants that *any* use of their confidential information by plaintiff during reexamination would be improper and a violation of the interim protective order.

[FN13. See](#) D.I. 67-1, Agreed Protective Order, at ¶ 1(A)(1).

[FN14. See](#) [Grayzel v. St. Jude Medical, Inc.](#),

[162 Fed.Appx. 954, 966 \(Fed.Cir.2005\).](#)

While acknowledging the existence of this risk, the court does not consider it "unacceptable" as delineated by [U.S. Steel](#) and [Deutsche Bank](#). Unlike patent prosecution, reexamination is a limited proceeding assessing only the patentability of existing claims against specific prior art references.<sup>FN15</sup> Defendants' confidential information is "basically irrelevant" to that particular determination.<sup>FN16</sup> Moreover, while claims may be broadened during prosecution to support new, tailor-made infringement allegations, amendments made during reexamination can only serve to *narrow* the original claims.<sup>FN17</sup> Hence, no product that did not infringe a patent before reexamination could ever infringe that patent following reexamination.<sup>FN18</sup> Furthermore, to the extent additional details \*185 are added to a claim in reexamination to distinguish it from the prior art, those details must already exist in the original patent's specification.<sup>FN19</sup> In any event, plaintiff will certainly seek to preserve the broadest possible reading of its claims on reexamination regardless of any insight gleaned from defendants' confidential information.

[FN15. See](#) [35 U.S.C. §§ 302, 311.](#)

[FN16. \*Kenexa Brassring Inc. v. Taleo Corp.\*, Civ. A. No. 07-521-SLR, 2009 WL 393782, at \\*2 \(D.Del. Feb.18, 2009\).](#)

[FN17. 35 U.S.C. § 305](#) ("No proposed amended or new claim enlarging the scope of a claim of the patent will be permitted in a reexamination proceeding..."); [35 U.S.C. § 314\(a\)](#) (stating the same for *inter partes* reexaminations).

[FN18. See](#) [Predicate Logic, Inc. v. Distributive Software, Inc.](#), 544 F.3d 1298, 1302-03 (Fed.Cir.2008).

[FN19. See](#) [In re Reiffin Family Trust](#), 340 Fed.Appx. 651, 659 (Fed.Cir.2009) ("[A]lthough a patentee is permitted to amend both the claims and the specification of his patent on reexamination ... he is not allowed to do so in a manner that has the effect of enlarging the scope of the patent's claims.") (citing [35 U.S.C. § 305](#); [37 C.F.R. § 1.530\(d\)\(1\)](#); [Creo Prods., Inc. v. Presstek](#),

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[Inc.](#), 305 F.3d 1337, 1344 (Fed.Cir.2002); [In re Freeman](#), 30 F.3d 1459, 1464 (Fed.Cir.1994).

### B. Potential Harm from Limiting Choice of Counsel

In comparison to the attenuated risk of competitive misuse of defendants' confidential information, the potential harm in denying plaintiff reexamination counsel of its choice is significant. Plaintiff clearly has a strong interest in choosing its own counsel—particularly in the complex and technical realm of patent litigation.<sup>FN20</sup> Here, plaintiff's trial counsel have acquired expertise in the patents-in-suit as well as the relationship between plaintiff's claim language and the prior art. Forcing plaintiff to rely on less knowledgeable counsel during reexamination would thus increase costs and duplicate effort.

<sup>FN20</sup>. See [In re Yamaha Corp.](#), 62 F.3d 1431, 1995 WL 412843, at \*3 (Fed.Cir.1995); [Elonex I.P. Holdings, Ltd. v. Apple Computer, Inc.](#), 142 F.Supp.2d 579, 584 (D.Del.2001).

Plaintiff also has a legitimate interest in formulating a coherent and consistent litigation strategy. While a parallel reexamination proceeding may not formally be part of this litigation, choices made before the PTO nonetheless have consequences in this court. The validity of reexamined and amended claims, for example, will ultimately have to be explained and defended before a jury in this litigation.<sup>FN21</sup> Trial counsel are better suited to assess claim language to this end than reexamination counsel, who practice before the PTO and do not try cases to a jury.<sup>FN22</sup> Additionally, because reexamination (especially *inter partes* reexamination) is an increasingly important venue for challenging a patent's validity,<sup>FN23</sup> preventing trial counsel exposed to defendants' confidential information from fully participating in reexamination proceedings would force plaintiff to split its resources between two fronts of the same war.

<sup>FN21</sup>. See [Intest Corp. v. Reid-Ashman Mfg., Inc.](#), 66 F.Supp.2d 576, 583 (D.Del.1999) (“[I]f the reexamined and original claims are not identical, then the patentee has no right to damages for infringement prior to the reissue or reexamina-

tion date, because the original patent has been surrendered and is extinguished.”) (citing [Kaufman Co., Inc. v. Lantech, Inc.](#), 807 F.2d 970, 976 (Fed.Cir.1986)); [Kenexa](#), 2009 WL 393782 at \*2 n. 2 (“The court considers amendments and revisions to claims on reexamination to be admissions regarding validity. Should plaintiff take an inconsistent position (to its litigation position) and revise its claims during reexamination, the court will consider the scope and effect of any such admission on an appropriate motion.”).

<sup>FN22</sup>. Defendants argue that “by the stage of reexamination proceedings in which [plaintiff] would be forced to resort to amendment of claims or preparation of new claims, it will no doubt have been made quite clear to any competent reexamination counsel precisely what obstacles to the validity of the original claims were presented by the prior art.” D.I. 75 at 5. This argument, however, does not answer plaintiff's point that it would be better positioned to defend validity before a jury if its trial counsel were permitted to assist reexamination counsel in drafting proposed amendments.

<sup>FN23</sup>. See Sterne, Robert Greene et al., *Re-examination Practice with Concurrent District Court or USITC Patent Litigation*, The Sedona Conference (2008), available at <http://www.skgf.com/media.php?NewsID=472> (“[R]eexaminations exert a growing influence on patent litigation as reexamination becomes a viable (or even preferred) venue to challenge patent validity, especially where the option of *inter partes* reexamination becomes more routinely available.”).

### IV. CONCLUSION AND ORDER

[3] In light of the above, defendants have failed to show good cause for their proposed reexamination bar. The court concludes that the risk of inadvertent or competitive use of defendants' confidential information by plaintiff's trial counsel in evaluating potential claim amendments on reexamination is outweighed in this case by the potential harm in denying plaintiff the full benefit of its trial \*186 counsel in that venue. Therefore, IT IS ORDERED that:



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(Cite as: 270 F.R.D. 182)

1. Plaintiff's proposed language concerning paragraph 2(C) of the Agreed Protective Order (D.I.67-1) is adopted;

2. On or before September 22, 2010, the parties shall submit a permanent protective order incorporating this language as well as the court's other decisions announced in the teleconference of August 19, 2010 (D.I.73).

D.Del.,2010.  
Xerox Corp. v. Google, Inc.  
270 F.R.D. 182

END OF DOCUMENT



Positive

As of: May 24, 2011

**VASUDEVAN SOFTWARE, INC, Plaintiff, v. INTERNATIONAL BUSINESS MACHINES CORPORATION; and ORACLE CORPORATION, Defendants.**

**No. C09-05897 RS (HRL)**

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

**2010 U.S. Dist. LEXIS 100835**

**September 14, 2010, Decided  
September 14, 2010, Filed**

**NOTICE:** NOT FOR CITATION

**SUBSEQUENT HISTORY:** Patent interpreted by *Vasudevan Software, Inc. v. IBM, 2011 U.S. Dist. LEXIS 7323 (N.D. Cal., Jan. 20, 2011)*

**COUNSEL:** [\*1] For Vasudevan Software, Inc., Plaintiff, Counter-defendant: Brooke Taylor, Brooke Ashley-May Taylor, LEAD ATTORNEYS, Susman Godfrey L.L.P., Seattle, WA; Daniel J Walker, PRO HAC VICE, Susman Godfrey L.L.P., Seattle, WA; Eric James Enger, PRO HAC VICE, Houston, TX; Leslie V Payne, PRO HAC VICE, Heim Payne & Chorush LLP, Houston, TX; Michael F. Heim, Heim, Payne & Chorush, L.L.P., Houston, TX; Stephen Edward Morrissey, Susman Godfrey LLP, Los Angeles, CA.

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**JUDGES:** HOWARD R. LLOYD, UNITED STATES MAGISTRATE JUDGE.

**OPINION BY:** HOWARD R. LLOYD

## OPINION

### ORDER GRANTING IN PART AND DENYING IN PART THE PARTIES' JOINT MOTION FOR ENTRY OF PROTECTIVE ORDER

[Re: Docket No. 152]

This is a patent infringement case brought by plaintiff Vasudevan Software, Inc. ("VSi") against defendants Oracle Corp. ("Oracle") and International Business Machines Corp. ("IBM") (collectively, "Defendants"). After meeting-and-conferring, and coming to agreement as to most of the language for a protective order to govern the production of confidential information, the parties filed this joint motion asking the Court to resolve disputes over four remaining sections. (Docket No. 152 ("Motion").)

## DISCUSSION

A. First Disputed Section: § 7.3(b) [\*4] (Disclosure of Highly Confidential - Attorneys' Eyes Only Information or Items)

VSi proposes adding a subsection (currently, subsection (b)) to § 7.3 of the stipulated protective order. Specifically, VSi proposes that information or items designated "HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY" (hereinafter, "Highly Confidential Information") may be disclosed:

(b) [t]o the extent disclosure is limited to financial information, including both sales and licensing information, [to] one House Counsel for the Receiving Party

(1) to whom disclosure is reasonably necessary for this litigation, and (2) who has signed the "Agreement to Be Bound by Protective Order" (Exhibit A);

(Docket No. 153, Ex. A ("Stipulated Protective Order" or "SPO"), P 7.3(b).) VSi argues that at least one in-house counsel should be allowed access to financial information, including both sales and licensing information, because without it, VSi cannot have open discussions regarding damages valuation and potential settlement offers. (Motion at 5-6.)

Defendants oppose including this subsection at all. Citing *U.S. Steel Corp. v. United States*, 730 F.2d 1465 (Fed. Cir. 1984), and *Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465 (9th Cir. 1992), [\*5] Defendants point out that in deciding whether to allow an in-house counsel to access confidential information, courts look at the facts surrounding that counsel's relationship with a party and the risks of, and safeguards to prevent, inadvertent disclosure. (Motion at 7.) To that end, Defendants explain that there is only one in-house counsel at VSi, Helen Vasudevan, and she is a principal of VSi and wife of Mark Vasudevan, the named inventor of the patents-in-suit and the President and CEO of VSi. (*Id.*) Defendants thus contend that her marital relationship and financial stake in VSi creates a conflict of interest and so the risk of inadvertent disclosure is simply too great. (*Id.* at 7-8 (citing *Thomas & Betts Corp. v. Panduit Corp.*, 1997 U.S. Dist. LEXIS 14899, 1997 WL 603880, at \*12 (N.D. Ill. 1997) ("A party's concern about permitting its opponent's in-house counsel to access its confidential information would be heightened where the in-house counsel was also a family member of certain corporate officers."); *A. Hirsh, Inc. v. United States*, 657 F.Supp. 1297, 1303-04, 11 Ct. Int'l Trade 208 (C.I.T. 1987) (finding an "unacceptable opportunity for inadvertent disclosure" where in-house counsel was the son of the company's owner)).)

Yet [\*6] while courts do indeed look to the facts of each individual case, the "crucial factor" is whether the in-house counsel engages in "competitive decisionmaking," *Brown Bag Software v. Symantec Corp.*, 960 F.2d at 1470 (citing *U.S. Steel Corp. v. United States*, 730 F.2d at 1468 n.3), which refers to "a counsel's activities, association, and relationship with a client that are such as to involve counsel's advice and participation in any or all of the client's decisions (pricing, product design, etc.) made in light of similar or corresponding information about a competitor," *U.S. Steel Corp. v. United States*, 730 F.2d at 1468 n.3. This is the crucial factor because the courts in *U.S. Steel* and the cases relying upon it were largely concerned with the difficulty "for the human

mind to compartmentalize and selectively suppress information once learned, no matter how well-intentioned the effort may be to do so." *In re Deutsche Bank Trust Co. Americas*, 605 F.3d 1373, 1378 (Fed. Cir. 2010); see also *Brown Bag Software v. Symantec Corp.*, 960 F.2d at 1470-72; *MercExchange, LLC v. eBay, Inc.*, 467 F.Supp.2d 608, 622-23 (E.D. Va. 2006) ("[I]t is oftentimes impossible for an individual, even with the [\*7] noblest intentions, to delineate between ideas that they may advance as a result of their own creation, and those influenced by past exposure to confidential information."); *In re Worlds of Wonder Sec. Lit.*, 147 F.R.D. 214, 216-17 (N.D. Cal. 1992) (noting that it would be "naïve" to think that expert witnesses who would "most likely" be competitors of the party opposing disclosure would be able to "erase" from their minds the at-issue documents that revealed confidential, internal details of how that party conducts its business). Here, while Defendants offered little evidence in their papers that Helen Vasudevan engaged in competitive decisionmaking, they did convince the Court at the motion hearing that she plays an integral role in the conduct of VSi's business. And as the only in-house counsel for VSi, she provides legal advice in a number of business contexts.

Both sides have legitimate concerns. On one hand, the Court is sensitive to the fact that in-house counsel to a party, in most circumstances, needs to have some access to the opposing party's confidential financial information to understand the potential damages at issue and thus make an informed decision with respect to any [\*8] possible settlement of the lawsuit. But on the other hand, the Court also understands that in-house counsel who is exposed to a competitor's confidential information often cannot simply forget what he or she has learned.

As discussed at oral argument, the Court believes that the creation of a subset of Defendants' financial information to which Helen Vasudevan may have access is the best solution in this particular instance. Indeed, at the hearing on the parties' motion, counsel for VSi acknowledged that it is Defendants' annual revenue and annual unit sales data by product line that is most important for settlement purposes, and Defendants' attorneys conceded that there would be little harm in allowing Helen Vasudevan access to such high-level numbers.<sup>1</sup> As such, the parties shall include a subsection similar to VSi's proposed Section 7.3(b) but shall re-draft the language to allow Helen Vasudevan access to Defendants' (1) annual revenue by product; and (2) annual unit sales by product.

<sup>1</sup> Defendants did convince the Court that Helen Vasudevan should not be allowed access to Defendants' licensing information, such as specific agreements, royalty payments, and/or licensing

terms. Such information [\*9] is more appropriately analyzed by VSi's retained expert(s).

#### B. Second Disputed Section: §10 (Prosecution Bar)

The parties also disagree as to language in the protective order's prosecution bar, which provides that recipients of Highly Confidential Information "shall not be involved in the prosecution of patents or patent applications relating to patents-in-suit or relating to the subject matter of" any of the parties' produced discovery. (SPO, § 10.) "Prosecution" is defined to include "directly or indirectly drafting, amending, advising, or otherwise affecting the scope of maintenance of patent claims." (*Id.*, § 10.)

But the parties wish to also include language to make clear what does not fall within the definition of "prosecution." Defendants propose the following: "To avoid any doubt, 'prosecution' as used in this paragraph 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 reexamination)." (Motion at 10.) Plaintiff agrees with all of this language, but it wants to add "or defending" such that "prosecution" does not include representing a party "challenging [\*10] or defending" a patent under these circumstances. (*Id.*)

Because Defendants seek further restrictions on access to confidential information, they have the burden to establish good cause to justify doing so. See *Document Generation Corp. v. Allscripts, LLC*, No. 6:08-CV-479, 2009 U.S. Dist. LEXIS 52874, 2009 WL 1766096, at \*2 (E.D. Tex. Jun. 23, 2009). Defendants contend that VSi's proposed language "would allow VSi-affiliated individuals with access to Defendants' highly confidential technical documents the ability to amend and draft new claims directly reading on Defendants' Accused Products during a reexamination process." (Motion at 11.) "This," they argue, "would be contrary to the fundamental purpose of a prosecution bar," which "is to prevent outside counsel from using, even inadvertently, confidential information obtained in the lawsuit for purposes outside the lawsuit (e.g., drafting claims during patent prosecution)." (*Id.* at 11-12 (quoting *Visto Corp. v. Seven Networks, Inc.*, No. 2:03-CV-333-TJW, 2006 U.S. Dist. LEXIS 91453, 2006 WL 3741891, at \*7 (E.D. Tex. Dec. 19, 2006)).)

VSi rightfully counters that Defendants' concerns are misplaced because the agreed-upon language prohibits them from prosecuting new patents related to the patents-in-suit [\*11] or those based on any discovery produced by Defendants and because patents cannot be broadened upon reexamination. (*Id.* at 10-11.) Indeed, as one court has explained:

Patent reexaminations, as the name suggests, are invoked to challenge a PTO patent grant. . . . [T]hey are exclusively a "post-grant" procedure, distinguishable from prosecution efforts on an initial patent application. Although patent claims may be amended, redrafted or substituted for new albeit narrower claims, unlike prosecution of an initial patent application, the Patent Act, 35 U.S.C. §§ 305, 314, expressly curtails the scope of reexamination, prohibiting any claim amendment that would enlarge the scope of the initial patent. This restriction both underscores the distinction between initial patent prosecution and reexamination, and effectively mitigates the potential to misuse PTO procedures to gain a collateral business or litigation advantage, thereby rendering a prosecution bar in the reexamination context largely unnecessary.

*Pall Corporation v. Entegris, Inc.*, 655 F.Supp.2d 169, 173 (E.D.N.Y. 2008) (internal citation omitted). For this reason, Defendants' Highly Confidential Information "is 'basically irrelevant [\*12] to the reexamination.'" <sup>2</sup> *Kenexa Brassring Inc. v. Taleo Corp.*, Civ. No. 07-521-SLR, 2009 U.S. Dist. LEXIS 12002, 2009 WL 393782 (D. Del. Feb. 18, 2009) (quoting *Hochstein v. Microsoft Corp.*, No. 04-CV-73071, 2008 U.S. Dist. LEXIS 72750, 2008 WL 4387594, at 3 (E.D. Mich. Sep. 24, 2008)). Accordingly, Defendants fail to meet their burden and the Plaintiff's proposed language shall be used for the prosecution bar.

2 In analyzing a similar issue, the court in *Pall* even considered, and then distinguished, three of the cases cited by Defendants in support of their claim that courts have "recognized the need to exclude participations in reexamination proceedings as part of patent prosecution bars." (Motion at 12-13 (citing *Visto Corp. v. Seven Networks, Inc.*, 2006 U.S. Dist. LEXIS 91453, 2006 WL 3741891, at \*7; *MicroUnity Sys. Eng'g, Inc. v. Dell Inc.*, No. 2:04-CV-120-TJW, 2005 U.S. Dist. LEXIS 36814, 2005 WL 2299455 (E.D. Tex. Aug. 29, 2005); *Grayzelv. St. JudeMed., Inc.*, 162 Fed.Appx. 954 (Fed. Cir. 2005)).) This outcome is in line with "[t]he bulk of recent cases, [analyzing the issue of the use of a party's confidential information upon reexamination], [which] have determined that the confidentiality concerns cited by Defendant[s] are mitigated by the nature of the reexamination process." *Document Generation*

*Corp. v. Allscripts, LLC*, 2009 U.S. Dist. LEXIS 52874, 2009 WL 1766096, at \*2 [\*13] (quoting *Crystal Image Tech., Inc. v. Mitsubishi Elec. Corp.*, No 08-307, 2009 U.S. Dist. LEXIS 32972, 2009 WL 1035017, at \*2 (W.D. Pa. Apr. 17, 2009)).

### C. Third Disputed Section: § 11 (Competitive Decision-making Bar)

The parties disagree as to whether a competitive decisionmaking bar is needed at all; Defendants think that it is, but VSi thinks that it is not. Specifically, Defendants propose adding as § 11 the following:

Notwithstanding any other provision of this Order, absent the written consent of the Producing Party, any individual[,] including all Experts[,] that accesses "HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY" or "HIGHLY CONFIDENTIAL -SOURCE CODE" shall not be involved in competitive decision-making, as defined by *U.S. Steel Corp. v. United States*, 730 F.2d 1465, 1468 n.3 (Fed. Cir. 1984).

(Motion at 13.)

Again citing *U.S. Steel Corp.* and *Brown Bag Software*, Defendants point out that individuals who engage in competitive decisionmaking are routinely barred from viewing confidential information of other parties during litigation. (*Id.* at 15.) Defendants appear to be particularly concerned with Mark and Helen Vasudevan viewing their Highly Confidential Information. (*Id.* at 16.)

VSi first responds that a competitive [\*14] decisionmaking bar is unnecessary because the Stipulated Protective Order "already prohibits anyone from using Protected Material for any purpose outside of this litigation, as well as from disclosing any Protected Information except in the limited circumstances contemplated by this Protective Order." (*Id.* at 14-15.) This argument, however, fails to take into account the problem acknowledged by *U.S. Steel* and the cases following it which were discussed above; specifically, the difficulty "for the human mind to compartmentalize and selectively suppress information once learned, no matter how well-intentioned the effort may be to do so." *In re Deutsche Bank Trust Co. Americas*, 605 F.3d at 1378. For this reason, a competitive decisionmaking bar -- subject to the subset of certain of Defendants' financial information that will be available to Helen Vasudevan -- is appropriate.

VSi, however, also responds that Defendants' proposed competitive decisionmaking bar in particular is overbroad. (Motion at 14.) It worries that "it is possible under [D]efendants' proposal that Mark Vasudevan could be barred from competitive decision making for VSi if he is shown [Attorneys' Eyes Only] materials during [\*15] a deposition or at trial." (*Id.*) VSi surely misreads Defendants' intent. Defendants instead appear to intend their proposed language to mean that any person who engages in competitive decisionmaking cannot have access to Highly Confidential Information. (*Id.* at 15 ("[I]t is appropriate that VSi and all individuals associated with VSi who engage in competitive decisionmaking are barred from obtaining Defendants' [Highly Confidential Information].").) The Court does not believe that Defendants intend their proposed language to mean that any person who is shown Highly Confidential Information by Defendants cannot later engage in any competitive decisionmaking. Such a reading would invite absurd results. For example, Defendants could, in effect, prevent Mark Vasudevan from doing his job simply by showing him some of their Highly Confidential Information during a deposition. (*Id.*)

That said, Defendants' proposed language is, admittedly, somewhat ambiguous. Accordingly, the parties are directed to re-draft the language of the competitive decisionmaking bar to make clear that it is a not a prohibition that seeks to enjoin an individual from competitive decisionmaking once he or she happens [\*16] to gaze upon the other side's secrets when directed to do so by the other side; rather, it should be make clear that it acts to prevent competitive decisionmakers from having access to Highly Confidential Information in the first place.

#### D. Fourth Disputed Section: § 15 (Privileged/Work Product and Inadvertent Production of Protected Materials)

VSi and defendant IBM (defendant Cisco takes no position on this particular dispute) disagree as to the extent of the privileged communications and attorney work product which will be included on the parties' privilege log.

The first disagreement involves communications protected by the attorney-client privilege: VSi proposes that no privileged communications between the parties and their respective counsel-of-record with respect to this litigation need be logged, while IBM argues that any privileged communication made prior to the filing of the complaint in this action should be logged. (*Id.* at 17.)

The second disagreement involves attorney work product: VSi proposes that no attorney work product relating to this litigation need be logged, while IBM argues that any attorney work product created before the

filing of the complaint in this action should [\*17] be logged. (*Id.*)

VSi argues that it is unfair to require the logging of pre-complaint privileged communications and attorney work product but to not require the logging of those made post-complaint because "there will generally be much more work product and many more privileged communications" for a plaintiff than a defendant prior to a complaint being filed. (*Id.* at 18.) This is certainly true, and IBM's justification for its distinction -- that "[n]ot requiring [such] a privilege log would create an opportunity to improperly withhold responsive documents made before the litigation began" -- is not particularly compelling, given that, as VSi points out, this reasoning is true of any limitation on the logging of privileged documents; ultimately, each side will have to make a good faith determination of what must be logged and what may be omitted. <sup>3</sup>(*Id.* at 18-19). Thus, the Court finds VSi's reasoning to be persuasive.

3 Moreover, Judge Seeborg apparently stated at the April 2010 case management conference that emails between counsel and clients with respect to this litigation should not be logged and he did not distinguish between communications taking place before and after the complaint [\*18] was filed. (*See* Motion at 18.)

However, IBM notes that VSi's language limiting the communications and attorney work product to "counsel-of-record" cuts out support staff, and therefore creates an undue burden on all parties who will have to make this distinction. The Court agrees that there is no real reason for this distinction, and so the language of the privilege log provision should include communications between any attorneys, including support staff and vendors, and party clients that are related to this litigation.

#### CONCLUSION

Based on the foregoing, the Court GRANTS IN PART and DENIES IN PART the parties' joint motion for entry of a protective order. The parties are directed to submit a stipulated protective order that contains the following:

1. a re-drafted in-house counsel provision whereby Helen Vasudevan is allowed access to Defendants' annual revenue by product and annual unit sales by product (*see* § 7.3(b));
2. a prosecution bar using VSi's proposed language (*see* § 10);
3. a re-drafted competitive decisionmaking bar that is subject to the subset of

certain of Defendants' financial information that will be available to Helen Vasudevan (*see* § 11); and

4. a re-drafted privilege [\*19] log provision that makes clear that privileged communications between any attorneys (including all support staff and vendors) and party clients that are related to this litigation or attorney work product, regardless of the date made or created need

not be included on the parties' privilege logs (*see* § 15).

**IT IS SO ORDERED.**

Dated: September 14, 2010

HOWARD R. LLOYD

UNITED STATES MAGISTRATE JUDGE

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(Cite as: **2009 WL 1766096 (E.D.Tex.)**)



Only the Westlaw citation is currently available.

United States District Court,  
E.D. Texas,  
Tyler Division.  
DOCUMENT GENERATION CORPORATION,  
v.  
ALLSCRIPTS, LLC, et al.  
  
Civil Action No. 6:08-CV-479.  
June 23, 2009.

West KeySummaryPatents 291 292.4

#### [291](#) Patents

[291XII](#) Infringement

[291XII\(B\)](#) Actions

[291k292](#) Discovery

[291k292.4](#) k. Other matters. [Most Cited](#)

#### [Cases](#)

A defendant in a patent infringement suit failed to meet its burden in demonstrating their proposed protective order, which prohibited the plaintiff's outside counsel from participating in reexamination, was necessary. The parties agreed upon every provision of a proposed protective order with the exception of the defendant's provision which stated that any individual who had access to information designated by either party could not prosecute any patent application until two years after the conclusion of the pending action. Because the order would effectively bar plaintiff's counsel from any meaningful participating in reexamination of the patents at issue or any future proceedings, the motion for entry of the protective order was granted without the defendant's proposed paragraph.

[Anthony G. Simon](#), [Timothy E. Grochocinski](#), The Simon Law Firm, PC, St. Louis, MO, [Gregory Phillip Love](#), Love Law Firm, PC, Longview, TX, for Plaintiff.

[David A. Frey](#), [Patrick J. Kelleher](#), Drinker, Biddle & Reath, Chicago, IL, [Guy N. Harrison](#), Attorney at Law, [Daymon Jeffrey Rambin](#), [Elizabeth L. Derieux](#), [Nancy Claire Abernathy](#), [Sidney Calvin Capshaw](#),

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#### **MEMORANDUM OPINION AND ORDER**

[JOHN D. LOVE](#), United States Magistrate Judge.

\*1 Before the Court is Defendants' Motion for Entry of Proposed Protective Order, (Doc. No. 96), Plaintiff's Response, (Doc. No. 97), and Defendants'Reply, (Doc. No. 106). The parties have agreed on the terms of a protective order, with one exception. The parties have submitted competing proposed protective orders for the Court to consider. (Doc. Nos.96-2, 96-3.) For the reasons stated below, the Court adopts Plaintiff's proposed protective order and **GRANTS** Defendants' Motion for entry of a protective order.

#### **BACKGROUND**

In the present suit, Plaintiff Document Generation Corporation ("DocGen") alleges infringement of [U.S. Patent No. 5,267,155 \("the '155 patent"\)](#) against Defendants Allscripts, LLC ("Allscripts"), Cerner Corporation ("Cerner"), Sage Software Healthcare, Inc. ("Sage Software Healthcare"), McKesson Information Solutions LLC ("McKesson"), Misys Healthcare Systems, LLC ("Misys"), Medical Information Technology, Inc., a.k.a. Meditech, Inc. ("Meditech"), Epic Systems Corporation ("Epic") and Eclipsys Corporation ("Eclipsys") (collectively "Defendants"). DocGen has also filed another patent infringement suit in the Northern District of Illinois involving the



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parent of the '[155 patent U.S. Patent No. 5,148,366](#)  
(“the '366 patent”).

In this case, the parties have agreed on every provision of a proposed protective order, with one exception. Specifically, the parties agree on the terms of section 18 of the proposed protective order which requires that any individual who has access to information designated by either party as “X-SUBJECT TO PROSECUTION BAR,” may not prosecute any patent application directed to “software for medical information systems” until two years after the conclusion of this litigation. The parties dispute the extent to which Plaintiff's outside counsel—who will have access to confidential and highly confidential information—may take part in reexaminations before the United States Patent and Trademark Office (“PTO”).

Plaintiff argues that section 18 should not apply to reexamination proceedings. It claims that a blanket prohibition on its outside counsel's participation in reexaminations would restrict Plaintiff's outside counsel's ability to represent their clients. Defendants argue for a narrower exception to section 18 which would allow Plaintiff's outside counsel to play a limited role in reexamination of only the '[155 patent](#) and '[366 patent](#). Defendants argue that Plaintiff's outside counsel should not be permitted to advise Plaintiff's reexamination counsel on amendments to the '155 and '[366 patent](#) during reexamination. Defendants are concerned that Plaintiff's outside counsel will use confidential technical information to craft claims that read on Defendants' products. The parties' specific proposals are reproduced below.

Plaintiff's proposal for paragraph 18(d):

The provisions of paragraph 18 shall not prevent plaintiff's Outside Counsel who has seen or reviewed the content of Materials designated hereunder as “X-SUBJECT TO PROSECUTION BAR” from reviewing communications from the United States Patent Office (“PTO”) regarding a re-examination proceeding or from discussing claim interpretation issues or ways of distinguishing claims in any such reexamination from any cited prior art, including with re-examination patent counsel; however, such Outside Counsel may not prosecute any such reexamination and may not reveal the content of Materials designated here-

under as “X-SUBJECT TO PROSECUTION BAR” to re-examination patent counsel or agents.

\*2 (Doc. No. 96-2.) Defendants' proposal for paragraph 18(d):

The provisions of paragraph 18 shall not prevent plaintiff's Outside Counsel who has seen or reviewed the content of Materials designated hereunder as “X-SUBJECT TO PROSECUTION BAR” from reviewing communications from the United States Patent Office (“PTO”) regarding a re-examination of [U.S. Patent No. 5,148,366](#) or [U.S. Patent No. 5,267,155](#), or from discussing claim interpretation issues or ways of distinguishing claims in any such reexamination from any cited prior art, including with re-examination patent counsel; however, such Outside Counsel may not prosecute any such re-examination, may not communicate with or otherwise assist re-examination patent counsel or agents concerning potential or actual amendments to any claims in connection with such re-examination, and may not reveal the content of Materials designated hereunder as “X-SUBJECT TO PROSECUTION BAR” to reexamination patent counsel or agents.

(Doc. No. 96-3.)

## DISCUSSION

[Rule 26\(b\) \(1\) of the Federal Rules of Civil Procedure](#) permits parties to obtain discovery of all non-privileged information reasonably calculated to lead to the discovery of admissible evidence. [FED. R. CIV. P. 26\(b\)\(1\)](#). Despite the broad scope of [Rule 26\(b\)\(1\)](#), a Court may limit discovery if the burden or expense of the proposed discovery outweighs its likely benefit. [FED. R. CIV. P. 26\(b\)\(2\)\(C\)\(iii\)](#). In addition, the Court may, for good cause, issue an order to protect a party from annoyance, embarrassment, oppression, or undue burden or expense by directing, *inter alia*, that trade secrets or other confidential information research, development, or commercial information not be revealed or be revealed only in a designated way. [FED. R. CIV. P. 26\(c\)\(1\)\(G\)](#).

The party seeking a protective order generally bears the burden of establishing good cause. [In re Terra Int'l, Inc., 134 F.3d 302, 305 \(5th Cir.1998\)](#). When parties to an action agree on entry of a protective order but differ on the order's terms, the party

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seeking to limit discovery bears the burden of demonstrating that “good cause” exists for the protection of that information. Cf. *id.* at 306 (imposing burden of showing good cause on the party seeking a protective order). The party attempting to establish good cause must demonstrate “a clearly defined and serious injury to the party seeking closure.” See *Pansy v. Borough of Stroudsburg*, 23 F.3d 772, 786 (3d Cir.1994); see, e.g., *L.G. Philips LCD Co. v. Tatung Co.*, No. C 07 80073WHA, 2007 WL 869256, at \*2 (N.D.Cal. Mar.20, 2007) (patent case, applying “clearly defined and serious injury” language).

In this case, Defendants' proposed provision is more restrictive, and thus the burden of establishing good cause falls on Defendants. While the Court recognizes that prosecution bars are common in patent infringement cases, limitations on reexamination proceedings are less common. “The bulk of recent cases, [analyzing this issue], have determined that the confidentiality concerns cited by Defendant[s] are mitigated by the nature of the reexamination process.” *Crystal Image Tech., Inc. v. Mitsubishi Elec. Corp.*, No. 08-307, 2009 WL 1035017 at \*2 (W.D.Pa. Apr.17, 2009). Because the reexamination process prohibits claim amendments that would enlarge the scope of the initial patent, Defendants' fears of expanded claim scope coverage are largely misplaced. See *Pall Corp. v. Entegris, Inc.*, No. 05-cv-5894, 2008 WL 5049961 at \*4 (E.D.N.Y. Nov.26, 2008); see also *Kenexa Brassring Inc. v. Taleo Corp.*, No. 07-521, 2009 WL 393782 at \*2 (D.Del. Feb.18, 2009) (“[b]ecause reexamination involves only the patent and the prior art, defendant's confidential information is basically irrelevant to the reexamination”) (citations and internal quotations omitted); *Avocent Redmond Corp. v. U.S.*, 85 Fed. Cl. 640, 645-46 (Fed.Cls.Ct. Feb. 5, 2009) (defendant's concern that plaintiff's attorneys “[would] have the opportunity to re-write patent claims that they [we]re actively litigating ... ignore[d] applicable patent law” precluding amendment of “claims beyond that which [were] disclosed in the original patent application”) (citation and internal quotations omitted); *Hochstein v. Microsoft Corp.*, No. 04-73071, 2008 WL 4387594 at \*3 (E.D.Mich.Sept.24, 2008) (same).

\*3 In light of the safeguards already present in the protective order, Defendants have not shown that their additional proposed safeguards are necessary.<sup>FN1</sup> Plaintiff's proposed paragraph 18(d) prohibits Plain-

tiff's outside counsel from prosecuting any reexamination subject to the prosecution bar or revealing Defendants' confidential information to any reexamination counsel or agent. In addition, paragraph 12 of the protective order prohibits Plaintiff's outside counsel from using confidential information for any purpose other than in connection with this litigation. Furthermore, there is no support for Defendants' argument that Plaintiff's outside counsel be prevented from advising Plaintiff's reexamination counsel on amendments during reexamination. This requirement would effectively bar Plaintiff's counsel from any meaningful participation in reexamination since amendments to claim language are an important tool for avoiding prior art during reexamination. In light of the nature of the reexamination process and the safeguards contained in the protective order, Defendants' have failed to show good cause for their proposed paragraph 18(d).<sup>FN2</sup>

<sup>FN1</sup> Defendants' cite a number of cases from this District in which the Court has entered an agreed protective order with a prosecution bar prohibiting parties' counsel from participating in reexamination. However, those cases are distinguishable because the parties in this case have not reached agreement on the scope of the prosecution bar.

<sup>FN2</sup> In deciding this issue, the Court has drawn guidance from cases analyzing similar issues. See *Visto Corp. v. Seven Networks, Inc.*, No. 2:03-CV-333, 2006 WL 3741891 at \*5-8 (E.D.Tex. Dec. 19, 2006); *Crystal Image Tech., Inc.*, 2009 WL 1035017 at \*2; *Pall Corp.*, 2008 WL 5049961 at \*4; *Kenexa Brassring Inc.*, 2009 WL 393782 at \*2; *Avocent Redmond Corp.*, 85 Fed. Cl. at 645-46; *Hochstein*, 2008 WL 4387594 at \*3. In contrast to these cases, the parties have not identified particular concerns or reexamination proceedings at issue other than the reexaminations of the '155 and '366 patents. If a dispute later arises concerning particular individuals' involvement in particular reexamination proceedings because those individuals have had access to particular documents, the Court may be open to revisiting this issue. In addition, the Court may consider motions referencing

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paragraph 12 of the protective order.

**CONCLUSION**

Defendants Motion for Entry of Proposed Protective Order is **GRANTED** as explained above.

**So ORDERED and SIGNED this 22nd day of June, 2009.**

E.D.Tex.,2009.  
Document Generation Corp. v. Allscripts, LLC  
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(E.D.Tex.)

END OF DOCUMENT

Not Reported in F.Supp.2d, 2008 WL 4387594 (E.D.Mich.)  
(Cite as: **2008 WL 4387594 (E.D.Mich.)**)



Only the Westlaw citation is currently available.

United States District Court,  
E.D. Michigan,  
Southern Division.  
Peter A. HOCHSTEIN, Jeffrey Tenenbaum, and  
Harold W. Milton, Jr., Plaintiffs,  
v.  
MICROSOFT CORPORATION, Defendant.

No. 04-73071.  
Sept. 24, 2008.

West KeySummaryPatents 291 140

[291](#) Patents

[291VII](#) Reissues

[291k140](#) k. Application for Reissue and Proceedings Thereon. [Most Cited Cases](#)

Allowing patentee's litigation counsel to participate in reexamination of patent was warranted. The competitor stated the patentee's counsel might inadvertently misuse the confidential patent information, but provided no other reason to prohibit reexamination. The competitor initiated the reexamination, and the patentee stated it would not draft new claims upon viewing the confidential information.

[John S. Leroy](#), [Marc Lorelli](#), [Thomas A. Lewry](#), [Mark A. Cantor](#), Brooks Kushman, Southfield, MI, for Plaintiffs.

[Robert J. Franzinger](#), Dykema Gossett, Detroit, MI, [William F. Kolakowski, III](#), Dykema Gossett, Bloomfield Hills, MI, for Defendant.

**ORDER GRANTING HOCHSTEIN'S EMERGENCY MOTION FOR LEAVE TO PERMIT HOCHSTEIN'S LITIGATION COUNSEL TO PARTICIPATE IN THE REEXAMINATION OF THE '125 PATENT WHICH WAS INITIATED BY AN EX PARTE REQUEST BY DEFENDANT MICROSOFT**

[PAUL D. BORMAN](#), District Judge.

\*1 Before the Court is Plaintiff Peter A. Hochstein's ("Hochstein") Emergency Motion for

Leave to Permit Hochstein's Litigation Counsel to Participate in the Reexamination of the '[125 Patent](#)', filed September 9, 2008. (Doc. No. 323). This reexamination was initiated by an "ex parte reexamination transmittal form" submitted at the behest of defendant Microsoft on April 30, 2008.

This motion was fully briefed, and the Court held a motion hearing on September 19, 2008. Having considered the entire record, and for the reasons that follow, the Court **GRANTS** Hochstein's motion.

## I. BACKGROUND

This case, filed in 2004, initially involved Plaintiffs' suit against Microsoft and Sony. Sony settled with Plaintiffs on April 8, 2008.

The case involves a patent dispute between Plaintiffs Peter A. Hochstein, Jeffrey Tenenbaum, and Harold W. Milton, Jr. (collectively "Plaintiffs") and Microsoft Corporation ("Microsoft") ("Defendant"). See Apparatus and Method for Electrically Connecting Remotely Located Video Games, [U.S. Patent No. 5,292,125 \(filed May 31, 1991\)](#) ("[125 Patent](#)"). The underlying facts of this case are recounted in more detail in this Court's previous Opinion and Order on the Parties' Motions In Limine. (Opinion and Order on the Parties' Motion In Limine, Aug. 21, 2008) (Doc. No. 320). In the instant motion, Hochstein asks this Court to allow his litigation counsel to participate in the reexamination of the '[125 patent](#)'. Defendant opposes Hochstein's motion on the grounds that his litigation counsel may inadvertently misuse confidential information Defendant provided pursuant to a protective order stipulated to by both parties. Defendant further contends that Plaintiffs' litigation counsel's participation in the reexamination is unnecessary because Hochstein's interests will be adequately represented at the reexamination by Milton, a co-plaintiff and a patent attorney.

The Court entered a stipulated protective order on January 19, 2005, which, in part governs the disclosure and use of confidential information exchanged by the parties during the lawsuit. (Doc. No. 24). The section of the protective order at issue, 5(d), which is also known as a prosecution bar, states as follows:

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*Prosecution Restriction.* **Any attorney** or patent agent **who**, on behalf of a party to this litigation, **actually has received or reviewed any materials of a technical nature designated** “ATTORNEYS’ EYES ONLY,” “OUTSIDE COUNSEL’S EYES ONLY INFORMATION” or “ATTORNEYS’ EYES ONLY-SOURCE CODE” by another party **shall not thereafter prosecute, supervise, or assist in any way in the prosecution of any patent application relating to voice-over-IP technology or technology related to video games**, including but not limited to synchronized video game play, on behalf of the parties to this litigation for the pendency of this litigation and for a period of one year after conclusion of this litigation. This restriction does not apply generally to the law firms involved in this litigation, but only to the specified individuals. For purposes of this paragraph, **prohibited patent prosecution shall include, without limitation:** invention identification; invention evaluation; the decision whether to file a patent application for an invention; preparation of, or preparation of amendments to, original, continuation, divisional, continuation-in-part, request for continued examination, **reexamination**, reissue, substitute, renewal or conventional patent applications; claim drafting; **or consultation on any of the above matters with other performing these activities.** This paragraph shall not restrict consultation regarding strictly procedural or legal aspects of prosecution that do not involve the merits, substance, or technical nature of an application.

\*2 (Pl.’s Br. Ex. 1 5(d) (emphasis added).

Plaintiffs Hochstein, et.al. acknowledge that the prosecution bar is designed to “ensure that attorneys who have access to highly sensitive technical information do not use that information, even inadvertently, when prosecuting patents.” (Pl.’s Br. 3). However, Hochstein argues that the purpose of the prosecution bar in this case was to prevent his litigation counsel from drafting new patent claims based on confidential information Defendant disclosed during this litigation. (Pl.’s Br. 2). Hochstein asserts that his litigation counsel will not draft new claims, or change the claims at the reexamination, which will relate solely to claims of prior art; therefore, there is no risk that any of Defendant’s confidential information will be compromised at the reexamination. (*Id.*)

Hochstein states his litigation counsel will assist his patent attorney, Hal Milton, in answering the Patent and Trademark Office’s (“PTO”) mischaracterization of the prior art and “the PTO’s comparison of that art to the existing claims of the ‘[125 patent](#),” which they will do using public information. (*Id.*) Hocstein states that the reexamination involved public prior art. Microsoft does not contest this assertion. Hochstein contends that it is essential that his litigation counsel participate in the reexamination because they have four years of experience with this case and the prior art, and it would be impossible for another attorney to rise to their level of expertise without their assistance. (*Id.* at 3-4).

Defendant opposes Hochstein’s motion on the ground that his litigation counsel may inadvertently misuse confidential information Defendant disclosed during discovery. (Def.’s Br. 1). Defendant contends that Hochstein must show good cause in order to warrant modification of the protection order, which he has failed to do. (*Id.* at 1-2). Defendant also argues that Hochstein’s interests will be adequately protected at the patent reexamination by Milton, a co-plaintiff and a patent attorney, who is the counsel of record in the reexamination. (*Id.* at 5).

## II. ANALYSIS

Under [Rule 26\(c\) of the Federal Rules of Civil Procedure](#), a court may enter a protective order for good cause shown to protect a party from annoyance, oppression, undue burden or expense. [Fed.R.Civ.P. 26\(c\)](#). It is also within the district court’s authority to modify the protective order upon a showing of good cause. [In re Upjohn Co. Antibiotic Cleocin Products, Etc.](#), 664 F.2d 114, 118 (6th Cir.1981); [Meyer Goldberg, Inc. of Lorain v. Fisher Foods](#), 823 F.2d 159, 163 (6th Cir.1987) (instructing courts to require the moving party to explain why the modification is necessary in cases where legitimate secrecy interests exist); [In re Air Crash Disaster](#), 130 F.R.D. 634, 638 (E.D.Mich.1989); [MSC Software Corp. v. Altair Engineering, Inc.](#), 2008 WL 2478313, \*1 (E.D.Mich. June 17, 2008) (Mazjoub, MJ); [Children’s Legal Services P.L.L.C v. Kresch](#), 2007 WL 4098203, \*1-2 (E.D.Mich. Nov.16, 2007) (Mazjoub, MJ). The burden is especially high where the parties stipulate to the protective order. [Am. Tel. & Tel. Co. v. Grady](#), 594 F.2d 594, 597 (7th Cir.1978); [Children’s Legal Services](#), 2007 WL 4098203, \*1-2.

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\*3 In this case, Defendant has a legitimate secrecy interest, namely keeping its trade secrets and proprietary information confidential. That is undisputed. Thus, Hochstein must explain why modification of the protection order is necessary. [Meyer Goldberg, 823 F.2d at 163](#). Hochstein argues that there is no risk of disclosure of confidential information because his litigation counsel will be relying solely on the patent and the prior art, all of which are in the public record. Hochstein also represents that he will not draft new claims or revise his claims at the reexamination. Hochstein further contends that prohibiting litigation counsel, who are the most knowledgeable about this case, from participating in the reexamination process is highly prejudicial and unfair. (Pl.'s Br. at 4). Defendant responds that the risk that Plaintiff's litigation counsel will inadvertently shape their participation in the reexamination, based on the confidential information they have received, is great. (Def.'s Br. 4). Further, Defendant contends that even the most ethical lawyer, would not be able to compartmentalize the confidential information well enough, after working for so long on the case, to guarantee that Defendant's proprietary information would not be disclosed. (*Id.* at 5).

After reviewing the record, and balancing the potential hardships each party faces, this Court concludes that Hochstein has shown good cause for modification of the protective order. First, and foremost, the reexamination will only implicate matters in the public record, i.e. the patent and the prior art. The object of the protective order is to prevent the use of confidential information obtained during litigation for purposes outside of the litigation. [Visto Corp. v. Seven Networks, Inc., 2006 WL 3741891, \\*7 \(E.D.Tex. Dec. 19.2006\)](#). Further, as discussed *infra*, this reexamination initiated by Defendant Microsoft is not outside of the litigation, it is part and parcel of the instant case.

Defendant's confidential information is basically irrelevant to the reexamination; it is undisputed that the reexamination only involves the patent and the prior art. See e.g., [MercExchange v. Ebay, 500 F.Supp.2d 556, 589 \(E.D.Va.2007\)](#). In addition, Hochstein's litigation counsel has pledged that it will not draft new claims or amend existing claims during the reexamination, nor would it be in Hochstein's best interest to do so given the arguments he has already made in this lawsuit. Therefore, there is no risk of

disclosure of Defendant's confidential information. Defendant was unable to specify what confidential information was at risk of disclosure, or the manner in which Hochstein's litigation counsel may use such information during the reexamination. Defendant's vague assertion that Hochstein's litigation counsel could inadvertently use information it obtained during discovery is not enough to preclude Hochstein's litigation counsel from assisting Mr. Milton with the reexamination in this case where Defendants initiated the reexamination.

\*4 Furthermore, this Court accepts Hochstein's assertion that the technical expertise needed to properly defend the '[125 patent](#)' before the PTO is outside Mr. Milton's areas of expertise, and litigation counsel has the technical knowledge necessary to help him respond to the office action.

This Court also concludes that it would be fundamentally unfair to deny Hochstein's request to have litigation counsel prepare Mr. Milton for the reexamination. Defendant Microsoft requested the instant reexamination in May 2008, three months before this case was originally scheduled for trial, thereby forcing Hochstein to simultaneously defend the patent before the PTO and this Court. The trial date has been continued due to Plaintiff's motion to consolidate its two cases against Defendant, the first involving the initial XBox product, and second against the new version XBox 360. Allowing Hochstein's litigation counsel to participate in the reexamination will significantly lessen Plaintiff's financial burden, without unduly burdening Defendant by realistically risking the inadvertent disclosure of its confidential information. Defendant Microsoft has the resources to hire additional counsel to further its defense in the instant case by utilizing the reexamination process, which creates an additional financial burden on the Plaintiffs that, rather having to hire new counsel for multiple hours to get up to speed, can be alleviated by allowing Plaintiffs' litigation counsel to participate in the examination.

Lastly, the Court views the reexamination by a party to this litigation to be a part-and-panel of Defendant Microsoft's strategy in the instant case. Although the protective order states that it covers "re-examination," the Court believes that the parties' intent in utilizing that term was that it apply to a reexamination by a "true" third party, not initiated by a

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party to the instant suit, to wit Microsoft. Microsoft has had an in-house counsel, Stacy Quan at proceedings in the instant case. That in-house counsel was not present at the instant emergency hearing. When the Court raised the question at the instant hearing whether the absent in-house counsel participated in the hiring of the law firm that filed the reexamination request, counsel for Microsoft did not deny it.

Thus, the Court concludes that the equities, fairness, and a logical reading of the protective order to prevent litigation counsel from participating in reexamination of the '[125 Patent](#)' outside of the context of the instant case where that strategy is part of the defense, supports the Court's decision to grant the Plaintiff's Emergency Motion.

### **III. CONCLUSION**

For the foregoing reasons, the Court **GRANTS** Hochstein's Emergency Motion for Leave to Permit Hochstein's Litigation Counsel to Participate in the Reexamination of the '[125 Patent](#)'.

**SO ORDERED.**

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