

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 18-9344-GW(JCx)

Date May 14, 2019

Title *Realtime Adaptive Streaming LLC v. Adobe Systems Inc.*

Present: The Honorable GEORGE H. WU, UNITED STATES DISTRICT JUDGE

Javier Gonzalez

None Present

Deputy Clerk

Court Reporter / Recorder

Tape No.

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

None Present

None Present

PROCEEDINGS: IN CHAMBERS - FINAL RULINGS ON:

**DEFENDANT ADOBE'S MOTION FOR LEAVE TO AMEND ITS
INVALIDITY CONTENTIONS [61];**

**DEFENDANT ADOBE'S MOTION TO STAY CASE PENDING
PARALLEL PROCEEDINGS [62];**

STIPULATION TO STAY [73]

Attached hereto is the Court's Final Rulings. the Court DENIES Adobe's motion to stay (Adobe Action, Docket No. 62) and the parties in the Adobe Action's Joint Stipulation to Stay (Adobe Action, Docket No. 73). For similar reasons discussed herein, the Court DENIES WITHOUT PREJUDICE the parties in the Google Action's Joint Stipulation to Stay (Google Action, Docket No. 56). The Court GRANTS Defendants' motion for leave to amend invalidity contentions (Google Action, Docket No. 42; Adobe Action, Docket No. 61). A ruling on Google Defendants' Motion to Supplement Protective Order (Google Action, Docket No. 48) is DEFERRED. Within seven days of this Order, Google Defendants may file a supplemental brief not to exceed 10 pages and supporting declaration not to exceed 10 pages relating to the concerns raised in this Order. Within seven days of receiving Google Defendants' supplemental brief, Plaintiff may file a responsive supplemental brief not to exceed 10 pages.

The parties in each action are directed to file a status report and/or joint stipulation by May 17, 2019, regarding whether they request further modification of the upcoming claim construction deadlines in the case. The Court sets a further scheduling conference for May 23, 2019 at 8:30 a.m. The parties can appear telephonically with advance arrangement with the clerk.

Initials of Preparer JG

Realtime Adaptive Streaming LLC v. Google LLC, et al; Case No. 2:18-cv-03629 GW (JCx)

Realtime Adaptive Streaming LLC v. Adobe Systems Inc.; Case No. 2:18-cv-09344 GW (JCx)

Final Rulings on: (1) Defendant Adobe Systems Inc.’s Motion to Amend Invalidity Contentions (Case No. 18-09344, Docket No. 61); (2) Defendants Google LLC and YouTube, LLC’s Motion to Amend Invalidity Contentions (Case No. 18-03629, Docket No. 42); (3) Defendant Adobe Systems Inc.’s Motion to Stay Case Pending Parallel Proceedings (Case No. 18-09344, Docket No. 62); (4) Defendants Google LLC and YouTube, LLC’s Motion to Supplement Protective Order (Case No. 18-03629, Docket No. 48); and (5) Stipulations for Stay

Plaintiff Realtime Adaptive Streaming LLC (“Realtime”) filed suit against Defendants Google LLC and YouTube, LLC (collectively, “Google Defendants”) in this District on April 30, 2018, alleging that Google Defendants infringe five U.S. patents owned by Realtime. *See, e.g.*, Case No. 18-03629 (“Google Action”), Docket No. 1. A schedule was entered in the Google Action on October 25, 2018. Google Action, Docket No. 36. That schedule included such deadlines as opening claim construction briefs on May 6, 2019; a claim construction hearing on June 17, 2019; a fact discovery deadline of August 12, 2019; an expert discovery deadline of November 1, 2019; and a trial date of March 24, 2020.

Realtime filed suit against Defendant Adobe Systems Inc. (“Adobe”) on February 23, 2018 in the District of Massachusetts, alleging that Adobe infringes seven U.S. patents owned by Realtime, including the five patents at issue in the Google Action. *See* Case No. 18-09344 (“Adobe Action”), Docket No. 1. The Adobe Action was transferred to this Court on October 31, 2018. Adobe Action, Docket Nos. 30, 31. A schedule was entered in the Adobe Action on December 20, 2018, that set it on the same track as the Google Action. Adobe Action, Docket No. 54. *See generally id.*

Four motions are pending before this Court:

- (1) Defendant Adobe Systems Inc.’s Motion to Amend Invalidity Contentions (Adobe Action, Docket No. 61);
- (2) Defendants Google LLC and YouTube, LLC’s Motion to Amend Invalidity Contentions (Google Action, Docket No. 42);
- (3) Defendant Adobe Systems Inc.’s Motion to Stay Case Pending Parallel Proceedings (Adobe Action, Docket No. 62); and
- (4) Defendants Google LLC and YouTube, LLC’s Motion to Supplement Protective Order (Google Action, Docket No. 48).

The motions have been fully briefed and reviewed by the Court.

On May 2, 2019, the Thursday before the hearing scheduled on the motions, the parties in the Google Action filed a Joint Stipulation seeking to stay the case pending *inter partes* review (“IPR”) proceedings. Google Action, Docket No. 56-1. The next day, the parties in the Adobe Action filed a similar Joint Stipulation. Adobe Action, Docket No. 73-1. The parties requested that the hearing on the motions set for Monday, May 6, 2019, be taken off-calendar. After reviewing the parties’ various disputes, as well as the scope of the joint stipulations submitted by the parties, the Court found it appropriate to proceed with the hearing so that the parties could

address some of the concerns raised by their disputes. After the hearing was held, the disputed matters were taken under submission.

For the reasons stated in this Order, the Court **DENIES** Adobe's motion to stay (Adobe Action, Docket No. 62) and the parties in the Adobe Action's Joint Stipulation to Stay (Adobe Action, Docket No. 73). For similar reasons discussed herein, the Court **DENIES WITHOUT PREJUDICE** the parties in the Google Action's Joint Stipulation to Stay (Google Action, Docket No. 56). The Court **GRANTS** Defendants' motion for leave to amend invalidity contentions (Google Action, Docket No. 42; Adobe Action, Docket No. 61). A ruling on Google Defendants' Motion to Supplement Protective Order (Google Action, Docket No. 48) is **DEFERRED**. Within seven days of this Order, Google Defendants may file a supplemental brief not to exceed 10 pages and supporting declaration not to exceed 10 pages relating to the concerns raised in this Order. Within seven days of receiving Google Defendants' supplemental brief, Plaintiff may file a responsive supplemental brief not to exceed 10 pages.

The parties in each action are directed to file a status report and/or joint stipulation by May 17, 2019 regarding whether they request further modification of the upcoming claim construction deadlines in the case.

I. Adobe's Motion to Stay

In March 2019, Adobe moved to stay the action against it. Docket No. 62.¹ Adobe argues that the case should be stayed pending resolution of: (1) IPR proceedings before the Patent Trial and Appeal Board ("PTAB") and (2) the adoption and subsequent appeal of a report and recommendation by a Magistrate Judge in the District of Delaware recommending that certain of Realtime's asserted patents be found invalid under 35 U.S.C. § 101. Realtime originally opposed Adobe's motion, but later joined Adobe in a stipulation to stay the case. Docket Nos. 66, 73.

Adobe only filed one of the IPR petitions that it relies on to support its motion to stay.² That IPR petition, which relates to the '442 Patent, has not yet been granted and an expected decision on it is not due until September 2019. The rest of the IPR petitions were filed by third parties that are not involved in this lawsuit.³ As a result of those third-party petitions, IPR proceedings have been instituted as to all of the asserted claims of five of the seven patents asserted against Adobe. Although Adobe states that it would agree to a more limited estoppel for the third-party IPRs, Adobe does not agree to be bound by the full scope of statutory estoppel applicable in

¹ All docket citations in this Section I of the Order are to the Adobe Action unless otherwise noted.

² Pursuant to the Court's calculations, the one-year statutory timeframe for Adobe to file IPR petitions appears to have passed on February 27, 2019. *See* Docket No. 9 (summons returned executed by Adobe on February 27, 2018). Thus, at this time, Adobe cannot file any additional IPR petitions. Based on this, it also appears that Adobe filed its single IPR petition on the last possible day to do so.

³ Before the hearing, Google Defendants had filed only one IPR petition, for which the PTAB has not yet made a determination. At the hearing, counsel for Google Defendants stated that they would be filing petitions on the four other patents asserted against them by the end of the day. Initial determinations on those IPR petitions will not be due for approximately six months. All other IPR proceedings relevant to the Joint Stipulation to stay in the Google Action have been initiated by third parties. *See* Google Action, Docket No. 56-1.

the third-party IPRs if the PTAB reaches a Final Written Decision on any of those IPRs.⁴ Adobe also does not dispute that before this matter was transferred to this Court, the Court heard and decided a motion to dismiss for lack of patent-eligible subject matter in the Google Action on the same patents implicated by the later report and recommendation in Delaware. The Court granted Google Defendants' motion to dismiss as to certain claims of one of the asserted patents, but otherwise denied the motion without prejudice. *See* Google Action, Docket No. 36.

Courts have discretion to control their dockets and ensure that their cases are managed in the interest of justice. *See Clinton v. Jones*, 520 U.S. 681, 706 (1997) (“[T]he District Court has broad discretion to stay proceedings as an incident to its power to control its own docket.”). In deciding whether to stay an action pending an IPR, a court’s discretion is typically guided by three factors: “(1) whether discovery is complete and whether a trial date has been set; (2) whether a stay will simplify the issues in question and trial of the case; and (3) whether a stay would unduly prejudice or present a clear tactical disadvantage to the nonmoving party.” *Aten Int’l Co., Ltd v. Emine Tech. Co., Ltd.*, No. SACV 09-0843 AG (MLGx), 2010 WL 1462110, at *6 (C.D. Cal. Apr. 12, 2010) (quoting *Telemac Corp. v. Teledigital, Inc.*, 450 F. Supp. 2d 1107, 1111 (N.D. Cal. 2006)); *Murata Machinery*, 830 F.3d at 1361; *see also Semiconductor Energy Lab. Co., Ltd. v. Chimei Innolux Corp.*, No. SACV 12-0021 JST (JPRx), 2012 WL 7170593, at *1 & n.1 (C.D. Cal. Dec. 19, 2012) (stating that the same three-factor framework for staying the case applies regardless of whether a request for reexamination or an IPR is pending); Peter S. Menell et al., Fed. Judicial Ctr., *Patent Case Management Judicial Guide* (“Menell”) § 2.2.6.4.2 (3d ed. 2016). The inquiry, however, is not limited to these factors and “the totality of the circumstances governs.” *Allergan Inc. v. Cayman Chem. Co.*, No. SACV 07-01316 JVS (RNBx), 2009 WL 8591844, at *2 (C.D. Cal. Apr. 9, 2009) (citation omitted).

Claim construction proceedings are only just getting underway. The parties have conducted limited, if any, discovery in this case thus far. Although this case is no longer in its earliest stages, significantly more work lays ahead of the parties compared to the work completed thus far. The first factor slightly favors a stay.

However, the fact that Adobe has only filed an IPR petition for one of the seven asserted patents, and does not agree to be bound by the full statutory estoppel provisions for the third-party IPRs filed against the asserted patents, strongly warrants against a stay. As Adobe’s motion to stay suggests, it appears that Adobe could have sought to join the existing third-party IPRs as an “understudy.” *See, e.g.*, Docket No. 62 at 3 n.4, n.5 (explaining seeking to join a petition as an “understudy” “preserve the filing party’s right to continue the existing IPRs if the original petitioners should settle.”). Adobe’s election not to do so, let alone to be bound by the full scope of IPR statutory estoppel relevant to those petitions,⁵ significantly decreases the likelihood of issue

⁴ The Joint Stipulation to stay in the Google Action does not mention estoppel. Google Action, Docket No. 56. At the hearing, counsel for Google Defendants stated that this was because Google Defendants had made the choice to file their own IPR petitions instead.

⁵ Other courts have found it appropriate to grant a stay where a defendant does not join or file an IPR, but simply declares that it will be bound by the full scope of statutory estoppel applicable to the particular IPR. Even with this approach, however, there are concerns. If a case is stayed where a defendant does not make the effort to actually join an IPR, and the petitioning entity subsequently settles with the patentee and requests early termination of IPR proceedings, the result is simply a delay of district court proceedings between the defendant and patentee with no simplification.

simplification and increases the likelihood of delay in this action.

At the hearing, Adobe noted that the issue of IPR statutory estoppel only becomes relevant if asserted patent claims are *not* invalidated by a Final Written Decision. Adobe argued that the PTAB's decision to institute IPR proceedings for five of the third-party IPR petitions supports the likelihood that asserted patent claims *will be* invalidated by the PTAB, and thus Adobe's refusal to be bound by full statutory estoppel should not weigh heavily in the stay calculus. Adobe also suggested that its refusal to be bound by estoppel for prior art invalidity grounds that "reasonably could have [been] raised" was intended to be a more efficient solution because, according to Adobe, it would be difficult to determine how to apply this portion of the statute to a party that did not itself file the IPR petition. Finally, to support Adobe's decision not to participate in IPR practice against all of the asserted patents, Adobe also observed that the filing fees involved in joining IPR petitions as an understudy are not insubstantial and would have likely cost Adobe upwards of \$200,000.

Adobe may be correct that the odds are high that at least *some of* the instituted IPRs will result in some asserted claims being invalidated. But statutory estoppel will be relevant if even one asserted claim is not found invalid by the PTAB and district court litigation must proceed. Adobe's suggestion that it is more difficult to determine the bounds of what prior art references "reasonably could have [been] raised" in the circumstances presented here are also unpersuasive. District courts considering the issue have asked what a "skilled searcher conducting a diligent search reasonably could have been expected to discover[]." *Oil-Dri Corp. of Am. v. Nestle Purina Petcare Co.*, No. 15-CV-1067, 2017 WL 3278915, at *9 (N.D. Ill. Aug. 2, 2017). Adobe has not shown that this standard could not be applied to the circumstances of this case.

As the Court stated in its tentative ruling, "Adobe made a tactical decision to limit its participation in proceedings before the PTAB by filing a single IPR against one of seven asserted patents in this case."⁶ The fact that Adobe's tactical decision saved it significant expenses before the PTAB does not make a stay more appropriate.

Adobe's arguments regarding the Report and Recommendation in the District of Delaware are also unpersuasive. This Court considered and largely denied a motion to dismiss against the same patents addressed by the Magistrate Judge in Delaware. The time for adoption of the Report and Recommendation and appeal of a final order to the Federal Circuit will likely be a lengthy process that does not warrant this Court staying this case at this time, particularly where this Court reached different determinations on the patentability of the asserted patents at the motion to dismiss stage.

Although the Court otherwise generally agrees with Adobe that there is not likely to be *undue* prejudice to Realtime – an entity that does not compete with Adobe – caused by a stay, the totality of the circumstances weighs against a stay. Allowing Adobe to now seek a stay of district court proceedings based on the efforts of third parties before the PTAB and without agreeing to be bound by the full statutory estoppel provisions that would be applicable to final written decisions resulting from those PTAB proceedings is not appropriate. Adobe's motion to stay (Docket No. 62) and the parties' Joint Stipulation to stay (Docket No. 73) is **DENIED**.

⁶ That IPR petition has not yet been granted and thus does not support a stay as to that patent at this time.

The Court also **DENIES WITHOUT PREJUDICE** the parties' Joint Stipulation in the Google Action for similar reasons. Google Action, Docket No. 56. In addition to the issues discussed *supra* and the fact that Google Defendants do not agree to be bound by any statutory estoppel for third-party IPRs, the Court notes that the IPR petitions that Google Defendants have filed have not yet been instituted and decisions from the PTAB regarding whether to institute are not due for approximately six months. It is generally this Court's practice to deny motions to stay until after the PTAB has made a decision regarding whether it will actually institute the IPR.

II. All Defendants' Motions to Amend Invalidity Contentions

Defendants have moved for leave to amend their invalidity contentions to add a single new prior art reference: a 1998 product manual from RealNetworks called RealPlayer G2 ("RealPlayer manual"). Adobe Action, Docket No. 61; Google Action, Docket No. 42.

The parties in this case agree that they are abiding by the Northern District of California's Patent Local Rules ("N.D. Cal. PLRs"). The N.D. Cal. PLRs require parties to exchange contentions early in a case. *See, e.g.* PLR § 3-3. In these cases, Defendants served their invalidity contentions in January 2019. Docket No. 54 (Scheduling Order)⁷; *see also* Google Action, Docket No. 36. The N.D. Cal. PLRs require that after contentions are served, "[a]mendment . . . may be made only by order of the Court upon a timely showing of good cause." PLR 3-6. The N.D. Cal. PLRs also provide some "non-exhaustive examples of circumstances that may, absent undue prejudice to the non-moving party, support a finding of good cause." *Id.* These examples include a claim construction determination different from that proposed by the party seeking amendment and "[r]ecent discovery of material, prior art despite earlier diligent search." *Id.*

Defendants state that after they served their invalidity contentions, "while working on an unrelated case" on February 20, 2019, counsel for Adobe became aware of the RealPlayer manual. *See* Declaration of Jonathan J. Lamberson in Support of Adobe's Motion for Leave to Amend Invalidity Contentions ("Lamberson Decl."), Docket No. 61-1 ¶ 4. Adobe's counsel informed Google's counsel of the RealPlayer manual the same day. Google Action, Declaration of Zachary M. Briers in Support of Google Defendants' Motion for Leave to Amend Invalidity Contentions ("Briers Decl."), Docket No. 42-1 ¶ 4. Adobe's counsel conducted further investigation, prepared claim charts, and sent them to Realtime on March 11, 2019. Adobe and Google Defendants separately met and conferred with Realtime soon after to discuss whether Realtime would agree to Defendants amending their invalidity contentions. Realtime refused, and these motions for leave to amend followed.

Realtime primarily questions Defendants' diligence. *See, e.g.*, Docket No. 64 at 4-9. The parties do not dispute that the RealPlayer manual is publicly available on the internet through an Internet archive webpage. Realtime argues that if Defendants had conducted an adequate search before their invalidity contentions were due, they would have found the RealPlayer manual. *See id.* Realtime otherwise argues that it will be prejudiced if Defendants are permitted leave to amend their contentions because "claim construction is already underway." *Id.* at 9.

Defendants submit attorney declarations stating that they spent 300+ hours each performing prior art investigation and preparing invalidity contentions. Lamberson Decl. ¶ 2; Briers Decl. ¶ 2. Adobe also observes that Realtime has "accused over 25 companies" of infringing the asserted patents, yet does not identify any other instances where defendants listed the

⁷ All remaining docket citations in this Section II are to the Adobe Action unless otherwise noted.

RealPlayer manual as prior art. Docket No. 67 at 4. The Court agrees with Defendants that the evidence supports the conclusion that the RealPlayer manual was not as easy to find as Realtime would make it out to be. Adobe also notified Realtime of its discovery of the RealPlayer manual less than two months after it served its initial infringement contentions, and before any claim construction deadlines had passed. Realtime does not dispute that the parties have taken limited discovery thus far in this case. These facts about the timing of Adobe's disclosure of the RealPlayer manual as potential prior art support not only the conclusion that Defendants were diligent, but also that Realtime will not suffer undue prejudice based on the timing of Defendants' disclosure and amended contentions. After considering the arguments presented by the parties and circumstances presented here, the Court, in its discretion, finds that Defendants have timely shown good cause to amend their invalidity contentions to add the RealPlayer manual. Defendants' motions for leave to amend invalidity contentions (Adobe Action, Docket No. 61; Google Action, Docket No. 42) would be **GRANTED**.

III. Google Defendants' Motion to Supplement Protective Order

Google Defendants move to supplement the protective order entered in the case to add a patent acquisition bar. Docket No. 48.⁸ The protective order in the Google Action already includes a prosecution bar, which "prevent[s] individuals who review Google's confidential technical information from being involved in the prosecution of patents relating to data compression for a period of two years after the termination of this action." See Docket No. 43-1 ¶ 8. An acquisition bar, in comparison, limits individuals who review an entity's confidential technical information from being involved in advising clients about the acquisition of patents relating to that technological area for a certain period of time.

There is not much legal authority for deciding whether a protective order should include an acquisition bar and if so, its appropriate scope. District courts addressing the issue generally cite to the Federal Circuit's decision in *In re Deutsche Bank Tr. Co. Americas*, 605 F.3d 1373 (Fed. Cir. 2010), which involved whether to impose a patent prosecution bar. See, e.g., *id.* at 1378. In the handful of cases that have since addressed the issue, different schools of thought have emerged about how the analysis should be conducted to decide issues relating to the entry and scope of an acquisition bar.

The Federal Circuit in *Deutsche Bank* observed that "[a] party seeking a protective order carries the burden of showing good cause for its issuance." *Id.* (citing Fed. R. Civ. P. 26(c)). "The same is true for a party seeking to include in a protective order a provision effecting a patent prosecution bar." *Id.* Generally, to establish good cause to support the imposition of a protective order,

the party seeking to limit the disclosure of discovery materials must show that "specific prejudice or harm will result if no protective order is granted." [*Phillips v. Gen. Motors Corp.*, 307 F.3d 1206, 1210–11 (9th Cir. 2002)] (vacating and remanding based on the district court's failure to evaluate the harm that would result from disclosure). If the party seeking protection meets this burden, the court must then "balance[] the public and private interests" to determine whether a protective order is warranted. *Id.* at 1211.

In re Violation of Rule 28(D), 635 F.3d 1352, 1357-58 (Fed. Cir. 2011). No matter the school of

⁸ All citations in this Section III of the Order are to the Google Action unless otherwise noted.

thought on later *Deutsche Bank* analysis, the Court finds that good cause for the entry of a protective order is merely step one. Demonstrating good cause requires the party requesting the provision to make a *showing of specific* prejudice or harm if no protective order is granted. Or, in this case, demonstrating good cause requires Google Defendants to show specific prejudice or harm if no acquisition bar is entered. This showing, in turn, requires consideration of how sensitive the information at issue actually is.

But the Google Defendants largely gloss over this step. Instead of submitting a declaration or other evidence, Google Defendants simply assert in their motion itself that their source code has been referred to as their “crown jewels” in another district court decision. Docket No. 48 at 1 (“The accused serves are implemented through software, meaning that Google will be required to produce highly confidential source code and technical documentation, considered Google’s ‘crown jewels.’”); *but see buySAFE, Inc. v. Google, Inc.*, No. 3:13CV781-HEH, 2014 WL 2468553, at *2 (E.D. Va. June 2, 2014) (“Plaintiff has access to Defendant’s confidential information and source code, which ***Defendant describes as*** the ‘crown jewels’ of Google, Inc.” (emphasis added)). Google Defendants do not actually submit evidence to support their burden of showing that there will be specific prejudice or harm if certain information that is the subject matter of their source code and technical documentation is produced to opposing counsel for purposes of this litigation without an acquisition bar in place. In essence, Google Defendants appear to suggest that because source code is involved and someone has used the words “crown jewels” to describe it, it evokes an assumption of extremely sensitive and confidential information. But Google Defendants need to back those assumptions up. The Court finds that a good cause showing for an acquisition bar in these circumstances requires more than the assertion that information and source code generally are a company’s “crown jewels.”

Once good cause is established for the entry of a protective order, the rest of the *Deutsche Bank* analysis would seem to kick in. *Deutsche Bank* attempted to be explicit in its holding:

We therefore hold that a party seeking imposition of a patent prosecution bar must show that the information designated to trigger the bar, the scope of activities prohibited by the bar, the duration of the bar, and the subject matter covered by the bar reasonably reflect the risk presented by the disclosure of proprietary competitive information. We further hold that the party seeking an exemption from a patent prosecution bar must show on a counsel-by-counsel basis: (1) that counsel’s representation of the client in matters before the PTO does not and is not likely to implicate competitive decisionmaking related to the subject matter of the litigation so as to give rise to a risk of inadvertent use of confidential information learned in litigation, and (2) that the potential injury to the moving party from restrictions imposed on its choice of litigation and prosecution counsel outweighs the potential injury to the opposing party caused by such inadvertent use.

Deutsche Bank, 605 F.3d at 1381.⁹ Because of *Deutsche Bank*’s phrasing of its holding (including

⁹ Some courts might find that the analysis described in *Deutsche Bank* is itself intended to be the good cause analysis. The factors described by the first portion of *Deutsche Bank*’s holding, however, are all directly related to crafting the *scope* of a prosecution bar. *See Deutsche Bank*, 605 F.3d at 1381 (“the information designated to trigger the bar, the scope of activities prohibited by the bar, the duration of the bar, and the subject matter covered by the bar.”). These factors effectively work on the assumption that a prosecution bar is appropriate. And indeed, these factors must be crafted to “reasonably reflect the risk presented by the disclosure of proprietary competitive information.” *Id.* In other

its reference in the second portion of its holding to “the party seeking an exemption”) and certain statements earlier in its analysis that address determining the risk of inadvertent disclosure on a counsel-by-counsel basis, district courts have interpreted *Deutsche Bank* and the burdens it imposes on parties two ways:

The majority of courts require the moving party to first show that there exists an unacceptable risk of inadvertent disclosure of confidential information, on a counsel-by-counsel basis, without a bar in place, and then balance that risk against the potential harm to the party against whom the bar is sought. *See, e.g., NeXedge, LLC v. Freescale Semiconductor, Inc.*, 820 F. Supp. 2d 1040 (D. Ariz. 2011); *ActiveVideo Networks, Inc. v. Verizon Commc’ns, Inc.*, 274 F.R.D. 576 (E.D. Va. 2010); *Xerox Corp. v. Google, Inc.*, 270 F.R.D. 182 (D. Del. 2010).

The minority framework involves a similar but slightly different analysis. *See Front Row Techs., LLC v. NBA Media Ventures, LLC*, 125 F. Supp. 3d 1260 (D.N.M. 2015); *Eon Corp. IP Holdings v. AT & T Mobility LLC*, 881 F. Supp. 2d 254 (D.P.R. 2012); *Applied Signal Tech., Inc. v. Emerging Markets Commc’ns, Inc.*, No. C-09-02180 SBA (DMR), 2011 WL 197811 (N.D. Cal. Jan. 20, 2011). Under this approach, the moving party must show that the proposed bar “reasonably reflect[s] the risk presented by the disclosure of proprietary competitive information.” *Deutsche Bank*, 605 F.3d at 1381. In determining reasonableness, the court looks to the following factors: “the information designated to trigger the bar, the scope of activities prohibited by the bar, the duration of the bar, and the subject matter covered by the bar.” *Id.* “[T]he burden then shifts to [the non-movant] to show that ‘counsel-specific balancing’ favors exemptions for particular counsel.” *Front Row Techs.*, 125 F. Supp. 3d at 1287 (citing *Eon Corp. IP Holdings*, 881 F. Supp. 2d at 257).

The significant difference between the two interpretations of *Deutsche Bank* is which party has the burden of proof on a counsel-by-counsel basis. The majority requires the moving party to prove the risk of inadvertent disclosure with respect to each attorney for the opposing side. *See e.g., NeXedge*, 820 F.Supp.2d at 1043. By contrast, the minority requires the party against whom the bar is sought to seek exemptions from the bar on a counsel-by-counsel basis after the court has found an acquisition bar is warranted. *See Front Row Techs.*, 125 F. Supp. 3d at 1287.

Intellectual Ventures I, LLC v. Lenovo Grp. Ltd., No. 16-CV-10860-PBS, 2019 WL 343242, at *2-3 (D. Mass. Jan. 25, 2019) (footnote omitted).

The Court believes that a middle approach is appropriate. As stated, an initial demonstration of good cause is necessary, which requires some showing to establish the nature of the information at issue and how much harm would be caused by its inadvertent disclosure. Once that initial showing has been made, the Court would agree with *Intellectual Ventures* and the

words, it appears that the factors in the first portion of *Deutsche Bank*’s holding cannot be meaningfully evaluated until there has been an initial showing of the risk presented by disclosure, *i.e.*, a showing of specific prejudice or harm if no prosecution bar is entered because of the nature of the information at issue.

minority view that the moving party must, essentially, show that its proposed acquisition bar “reasonably reflect[s] the risk presented by the disclosure of proprietary confidential information.” *Deutsche Bank*, 605 F.3d at 1381. Once the proper scope of the acquisition bar is established, specific counsel may submit evidence to show that he or she should be exempted from it. *Intellectual Ventures*, 2019 WL 343242, at *3 (“the majority approach places an unrealistic burden on the moving party and directly contradicts the Federal Circuit case law [P]arties seeking an acquisition bar would have little to no knowledge of the day-to-day practice for any particular attorney for the opposing party.”).

Google Defendants will need to first persuade the Court that they have met their burden to show good cause that an acquisition bar is warranted. The Court is not persuaded on the current record at this time that Google Defendants have done so. A ruling on Google Defendants’ Motion to Supplement Protective Order (Google Action, Docket No. 48) is **DEFERRED**. Within seven days of this Order, Google Defendants may file a supplemental brief not to exceed 10 pages and supporting declaration not to exceed 10 pages relating to the concerns raised in this Order. Within seven days of receiving Google Defendants’ supplemental brief, Plaintiff may file a responsive supplemental brief not to exceed 10 pages.

III. Conclusion

For the reasons stated in this Order, the Court **DENIES** Adobe’s motion to stay (Adobe Action, Docket No. 62) and the parties in the Adobe Action’s Joint Stipulation to Stay (Adobe Action, Docket No. 73). For similar reasons discussed herein, the Court **DENIES WITHOUT PREJUDICE** the parties in the Google Action’s Joint Stipulation to Stay (Google Action, Docket No. 56). The Court **GRANTS** Defendants’ motion for leave to amend invalidity contentions (Google Action, Docket No. 42; Adobe Action, Docket No. 61). A ruling on Google Defendants’ Motion to Supplement Protective Order (Google Action, Docket No. 48) is **DEFERRED**. Within seven days of this Order, Google Defendants may file a supplemental brief not to exceed 10 pages and supporting declaration not to exceed 10 pages relating to the concerns raised in this Order. Within seven days of receiving Google Defendants’ supplemental brief, Plaintiff may file a responsive supplemental brief not to exceed 10 pages.

The parties in each action are directed to file a status report and/or joint stipulation by May 17, 2019, regarding whether they request further modification of the upcoming claim construction deadlines in the case. The Court sets a further scheduling conference for May 23, 2019. The parties can appear telephonically with advance arrangement with the clerk.