

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

DATATREASURY CORPORATION	§	Civil Action No. 2:06-CV-72
<i>PLAINTIFF</i>	§	
vs.	§	Judge David Folsom
	§	
WELLS FARGO & COMPANY, <i>ET AL.</i>	§	
<i>DEFENDANTS</i>	§	
<hr/>	§	

DEFENDANTS' MOTION FOR ENTRY OF A PROTECTIVE ORDER

Pursuant to the Court's Order from Scheduling Conference and Docket Control Order entered on October 25, 2006 (Dkt. No. 325), Defendants Harris Bankcorp, Inc., Harris N.A., KeyBank National Association, KeyCorp, PNC Bank, The PNC Financial Services Group, Inc., SunTrust Bank, SunTrust Banks, Inc., Electronic Data Systems Corp., HSBC Bank USA N.A., HSBC North American Holdings, Inc.¹, BancorpSouth Bank, and BancorpSouth, Inc. (all of the foregoing named Defendants are hereinafter collectively referred to as "Moving Defendants") hereby move this Court for entry of a Protective Order. The parties have been unable to agree to the terms of a Protective Order. Therefore, Moving Defendants hereby submit to the Court a proposed Protective Order (attached as Exhibit 1) for entry in this matter.

I. BACKGROUND

As directed by the Court during the October 25 Scheduling Conference, the parties have worked diligently to agree on a Stipulated Protective Order in this case. After much discussion, the parties have been successful in reaching consensus on all terms and provisions except two: (i) the categories of confidentiality designations allowed under a Protective Order, along with

¹ Subject to its pending Rule 12 motion.

access to such materials; and (ii) a patent prosecution bar.

A. Levels of Confidentiality Designations, and Access Thereto

The parties to this lawsuit primarily consist of banks, financial institutions, or vendors for banks and/or financial institutions that perform check imaging and processing. As such, the parties maintain highly confidential and proprietary business data and materials. Moreover, many of the parties are direct competitors. Accordingly, Moving Defendants are requesting the entry of a Protective Order which provides for four confidentiality designations: (i) Confidential; (ii) Protected Material; (iii) Attorneys' Eyes Only; and (iv) For Outside Counsel Only. Under Moving Defendant's proposed Protective Order, access to the confidentially designated materials is dependent on the specific confidentiality designation. For example, a party's materials designated as "For Outside Counsel Only" would not be accessible to any other party's in-house counsel or other employees.

Based on communications with counsel for Plaintiff DataTreasury Corporation ("DTC") and the Non-Moving Defendants² in this case, DTC and the Non-Moving Defendants are in favor of a Protective Order having the same four confidentiality designations proposed by Moving Defendants, however, DTC and the Non-Moving Defendants propose to grant the same group of people access to materials produced in this case, regardless of the confidentiality designation. For example, in-house counsel for a receiving party would have access to materials marked "For Outside Counsel Only" by the producing party.

B. Prosecution Bar Provision

Moving Defendants' proposed Protective Order contains a prosecution bar provision, however, Moving Defendants request a statement that nothing in the prosecution bar provision

² Non-Moving Defendants shall mean the named defendants in this lawsuit which are not one of the Moving Defendants for this motion.

shall prohibit any person from filing an *ex parte* reexamination of the patents-in-suit. This language proposed by Moving Defendants is consistent with the Court's ruling on Moving Defendants' Motion to Sever and Stay the Claims Relating to the Ballard Patents Pending Reexamination of the Ballard Patents. DTC and Non-Moving Defendants, however, have not agreed to Moving Defendants' proposed language regarding *ex parte* reexaminations.

II. ARGUMENTS AND AUTHORITIES

A. The Court Should Enter Moving Defendants' Protective Order That Prohibits the Parties' In-House Counsel from Having Access to Highly Confidential and Proprietary Information of the Other Parties

The Court should enter Moving Defendants' proposed Protective Order because it provides the parties with the ability to shield their most sensitive and proprietary information from review by the in-house counsel of their direct competitors. DTC and the Non-Moving Defendants are in favor of a Protective Order having the same four confidentiality designations proposed by Moving Defendants, however, the Non-Moving Defendants propose to grant the same group of people access to materials produced in this case, regardless of the confidentiality designation. For example, in-house counsel for a receiving party would have access to materials marked "For Outside Counsel Only" by the producing party. Therefore, the confidentiality designations are rendered meaningless.

"The most common kind of order allowing discovery on conditions is an order limiting the persons who are to have access to the information disclosed and the use to which these persons may put the information."³ One person who often is subject to such an order – particularly when the requesting and producing parties are competitors – is the requesting party's in-house counsel.

³ Wright & Miller, 8 *Fed. Prac. & Proc. Civ.2d*, § 2043 (emphasis added).

In determining whether a requesting party's in-house attorney should be precluded from seeing produced documents, the Court must "balance the risk to [the producing party] of inadvertent disclosure of trade secrets to competitors" by the requesting party's in-house counsel against "the risk to [the requesting party] that protection of [the producing party's] trade secrets [would] impair[] prosecution of [the requesting party's] claims."⁴ And it is the requesting party that bears the burden of proving that the prejudice it will suffer if its in-house counsel is denied access to the information outweighs the risk that in-house counsel will show the information to the requesting party.⁵ Accordingly, DTC and Non-Moving Defendants must demonstrate that if their in-house counsel are denied access to the documents, "[their] ability to litigate will be prejudiced, not merely [their] ability to manage outside litigation counsel."⁶ In short, DTC and Non-Moving Defendants must present "evidence indicating [they] will be prejudiced in prosecuting the case"⁷ if their in-house counsel are barred from reviewing documents designated by Moving Defendants as "For Outside Counsel Only."

DTC and Non-Moving Defendants can show no harm or prejudice by denying their in-house counsel access to Moving Defendants' highly confidential and proprietary documents. The protection of Moving Defendants' confidential information is critical because Moving Defendants will be disclosing highly sensitive information to its major competitors in this case. Moreover, the Protective Order proposed by Moving Defendants is consistent with the type of Protective Order normally entered into for cases involving such highly confidential and

⁴ *Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465, 1470 (9th Cir. 1992), *cert. denied*, 113 S.Ct. 198, 506 U.S. 869 (emphasis added). *See also A. Hirsh, Inc. v. United States*, 657 F.Supp. 1297, 1303 (C.I.T. 1987) ("The district court must balance the need for the information against the claim of injury resulting from disclosure").

⁵ *See Intel Corp. v. VIA Technologies, Inc.*, 198 F.R.D. 525, 528 (N.D. Cal. 2000) (The party that "seeks disclosure of information that would otherwise be confidential ... bears the burden of establishing a sufficient need for the information which outweighs the risk of injury to [the producing party]" and *A. Hirsh, supra*, 657 F.Supp. at 1303 ("[I]t is the party seeking disclosure which must carry the burden of establishing that the balance tips in its favor").

⁶ *See Intel Corp. v. VIA Technologies, Inc.*, 198 F.R.D. 525, 529 (N.D. Cal. 2000) (internal quotations omitted).

⁷ *Id.*

proprietary information. The Protective Order proposed by DTC and the Non-Moving Defendants does not provide sufficient protection because it allows for the parties' respective in-house counsel to have access to any and all materials produced in this case, despite the degree of confidentiality. Thus, entry of the Protective Order anticipated to be proposed by DTC and Non-Moving Defendants will unfairly prejudice and harm Moving Defendants by being forced to produce highly sensitive business materials to their direct competitors. For the foregoing reasons, Moving Defendants request the Court to enter the Protective Order in the form attached hereto as Exhibit 1.

B. The Court Should Enter Moving Defendants' Proposed Protective Order Because it is Consistent with This Court's Prior Ruling

Moving Defendants' proposed Protective Order is consistent with this Court's prior ruling regarding the parties' right to file an *ex parte* reexamination of the patents-in-suit. Pursuant to the Court's October 25, 2006 Order (Dkt. No. 326) wherein the Court granted, as modified, Moving Defendants' Motion to Sever and Stay the Claims Relating to the Ballard Patents Pending Reexamination of the Ballard Patents, the Court stated that "...to the extent Defendants wish to participate in reexamination they may file their own requests with the PTO." (Dkt. No. 326, p. 9) The Court's statement was made in the context of *ex parte* reexaminations.

In the draft Protective Order negotiated between the parties to this case, DTC's proposed Protective Order contained the following prosecution bar provision:

28. Preparation and Prosecution of Patent Applications. Any person who received any material or information designated as "CONFIDENTIAL" by another party shall not participate in a divisional, a continuation, a continuation in part, a re-issue, a re-examination, or foreign counterparts related in anyway to the patents-in-suit from the time of receipt of such material or information through and including one (1) year following the entry of a final non-appealable judgment or order or the complete settlement of all claims against all parties in this action.

Consistent with the Court's October 25, 2006 Order, Moving Defendants revised DTC's proposed language by inserting language to the effect that nothing in the prosecution bar provision precludes a person from filing--but not prosecuting--an *ex parte* reexamination. Specifically, Moving Defendants propose the following language:

28. Preparation and Prosecution of Patent Applications. Any person who receives any material or information designated "**FOR OUTSIDE COUNSEL ONLY**" or "**FOCO**" by another party shall not participate in **the preparation or prosecution of** a divisional, a continuation, a continuation in part, a re-issue, a re-examination, or foreign counterparts related in any way to the patents-in-suit from the time of receipt of such material or information through and including one (1) year following the entry of a final non-appealable judgment or order or the complete settlement of all claims against all parties in this action. **Nothing in this Paragraph shall preclude any person from filing an ex parte re-examination of the patents-in-suit.**⁸

Moving Defendants' proposed language is consistent with the Court's previous ruling. Moreover, Moving Defendants are unaware of any Non-Moving Defendants' objections to Moving Defendants' foregoing proposed language. Further, Moving Defendants' proposed language will not unfairly prejudice any party hereto because prior art materials submitted in support of an *ex parte* reexamination may only consist of patents and printed publications which, by their nature, are publicly available. *See* MPEP § 2214. Because Moving Defendants' Protective Order still precludes a person from prosecuting a reexamination application, the objective of the prosecution bar is still achieved. Therefore, DTC and/or Non-Moving Defendants will not be unfairly prejudiced or harmed by the Court's entry of the Protective Order attached hereto as Exhibit 1.

⁸ The underlined and bold language represent the changes proposed by Moving Defendants to the language anticipated to be proposed by DTC.

III. CONCLUSION

Accordingly, the Court should grant Moving Defendants' Motion and adopt Moving Defendants' proposed Protective Order.

DATED: November 9 , 2006

Respectfully submitted,

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CERTIFICATE OF CONFERENCE

David Anderson, as counsel for Moving Defendants, hereby certifies that he participated in multiple conferences and e-mail exchanges with counsel for DTC and counsel for Non-Moving Defendants in an attempt to resolve the issues presented in this motion, however, no agreement could be reached between the parties.

/s/ L. David Anderson
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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was filed electronically in compliance with Local Rule CV-5(a). As such, this motion was served on all counsel who have consented to electronic service. Local Rule CV-5(a)(3)(A).

/s/ L. David Anderson

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