

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON

COLUMBIA SPORTSWEAR NORTH
AMERICA, INC., an Oregon corporation,

Plaintiff,

v.

SEIRUS INNOVATIVE ACCESSORIES,
INC., a Utah corporation,

Defendant.

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No. 3:15-cv-00064-HZ

OPINION & ORDER

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HERNÁNDEZ, District Judge:

Before the Court is Columbia's Motion for Relief from Protective Order. ECF 141. A third party to this litigation, Ventex Co., Ltd. ("Ventex"), has filed inter partes review ("IPR") petitions challenging Columbia's Utility Patents before the Patent Office. The parties' Amended Stipulated Protective Order (hereinafter "Protective Order") restricts the use of confidential documents only to this litigation and prohibits litigation counsel who has seen certain "Prosecution Bar" materials from participating in IPR proceedings. See Protective Order, ¶¶ 1, 10, ECF 65. Columbia seeks to introduce restricted documents from this litigation in the IPR proceedings and requests that its litigation counsel, Nicholas Aldrich, be given leave to represent it in the IPR proceedings. The Motion is granted.

BACKGROUND

Ventex is a Korean-based company that formerly supplied Columbia and has since become a manufacturer for Seirus. Ventex seeks to invalidate claims in the Utility Patents that are currently being litigated before this Court. See Notice of Third-Party Petitions for IPR, Exs.

A & B, ECF 136. In those IPR petitions, Ventex asserts that the Utility Patents are invalid as obvious over Fottinger and Harber, two prior art references also being litigated before this Court. Id. In support of its arguments, Ventex cites to the parties' motions and expert reports from this litigation. Id.

In response to Ventex's filings, Columbia moved for relief from the parties' Protective Order. Relevant to Columbia's motion are two provisions of the Protective Order. The first states that:

All non-public documents, testimony, and other materials produced by the parties in this case, including without limitation those documents, testimony, and other materials labeled "Confidential," "Attorneys' Eyes Only," or "Outside Attorneys' Eyes Only" (and all information derived therefrom) shall be used only in this proceeding and shall not be used by any party for any business, commercial, or competitive purpose.

Protective Order ¶ 1. The Protective Order also states that parties shall designate certain materials as "Prosecution Bar Materials" including those "materials comprising or related to . . . products designed, developed, or sold by Defendant that use, employ or include heat management materials including, without limitation, those made or sold under the trade name 'HEATWAVE' or designed by a third party as Prosecution Bar Materials." Id. at ¶ 10. It further provides that "[a]ny person who has viewed any of the opposing party's Prosecution Bar Materials shall not . . . engage in any 'Prosecution Activity.'" Id. "Prosecution Activity" includes IPR proceedings. Id.

Columbia seeks to introduce at the IPR proceedings documents showing Ventex's privity with Seirus as well as Ventex and Seirus's copying of Columbia's invention and subsequent commercial success. Columbia also moves that Aldrich, who has seen four documents with the "Prosecution Bar" designation, be permitted to participate in the IPR proceedings. Alternatively,

Columbia requests that the Court strike the “Prosecution Bar” designation of the four documents at issue.

STANDARDS

Rule 26(c) of the Federal Rules of Civil Procedure provides that “the court may, for good cause” issue a protective order “requiring that a trade secret or other confidential research, development, or commercial information not be revealed or be revealed only in a specific way.” See Fed. R. Civ. P. 26(c)(1)(G). The court also has broad discretion to modify a protective order where good cause is shown. *CBS Interactive, Inc. v. Etilize, Inc.*, 257 F.R.D. 195, 201 (N.D. Cal. 2009) (citing *Phillips ex rel. Estates of Byrd v. General Motors Corp.*, 307 F.3d 1206, 1213 (9th Cir. 2002)).

DISCUSSION

Columbia’s Motion requests two distinct forms of relief from the Protective Order. First, that it be allowed to use documents restricted to this litigation in the parallel IPR proceedings. Second, that Aldrich be permitted to participate in those proceedings despite him having seen four “Prosecution Bar” designated documents.

I. The Use of Documents in Parallel IPR Proceedings

A. Standard

A court may grant leave from a protective order to allow the production of discovery in a parallel litigation where the movant “demonstrate[s] the relevance of the protected discovery to the collateral proceedings and its general discoverability therein.” *Foltz v. State Farm Mut. Auto. Ins. Co.*, 331 F.3d 1122, 1132 (9th Cir. 2003). “If any properly protected . . . discovery is relevant to the collateral suits, the district court should have modified the protective order in the interest of avoiding duplicative discovery” *Id.* at 1134. Beyond relevance to the collateral

proceedings, the court must also “weigh the countervailing reliance interest of the party opposing modification against the policy of avoiding duplicative discovery.” *Id.* at 1133. “Ninth Circuit precedent strongly favors disclosure to meet the needs of the parties in pending litigation.” *Blum v. Merrill Lynch Pierce Fenner & Smith Inc.*, 712 F.3d 1349, 1355 (9th Cir. 2013) (quoting *Beckman Indus., Inc. v. Int’l Ins. Co.*, 966 F.2d 470, 475 (9th Cir. 1992)).

B. Application

There are two categories of materials that Columbia seeks leave to use in the IPR proceedings: (1) those which demonstrate that Ventex and Seirus are in privity; and (2) those which demonstrate Ventex and Seirus’s copying of Columbia’s inventions and subsequent commercial success of products covered by the claims of the patents-in-suit. Regarding the first category, Columbia argues that this evidence is highly relevant to the IPR proceedings because Ventex will be statutorily barred from pursuing IPR if privity is established. IPR “may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.” 35 U.S.C. § 315(b) (emphasis added). The documents that Columbia seeks to introduce purportedly establish that Ventex manufactured the accused products for Seirus and has agreed to indemnify and defend Seirus for infringement attributable to Ventex. See Aldrich Decl. Ex. 8 at 1–3. As to the second category, materials relating to copying and commercial success are evidence of nonobviousness. According to Columbia, these materials are relevant to counter Ventex’s assertion of obviousness in its IPR petitions. The Court is persuaded by these arguments and finds that both categories of documents are relevant to the IPR proceedings.

The next question is whether these materials are discoverable in the IPR proceedings. Columbia directs the Court to discovery regulations governing trial practice before the Patent Office. Those regulations provide, in relevant part, that “a party must serve relevant information that is inconsistent with a position advanced by the party during the proceeding concurrent with the filing of the documents or things that contains the inconsistency.” 37 C.F.R. § 42.51(b)(1)(iii). Columbia maintains that evidence of privity and nonobviousness are contrary to Ventex’s positions that it is not in privity with Seirus and that the disputed patents are obvious. Seirus does not contest that these materials are relevant to the IPR proceedings. The Court agrees that both categories of requested materials are discoverable in the IPR proceedings.

The Court must now determine whether Seirus’s countervailing reliance interest in non-disclosure of the requested materials outweighs the policy of avoiding duplicative discovery. Once more, the Ninth Circuit “strongly favors” disclosure to meet the requesting party’s needs in the pending litigation. *Blum*, 712 F.3d at 1354–55. As Columbia points out, Seirus has moved for summary judgment that the Utility Patents are obvious in this Court. Further, much of the parties’ evidence regarding obviousness has already come before this Court and will likely be raised once more if this case proceeds to trial. In other words, it is difficult to comprehend how Seirus can move for summary judgment based on obviousness in this Court and simultaneously request that materials related to the same issue be withheld from parallel proceedings. If the Court did not grant Columbia’s motion, it would undoubtedly be forced to conduct duplicative discovery in the IPR proceedings to re-acquire materials it already has access to in this litigation. In any event, Seirus does not appear to articulate a reliance interest in its response to Columbia’s Motion on this issue. Accordingly, the Court grants Columbia the relief it seeks from the Protective Order regarding the use of documents from this litigation in IPR proceedings.

II. Participation of Litigation Counsel in Parallel IPR Proceedings

A. Standard

Whether an attorney involved in patent litigation and subject to a prosecution bar may be allowed to participate in parallel proceedings is a “counsel-by-counsel determination that should turn on the extent to which counsel is involved in ‘competitive decisionmaking’ with its client.” *In re Deutsche Bank Trust Co. Americas*, 605 F.3d 1373, 1378 (Fed. Cir. 2010). This inquiry focuses on “[w]hether an unacceptable opportunity for inadvertent disclosure exists.” *Id.* (quoting *U.S. Steel Corp. v. United States*, 730 F.2d 1468, 1468 (Fed. Cir.1984)). “Competitive decisionmaking” is “[s]hort-hand for 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.” *Id.* (quoting *U.S. Steel Corp.*, 730 F.2d at 1468 n.3). In the context of patent prosecution bars, “competitive decisionmaking” includes “crafting the content of patent applications or advising clients on the direction to take their portfolios.” *Id.* at 1379–80. “It is therefore important for a court, in assessing the propriety of an exemption from a patent prosecution bar, to examine all relevant facts surrounding counsel’s actual preparation and prosecution activities, on a counsel-by-counsel basis.” *Id.* at 1380.

“Even if a district court is satisfied that” a risk of inadvertent disclosure or competitive use exists, “the district court must balance this risk against the potential harm to the opposing party from restriction imposed on that party’s right to have the benefit of counsel of its choice.” *Id.* The district courts have “broad discretion to decide what degree of protection is required.” *Id.* (citations omitted).

Here, Columbia asserts that there is minimal risk of inadvertent disclosure because the “Prosecution Bar” designated documents that he saw do not appear to belong to Seirus and were intended for publication. Aldrich saw four of Seirus’s “Prosecution Bar” designated documents. Two of those documents were Ventex marketing presentation slide shows. Aldrich Decl. Exs. 1 & 2. The third document was a four-page “technical manual” describing the procedures for an experiment related to measuring temperature. Aldrich Decl. Ex. 3. The last document is a single page describing a particular form of heat generation and providing an example test result related to it. Aldrich Decl. Ex. 4. The Court finds that these documents pose little, if any, risk of inadvertent disclosure or competitive use.

With that slight risk in mind, the Court also considers whether Aldrich has been or will be involved in competitive decisionmaking. Columbia asserts that Aldrich is a patent litigator and that he is not a registered patent attorney. He has never drafted any patent claims and Columbia states that he will not participate in any amendments to any claims proposed during the IPR proceedings. Seirus has concerns about this representation, and asserts that Aldrich’s “intimate knowledge of Seirus’[s] accused products and any discussion of proposed design-arounds may be used to amend Columbia’s patent claims in a way that could be extremely prejudicial to Seirus.” Seirus Resp. at 10, ECF 147.

Given that the “Prosecution Bar” materials that Aldrich saw pose little risk to Seirus and that Columbia has indicated that Aldrich will be prohibited from participating in competitive decisionmaking, the Court is persuaded that he should be permitted to participate in the IPR proceedings. Despite Seirus’s concerns that Columbia will not effectively prevent Aldrich from amending Columbia’s patent claims, Aldrich is presumed, as an officer of the court, to abide by this Court’s orders. See *Grobler v. Apple Inc.*, No. C 12-01534 JST (PSG), 2013 U.S. Dist.

LEXIS 65048, at *6–7 (N.D. Cal. May 7, 2013) (“While one might rightly question how Apple is to police whether Grobler’s litigation counsel has crossed the line from mere participation to crafting or amendment of claims, the risk of counsel ignoring its duties is inherent even under Apple’s proposed total ban, and in any event counsel is presumed to follow its obligations to adhere to this court’s orders.”). Accordingly, the Court grants Columbia’s requested relief from the Protective Order with respect to Aldrich.¹

CONCLUSION

Columbia’s Motion for Relief from Protective Order [141] is GRANTED.

Dated this 3 day of April, 2017.



MARCO A. HERNÁNDEZ
United States District Judge

¹ Because the Court is granting this modification, it declines Columbia’s alternative request for relief in the form of striking the “Prosecution Bar” designation from the four documents at issue.