UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
TYLER DIVISION

Eolas Technologies Incorporated and The Regents Of the University Of California *Plaintiffs and Counterdefendants*, vs. Adobe Systems Inc.; Amazon.com, Inc.; CDW Corp.; Citigroup Inc.; The Go Daddy Group, Inc.; Google Inc.; J.C. Penney Corporation, Inc.; Staples, Inc.; Yahoo! Inc.; and YouTube, LLC, *Defendants and Counterclaimants*.	Civil Action No. 6:09-CV-446-LED JURY TRIAL DEMANDED

DEFENDANTS' RESPONSE SEEKING ENFORCEMENT OF PROTECTIVE ORDER AND OPPOSING PLAINTIFFS' MOTION TO DE-DESIGNATE DR. PHILLIPS' SUPPLEMENTAL EXPERT REPORT ON INVALIDITY

I. INTRODUCTION

Plaintiffs' motion to de-designate Dr. Phillips' Supplemental Expert Report ("Dr. Phillips' Report") seeks to thwart this Court's Protective Order by requesting that Dr. Phillips' Report, a report never introduced into the public record, be made public through disclosure to the United States Patent and Trademark Office (the "USPTO") and used to target defendants in other cases. Defendants are not required to make trial exhibits for future plaintiffs in future cases, and any contrary rule would create a chilling effect on expert disclosure and discovery. For these reasons, and for the reasons stated more fully below, Defendants seek enforcement of the Court's Protective Order and denial of Plaintiffs' request.

II. ARGUMENT

Defendants tried to resolve this issue without judicial intervention. Plaintiffs initially asked for a copy of Dr. Phillips' report to share with "[their] client as related to some pending patent applications." Dkt. No. 1410, Ex. B at 8 (J. Budwin email on May 9, 2012). On May 21, 2012, Plaintiffs asked for more. Plaintiffs now wanted to show the report to "[their] client *and* Eolas' patent prosecution counsel." Dkt. No. 1410, Ex. B at 7 (J. Budwin email on May 21, 2012) (emphasis added). Although expressly prohibited under the Protective Order, Defendants attempted to resolve the issue without Court intervention by supplying a redacted copy to be shown to Plaintiffs' client and patent counsel without waiving the report's confidentiality or protection under the Protective Order. Nonetheless, plaintiffs' counsel retorted: "you cannot place restrictions on who we share [Dr. Phillips' Report] with." Dkt. No. 1410, Ex. B at 2 (J. Budwin email on June 5, 2012). Plaintiffs' request circumvents or at least places a chilling effect on the Court's Protective Order.

a. Plaintiffs' Request Undermines This Court's Protective Order

Now that a jury has invalidated the asserted claims of the Plaintiffs' patents, Plaintiffs seek a retrial of their patents' validity in front of the USPTO. Rather than submit this Court's final judgment and the jury's verdict on invalidity, Plaintiffs seek to submit Dr. Phillips' Report to the USPTO in an attempt to launder the issue of validity for future, related patents.[1] This Court's Protective Order anticipates and expressly rejects Plaintiffs' request to submit documents containing Protected Materials to the USPTO. This Court's Protective Order states in relevant part:

> Protected Material shall be used solely for this litigation and the preparation and trial in this case, or any related appellate proceeding, and not for any other purpose whatsoever, including without limitation any other litigation, patent prosecution (including reexamination) or acquisition, or any business or competitive purpose or function.

Dkt. No. 423, § 6(a) (emphasis added); *See also* Dkt. No. 423, § 1(a) ("Protected Material designated under the terms of this Order shall be used by a Receiving Party solely for this litigation, and shall be used only for purposes of litigating this case, and shall not be used directly or indirectly for any other purpose whatsoever."). This limitation on Protected Material is fundamental to facilitating "disclosure and discovery" the stated purpose of the Court's order. Dkt. No. 423, ¶ 4. Plaintiffs' request to de-designate Dr. Phillips' Report circumvents this Court's order that Plaintiffs may not disclose Protected Materials to the USPTO.

b. Plaintiffs' Disclosure Would Chill Expert Disclosure and Discovery

The disclosure of expert opinions based on Protected Material will have a chilling effect on discovery and expert disclosure in other cases. Under Federal Rule of Civil Procedure 26, a

[1] To date, the public record available on the Patent Application Information Retrieval (PAIR) system does not reflect that the University of California Regents or Eolas has submitted the jury's verdict or this Court's judgment in this case to the USPTO for U.S. Patent No. 5,838,906, U.S. Patent No. 7,599,985, or any of the other patents and applications in that patent family.

testifying expert must provide a written report which includes:

> i. A complete statement of all opinions the witness will express and the basis and reasons for them;
> ii. the facts or data considered by the witness in forming them;
> iii. any exhibits that will be used to summarize or support them . . . .

FED. R. CIV. P. 26(a)(2)(B). The purpose of exchanging expert reports is "to accelerate the exchange of basic information about the case and to eliminate the paper work involved in requesting such information" in an attempt to "sav[e] in time and expense". FED. R. CIV. P. 26 advisory committee's notes (1993 Amendment). Consistent with that reasoning, any expert report based on or including Protected Material should be protected to the same extent as any other document. This Court has already entered a Protective Order to the same effect. Dkt. No. 423, § 7(b) (making no distinction between forms of written discovery). Allowing the disclosure of confidential expert reports discourages parties from disclosing critically important information out of fear that it may be later disclosed to the public. As a result, the Court could expect an increase in disputes over the contents in expert reports. The resulting disputes over expert reports would cost the Court and the Parties time and money, undermining the very purpose of the disclosure requirement. Therefore, Dr. Phillips' Report should be protected by the Protective Order.

c. Dr. Phillips Report is Properly Designated CONFIDENTIAL – ATTORNEYS' EYES ONLY Under the Protective Order

Finally, Dr. Phillips' Report is properly designated as CONFIDENTIAL – ATTORNEYS' EYES ONLY because it "contains and reflects" materials so designated according to this Court's Protective Order. Dkt. No. 423, § 9. During the course of this litigation, Dr. Phillips reviewed and formed opinions based on material that was properly designated as CONFIDENTIAL and CONFIDENTIAL – ATTORNEYS' EYES ONLY. For

example, Dr. Phillips' Report discusses some of the details concerning the settlement between Microsoft and Eolas in related litigation. *See, e.g.*, Dkt. No. 1410, Ex. A at ¶ 893. Dr. Phillips' Report contains other information the *Plaintiffs* designated confidential.[2] *See, e.g.*, Dkt No. 1410, Ex. A at ¶ 312 (D. Martin Transcript), ¶ 818-820 (emails Plaintiffs produced and designated CONFIDENTIAL – ATTORNEYS' EYES ONLY), ¶ 842 (M. Doyle Transcript). Further, some Protected Material was designated CONFIDENTIAL – ATTORNEYS' EYES ONLY by parties who are no longer parties to the litigation. *See* Dkt. No. 1410, Ex. A at ¶ 901 (M. Sundermeyer Transcript). To complicate matters further, some Protected Material was so designated CONFIDENTIAL – ATTORNEYS' EYES ONLY by non-parties. *See, e.g.*, Dkt. No. 1410, Ex. A at ¶ 147, 214, 221, 229, 249, 265 (C. McRae Transcript).

After going to great lengths to redact Dr. Phillips' Report, Defendants found that neither Defendants nor Plaintiffs could unilaterally de-designate Dr. Phillips' Report since it "contains and reflects" Protected Material as designated by Plaintiffs themselves, parties that are no longer in the case, and third-parties over which the Defendants do not have control. Therefore, Dr. Phillips' Report is appropriately designated as CONFIDENTIAL – ATTORNEYS' EYES ONLY under the Protective Order and should not be publicly disclosed by Plaintiffs under this Court's Protective order.

III. CONCLUSION

This Court's Protective Order justly prevents disclosure of Dr. Phillips' Report. Dr. Phillips based his opinions on Protected Material and discussed some of that Protected Material in his report. Since his report "contains and reflects" material which is CONFIDENTIAL and CONFIDENTIAL – ATTORNEYS' EYES ONLY under the Court's Protective Order, it is

[2] The materials designated confidential under the Protective Order in *Eolas Tech Inc, et al. v. Microsoft Corp*, 1:99-cv-00626 (N.D. Ill.) were not disclosed to the USPTO. For example, the settlement between Microsoft and Eolas was not published to the USPTO.

appropriately designated as CONFIDENTIAL – ATTORNEYS' EYES ONLY and should not be disclosed under the Protective Order. Moreover, de-designating Dr. Phillips' Report would discourage liberal discovery and disclosures. Accordingly, Defendants seek enforcement of the Protective Order and denial of Plaintiffs' motion.

Respectfully submitted,

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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). All other counsel of record not deemed to have consented to electronic service were served with a true and correct copy of the foregoing by certified mail, return receipt requested, on this the 10th day of June, 2012.

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