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Majority Opinion >

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

MIRROR WORLDS TECHNOLOGIES, LLC, Plaintiff, - against - FACEBOOK, INC., Defendant.

17-cv-3473 (JGK)

November 21, 2017, Filed November 20, 2017, Decided

For Mirror Worlds Technologies, Llc, Plaintiff: Marc A. Fenster, LEAD ATTORNEY, Arka D. Chatterjee, Benjamin T Wang, Russ, August,& Kabat, Los Angeles, CA USA; Charles Robert Macedo, Amster, Rothstein & Ebenstein LLC, New York, NY USA.

For Facebook Inc., Defendant: Heidi Lyn Keefe, LEAD ATTORNEY, Alexandra Marie Leeper, Azadeh Morrison, Benjamin G. Damstedt, Dena Chen, Cooley LLP, Palo Alto, CA USA; Mark Randolph Weinstein, LEAD ATTORNEY, Cooley Godward Kronish, LLP (Palo Alto), Palo Alto, CA USA; Joseph Michael Drayton, Cooley LLP (NY), New York, NY USA.

John G. Koeltl, United States District Judge.

John G. Koeltl

MEMORANDUM OPINION & ORDER

JOHN G. KOELTL, District Judge:

Pending before the Court in this case involving claims of infringement of software design patents is a dispute regarding the scope of a prosecution bar. The parties agree that some prosecution bar is appropriate to prevent individuals, including attorneys, who obtain highly confidential information in discovery from using that information to prosecute patent applications to the disadvantage of the party who produced the highly confidential information. The parties disagree as to two aspects of the prosecution bar order. First, the parties dispute whether the prosecution bar should apply only to any individual who actually reviews highly confidential material or should extend to any individual who receives access to such material. Second, the parties dispute whether individuals who participate in post-issuance reexamination or inter partes proceedings should be subject to the bar.

I.

In In re Deutsche Bank Trust Co. Americas, 605 F.3d 1373 , 1381 (Fed. Cir. 2010), the Court of Appeals for the Federal Circuit established a two-step test to determine the legality of terms in a patent prosecution bar. Id. at 1381 ; see also id. at 1377-78 (holding that Federal Circuit law applies to prosecution bar disputes because they implicate substantive patent law). First, the Court must determine whether without the term at issue there would be a risk that highly confidential information will be disclosed inadvertently to individuals "involved in 'competitive decisionmaking' with [the] client." Id. at 1378 . Competitive decisionmaking is defined as "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. v. United States, 730 F.2d 1465 , 1468 n.3 (Fed. Cir. 1984)). Second, the Court must balance that risk against "the potential harm to the opposing party from restrictions imposed on that party's right to have the benefit of counsel of its choice." Id. at 1380 .

II.

In this case, it is evident that the prosecution bar should extend to any person who gains access to highly confidential material, as Facebook proposes. **[*2]** Mirror Worlds proposes that the bar should apply only to individuals who actually "review" such material.

There would plainly be a risk of inadvertent disclosure and use of highly confidential information if the prosecution bar were limited to individuals who, it could be shown, had actually reviewed the highly confidential material rather than those individuals who had access to it. The review standard would allow individuals otherwise subject to the bar to learn about confidential

material through conversations about confidential information or written summaries of confidential information without actually reviewing the highly confidential materials themselves. The review standard would engender further disputes about what constitutes reviewing highly confidential material within the meaning of the prosecution bar. The access standard also provides a standard that is clearer to administer than the review standard. For these reasons, courts in this District have routinely approved the access standard to trigger a prosecution bar. See, e.g., Stipulated Protective Order at 11, Seoul Viosys Co. v. P3 Int'l Corp., No. 16-cv-6276 (S.D.N.Y. June 1, 2017), ECF No. 82 (extending bar to "any individual who receives access to" covered material); Protective Order at 12, Microsoft Corp. v. Datatern, Inc., No. 11-cv-2365 (S.D.N.Y. Apr. 13, 2012), ECF No. 64 (same).

The plaintiff complains that the defendant could obtain unfair protection by producing documents that are not otherwise properly producible for the purpose of expanding the prosecution bar. If the defendant produces documents that were not called for or marks documents improperly, the plaintiff can raise those issues with the Court or the Magistrate Judge. To the extent the plaintiff calls for the production of documents that go beyond the issues in this case, the plaintiff must live with the consequences of any overly broad production requests.

Accordingly, the proposed bar shall apply to any individual who gains access to information marked as "Highly Confidential -- Patent Prosecution Bar" or "Highly Confidential -- Source Code."

III.

The parties dispute whether individuals who participate in post-issuance reexamination or inter partes proceedings should be subject to the prosecution bar. The Court concludes that that such individuals should be subject to the bar, subject to exclusions.

Relying on Koninklijke Philips N.V. v. iGuzzini Lighting USA, Ltd., 311 F.R.D. 80 (S.D.N.Y. 2015), the plaintiff argues that individuals involved in post-issuance reexamination proceedings are not engaged in competitive decisionmaking because "amendments made during reexamination can only serve to narrow the original claims," and therefore it is unnecessary to subject them to the prosecution bar. Id. at 86 (quoting Xerox Corp. v. Google, Inc., 270 F.R.D. 182 , 185 (D. Del. 2010)); see 35 U.S.C. §§ 305 , 316 , 326 . In Koninklijke Philips N.V., the court concluded that the inability to expand claims in post-issuance proceedings renders advice in such proceedings not competitive conduct because "no product that did not infringe a patent before **[*3]** reexamination could ever infringe that patent following [post-grant proceedings]." 311 F.R.D. at 86 (alteration in original).

As an initial matter, Koninklijke Philips N.V. is distinguishable from this case. That case involved patents protecting light emitting diodes, whereas this case involves software design patents. Id. at 82 . The Koninklijke Philips N.V. court expressly acknowledged that it may have reached a different result had the patents-in-suit there been software design patents. Id. at 86 . Software design cases, the court explained, may require the bar to extend to post-issuance proceedings because they involve "highly confidential information, such as source code," which, if disclosed, could "compromise[] the value" of the disclosing party's products. Id. at 86 ; cf. Drone Techs., Inc. v. Parrot S.A., 838 F.3d 1283 , 1300 n.13 (Fed. Cir. 2016) ("[S]ource code requires additional protections to prevent improper disclosure because it is often a company's most sensitive and most valuable property. As a result, district courts regularly provide for additional restrictions on discovery to account for the unique characteristics of source code." (citation omitted)).

Moreover, the view the Koninklijke Philips N.V. court took with regard to post-issuance proceedings is not free from criticism. There is no Federal Circuit precedent directly on point, and there is a growing split of authority among the district courts as to whether participation in post-issuance proceedings constitutes competitive decisionmaking. Some courts have held that the inability to broaden claims in post-issuance proceedings "effectively mitigates the potential to misuse PTO procedures to gain a collateral business or litigation advantage, thereby rendering a prosecution bar in the reexamination context largely unnecessary." Pall Corp. v. Entegris, Inc., 655 F. Supp. 2d 169 , 173 (E.D.N.Y. 2008). At least one court has held as much in a software design patent case. Mirror Worlds, LLC v. Apple, Inc., No. 6:08-cv-88, 2009 U.S. Dist. LEXIS 70092 , [2009 BL 170704], 2009 WL 2461808 , at *2 (E.D. Tex. Aug. 11, 2009).

On the other hand, more recent decisions involving prosecution bars in software design patent cases have recognized that even in reexamination proceedings "a patent owner can use confidential information to restructure or amend its claims so as to improve its litigation position against alleged infringers." Telebuyer, LLC v. Amazon.com, Inc., No. 13-cv-1677, 2014 U.S. Dist. LEXIS 147049 , [2014 BL 288358], 2014 WL 5804334 , at *6 (W.D. Wa. July 7, 2014). That logic has led some courts to hold that "where the need to protect confidential information outweighs the burden on the receiving party, a court may prohibit counsel from participating or consulting on reexamination proceedings, or may limit that participation." Id. (citation omitted); accord EPL Holdings, LLC v. Apple Inc., No. c-12-4306, 2013 U.S. Dist. LEXIS 71301 , [2013 BL 135174], 2013 WL 2181584 , at *3-*4 (N.D. Cal. May 20, 2013); Shared Memory Graphics, LLC v. Apple, Inc., No. c-10-2475, 2010 U.S. Dist. LEXIS 125184 , [2010 BL 269109], 2010 WL 4704420 , at *3 (N.D. Cal. Nov. 12, 2010). It has also led the District Court for the Northern District of California to provide in its standing Model Protective Order that a prosecution bar presumptively extends to attorneys who participate in post-issuance proceedings. See Grobler v. Apple, Inc., No. c-12-01534, *2013 U.S. Dist. LEXIS 65048* , *2013 WL 3359274* , at *1 & n.3 (N.D. Cal. May 7, 2013). **[*4]**

The recent cases holding that work in post-issuance proceedings constitutes competitive decisionmaking are more persuasive. When a patent attorney gains access to highly confidential information in an infringement case, there is a risk that the attorney will be able to use that information to shape, draft, amend, or restructure strategically the scope of claims to sustain them against a challenge in a post-issuance proceeding. See Telebuyer, LLC, 2014 U.S. Dist. LEXIS 147049 , [2014 BL 288358], 2014 WL 5804334 , at *6. To the extent that risk of harmful use of highly confidential material is limited in this context because amendments in post-issuance proceedings can only narrow the scope of the claims, a court can account for that limitation in the balancing at step two of the Deutsche Bank analysis. The Court therefore concludes that post-issuance proceedings are properly subject to a prosecution bar.

In this case, the defendant proposed the following term: "Those individuals who have agreed not to participate in amending claim scope . . . are not subject to this prosecution bar for inter partes review or other post-grant proceedings." That term is a workable compromise that appropriately balances the risk to Facebook of inadvertent disclosure against the harm to Mirror Worlds from limitations on its patent counsel. It is also consistent with the compromise reached in cases in the Northern District of California. E.g., EPL Holdings, LLC, 2013 U.S. Dist. LEXIS 71301 , [2013 BL 135174], 2013 WL 2181584 , at *4. Accordingly, the parties shall incorporate the defendant's suggested language into the prosecution bar.

CONCLUSION

The Court has considered all of the arguments raised by the parties. To the extent not specifically addressed, the arguments are either moot or without merit. For the foregoing reasons, the parties shall incorporate the prosecution bar proposed by Facebook.

SO ORDERED.

Dated: New York, New York

November 20, 2017

/s/ John G. Koeltl

John G. Koeltl

United States District Judge

General Information

Judge(s)	JOHN GEORGE KOELTL
Related Docket(s)	1:17-cv-03473 (S.D.N.Y.);
Topic(s)	Civil Procedure; Patent Law; Technology Law
Industries	Computer Software
Court	United States District Court for the Southern District of New York
Parties	MIRROR WORLDS TECHNOLOGIES, LLC, Plaintiff, - against - FACEBOOK, INC., Defendant.

Notes

No Notepad Content Found

Mirror Worlds Techs., LLC v. Facebook, Inc., No. 17-cv-3473 (JGK), 2017 BL 435094 (S.D.N.Y. Nov. 20, 2017), Court Opinion

Direct History

1 **Mirror Worlds Techs., LLC v. Facebook, Inc., No. 17-cv-3473 (JGK), 2017 BL 417153 (S.D.N.Y. Nov. 20, 2017)**
order to transfer denied

2 **Mirror Worlds Techs., LLC v. Facebook, Inc., No. 17-cv-3473 (JGK), 2017 BL 435094 (S.D.N.Y. Nov. 20, 2017)**
order entered

Case Analysis

No Treatments Found

Table Of Authorities (10 cases)

1 Cited , (Cf.) , Quoted — Drone Techs., Inc. v. Parrot, S.A., 838 F.3d 1283, 120 U.S.P.Q.2d 1336, 2016 ILRC 2711 (Fed. Cir. 2016)

As an initial matter, *Koninklijke Philips N.V.* is distinguishable from this case. That case involved patents protecting light emitting diodes, whereas this case involves software design patents. **Id. at 82** . The *Koninklijke Philips N.V.* court expressly acknowledged that it may have reached a different result had the patents-in-suit there been software design patents. **Id. at 86** . Software design cases, the court explained, may require the bar to extend to post-issuance proceedings because they involve "highly confidential information, such as source code," which, if disclosed, could "compromise[] the value" of the disclosing party's products. **Id. at 86** ; *cf.* *Drone Techs., Inc. v. Parrot S.A.* , **838 F.3d 1283** , **1300** n.13 (Fed. Cir. 2016) ("[S]ource code requires additional protections to prevent improper disclosure because it is often a company's most sensitive and most valuable property. As a result, district courts regularly provide for additional restrictions on discovery to account for the unique characteristics of source code." (citation omitted)).

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2 Distinguished , Quoted — Koninklijke Philips N.V. v. iGuzzini Lighting USA, Ltd., 311 F.R.D. 80 (S.D.N.Y. 2015)

Relying on *Koninklijke Philips N.V. v. iGuzzini Lighting USA, Ltd.* , **311 F.R.D. 80** (S.D.N.Y. 2015), the plaintiff argues that individuals involved in

Direct History Summary	
Caution	0
Negative	0
Total	0

Case Analysis Summary	
Positive	0
Distinguished	0
Caution	0
Superseded	0
Negative	0
Total	0

Authorities Summary	
Positive	9
Distinguished	1
Caution	0
Superseded	0
Negative	0
Total	10

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post-issuance reexamination proceedings are not engaged in competitive decisionmaking because "amendments made during reexamination can only serve to *narrow* the original claims," and therefore it is unnecessary to subject them to the prosecution bar. **Id. at 86** (quoting *Xerox Corp. v. Google, Inc.* , **270 F.R.D. 182** , **185** (D. Del. 2010)); *see* **35 U.S.C. §§ 305** , **316** , **326** . In *Koninklijke Philips N.V.* , the court concluded that the inability to expand claims in post-issuance proceedings renders advice in such proceedings not competitive conduct because "no product that did not infringe a patent before reexamination could ever infringe that patent following [post-grant proceedings]." **311 F.R.D. at 86** (alteration in original).
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3 Cited , Quoted Telebuyer, LLC v. Amazon.Com, Inc., No. CASE NUMBER: 13-cv-1677, 2014 BL 288358 (W.D. Wash. July 07, 2014)

On the other hand, more recent decisions involving prosecution bars in software design patent cases have recognized that even in reexamination proceedings "a patent owner can use confidential information to restructure or amend its claims so as to improve its litigation position against alleged infringers." *Telebuyer, LLC v. Amazon.com, Inc.* , No. 13-cv-1677, 2014 U.S. Dist. LEXIS 147049 , [**2014 BL 288358**], 2014 WL 5804334 , at *6 (W.D. Wa. July 7, 2014). That logic has led some courts to hold that "where the need to protect confidential information outweighs the burden on the receiving party, a court may prohibit counsel from participating or consulting on reexamination proceedings, or may limit that participation." *Id* . (citation

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omitted); *accord* *EPL Holdings, LLC v. Apple Inc.* , No. c-12-4306, 2013 U.S. Dist. LEXIS 71301 , [**2013 BL 135174**], 2013 WL 2181584 , at *3-*4 (N.D. Cal. May 20, 2013); *Shared Memory Graphics, LLC v. Apple, Inc.* , No. c-10-2475, 2010 U.S. Dist. LEXIS 125184 , [**2010 BL 269109**], 2010 WL 4704420 , at *3 (N.D. Cal. Nov. 12, 2010). It has also led the District Court for the Northern District of California to provide in its standing Model Protective Order that a prosecution bar presumptively extends to attorneys who participate in post-issuance proceedings. *See* *Grobler v. Apple, Inc.* , No. c-12-01534, 2013 U.S. Dist. LEXIS 65048 , 2013 WL 3359274 , at *1 & n.3 (N.D. Cal. May 7, 2013).

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4 Cited , (E.g.) EPL Holdings, LLC v. Apple, Inc., No. C-12-04306 JST (JSC), 2013 BL 135174 (N.D. Cal. May 20, 2013)

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7 Discussed , Quoted In re Deutsche Bank Tr. Co. Ams., 605 F.3d 1373, 95 U.S.P.Q.2d 1399 (Fed. Cir. 2010)

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8 Cited — Mirror Worlds, LLC v. Apple, Inc., CASE NO. 6:08 CV 88., 2009 BL 170704 (E.D. Tex. Aug. 11, 2009)

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10 Cited , Quoted — U.S. Steel Corp. v. United States, 730 F.2d 1465, 5 ITRD 1955 (Fed. Cir. 1984)

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Table Of Authorities (10 cases)

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