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2 A casual observer might reasonably wonder what magic a protective order works that
3 allows outside counsel access to confidential information to advance the case without
4 countenancing untoward uses by the client.

5 The answer is not a magical one at all: confidential information remains confidential
6 because counsel and clients alike follow court orders. If parties breach this basic rule, the court's
7 assurances become meaningless.

8 There is reason to believe the rule has been breached in the present case.

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10 Here is what is known at this point. During the massive fact discovery in this case between
11 August 2011 and March 2012, Apple produced copies of a number of its patent license agreements,
12 including a June 2011 license between Apple and Nokia. Apple marked the Apple-Nokia license
13 as "Highly Confidential --Attorney Eyes' Only" as permitted by the court's protective order. Apple
14 also produced and marked as "Highly Confidential --Attorney Eyes' Only" similar patent license
15 agreements it has reached with Ericsson, Sharp, and Philips.

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17 As fact discovery transitioned to expert discovery, on March 24, 2012, Samsung's outside
18 counsel sent Samsung a draft expert report by Dr. David J. Teece. Dr. Teece's report concerned
19 damages to be awarded for Apple's alleged infringement of Samsung's asserted declared-essential
20 patents. Because it addressed highly confidential, attorneys' eyes only information, the report
21 should have been fully redacted of that information before it was sent. However, intentionally or
22 inadvertently, it was not. The report as distributed included key terms of each of the four Apple
23 license agreements.

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25 Samsung's outside counsel posted the report on an FTP site that was accessible by Samsung
26 personnel. An email providing instructions to access the FTP site was addressed to the regular
27 client distribution list used by counsel to provide Samsung personnel updates regarding this case.

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1 The information was then sent, over several different occasions, to over fifty Samsung employees,
2 including high-ranking licensing executives. Specifically, on at least four occasions between
3 March 24, 2012 and December 21, 2012, Samsung's outside counsel emailed a copy of some
4 version of the report to Samsung employees, as well as various counsel representing Samsung in
5 courts and jurisdictions outside the United States.

6 At this point, things get murky. According to a declaration from Nokia's Chief Intellectual
7 Property Officer, Paul Melin, on June 4, 2013, in a meeting between Samsung and Nokia licensing
8 executives, Dr. Seungho Ahn informed Nokia that the terms of the Apple-Nokia license were
9 known to him. Specifically, according to Mr. Melin, Dr. Ahn stated that Apple had produced the
10 Apple-Nokia license in its litigation with Samsung, and that Samsung's outside counsel had
11 provided his team with the terms of the Apple-Nokia license. Mr. Melin recounts that to prove to
12 Nokia that he knew the confidential terms of the Apple-Nokia license, Dr. Ahn recited the terms of
13 the license, and even went so far as to tell Nokia that "all information leaks." Mr. Melin also
14 reports that Dr. Ahn and Samsung then proceeded to use his knowledge of the terms of the Apple-
15 Nokia license to gain an unfair advantage in their negotiations with Nokia, by asserting that the
16 Apple-Nokia terms should dictate terms of a Samsung-Nokia license.

17 It is possible that Dr. Ahn's encounter with Mr. Melin occurred very differently.
18 Unfortunately, the court cannot say, because Samsung has elected not to provide the court with any
19 sworn testimony from Dr. Ahn or anyone else at the meeting. Samsung also has failed to supply
20 the court with any evidence at all regarding other uses of the Apple-Nokia license, or those of the
21 other confidential licenses. In fact, despite acknowledging that many dozens of individuals at
22 Samsung and its other counsel have knowledge of confidential license terms that they had no right
23 to access, at yesterday's hearing, Samsung's counsel repeatedly denied even one violation of the
24 protective order, asserting that such a violation can only occur willfully. Counsel further denied
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1 the need for any formal discovery into the matter, even though three months after the breach was
2 brought to its counsel's attention, Samsung is unable to provide evidence on even the most basic
3 questions, such as: who has now had access to the confidential licensing information? For what
4 purpose? When? Where? How? Has Samsung relied on any of the confidential information in
5 taking any position before any other court or jurisdiction? Exactly what steps has Samsung taken
6 to prevent dissemination and use of the confidential information in the future? In each instance,
7 the only response available seems to be, "We're working on it."

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9 Samsung does offer to provide Apple, at some indeterminate point in the future, a log of
10 documents associated with the transmissions of the Teece report. The log is to be developed under
11 the investigation protocol that Samsung negotiated to address Nokia's motion for a protective order
12 in the companion 12-630 case, which arose from the same incident in the companion 12-630 case.
13 Under that protocol, Samsung has retained an outside firm to prepare the contemplated log by
14 forensically analyzing various hard drives, servers and browser histories. The firm does not,
15 however, intend to conduct interviews of any Samsung employee or attorney at all. The firm also
16 is not directed to address in any way Samsung's disclosure of the terms of the Apple-Ericsson,
17 Apple-Phillips, or Apple-Sharp licenses.
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19 This is insufficient.

20 Whether the actions of Samsung and its counsel are worthy of sanctions, and what those
21 sanctions might be, the court cannot yet say. However, it can say that letting Samsung and its
22 counsel investigate this situation without any court supervision is unlikely to produce satisfactory
23 results. Rarely is the fox is permitted to investigate without supervision the disappearance of
24 chickens at the henhouse. It is equally intolerable to allow this situation to fester for weeks, let
25 alone months, with a second trial rapidly approaching. That would be just as unfair to those who
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1 may ultimately be shown to be innocent of any wrongdoing as to those who may have been
2 significantly harmed by improper conduct.

3 To avoid such a result, the court hereby orders that, no later than October 16, 2013,
4 Samsung shall produce to Apple the following:

- 5 1. The e-mails listed on Attachment A to Mr. Becher's August 1, 2013 letter to Mr. Selwyn;
6 and
- 7 2. All e-mails and other communications sent or received since March 24, 2012 by the
8 Samsung employees who received the confidential information (more specifically, the
9 Samsung employees listed in the attachments to Mr. Becher's August 1 letter) to the extent
10 that they relate to Apple's licenses with Nokia, Ericsson, Sharp, and Philips.

11 By that same date, Samsung also shall make available for deposition:

- 12 1. Dr. Ahn;
- 13 2. A Rule 30(b)(6) witness to speak to the dissemination of and use by Samsung of the
14 confidential information, including the use of the confidential information in any
15 proceeding before the United States International Trade Commission and in any court or
16 jurisdiction outside the United States; and
- 17 3. Up to five additional Samsung employees who are identified by Apple from Mr. Becher's
18 August 1 letter to address any and all communications they have had since March 24, 2012
19 regarding Apple's licenses with Nokia, Ericsson, Sharp, and Philips, including the dates of
20 such discussions and the names of all participants in such discussions.

21 In addition to the stipulated relief in the 12-630 case, Nokia shall be allowed access to and full
22 participation in all of the above discovery, subject to the terms of the protective order.
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The parties shall appear for a further hearing on this motion on October 22, 2013 at 10:00 am. No later than October 21 at 9:00 am, each party may submit a supplemental brief no longer than 15 pages.

IT IS SO ORDERED.

Dated: October 2, 2013

Paul S. Grewal _____

PAUL S. GREWAL
United States Magistrate Judge

United States District Court
For the Northern District of California

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