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15	UNITED STATES DISTRICT COURT		
16 17	CENTRAL DISTRI	CT OF CALIFORNIA	
18 19	PARAMOUNT PICTURES	CASE NO. CV 01-9358 FMC (Ex)	
21 22 23	CORPORATION et al., Plaintiffs, v. REPLAYTV, INC. et al., Defendants.	Hon. Florence-Marie Cooper JOINT STIPULATION FOR THE COPYRIGHT OWNER PLAINTIFFS' MOTION FOR PROTECTIVE ORDER	
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COLINIGHT OWNER TEAMNITES INTRODUCTION
The Copyright Owner Plaintiffs in the ongoing action concerning the
ReplayTV digital video recorder bring this motion, at Judge Cooper's direct
instruction, to protect their most sensitive and propriety information from
inevitable migration into the public arena. Judge Cooper recently consolidated our
case against ReplayTV and SONICblue with a new action—filed by two sets of
counsel, the Electronic Frontier Foundation (EFF), a self-styled advocacy
organization for "free audiovisual expression," and The Rothken Law Firm—in the
name of five individual owners of ReplayTV units, ostensibly because those five
men are fearful of restriction on their unfettered DVR use. Newmark, et al. v.
Turner Broadcasting System, Inc., et al. (former Case No. CV 02-04445 FMC
(Ex)). The Rothken Law Firm has already executed an Undertaking to abide by
this Court's May 29, 2002 Protective Order (the "Protective Order") and thus the
Newmark Plaintiffs now have, through counsel, full access to every bit of
information produced by the Copyright Owner Plaintiffs, even information
designated under the Protective Order as "Highly Restricted."

This motion seeks very targeted limitations on access by the Newmark Plaintiffs' second set of counsel, the three lawyers employed by EFF, to some of the most highly confidential of the information designated "Highly Restricted." The Copyright Owner Plaintiffs need protection beyond that afforded by the existing Protective Order for a simple reason, one recognized by the Ninth Circuit in comparable situations as deserving special judicial treatment: The three EFF lawyers primarily operate as public advocates, in the media and before public policy makers, and the coin of that realm is information, particularly information about the inner workings, finances and business plans of the major film studios and television networks. As one of the EFF lawyers on the *Newmark* pleadings has proudly declared, EFF lawyers litigate cases not to vindicate the rights of their individual clients, but to forward EFF's political agenda. At the core of that

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agenda is EFF's very public opposition to the Copyright Owner Plaintiffs' efforts to obtain legislative protection for digital content, efforts that EFF decries as a "cabal of Hollywood entertainment interests . . . conjuring this apocalyptic world."

Were these EFF lawyers to gain access through this litigation to "Highly Restricted" information about, for example, Plaintiff MGM's business plan for maximizing revenues from DVD distribution, or Plaintiff Time Warner's analysis of the technical weaknesses of a proposed content security system, that information would inform all of their future lobbying work for EFF. No matter how high their professional integrity, these lawyers, because they are human, cannot forget what they have learned and cannot erect ethical walls within their own brains. Leakage of "Highly Restricted" information cannot be prevented for so long as these lawyers continue in their roles as lobbyists and publicists for EFF's positions.

As protection, we seek merely to have EFF lawyers treated under the existing Protective Order as if they were in-house counsel, and, even then, only as to the most sensitive of the "Highly Restricted" information. That approach is fair, reasonable and well tailored to the unique circumstances presented by EFF's decision to add representation of the *Newmark* Plaintiffs to its strategic agenda. As an organization that takes on representation only to advance its own political goals, EFF is, in essence, the "real party in interest" and the three EFF lawyers—all EFF employees—are, in essence, its "in-house counsel." Given EFF's admitted strategy of using litigation as a strategic tool, it is neither hyperbolic nor unreasonable to wonder whether a primary reason EFF joined the Rothken Law Firm in representing the Newmark plaintiffs was to learn more about the inner workings and plans of the "Hollywood cabal." Again, this is not meant as an accusation, but a recognition of human reality. One who reads, for example, the most confidential and guarded planning documents of Columbia Pictures will, without ever distributing a single copy in overt violation of a Protective Order, inevitably violate that Order by using what is learned to inform her arguments

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before policy makers that, for example, a particular content security proposal is not as important to Columbia Pictures as might appear.

The propriety of the limiting order we seek is well established in this Circuit. Any lawyer—whether in-house or separately retained—whose non-litigation activities create a reasonable likelihood that confidential information will be disclosed should be barred from access to that confidential information. Under Brown Bag Software v. Symantec Corp., 960 F.2d 1465, 1471 (9th Cir. 1992), this Court cannot rely on assurances from the EFF lawyers or require the Copyright Owner Plaintiffs to wait for evidence of actual disclosure. Rather, the Court is to consider both: (1) "each individual counsel's activities" to determine whether "an unacceptable opportunity for inadvertent disclosure exists . . ." U.S. Steel Corp. v. *United States*, 730 F.2d 1465, 1468 (Fed. Cir. 1984); and (2) "not only whether the documents could be locked up in cabinets, but also whether . . . counsel [can] lockup trade secrets in [their] mind[s], safe from inadvertent disclosure . . . once [they have read the documents." Brown Bag, supra, 960 F.2d at 1471. Permitting EFF's attorneys to have access to the Copyright Owner Plaintiffs' most sensitive proprietary information—information the other Plaintiffs' in-house counsel are not allowed to review—poses too great a risk because, as in *Brown Bag*, the ongoing activities of EFF's attorneys will "necessarily entail" assisting EFF and chosen outside clients "in areas relating to [the Copyright Owner Plaintiffs'] trade secrets." Id.

We detail below the subcategories of documents already marked "Highly Restricted" for which the Copyright Owner Plaintiffs seek special protection and why that protection is warranted. (As noted, the *Newmark* Plaintiffs' other counsel has full access to all these documents.) We also demonstrate—all in EFF's own words—why the EFF lawyers' job responsibilities necessitate protection for the Copyright Owner Plaintiffs' highly confidential information beyond that provided by every bar member's good word.

Discovery at Issue

The Copyright Owner Plaintiffs seek to treat EFF's attorneys as "in-house" counsel under the Protective Order, precluding them from gaining access to "Highly Restricted" documents produced by the Copyright Owner Plaintiffs or third parties within the specific categories identified below:

- (i) The documents produced by the Copyright Owner Plaintiffs in response to Defendants' requests for documents produced to the Department of Justice concerning the Department's separate investigations of "Movies.com" and "Movielink" (the "DOJ Documents");
- (ii) The so-called "Lobbying Documents";
- (iii) The Copyright Owner Plaintiffs' business plans;
- (iv) Confidential financial documents; and
- (v) Security and content protection information.

Categories (i) through (iv) were the subject of a motion to compel discovery brought by the Defendants, and the Magistrate's April 26 Order granting the motion in part. The District Court affirmed the Magistrate's April 26 Order with respect to these categories of documents, in Section III of Judge Cooper's order of May 30, 2002. (Cooper Decl., ¶ 7, Exh. D, Page 8:7-10.)

The Copyright Owner Plaintiffs' Contentions

Procedural Background

On August 15, 2002, this Court granted the Newmark Plaintiffs' motion to consolidate the action titled Newmark, et al. v. Turner Broadcasting Network, et al.

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¹ Under the Stipulation and Protective Order dated September 19, 2002, the Copyright Owner Plaintiffs have agreed to promptly identify to the Newmark Plaintiffs the specific Lobbying and DOJ Documents that are the subject of this Motion. (Cooper Decl., ¶ 6, Exh. C.) The Copyright Owner Plaintiffs will also promptly identify to the Newmark Plaintiffs by Bates number the specific business plans, confidential financial documents, and security and content protection documents for which this protective order is sought.

(Case No CV 02-04445 FMC (Ex) (the "Newmark Action") with the above-captioned action (the "Replay Action"). In granting the order, the Court acknowledged the Copyright Owner Plaintiffs' concerns about EFF obtaining unrestricted access to all of their production. While deciding not to deny consolidation on that ground, Judge Cooper expressly left "the determination of the precise scope of discovery [to which the Newmark Plaintiffs would be allowed access] to the magistrate judge." (Cooper Decl., ¶2, Exh. A.)

Immediately following the order, the Newmark Plaintiffs, through their counsel Ira Rothken, requested that they be given access to all of the discovery produced in the Replay Action, subject to the terms of the Protective Order. In response, the Copyright Owner Plaintiffs attempted to negotiate with the Newmark Plaintiffs certain restrictions and limitations on access to the discovery, including an agreement that the Newmark Plaintiffs' co-counsel, EFF, not be given access to the most sensitive proprietary information produced by these companies.

Specifically, the Copyright Owner Plaintiffs asked that EFF's review be subject to the same agreed-upon limitations in place with respect to the parties' in-house counsel – that EFF be prohibited from viewing any documents designated as "restricted" or "highly restricted" under the Protective Order. (Cooper Decl., ¶ 4, Exh. B.)

Initially, the Newmark Plaintiffs *agreed* to the restrictions proposed by the Copyright Owner Plaintiffs to limit EFF's access to their most sensitive documents, subject to preserving their right to bring a motion to lift such restrictions on grounds that there existed a compelling reason that EFF's attorneys should have access to them. (Cooper Decl., ¶ 4, Exh. B.) However, the Newmark Plaintiffs changed their minds and thereafter insisted that EFF be given blanket access to all documents without regard to their substance. (Cooper Decl., ¶ 5.)

The parties met and conferred in an effort to find a middle ground. However, those negotiations failed, necessitating this motion.

EFF is an Organization Engaged in a Long-Term Struggle with the Entertainment Industry – Including the Copyright Owner Plaintiffs – Over Access to Content as well as Content Protection and Security

Whether one agrees or disagrees with the politics and positions advocated by the EFF, one cannot dispute that the EFF is, first and foremost, a political organization with a very specific mission that pits them against the interests of the Copyright Owner Plaintiffs in the judicial, legislative and public arenas, on the very issues to which the documents in question relate. It is unavoidable that allowing EFF's attorneys access to the contents of those documents will result in their use and disclosure, to the detriment of the Copyright Owner Plaintiffs.

EFF describes itself as "the leading civil liberties organization working to protect rights in the digital world" which "actively encourages and challenges industry and government to support free expression, privacy and openness in the information society." (Weiss Decl., ¶ 2, Exh. E.) In practice, EFF is beyond the extreme end of the spectrum in its policy positions with respect to the copying and use of copyrighted content distributed through the internet, digital cable, DVDs and other recent technologies. EFF's co-founder, present Vice-Chairman of the Board, and former Grateful Dead lyricist, John Perry Barlow, predicted in 2000, "There will be no property in cyberspace." (Weiss Decl., ¶ 3, Exh. F.). EFF issues the following call to arms on its website:

... governments and corporate interests worldwide are trying to prevent us from communicating freely through new technologies, just as when those in positions of power controlled the production and distribution of – or even burned – books they did not want people to read in the Middle Ages. . . .

[EFF] was created to defend our rights to think, speak, and share our ideas, thoughts, and needs using new technologies, such as the Internet and the World Wide Web. . . .

(Weiss Decl., ¶ 4, Exh. G.)

Accordingly, EFF opposes virtually every piece of legislation and every technological development or application intended to control unauthorized use or copying of copyrighted content, on grounds that are neither legally nor logically supportable. EFF's perspective does not allow for compromise and leads inevitably to such EFF-sponsored campaigns as its effort to obtain repeal of the Children's Internet Protection Act of 2000 -- legislation that requires federally funded schools and libraries to maintain software on their computers to filter out pornography.² (Weiss Decl., ¶ 5, Exh. H.)

EFF is most recently involved in campaigns to fight legislation and interindustry cooperation to develop uniform standards and methods for preventing illegal use and copying of digital copyrighted content. EFF's strategy in these matters, too, is guided by its view that security systems and devices employed by copyright owners to prevent unauthorized use and copying of their digital copyrighted works are anti-competitive and unconstitutionally impinge on "fair use" of copyrighted content.

Among EFF's recent activities is its campaign to discredit the Broadcast Protection Discussion Group ("BPDG") and the BPDG's effort to evaluate and recommend proposals to secure digital broadcast programming from theft and piracy. (Weiss Decl., ¶ 2, Exh. E.) The BPDG was formed in November, 2001 by 70 representatives of "consumer electronics, information technology, motion picture, cable and broadcast industries." (Weiss Decl., ¶ I, Exh. I.) Participants included all of the Copyright Owner Plaintiffs in this action. Consistent with its opposition to all efforts by copyright owners and content providers to prevent

² Nor does EFF propose any constructive or even viable alternatives to its absolutist views. At best, its solutions are offered disingenuously. In challenging record company efforts to use the United States courts to block a Chinabased web site that offered thousands of copyrighted songs free of charge, EFF attorney (and counsel for the Newmark Plaintiffs) Fred Von Lohmann told a New York Times reporter, "Wouldn't it be better to get an injunction from a Chinese court to punish the people behind this?" (Weiss Decl., ¶ B, Exh. P.) As Mr. Lohmann surely knows from reading the New York Times, no such relief will be forthcoming from the Chinese courts.

unauthorized copying of their works, EFF was critical of the BPDG from the outset, singling out the major studio participants in particular:

Well, Hollywood's at it again. This time, the entertainment giants are meeting behind closed doors with key consumer electronics and computer companies. Using the rubric of eliminating "piracy," this semi-secret group will set the standards for the over-the-air broadcast signals of digital television . . . Through the Broadcast Protection Discussion Group . . . Hollywood is writing a "technical standard" that will restrict digital television equipment . . . capable of receiving digital TV broadcasts . . .

(Weiss Decl., ¶ 2, Exh. E.)

The BPDG issued a final report. EFF, consistent with its general opposition to any content protection system, characterized the report as "Hollywood's attempt to force an unconscionable government mandate restricting technology innovation and the rights of digital television consumers." (Weiss Decl., ¶ 7, Exh. J.)³

EFF is also presently engaged in a public relations and lobbying campaign to kill the "Consumer Broadband and Digital Television Promotion Act," introduced by Senator Fritz Hollings in the last session of Congress. The proposed legislation would establish a standardized security system to protect digital content distribution from unauthorized use or copying, and its objectives are supported by the Copyright Owner Plaintiffs. EFF, however, has issued public statements attacking the effort as an "abridgement of freedom," and characterizing it as "a cabal of Hollywood entertainment interests . . . cooking up a set of laws aimed at conjuring this apocalyptic world into existence." (Weiss Decl., ¶ 9, Exh. L.)

Among the copy protection methods endorsed by the BPDG is the so-called "broadcast flag" -- a potential technological method of signaling copy protection of digital broadcast content. The teaser on EFF's website to the press release concerning the Broadcast Flag reads: "FCC to Announce Hollywood's Controversial 'Broadcast Flag' -- Anti-Competitive Proposal Undermines Adoption of Digital TV." (Weiss Decl., ¶ 8, Exh. K.)

EFF's Litigation Activities Track its Organizational Mission

Although EFF is engaged in litigation as well as its other activities, its clients and cases are chosen based on their ability to further EFF's organizational objectives. Robin Gross, an EFF staff attorney who is also one of the three EFF attorneys identified on the Newmark Plaintiffs' complaint, articulated it well:

EFF is not spending years in court merely to exonerate one or two individuals, or to enable distribution of a limited software prototype. We are here to establish the principle that the anticircumvention provisions cannot be used to eliminate fair use broadly throughout society.

(Weiss Decl., ¶ 10, Exh. M.)

A few examples of the cases it has chosen to support make the point. EFF was co-counsel for defendants in Universal City Studios, Inc. v. Reimerdes in the unsuccessful appeal of a judgment against them in the Southern District of New York, for illegally posting on a website a computer program, DeCSS, capable of cracking the "CSS" decryption technology that the motion picture studios use to prevent the unauthorized viewing and copying of their DVDs. EFF has also offered its services as co-counsel to defendants in MGM Studios, Inc., et al v. Grokster, et al. (USDC Case No. CV 01-08541 SVW (PJWx), a case pending in this court in which the Defendants, like Napster, operate an internet website that fosters rampant piracy of copyrighted music and other content, and in Davidson & Associates, Inc. v. Internet Gateway, Inc. (USDC Case No. 4:02CV498 CAS), a case in the Eastern District of Missouri, in the defense of alleged copyright infringement involving unauthorized copying to play games over the internet without purchasing plaintiff's software. (Weiss Decl., ¶ 11, Exh. N.)

EFF's Legal and Lobbying Activities Create an Unacceptable Risk that its Attorneys Will Use or Disclose the Copyright Owner Plaintiffs' Confidential Information.

As the foregoing clearly demonstrates, EFF has assumed *co-counsel* duties in this case on behalf of the Newmark Plaintiffs because it presents another opportunity for EFF to advance its agenda. Whether or not EFF's attorneys become more than peripherally and sporadically involved in the lawsuit with The Rothken Law Firm, their involvement should not provide EFF with a free pass to obtain the Copyright Owner Plaintiffs' most sensitive, proprietary information. EFF is currently, and will be for the foreseeable future, involved in activities adverse to "Hollywood" and these Copyright Owner Plaintiffs, making the information at issue – including business plans, internal financial and budgeting data, and security and content protection information – of more than passing interest to EFF's broader mission. The information produced by the Copyright Owner Plaintiffs to SONICblue and Replay will inform EFF and influence its strategies in taking on "Hollywood" in the future.

The courts have endorsed protective orders that restrict access to confidential documents to *any* attorney – in-house or retained counsel – who may be involved in "competitive decisionmaking" on behalf of her or his employer or client. (*See, e.g., In re Pabst Licensing,* 2000 U.S. Dist. LEXIS 6374 (E.D.La.) (Patent attorney granted access to confidential materials on condition that attorney not prosecute patent applications on behalf of client for one year after conclusion of litigation); *see also Motorola, Inc. v. Interdigital Technology Corp.*, 1994 U.S. Dist. LEXIS 20714 (S. Del.)). The Ninth Circuit has expressly upheld protective orders that prohibit in-house counsel from gaining access to confidential

⁴ Although EFF is not a commercial enterprise, it is in every other sense of the word a "competitor" of the Copyright Owner Plaintiffs.

information produced by the adverse party, because their corporate responsibilities created an unacceptable risk of disclosure of the information, even though inadvertent. *Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465, 1470-1472 (9th Cir. 1992). In *Brown Bag Software*, in upholding a protective order issued by the magistrate that restricted plaintiff's in-house counsel from reviewing the confidential information produced by the defendant, the court reasoned that the risk of disclosure was simply too great, notwithstanding the well-intentioned assurances of in-house counsel:

The magistrate expressly credited in-house counsel's integrity and good faith. The magistrate had to consider, however, not only whether the documents could be locked up in cabinets, but also whether Brown Bag's counsel could lock-up trade secrets in his mind, safe from inadvertent disclosure to his employer once he had read the documents.

Brown Bag Software Symantec Corp., supra, 960 F.2d at 1471 (emphasis added).

After reviewing evidence that that plaintiff's in-house counsel "was responsible for advising his employer on a gamut of legal issues, including contracts, marketing, and employment" (*Id.*), the court affirmed the conclusions of the magistrate:

From this testimony, the magistrate reasonably concluded that Brown Bag's counsel's employment would necessarily entail advising his employer in areas relating to Symantec's trade secrets. Knowledge of Symantec's trade secrets would place in-house counsel in the "untenable position" of having to refuse his employer legal advice on a host of contract, employment, and competitive marketing decisions lest he improperly or indirectly reveal Symantec's trade secrets.

Brown Bag Software v. Symantec Corp., supra, 960 F.2d at 1471.

In so ruling, the court was careful to point out that *retained* outside counsel, as well as in-house counsel, may be prohibited from reviewing confidential documents if such counsel are likely to utilize their knowledge of the confidential information in providing legal advice in the future:

We turn to *U.S. Steel Corp. v. United States*, 730 F.2d 1465 (Fed. Cir. 1984), as the leading authority on protective orders distinguishing between outside and in-house counsel. [Citations omitted.] The *U.S. Steel* court cautioned against arbitrary distinctions based on type of counsel employed, noting that in practice the risk of inadvertent disclosure of trade secrets obtains equally for both kinds of counsel. [Citation omitted.] The *U.S. Steel* court concluded that, to evaluate the risk of inadvertent disclosure, a court should examine the factual circumstances of *any* counsel's relationship to the party demanding access. . . .

Thus, proper review of protective orders in cases such as this requires the district court to examine factually all the risks and safeguards surrounding inadvertent disclosure by *any* counsel, whether in-house or retained.

Brown Bag Software v. Symantec Corp., supra, 960 F.2d at 1470.

The rule enunciated in *U.S. Steel* and *Brown Bag Software* is not limited to cases in which a company's "trade secrets" are at stake. "Commercial information such as marketing strategies and documents related to corporate structure" may also be protected from disclosure to a party's attorney where the attorney's activities could cause the attorney to "base future . . . decisions on the information obtained during discovery." *C.A. Muer Corp. v. Big River Fish Co.*, 1998 U.S. Dist. LEXIS 12639 (E.D. Pa.)

The work performed by EFF's attorneys in advancing EFF's mission "necessarily entail[s] advising [EFF and its clientele in matters] relating to [Plaintiffs' confidential information.] Knowledge of [Plaintiffs'] trade secrets would place [EFF's attorneys] in the 'untenable position' of having to refuse [EFF and its clientele] legal advice on a host of . . . decisions lest [they] improperly or indirectly reveal [Plaintiffs'] trade secrets." *Brown Bag Software v. Symantec Corp.*, *supra*, 960 F.2d at 1471.

The five categories for which we seek protection of the sort ordered in *Brown Bag Software* are described below.

(1) The Confidential Business Plans

The documents within this category include the Copyright Owner Plaintiffs historical *and recent* high-level strategic business plans, marketing strategies, and forecasts relating to each of the channels of distribution for the Copyright Owner Plaintiffs' television and home video businesses, including commercial advertising and alternative forms of advertising, broadcast television, syndication rights, payper-view, barter arrangements, home video exhibition, and the distribution of television programming and movies through broadband Internet connections, video-on-demand, set-top boxes and other new media. These business plans include competitively sensitive analyses and evaluations regarding the performance of other studios and networks in the various channels of distribution.

Knowledge of the Copyright Owner Plaintiffs' current business plans, which even the other Copyright Owner Plaintiffs' in-house attorneys are prevented from seeing under the terms of the Protective Order, is at substantial risk of disclosure if EFF is allowed to see them. Fred Von Lohmann, another of EFF's attorneys identified as counsel in this case, recently authored an article in the *California Lawyer* concerning this case which underscores why this information would be of such keen interest to EFF. Von Lohmann stated:

It is hard to see why Hollywood's business models should be exempt from the disruptive effects of innovation any more than the railroad industry should have been rescued from the internal combustion engine. But more significant, what's bad for today's Hollywood executive will almost certainly be a boon to tomorrow's copyright owners. A century of experience teaches that new technologies, no matter how disruptive in the short run, have invariably expanded the revenue pie for copyright owners in the long run.

(Weiss Decl., ¶ 12, Exh. O.)

The business plans and financial statements of the major studios and television networks bear directly on Mr. Von Lohmann's position articulated in his recent article. Because EFF is at least as involved in its public relations activities

as it is in actual litigation, EFF will undoubtedly assert again publicly that new technologies will expand the copyright owners' "revenue pie." Should Mr. Von Lohmann or his colleagues at EFF gain access to these business plans in the meantime, it is unlikely that EFF will be able to speak on the subject without drawing on the content of those plans, resulting in their use and disclosure.

At the same time, there is no compelling reason for EFF to see this information in connection with this litigation. The Newmark Plaintiffs will not be prejudiced if EFF is denied access to the information, as the Newmark Plaintiffs will have access to the information through The Rothken Law Firm.

(2) <u>Confidential Financial Information</u>

The "Highly Restricted" financial information produced by the Copyright Owner Plaintiffs includes comprehensive data tracking the specific revenue sources (including commercial advertising sales, sponsorships, licenses, subscriptions, and product placements), and similarly specific expense data, annually and quarterly for each company, in each of the channels of distribution for Plaintiffs' television and home video businesses (including free broadcast television, basic subscription television, premium television, pay-per-view, and videocassette and DVD sales and rentals), going back to 1984. These documents also include information concerning market forecasts and budgets, and other evaluative information and analysis.

Here, too, disclosure of some portion of this information is inevitable given its relevance to EFF's assertion that the major motion picture studios are not injured by the advent of new technologies for the distribution, viewing and reproduction of copyrighted content. Again, there is no colorable argument that the Newmark Plaintiffs will be prejudiced by an order limiting access to these documents to *one* of the Newmark Plaintiffs' sets of lawyers.

(3) The DOJ Productions

This category of documents is comprised of documents produced by the Copyright Owner Plaintiffs to the Department of Justice in connection with two "video on demand" ventures involving most of the major motion picture studios: Movies.com and Movielink/MovieFly. These documents reveal, among other things, some of the Copyright Owner Plaintiffs' most innovative technology and strategies for "on demand" content deployment and channel distribution. The trade secrets and other proprietary information reflected in these documents are closely guarded and protected by the Copyright Owner Plaintiffs. In addition to hundreds of thousands of pages of correspondence and draft agreements generated by the Copyright Owner Plaintiffs and exchanged with other studios and networks regarding the corporate structure of potential joint ventures and terms of service, these productions include correspondence and draft agreements reflecting contemplated transactions with third parties to develop VOD solutions. Many of these third party negotiations were themselves the subject of non-disclosure agreements.

Included in these documents is information in areas in which EFF regularly opposes the interests of the Copyright Owner Plaintiffs: confidential licensing terms, security technologies and digital rights management. As co-counsel for the five individual ReplayTV 4000 users, EFF has no reason relevant to this litigation for having access to these documents. Of course, EFF's attorneys have *every* reason to want to know and understand the contents of these documents in connection with EFF's legislative and public relations activities. Even if EFF's attorneys profess their determination not to reveal their contents to EFF or to its other clients, their continued participation in developing legislative and public relations strategy for EFF will "necessarily entail" the disclosure of the contents of the DOJ documents.

Finally, EFF's attorneys have no compelling reason to see the DOJ documents in connection with this case in any event. The Newmark Plaintiffs do not even assert the copyright misuse defense, which was the reason claimed by the Replay and SONICblue Defendants for their relevance, and the basis for their production. *Brown Bag Software v. Symantec Corp.*, *supra*, 960 F.2d at 1470.

(4) The Lobbying Documents

It is beyond dispute that EFF competes with the Copyright Owner Plaintiffs and their representatives with respect to every topic for which the Magistrate has ordered the Copyright Owner Plaintiffs to produce lobbying-related documents: regulation of VCRs (video cassette recorders) and PVRs (Personal Video Recorders such as the ReplayTV 4000), commercial skipping behavior of consumers, and the Macrovision provisions enacted in the Digital Millennium Copyright Act. (*See, e.g.*, Weiss Decl., Exhs. E, J, K and L.) Arming EFF's attorneys with knowledge concerning the Copyright Owner Plaintiffs' legislative strategies in these areas would be of enormous benefit to EFF (and an obvious detriment to the Copyright Owner Plaintiffs). Again, it is inconceivable that such knowledge would not, of necessity, inform EFF's lobbying activities in the future.

It would be particularly unfair to allow EFF access to confidential documents about currently active legislative campaigns, particularly in light of their questionable relevance in this case. Again, to the extent that there exists any colorable argument of potential relevance, the Newmark Plaintiffs' interests are more than adequately represented by their principal counsel, The Rothken Law Firm. The Newmark Plaintiffs can also expect that the Replay and SONICblue lawyers will exploit whatever value may be drawn from these documents. Because there is no prejudice to the Newmark Plaintiffs, there is no reason to put at risk the disclosure and use of this information in a manner which will cause substantial injury to the Copyright Owner Plaintiffs outside of, and unrelated to, this litigation.

The Security and Content Protection Documents

Although documents reflecting this information may be fewest in number, they implicate important trade secrets and other proprietary information. Content protection is a topic of great importance to EFF, which devotes a substantial amount of time and energy to attempting to defeat new legislation that would assist in implementation of content protection systems, and to repeal or strike down existing legislation that protects content protection systems that are in place. Indeed, EFF's attorneys have also represented defendants sued for attempting to defeat security and content protection systems. (Weiss Decl., ¶ 11, Exh. N (see, e.g., Universal City Studios, Inc. v. Reimerdes).) A report, for instance, that provides a studio-perspective overview of the various content protection systems available or in development, would be a source of important substantive information concerning the systems themselves, and the strategic perspectives of the studios. Its disclosure would be of great strategic benefit to EFF, and it is highly improbable that EFF's attorneys will not be influenced by its content.

Once EFF's attorneys are granted access to the "Highly Restricted" documents relating to the business plans and financial information, security and content protection, "lobbying" documents and "DOJ" documents, the bell cannot be unrung. *Micron Technology, Inc. v. Mosel Vitelic Corporation*, 1999 WL 458168 at *6 (D. Idaho) ("[I]n determining the appropriateness of a protective order is the realization that 'it is very difficult for the human mind to compartmentalize and selectively suppress information once learned, no matter how well-intentioned the effort may be to do so."") Well after this case is resolved, EFF's attorneys will be pursuing EFF's organizational mission, and, unless this motion is granted, their strategy will be shaped, at least in part, by the information that they glean from these documents, and their contents will be inevitably disclosed outside of this litigation.

(5)

NEWMARK PLAINTIFFS' INTRODUCTION

The Entertainment Companies seek to effectively disqualify the Electronic Frontier Foundation (EFF) from serving as Newmark Plaintiffs' chosen counsel on the grounds that EFF also engages in public advocacy on issues adverse to them. This is an extraordinary attempt to undermine the Newmark Plaintiffs' claims in this action and to broadly limit the ability of a nonprofit organization to provide legal services to its clients. It should be denied.

In essence, the Entertainment Companies seek to persuade the Court that because the EFF engages in public discourse with a particular set of views about the interaction of copyright, consumers' rights, technology and freedom of expression, it cannot abide by the Protective Order already in place in this case and should be precluded from representing its clients in litigation in those areas through a broad restriction on access to discovery documents. The correctness of EFF's views about copyright or the scope of First Amendment rights is irrelevant here; the Entertainment Companies claim that the mere fact that EFF presents its positions in public is sufficient to curtail its ability to competently represent clients in court on those same issues.

The Entertainment Companies portray this request as a "targeted limitation" (Copyright Owners' Contentions at 1:17), seeking "narrowly tailored solutions" that is "merely to have EFF lawyers treated under the existing Protective Order as if they were in-house counsel, and even then, only as to the most sensitive of the 'Highly Restricted' information." This description is highly misleading. The Entertainment Companies here seek to prohibit access to approximately 78% of the total 105, 750 documents produced by them (or 79% including "Restricted" documents), by three of the four attorneys of record for the Newmark Plaintiffs. (Ira Rothken Declaration, ¶19-20). It is not "narrowly tailored"- indeed the Entertainment Companies have made a "blanket" designation that *all* documents

produced to the Department of Justice, irrespective of their content, are "Highly Restricted" (Rothken Decl.¶17).

And the ruling sought would reach far beyond simple document review. The EFF Attorneys could not meaningfully participate in depositions, the propounding of additional discovery or preparation of briefs or motions involving restricted documents, and of course could not assist in trial preparation or the actual portions of the trial involving these documents. The proposed restrictions would effectively preclude EFF's legal representation and would materially prejudice the Newmark Plaintiffs, the consumers who are the real parties in interest in this case.

There is no basis in the case law or Federal Rule of Civil Procedure 26 for the requested ruling. Instead, the Entertainment Companies seek to have this Court extend the narrow "competitive business decision-maker" exception that has been applied to specific in-house counsel well beyond its traditional border, to create a de facto disqualification of a non-commercial lawfirm that is not a party to the case and that does not compete with them in any relevant way.

The EFF is a member-supported registered 501(c)(3) nonprofit organization. Its agenda includes representing individuals and organizations on a broad range of issues involving technology and civil liberties, with specific focus on the First Amendment, Fourth Amendment and privacy. It has served as counsel in cases involving anonymous speech on the Internet, First Amendment protection for computer code and prevention of government censorship on the Internet (Cohn Decl. ¶6-7).

The obvious effect, if not goal, of the Entertainment Companies' motion is to impede the Newmark Plaintiffs' pursuit of their case by reducing their counsel of record from four attorneys to one. More generally, if successful, the Entertainment Companies will set a precedent of preventing legal representation of opposing parties in litigation based upon public statements by counsel of philosophical views that are at odds with those of the Entertainment Companies.

In addition to the impact in the present case, the ruling sought by the Entertainment Companies has disturbing implications for both the EFF and any organization that engages in both public advocacy and client representation in litigation. This could include other nonprofit legal services organizations such as the N.A.A.C.P., American Civil Liberties Union and the Pacific Legal Foundation, environmental advocacy groups such as Sierra Club, trade organizations like the M.P.A.A. and the R.I.A.A.⁵ and even law firms that provide legislative as well as litigation services to their clients.6

In effect, this request seeks to set a precedent that restrains an organization's ability to represent clients in litigation on the basis that it has exercised its First Amendment rights to petition the government and to speak publicly on the same topic. Because of the Entertainment Companies' express reliance on the EFF's political speech as the basis for its motion here, the First Amendment also bars the Entertainment Companies' request.

ISSUES IN DISPUTE

The Entertainment Companies seek to exclude EFF Attorneys' access to the following categories of documents, by having them treated as "in-house counsel" under the Protective Order issued in Case No. CV 01-9358 FMC (Ex) dated May 29, 2002, a true and correct copy of which is attached hereto as Exhibit 1:

⁵ For instance, the M.P.A.A. and the R.I.A.A. both engage in lobbying activity before Congress and are also counsel of record in the Morpheus/ MusicCity litigation currently before this Court (*MGM et al v. Grokster*, Case No. CV 01-0851SVW consolidated with CV 01-09923 SVW.

⁶ This would include the three firms representing the Entertainment Companies in the present case. For instance, O'Melveny & Meyers LLP offers lobbying and legislative services entitled "Strategic Counseling on Legislation and Policy":

http://www.omm.com/webcode/navigate.asp?nodeHandle=675;

Proskauer Rose LLP offers services entitled "Legislative Counseling and Government Liaison": http://www.proskauer.com/practice_areas/areas/073 and McDermott, Will & Emery offers a particularly comprehensive lobbying and "Intellectual Property Legislative Services" practice: http://www.mwe.com/area/legis006.htm

- 1. Documents produced to the Department of Justice in relation to its antitrust investigation into Entertainment Companies' efforts to create the "Movielink" and "movies.com" video on demand services (the "DoJ documents");
- 2. Lobbying Documents;
- 3. Business Plans;
- 4. Confidential financial documents; and
- 5. Security and content protection information

These documents represent 78% of the documents produced in this case and a significant proportion of these appear to be directly relevant to the core issue of whether the Newmark Plaintiffs' uses of the "Commercial Advance" and "Send Show" features of the ReplayTV 4000 constitute "fair use" under 17 USC § 107.

NEWMARK PLAINTIFFS' CONTENTIONS

- I. The Entertainment Companies' Proposed Restrictions Are Materially Prejudicial To The Newmark Plaintiffs
 - 1. The proposed restriction is a de facto disqualification of Newmark Plaintiffs' chosen counsel

The burden on the Newmark Plaintiffs created by the proposed restrictions is clear. Although the Entertainment Companies state that they seek "merely" to preclude EFF Attorneys from access to "Highly Restricted" discovery materials, the vast majority of the documents produced by the parties' fall into this category. The proposed restriction would prevent access to approximately 79% or 83,500 of the 105,750 pages produced to date. Rothken Decl.. ¶18-19. Without access to these documents, the EFF Attorneys could not meaningfully participate in depositions, document review, propounding of additional discovery or preparation of motions involving restricted documents, much less engage in trial preparation or participate at trial.

The Entertainment Companies themselves have provided a specific example of how the proposed restrictions would make depositions "unworkable." In their Opposition to the Newmark Plaintiffs' Motion to Consolidate (Page 10:17-21), they note that the restriction would require EFF attorneys to leave the room whenever a "Highly Restricted" document was produced during a deposition.

2. The proposed restriction would materially hurt the Newmark Plaintiffs' ability to investigate and present their claim that their actions are protected fair use

The Entertainment Companies claim that the EFF Attorneys would have no compelling reason to see the DoJ Documents and that there will be no prejudice from precluding EFF Attorneys' access to them. Copyright Owners' Contentions at 15-16. These documents comprise the clear majority of the 82,600 "Highly Restricted" documents produced (Rothken Decl.. ¶19 and Exh. "E", "F". "G"). They also deny prejudice from excluding access to the Entertainment Companies' business plans, financial documents and lobbying documents, not because of relevance, but because the one remaining attorney of record could view them. They are wrong as to the first claim and disingenuous as to the second.

The core question presented by the Newmark Plaintiffs in this case is whether their use of the Commercial Advance and SendShow features of their ReplayTV 4000s are protected by the fair use doctrine. A key element of that claim is the fourth factor of the fair use analysis under 17 U.S.C. § 107, consideration of how these uses impact the current and potential future markets for the Entertainment Companies' movies and television programming. The DoJ documents arise from a Department of Justice antitrust investigation into the

⁷ The Entertainment Companies stated:

[&]quot;If the actions are consolidated, however, the parties to the ReplayTV Litigation likely would have to halt the depositions every few minutes in order to discuss whether the EFF Plaintiffs should be entitled to access to discovery provided in the ReplayTV Litigation. This scenario is unworkable..."

Entertainment Companies' attempts to create a market for an Internet video on demand service.

The lobbying documents include representations made to Congress about the current and future impact on the markets for their works posed by various challenges, including PVRs. The current and past financial information demonstrate the existence (or nonexistence) of damage to the markets for the Entertainment Companies' works by current ReplayTV users such as the Newmark Plaintiffs and harm since 1984 from users of VCRs who fast-forwarded through commercials - a harm to future markets that was alleged by the copyright owner entities in *Universal Studios v. Sony Corp. of America*, 464 U.S. 417 (1984). Finally, the business plans reflect future projected markets for the works of the Entertainment Companies and presumably included forecasts of the impact of PVRs on them.

Given the statutory basis for examining the market for the Entertainment Companies' works in 17 U.S.C. §107, and the discovery standard that information need be "likely to lead to the discovery of admissible evidence," this information is clearly subject to discovery in this case and withholding it from the EFF Attorneys will create prejudice to the Newmark Plaintiffs. If EFF Attorneys are denied access to these categories of documents, there is no question it would be materially prejudicial to the development of the core claims of Newmark Plaintiffs' case.

II. Procedural Background

The Newmark Plaintiffs' counsel have been attempting to join the existing Protective Order and obtain access to the documents produced in the ReplayTV case since August 16, 2002. Details of the various communications between counsel for the respective parties are contained in Mr. Rothken's declaration, ¶2-14, filed herewith.

The Newmark Plaintiffs disagree with the Entertainment Companies' description of events leading up to this application, in particular, their allegation that the Newmark Plaintiffs initially agreed to a limitation on EFF's access to any of the documents produced (Copyright Owners' Contentions at 5:20). The proposed restriction was first raised in a telephone conversation between Mr. Rothken and Mr. Cooper of Proskauer Rose on August 28. Mr. Rothken advised Mr. Cooper at that time that this was not acceptable to Newmark Plaintiffs' counsel, and confirmed this in a email to Mr. Cooper on September 2, 2002. Rothken Decl. ¶7-8.

The parties reached an impasse on access issues in early September, leading EFF Attorneys to prepare a draft ex parte application, and notify the Entertainment Companies of their intent to seek ex parte relief on September 5, 2002. (Cohn Decl. ¶15)). The Entertainment Companies indicated that they would oppose such an application, and in the interests of obtaining access by one of Newmark Plaintiffs' counsel to some of the documents before the discovery cut-off deadline (since postponed), Newmark Plaintiffs' counsel entered into an interim stipulation on September 17 and filed with this Court on September 19, (Rothken Decl. ¶13-14, Exh.B; Cohn Decl. ¶16-18).

The interim stipulation provided for access to all documents by Mr.

Rothken, set out agreed timeframes for this application and provided that the Entertainment Companies would begin identifying documents that were undesignated or designated "Confidential" or "Highly Confidential" and not the

subject of this protection application, which EFF Attorneys could review, on a "rolling basis".

III. Both FRCP 26 And The First Amendment Must Be Met Before The Requested Order Can Be Granted

1. The Entertainment Companies have failed to meet their burden under FRCP 26 to prove that good cause exists for the extension of the Protective Order

FRCP 26(c) requires the party moving for a protective order to show: (1) "disclosure will work a clearly defined and very serious injury"; and (2) there "will indeed be harm by disclosure." *Cuno, Inc. v. Pall Corp.*, 117 F.R.D. 506, 508 (E.D. N.Y., 1987). "The party seeking protection bears the burden of showing specific prejudice or harm will result if no protective order is granted If a court finds particularized harm will result from disclosure of information . . ., then it balances the public and private interests to decide whether a protective order is necessary." *Phillips v. GMC*, 289 F. 3d 1117, 1121 (9th Circ., 2002) (emphasis added). *See also San Jose Mercury News, Inc. v. United States Dist. Crt*, 187 F. 3d 1096, 1103 (9th Circ., 1999); "Broad allegations of harm, unsubstantiated by specific examples" do not support a showing of good cause. *U.S. v. Dentsply International*, *Inc.*, 187 F.R. D. 152, 158 (D.Del., 1999).

Here, the Entertainment Companies have failed to identify the "specific prejudice" or "clearly defined and serious injury" which would result should protection not be granted. Although the Entertainment Companies have devoted over 7 of their 14 page statement of contentions to detailing the alleged shortcomings of EFF's public statements about copyright law and technology policy, they have made only vague, generalized statements about the nature of harm that might befall them from disclosure.

First, the Entertainment Companies assert that there is "an unacceptable risk" of inadvertent use or disclosure of knowledge by EFF Attorneys (Copyright

Owners' Contentions at 10, 13-15,) but do not specify what the risk is or what harm or consequence to their business of selling movies and television programming would result.⁹

Second, they repeatedly assert that EFF as an organization would be interested in the confidential information, presumably to bolster their assertion that EFF is somehow a "competitor" because it represents clients in matters adverse to the Entertainment Companies and (like many law firms¹⁰) participates in the political process by providing comments to Congress (For instance, see Id, at 15: "Of course, EFF's attorneys have every reason to want to know", page 17: "disclosure [of content protection documents] would be of great strategic benefit to EFF".) Neither of these generalized assertions sheds any light on specific harm that would befall the Entertainment Companies from disclosure.

Third, none of the specific policy issues that the Entertainment Companies cite in relation to EFF's advocacy role are at issue in this litigation. This case does not involve "legislation [or] . . . technological development[s] or application[s] intended to control unauthorized use or copying of copyrighted content." Copyright Owners' Contentions at 7. It does not involve "uniform standards and methods for preventing illegal use and copying of digital copyrighted content." Copyright Owners' Contentions at 7. It does not involve Internet filtering. Copyright Owners' Contentions at 7. It does not involve "the Broadcast Protection

⁹ For example, the Entertainment Companies quote Mr. von Lohmann's statement in the press that "centuries of experience" have shown that new technologies have increased the revenue pie for copyright holders. It then asserts, rather hazily, that "it is unlikely that EFF will be able to speak on the subject without drawing on the content of the plan, resulting in their use and disclosure." At 14:4-5. How the EFF would "draw on" the content of the Entertainment Companies' business plans is never explained. More importantly, there is no showing that such statements would result in business harm: reduction in the sales of movies and television programming.

¹⁰ See fn 6, page 20 of this document, for lobbying and legislative services offered by O'Melveny & Meyers LLP; Proskauer Rose LLP and McDermott, Will & Emery.

Discussion Group['s]... effort to evaluate and recommend proposals to secure digital broadcast programming." Copyright Owners' Contentions at 7. It does not involve the "Consumer Broadband and Digital Television Promotion Act." Copyright Owners' Contentions at 8. And it does not involve CSS encryption technology, peer-to-peer networking, or game playing on the Internet. Copyright Owners' Contentions at 9.

Finally, the "harm" hinted at by the Entertainment Companies is not "business competition" harm, which is the focus of protection under Rule 26. The in-house counsel restriction recognized in Rule 26 case law is aimed at the competitor who would secretly, even if inadvertently, use confidential discovery information to scoop the market and supplant demand for the competitor's product. But that rationale does not apply to EFF. EFF is not a competitor and as the Entertainment Companies themselves recognize, the only way in which EFF could use confidential information to its benefit would be to disclose it in a public advocacy context. EFF could never cause harm of the inadvertent or unnoticeable "using —a - trade secret" variety.

The Entertainment Companies have not demonstrated that their businesses – selling movies and television programming –would be reduced by review by EFF Attorneys of the disputed documents. At best, they have alleged a potential detriment to their political and policy positions. Their examples of EFF's "competition" with them make this point clear. They include EFF's public opposition to proposed copyright-related legislation that the Entertainment Companies support (8:14-22) and EFF's statements about an ad hoc standards group for digital television in which both the Entertainment Companies and the EFF participate (7:16-8:13) and public statements about the historical interaction between technology and copyright revenues. (Copyright Owners' Contentions at 14:2-5). These disputes are not competitive business disputes in any sense of the phrase. They are political and policy differences presented in the public

marketplace of ideas. This attempt to extend the limited exception for "competitive business harms" to potential unspecified disadvantage in public debates about legal policy is not only unfounded, as articulated more fully below, it would have grave implications for the First Amendment.

2. Restricting EFF's ability to represent its clients on the basis of its participation in the political process implicates the First Amendment

The Entertainment Companies must do more than carry the normal burden under Rule 26(c) to establish good cause by showing that "specific prejudice or harm *will* result" if EFF is not excluded from access. *Phillips v. GMC*, 289 F.3d 1117, 1121 (9th Circ. 2002) (emphasis added). Because they seek to have the Court restrict EFF's ability to represent the Newmark Plaintiffs on the basis of EFF's political activities in petitioning the government and public statements, the Entertainment Companies must also satisfy the far more demanding strictures of the First Amendment.

Public-interest litigation is a form of public-interest advocacy protected by the First Amendment. *NAACP v. Button*, 371 U.S. 415, 429 (1963) ("Litigation is thus a form of political expression."); *ibid* ("Abstract discussion is not the only species of communication which the Constitution protects; the First Amendment also protects vigorous advocacy, certainly of lawful ends, against governmental intrusion."); *California Motor Transport Co. v. Trucking Unlimited*, 404 U.S. 508, 510 (1972) ("The right of access to the courts is indeed but one aspect of the right of petition.")

At issue here are the First Amendment speech, petition, and association rights of EFF and its attorneys, as well as the speech, petition, and association rights of the Newmark clients to associate with EFF for political purposes and to choose EFF's attorneys as the instrument by which to shape and present their message to the Court in this action. The Entertainment Companies, in seeking to

deny access to discovery materials by, and thereby de facto disqualify, those of plaintiffs' counsel who are EFF attorneys, seek to force EFF, and its clients, to choose among these First Amendment rights and sacrifice some as the price of exercising others. EFF may represent public-interest clients in litigation or EFF may engage in vigorous advocacy, but it cannot (the Entertainment Companies say) do both.

The Entertainment Companies' attempt to de facto disqualify EFF as counsel in this case because of its advocacy on other issues must be assessed on traditional First Amendment standards. In an analogous context, the Supreme Court has refused to apply the antitrust laws to petitioning activities because

"it would be destructive of rights of association and of petition to hold that groups with common interests may not, without violating the antitrust laws, use the channels and procedures of state and federal agencies and courts to advocate their causes and points of view respecting resolution of their business and economic interests *vis-a-vis* their competitors."

California Motor Transport Co., 404 U.S. at 510-11. Interpreting Rule 26 as authorizing the use of protective orders to effectively disqualify counsel on the basis of counsel's non-litigation political advocacy would similarly harm First Amendment rights.

Accordingly, the Entertainment Companies must first show that this action is necessary to achieve a compelling state interest. Such a showing must be concrete, not merely hypothetical. In *Button*, the state could not baldly assert "that the purpose of these regulations [of lawyer conduct] was merely to insure high professional standards and not to curtail free expression." *NAACP v. Button*, 371

¹¹ EFF is *not* asserting that it has a First Amendment right to use or disclose confidential discovery materials outside this litigation. Rather, it is defending its right to advocate in both the legislative and the judicial arenas while carefully respecting the limits of the protective order and avoiding disclosure of the material designated under it.

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U.S. at 438-439. As the Supreme Court noted, "[t]here has been no showing here of professionally reprehensible conflicts of interest." Id. at 442-443.

The Entertainment Companies must also show that its proposed restriction satisfies the First Amendment's requirement of precision. *Id.* at 438 (citation omitted) ("Broad prophylactic rules in the area of free expression are suspect. Precision of regulation must be the touchstone in an area so closely touching our most precious freedoms."). The precision requirement is especially important here because the existing self-designating "blanket" Protective Order allows the Entertainment Companies to protect documents against disclosure without meeting its good-cause burden as to any specific document, and the Entertainment Companies have made a "blanket" designation that all DoJ Documents are "Highly Restricted" and hence would not accessible by EFF Attorneys. Rothken Decl. ¶17; See San Jose Mercury News, Inc. v. United States Dist. Court, 187 F.3d 1096, 1103 (9th Cir. 1999) (in a blanket protective order, "the party resisting disclosure generally has not made a particularized showing of good cause with respect to any individual document"). Granting a broad, unreviewable ability for one party to limit access to discoverable documents by the other party certainly fails the First Amendment "narrow tailoring" test. And the Entertainment Companies have made no attempt to demonstrate that they could not protect any specific, identified pieces of information through less restrictive means, including, as noted above, the normal mechanism of a protective order backed by court sanction.

Finally, the Court must also consider the broader ramifications for other cases of imposing the proposed restrictions in this case. *NAACP v. Button*, 371 U.S. at 431 ("The threat of sanctions may deter their exercise almost as potently as the actual application of sanctions. Because First Amendment freedoms need breathing space to survive, government may regulate in the area only with narrow specificity.") (citations omitted). The ruling sought by the Entertainment Companies would have an adverse impact on any client whose attorney represents

it not only in the courts, but before Congress and in the press, a category that includes the many public-interest organizations that both advocate and litigate, such as the ACLU, the Sierra Club, the Natural Resources Defense Council, the Pacific Legal Foundation, and the N.A.A.C.P.

IV. <u>EFF Is Not "In Competition" With The Entertainment Companies And EFF Attorneys Are Not "In-House Counsel"</u>

1. The "in-house counsel" rule is limited to the situation of business competitors

Even if the Entertainment Companies had met their burden to demonstrate "specific prejudice" here and that the First Amendment tests were met, the EFF Attorneys simply do not fit into the category of "business competitor in-house counsel" established by the Ninth Circuit.

Protective orders limiting disclosure of confidential information to specified in-house counsel have only been upheld in situations where: (1) the parties to litigation are business competitors; and (2) the in-house counsel is engaged in "competitive decision making" or scientific research. *Brown Bag Software v. Symantec Corp.*, 960 F. 2d 1465 (9th Circ., 1992); *Motorola Inc. v. Interdigital Tech Corp*, 1994 U.S. Dist LEXIS 20714 (D.Del). Since scientific research is not at issue here, for the Court to find that EFF Attorneys can be treated as "in-house" counsel for the purpose of excluding their access to discovery materials, the Entertainment Companies must show that: (1) the EFF is a business competitor of the Entertainment Companies, and (2) EFF Attorneys are engaged in "competitive decision making" about products which compete with those of the Entertainment Companies.

The Entertainment Companies state that they "need protection beyond that afforded by the existing Protective Order for a simple reason, *one recognized by the Ninth Circuit in comparable situations* as deserving special judicial treatment: The three EFF lawyers primarily operate as public advocates, in the media and

before public policy makers." (Copyright Owners' Contentions. 1: 20-24), (emphasis added). They have not cited any authority supporting this proposition. Instead, all of the cases that they have cited involve counsel employed by, or representing, business or commercial competitors. Even if one accepts the Entertainment Companies' characterization of EFF attorneys as "primarily .. public advocates," EFF is not, even by the Entertainment Companies own terms, a business competitor, and is not in a "comparable situation" to any recognized by any court as a basis for limiting access

2. <u>EFF is not a "competitor" of the Entertainment Companies</u>

Nor have the Entertainment Companies provided any evidence to show why EFF should be considered analogous to a business or commercial competitor. First, they appeal to the hazy notion that access to their confidential information would be appealing to the EFF based on its public advocacy of copyright law interpretations and law reform that are *politically* adverse to the Entertainment Companies (See, for instance, Copyright Owners' Contentions at 10: EFF "involved in activities adverse to Hollywood"). Second, they make out-of-context quotations from the *Brown Bag* case, discussing the possibility of inadvertent disclosure of trade secrets, which is an assessment made by the Court only where

¹² Brown Bag Software v. Symantec Corp, 960 F 2d 1465 (9th Circ., 1992) (in-house counsel precluded from accessing competitor computer company's trade secrets); U. S. Steel Corp. v. U.S., 730 F 2d 1465 (Fed Circ, 1984)(on appeal from CIT ruling precluding disclosure to in-house counsel because of mere possibility of inadvertent disclosure; held" mere status as in-house counsel doesn't alone serve as basis for denial of access, must look at factual circs of individual counsel), C.A. Muer Corp v. Big River Fish Co., 1998 WL 488007 (E.D. Pa) (trademark infringement, restaurant business competitors, attorney who controlled competitor excluded from AEO); Micron Technology, Inc. v. Mosel Vitelic Corporation, 1999 WL 458168 (D. Idaho)(in-house counsel, patent infringement, semiconductor competitors); In re Papst Licensing, 2000 U.S. Dist. LEXIS 6374 (E.D. La) (patent infringement, competing manufacturers of computer disk drives); Motorola Inc. v. Interdigital Tech. Corp, 1994 U.S. Dist LEXIS 201714 (D. Del., 1994)(patent infringement, mobile telephone industry, restriction on outside counsel with dual patent infringement and prosecution role)

an attorney may have been involved in "competitive decision making" for a business competitor (Id, at 11, *Brown Bag*, 960 F. 2d 1471).

Their only treatment of this key threshold question for "in-house" counsel analysis is contained in a footnote that enigmatically asserts "Although EFF is not a commercial enterprise, it is in every other sense of the word a 'competitor' of the Copyright Owner Plaintiffs" (Copyright Owners' Contentions at 10 fn 4), and the blanket self-serving assertion that:

"It is *beyond dispute* that EFF competes with the Copyright Owner Plaintiffs and their representatives with respect to every topic for which the Magistrate has ordered the Copyright Owner Plaintiffs to produce lobbying-related documents: regulation of VCRs (video cassette recorders) and PVRs (Personal Video Recorders such as the ReplayTV 4000), commercial skipping behavior of consumers, and the Macrovision provisions enacted in the Digital Millennium Copyright Act."

Id, at 16, emphasis added.

This is neither a correct statement of the law nor an accurate characterization of the EFF. The Entertainment Companies produce and sell motion pictures and television programming. To the extent they are involved in the public discussion of VCRs, PVRs, commercial skipping and Macrovision, it is presumably to further the sales of their products. The Entertainment Companies have not demonstrated, nor could they, that the EFF competes in the sales of movies and television programming. They have not even demonstrated that the EFF's political and policy activities have had a demonstrable impact on their sales of movies or television. EFF does not create products that compete or interact with the Entertainment Companies' products (such as VCRs and PVRs). ¹³ By representing

¹³ EFF is not even active *politically* in two of the four topics listed above. EFF had no involvement in the Entertainment Companies' unsuccessful attempt to ban the VCR in the 1970s and 1980s and is not actively involved in any public discussion of the Macrovision provisions of the DMCA.

consumers who own such devices in the present action, and advocating for consumer's fair use rights and technological innovation in the marketplace of ideas, EFF is *legally and politically adverse* to the Entertainment Companies, but is not thereby a commercial competitor or even roughly analogous to a commercial competitor.¹⁴

The EFF is a twelve-year-old, member-supported public interest law firm that employs five full time attorneys. EFF's Board includes several leading law professors (Professor Lawrence Lessig of Stanford Law School and Professor Pamela Samuelson from Boalt Hall School of Law, University of California at Berkeley) and one of the acknowledged "fathers" of the Internet, Professor David Farber of the University of Pennsylvania. Cohn Decl. ¶11. Previous Board members included some of the founders of leading technology companies (Lotus, Apple) and even a current Vice-President of Defendant AOL Time-Warner, Mr. Vradenberg. Cohn Decl. ¶11. For its entire history, EFF has represented clients in litigation, including a wide range of issues involving the First Amendment, Fourth Amendment and the protection of privacy online. Cohn Decl. ¶6.

While EFF is nonprofit, it otherwise operates like many lawfirms. Like many law firms, including those representing the Entertainment Companies in this case, it participates in both public advocacy and lobbying before legislative and administrative bodies. Cohn Decl.¶9. It is true that EFF has represented clients who are adverse to the Entertainment Companies in this and other pending litigation. It is also true that EFF has ended up on the opposing side to the Entertainment Companies and their legal representatives in other government fora on occasion, most particularly in representations it has made to Congress on law reform and

¹⁴ The Entertainment Companies' other two examples demonstrates the direct relevance of the categories from which they seek to exclude EFF to the Newmark Plaintiffs' case and the burden that would be imposed by granting their request. It is difficult to imagine categories more relevant to the present case than documents concerning PVRs and commercial skipping by consumers.

proposed legislation concerning how the copyright bargain should adapt to new technologies. However, participation in the political process and public discussion has never served as a basis for limiting access to confidential documents. Indeed, as noted above, any ruling on that basis would create a disturbing precedent with potential Constitutional implications in this and other cases.

3. <u>EFF Attorneys are not engaged in "competitive decision making"</u> as defined in the case law

The "in-house counsel" rule only limits disclosure under a protective order where an in-house counsel is involved in "competitive decision making" about the entity's products. See *Volvo Penta v. Brunswick Corp.*, 187 F.R.D. 240 (E.D. Va. 1999); *Amgen, Inc. v. Elanex Pharmaceuticals, Inc.*, 160 F.R.D. 134 (W.D. Wa. 1994); *Fluke Corp. v. Fine Instruments Corp.*, 32 U.S.P.Q.2d 1789 (W.D. Wa. 1994). Courts have found competitive decision making where counsel *advises* and *participates* in the client's decisions about pricing, marketing or product design that are "made in light of similar or corresponding information about a competitor." *U.S. Steel*, supra, at 1468, n.3; followed *in Brown Bag Software*, supra, at 1470, and where in-house counsel would have a difficult time in compartmentalizing his or her knowledge if he or she saw information about competitor products. *United States v. Dentsply International, Inc*, 187 F.R.D. 152, 159-160 (D.Del., 1999)., citing *Motorola, Inc. v. Interdigital Technology Corp.*, 1994 U.S. Dist. LEXIS 207A, at *10 (D. Del., 1994).

Courts have stated that the rationale for denying access to in-house counsel in certain circumstances is based on an assessment of a higher risk of inadvertent disclosure. Whether an unacceptable opportunity for inadvertent disclosure exists must be assessed by a court on a counsel-by-counsel basis, based on a review of "the factual circumstances surrounding each individual counsel's activities, association, and relationship with a party." *U.S. Steel*, supra, at 1468. The crucial factor in this risk assessment is whether counsel is involved in "competitive

decision making" for a competitor. Id; Brown Bag Software, 960 F. 2d at 1470, 1472. In making this assessment the courts have carefully considered the factual circumstances, roles and responsibilities of individual counsel. For instance, courts 4 have been prepared to deny access to some in-house counsel based on direct involvement in pricing and marketing decision, while permitting access to another in-house counsel in the same company, who although a 10 year employee, was not engaged in the relevant sort of competitive decision making. Carpenter Tech Corp. v. Armcolac, 132 F.R.D. 24 (E.D. Pa., 1990).

In Brown Bag Software, supra,. the court found that the in-house general counsel was engaged in competitive decision-making because he was the sole legal advisor and personnel manager for the company, and was responsible for advising his employer on a wide range of legal issues, including contracts, employment and marketing. In that situation, in-house counsel's knowledge of the competitor's trade secrets would put him in the "'untenable position' of having to refuse his employer legal advice on a host of contract, employment, and competitive marketing decision lest he improperly or indirectly reveal ... trade secrets." Brown Bag Software, supra, at 1471.¹⁵

Under these tests, the EFF Attorneys cannot be credibly characterized as engaging in anything even remotely analogous to "competitive decision making" about "products". As noted above, the EFF does not produce "products" that compete with those of the Entertainment Companies; the EFF Attorneys do not advise and are not involved in any pricing, marketing or product design decisions

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¹⁵ As the Entertainment Companies note (Copyright Owner Plaintiffs' Contentions, at 10:17-24), Courts have been prepared to extend the "in-house" counsel restrictions to outside counsel who have been found to be engaged in competitive decision making for a client, particularly in the context of access to sensitive technical information in the patent prosecution arena, (See Motorola, Inc. v. Interdigital (1994, E. D. La, overturned on other grounds in 1997); Micron Technology, Inc. v. Mosel Vitelic Corp. (1999 D.Idaho). However, this has always been limited to retained counsel for clients who are business competitors.

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that compete with the Entertainment Companies' movies and television programming. Moreover, the Entertainment Companies have made no attempt to describe any specific job duties or tasks of EFF Attorneys that assist in the creation of competing "products" and that would be made "untenable" by access to the disputed documents.

4. The Entertainment Companies have failed to show that EFF Attorneys present an increased risk of inadvertent disclosure of confidential information over other attorneys who are routinely adverse to the Entertainment Companies

Finally, even if the Entertainment Companies had met their burden to prove that the EFF Attorneys were involved in competitive commercial decisionmaking about products, or that participation in public discussion about political issues can be equated with commercial competition, they have not demonstrated that the EFF Attorneys meet the wider rationale for curtailing disclosure of discovery – an assessment of increased risk of inadvertent or accidental disclosure – as enunciated in Brown Bag Software, 960 F. 2d at 1470. They have failed to demonstrate that there is a greater risk of inadvertent disclosure of confidential information by an EFF Attorney here than there would be for any other attorney of a law firm engaged in ongoing work in a specialized area of law who is routinely adverse to the same parties in litigation. For instance, the same risk would be present for an attorney who works in insurance defense or coverage and who was exposed to confidential documents concerning its design and testing of defective product, an environmental lawyer who reviews confidential information about particular toxic goods, or the in-house counsel of the Recording Industry Association of America, who as counsel of record have seen the confidential business plans of several peerto-peer software entities in litigation currently pending in this District.

Nor does the EFF itself present any increased factual risk based upon past misbehavior. Neither the EFF nor any of its attorneys have ever been found to have violated the terms of any protective order, misused the discovery process to

obtain confidential information or otherwise disclosed confidential information in any way. (Cohn Decl.¶ 10). To the contrary, the EFF Attorneys have been opposing counsel to the Entertainment Companies in two other large litigation matters without such incident. EFF was counsel for the Defendants and so adverse to all eight of the major motion picture studios from 2000-2002 in *Universal v. Corley* 273 F.3d 429 (2nd Cir. 2001) before the Southern District of New York and 2nd Circuit Court of Appeals. EFF is currently counsel to MusicCity/Streamcast, Inc and so adverse to twenty-eight major movie and recording studios (plus five music publishers) in *MGM v. Grokster*, Case No. CV 01-0851 SVW *consolidated with* CV 01-09923 SVW, currently pending in this court before Judge Wilson. In both of these cases EFF has entered into protective orders with the studios in order to protect their confidential business records during the discovery process. In both of those cases confidential business records of the studios have been reviewed by EFF Attorneys and stored at EFF's offices without improper disclosure. (Cohn Decl. ¶8-9).

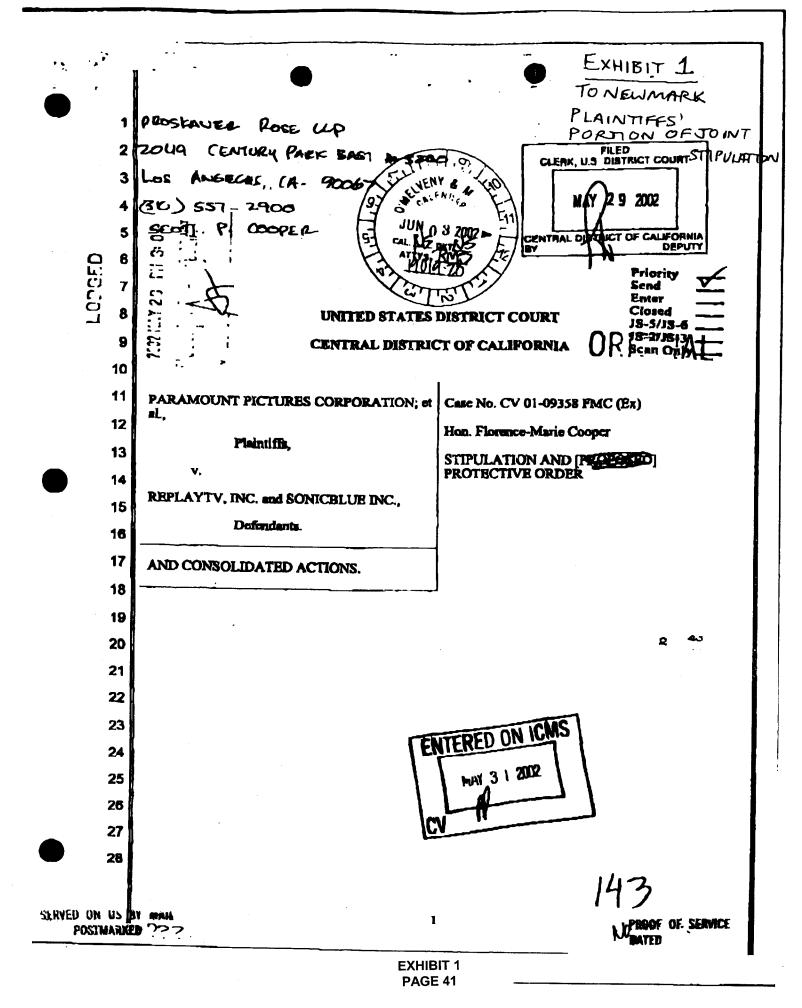
In neither the *Universal v. Corley* case, nor the *MGM v. Grokster* case have the Studios made any allegation that EFF misused the confidential information of the movie studios or entered into or conducted these litigations in order to gain access to confidential information. In addition to cases where EFF has been adverse to the Entertainment Companies, EFF is currently under a protective order in a California trade secrets case with an organization created by the movie studios, DVD CCA. In that case, EFF, as counsel for the Defendant, has been given access to highly confidential information concerning the protection scheme for DVD movies. *DVD CCA v. Bunner et. Al.*, (6th Dist. 2001) 94 Cal.App.4th 648, rev. granted 117 Cal.Rptr.2d 167 (February 20, 2002). Again, there has been no claim that EFF has misused confidential information in that case. (Cohn Decl. ¶ 8, note 1).).

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1	DATED: October 1, 2002	O'MELVENY & MYERS, LLP
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3		Colut 11/ 8/105
4		Robert M. Schwartz
5		RODOR IVI. Soliward
6		Attorneys for Plaintiffs Time Warner
7		Entertainment Company, L.P. Home Box Office, Warner Bros., Warner Bros.
8		Television, Time Warner Inc., Turner
9		Broadcasting System, Inc., New Line Cinema Corporation, Castle Rock
10		Entertainment, and The WB Television
11		Network Partners L.P.
12	DATED: October 1, 2002	PROSKAUER ROSE LLP
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15		By:
16		Scøtt P. Cooper
17		Attorneys for Plaintiffs Metro-Goldwyn-
18		Mayer Studios Inc., Orion Pictures
19		Corporation, Twentieth Century Fox Film Corporation, Universal City
20		Studios Productions LLLP (formerly
21		Universal City Studios Productions, Inc.), Fox Broadcasting Company,
22		Paramount Pictures Corporation, Disney
23		Enterprises, Inc., National Broadcasting
24		Company, Inc., NBC Studios, Inc., Showtime Networks Inc., UPN
25		(formerly the United Paramount
26		Network), ABC, Inc., Viacom
27		International Inc., CBS Worldwide Inc., and CBS Broadcasting, Inc.
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1	DATED: October 1, 2002	McDermott, Will & Emery
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3		$O \cdot \cdot \cdot O \cdot =$
4		By: Robert Potstern
5	·	Robert H. Rotstein
6		Attorneys for Plaintiffs Columbia
7		Pictures Industries, Inc., Columbia Pictures Television, Inc., Columbia
8		TriStar Television, Inc., and TriStar
9		Television, Inc.
10	DATED: October 1, 2002	ELECTRONIC FRONTIER FOUNDATION
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13		By:Cindy A. Cohn
14		Cindy A. Conn
15		Attorneys for Plaintiffs Craig Newmark,
16		Shawn Hughes, Keith Ogden, Glenn Fleishman and Phil Wright
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4		By:
5		Robert H. Rotstein
6		Attorneys for Plaintiffs Columbia
7		Pictures Industries, Inc., Columbia
8		Pictures Television, Inc., Columbia TriStar Television, Inc., and TriStar
9		Television, Inc.
10	DATED: October 1, 2002	ELECTRONIC FRONTIER FOUNDATION
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13		Ву:
14		Cindy A Cohn
15		Attorneys for Plaintiffs Craig Newmark,
16		Shawn Hughes, Keith Ogden, Glenn
17		Fleishman and Phil Wright
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EXHIBIT 1



STIPULATION AND [PASPESED] PROTECTIVE ORDER

Good cause appearing therefor, the following stipulation of the parties in the above-captioned actions, as evidenced by the signatures of counsel of record appearing below, is hereby ordered.

DATE: 5/29/02

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The Honorable Plorence Marie Cooper Charles F. E. L. United States District Count Judge Magnis Traige

STIPULATED TERMS OF PROTECTIVE ORDER

Pursuant to Fed. R. Civ. P. 26(c), IT IS HEREBY STIPULATED AND AGREED by the undersigned counsel for Paramount Pictures Corporation, Disney Enterprises, Inc., National Broadcasting Company, Inc., NBC Studios, Inc., Showtime Networks Inc., The United Paramount Network, ABC, Inc., Viscom International Inc., CBS Worldwide Inc., CBS Broadcasting Inc., plaintiffs in Case No. CV 01-09358, Time Warner Entertainment Company, L.P., Home Box Office, Warner Bros., Warner Bros. Television, Time Warner Inc., Turner Broadcasting System, Inc., New Line Cinema Corporation, Castle Rock Entertainment, and The WB Television Network Partners, L.P., plaintiffs in former Case No. CV 01-09693, Metro-Goldwyn-Mayer Studios Inc., Orion Pictures Corporation, Twentieth Century Fox Film Corporation, Universal City Studios Productions, Inc., Fox Broadcasting Company, plaintiffs in the former Case No. CV 01-09801, Columbia Pictures Industries, Inc., Columbia Pictures Televirion, Inc., Columbia TriStar Television, Inc., and TriStar Television, Inc., plaintiffs in former Case No. CV-01-10221 (collectively "Plaintiffs"), and defendants ReplayTV, Inc. and SONICbhie Incorporated (collectively "Defendants") that discovery in, and litigation of, the Consolidated Actions, as hereinafter defined, necessarily will involve the production of information which the parties consider to be highly sensitive, confidential, or proprietary and the disclosure of which would create a risk of significant injury to the producing party's business.

The parties believe that a protective order restricting the use and dissemination of such confidential, proprietary, and competitively sensitive information is necessary and appropriate to

facilitate discovery in and litigation of the Consolidated Actions among the parties. The parties also believe that such an order is necessary and appropriate to enable the parties to conduct discovery of non-parties that may have similar concerns regarding their proprietary or sensitive information.

ACCORDINGLY, IT IS HEREBY STIPULATED AND AGREED that:

- 1. All "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted"
 Information, hereinafter defined, produced or exchanged in the course of this litigation, shall be treated in accordance with the terms of this Order and shall be used solely for the purpose of litigation, arbitration or mediation of the following four actions, Paramount Pictures Corporation, et al. v. ReplayTV, Inc., et al., Case No. CV 01-09358, Time Warner Entertainment Company, L.P., et al. v. ReplayTV, Inc., et al., former Case No. CV 01-09693, Metro-Goldwyn-Mayer Studios, Inc., et al. v. ReplayTV, Inc., et al., former Case No. CV 01-09801, and Columbia Pictures Industries, Inc., et al. v. ReplayTV, Inc., et al., former Case No. CV 01-10221 (collectively, the "Consolidated Actions"), and of any Related Litigation, and for no other purpose, including but not limited to, business and other litigation purposes. "Related Litigation," as used in the preceding sentence, is litigation that (a) arises from the same or substantially identical transactions, happenings or events as the Consolidated Actions; and (b) involves one or more of the parties to the Consolidated Actions (or their parents, subsidiaries, or affiliates), and no other persons or entities.
- 2. The term "Information" as used herein shall include any document, deposition testimony, electronic data, interrogatory response, response to requests for admissions, response to requests for production of documents, audiotape, videotape, recording, or other information disclosed or produced by or on behalf of a party (or any of its attorneys or other agents) in the Consolidated Actions, or by or on behalf of a non-party (or any of its attorneys or other agents), and all information derived therefrom.
- 3. Any Information concerning trade secrets or other confidential research, development, commercial, marketing, or financial subjects may be designated by the producing party as "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" within the meaning of this Stipulation and Protective Order. The producing party shall designate Information "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" only when the producing

party has a reasonable, good faith belief that the Information so designated is a trade secret or is otherwise confidential within the meaning of Rule 26(c)(7) of the Federal Rules of Civil Procedure. In the case of Information designated as "Highly Confidential," the producing party must have a reasonable good faith belief that disclosure of the Information to employees of any other party, other than in-house counsel, would create an undue risk of significant injury to the producing party's business that would not exist in the absence of such disclosure. In the case of Information designated as "Restricted," a producing party-Plaintiff must have a reasonable good faith belief that disclosure of the Information to any employee of, or in-house counsel for, another Plaintiff, or any employees of Defendants, other than in-house counsel for Defendants, would create an undue risk of significant injury to the producing party-Plaintiff's business that would not exist in the absence of such disclosure. In the case of Information designated as "Highly Restricted," the producing party must have a reasonable good faith belief that disclosure of the Information to any employee of, or in-house counsel for, any other party would create an undue risk of significant injury to the producing party's business that would not exist in the absence of such disclosure. Any Information not designated as "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" in accordance with the procedures set forth berein shall not be covered by this Stipulation and Protective Order.

- 4. "Confidential" Information, except with the prior consent of the producing party or upon prior order of this Court, shall not be disclosed by any party to any person other than the following:
 - (a) outside counsel for the parties in the Consolidated Actions, their secretaries, logal assistants, or other support personnel as reasonably necessary to assist outside counsel in the Consolidated Actions (collectively, "Outside Counsel");
 - (b) In-House Counsel for the parties in the Consolidated Actions, their secretaries, legal assistants, or other support personnel as reasonably necessary to assist In-House Counsel in the Consolidated Actions ("In-House Counsel");
 - (c) current employees of each of the parties, including their parents, subsidiaries, and affiliates, who are reasonably necessary to assist Outside Counsel in the Consolidated Actions;

designated "Highly Confidential" or the specific events, transactions, discussions, or data reflected in the document;

- (g) mediators or other individuals engaged or consulted in settlement of the hitigation; and
- (h) any other person as to whom the parties may agree in writing.
- 6. "Restricted" Information, except with the prior consent of the producing party or upon prior order of this Court, shall not be disclosed by any party to any person other than the following:
 - (a) Outside Counsel and In-House Counsel for Defendants;
 - (b) Outside Litigation Assistants;
 - (c) the Court and Court personnel, and court reporters and videographers who are retained to transcribe or videotape testimony in the Consolidated Actions;
 - (d) any person who prepared, assisted in preparing, or received the document designated "Restricted":
 - (e) during depositions only, any panon who appears, based upon the document itself or testimony in a deposition, to have knowledge of the contents of the document designated "Restricted" or the specific events, transactions, discussions, or data reflected in the document; and
 - (f) mediators or other individuals engaged or consulted in settlement of the litigation; and
 - (g) any other person as to whom the parties may agree in writing.
- 7. "Highly Restricted" Information, except with the prior consent of the producing party or upon prior order of this Court, shall not be disclosed by any party to any person other than the following:
 - (a) Outside Counsel:
 - (b) Outside Litigation Assistants:
 - (c) the Court and Court personnel, and court reporters and videographers who are retained to transcribe or videotape testimony in the Consolidated Actions;
 - (d) eny person who prepared, essisted in preparing, or received the document designated "Highly Restricted";

- (e) during depositions only, any porson who appears, based upon the document itself or testimony in a deposition, to have knowledge of the contents of the document designated "Highly Restricted" or the specific events, transactions, discussions, or data reflected in the document:
- (f) mediators or other individuals engaged or consulted in suttlement of the litigation; and
- (g) any other person as to whom the parties may agree in writing.
- 8. Any person entitled to receive confidential Information pursuant to Paragraph 4, subparagraphs (d) or (i), Paragraph 5, subparagraphs (o) or (h); Paragraph 6, subparagraphs (b) or (g), or Paragraph 7, subparagraphs (b) or (g), shall, prior to being given any "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" Information, read this Stipulation and Protective Order, and shall execute an undertaking in the form annexed hereto as Exhibit A indicating that he or she has read this Stipulation and Protective Order and will abide by its terms. Persons to whom confidential Information is shown or disclosed pursuant to Paragraph 4(g), Paragraph 5(i), Paragraph 6(o), or Paragraph 7(e) shall, prior to being given any "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" Information, be given a copy of and asked to read this Stipulation and Protective Order and shall be bound by its terms, and shall not disclose such Information to any other persons, except as provided for by the terms of this Stipulation and Protective Order.
- 9. A party shall designate documents as either "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" by affixing a stamp with such words on the document before copies of the documents are delivered to another party.
- 10. Any deposition transcript or videotaped deposition containing "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted," Information shall be marked on the cover "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted," and shall indicate as appropriate within the transcript and on the videotape that the Information has been so designated. A party may designate any portions of the transcript (including exhibits) or videotape as containing "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" Information by so advising the deposition reporter in the course of the deposition, who shall indicate in the deposition

transcript and on the videotape what particn(a) of the testimony (or exhibits thereto) were so designated, or by so advising all other parties which pages are confidential within fifteen (15) business days after receipt of the transcript. Until fifteen (15) business days have passed after the receipt of any transcript, the entire transcript and videotape shall be deemed to contain "Confidential" Information. Nothing in this Stipulation and Protective Order shall prevent an employee of a party, In-House Counsel, or Outside Counsel from attending any deposition, except that only persons emittled to receive "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" Information shall be present when such Information is disclosed at a deposition. Outside Counsel for the party disclosing such "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" Information at a deposition shall, before such Information is disclosed, advise Outside Counsel for all other parties so that appropriate safeguards can be taken to ensure that only persons entitled to receive such Information pursuant to the terms of this Stipulation and Protective Order are present when such Information is disclosed.

- 11. In the event that Outside Course! for any party decides to file with or submit to the Court any "Confidential," "Righly Confidential," "Restricted," or "Highly Restricted" Information, the following procedures shall be used:
 - All Information subject to confidential treatment in accordance with the terms of this Stipulation and Protective Order that is filed with the Court, including any pretrial pleadings, motions, deposition transcripts, exhibits on other papers that reproduce on otherwise disclose, directly or indirectly, any "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" Information, shall be filed in a scaled envelope or other container, together with a copy of this Stipulation and Protective Order, with a cover sheet bearing the caption of the Consolidated Actions and a statement substantially in the following form:

CONFIDENTIAL — This envelope or container contains documents, materials or intangible things that are subject to a PROTECTIVE ORDER issued by the Court and is not to be opened, or the contents revealed, except in compliance with that Order.

All such documents shall be kept under seal until further order of this Court. Parties shall have up to ten (10) business days from the date of filing to produce a redacted, public-record version of any papers filed under seal, which "blacks out," or otherwise conceals, the substance and sources of all confidential information.

- (b) The parties agree to refrain, whenever possible, from including "Confidential,"
 "Highly Confidential," "Restricted," or "Highly Restricted" Information in the titles of
 the documents filed with the Court so that, in all instances, the titles of the documents
 and the court's docket sheet reflecting those titles may remain public.
- All filings to be filed under real, in whole or in part, must be so designated by the party making the filing. Filings containing "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" Information may be filed under seal in their entirety. If a filing containing such Information is not placed under seal in its entirety, those portions containing "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" Information must be separated from the pleading and placed in an envelope bearing the caption of the above-captioned actions, the name of the filing, and the legend "Filed Under Seal." The clerk's office shall maintain the filing under seal, pending a ruling from the Court that such filing shall not remain under seal.
- (d) Should any document be inadvertently filed without the designation stated in paragraph 11(a) above, the party filing the document shall, upon written notification, promptly cause the document to be scaled pursuant to this Protective Order.
- The use of any "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" Information for the purpose of any trial or any hearing that is open to the public is not addressed at this time, but may be the subject of future agreement or order as the need may arise, except that the parties now agree that any party intending to use "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" Information at a hearing must, to the extent such party knows in advance of its need to use Information not already identified in the papers submitted for such hearing, provide reasonable prior written notice to opposing parties and the party that is the source of the "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted"

 Information, and the parties will confer in advance of the hearing and negotiate in good faith concerning the procedures to be used during the hearing relating to the use of "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" Information.

- of a document or other Information as "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted." In that event, if the Information is used as an exhibit at trial or otherwise displayed to the Court, all deposition statements and all markings indicating that the Information had previously been designated by the party as "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" shall be removed (or edited, in the case of a videotaped deposition) prior to offering the Information into evidence or displaying same to the Court. The party requesting the climination of the provious designation shall be responsible for eliminating that designation and shall fulfill this responsibility by providing a new, redesignated copy of the document or other Information. If any Information designated by a party as "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" is used as an exhibit at this or otherwise displayed to the Court, the producing party shall be entitled to add to the marking "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted," the following language: "Pursuant to the Protective Order Entered in The Consolidated Actions." A similar statement may be added to any deposition transcript or videotaped deposition.
- 14. Any person receiving "Confidential," "Highly Confidential," "Restricted" or "Highly Restricted" Information shall not disclose such Information to any person who is not entitled to receive such Information.
- 15. Nothing herein shall impose any restriction on the use or disclosure by a party of its own Information. Nor shall this Stipulation and Protective Order be construed to prevent any party or its Outside Counsel, In-House Counsel, or Outside Litigation Assistants from making use as they see fit of Information that was lawfully available to the public or lawfully in the possession of the party, Outside Counsel, In-House Counsel, or Outside Litigation Assistant, or that properly came into the possession of the party, Outside Counsel, In-House Counsel or Outside Litigation Assistant independent of any disclosure of "Confidential," "Highly Confidential," "Restricted," or "Highly

Restricted" Information in the Consolidated Actions, or that was lawfully obtained from third parties in the course of the Consolidated Actions and were not designated as "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" by that third party or its present or former employer. In the event, however, that a third party provides information that was generated by a party to this Stipulation and Protective Order and that party believes that the Information is proprietary and confidential, the party may request that all copies of such information be stamped with whatever designation the party believes is appropriate. If the parties to this Stipulation and Protective Order disagree concerning the proper designation of the Information, such dispute shall be resolved pursuant to the procedures described in Paragraph 17 of this Stipulation and Protective Order. Pending the Court's rating, the party contesting the requested designation shall treat the Information as if the requested designation were proper and affective.

- 16. Nothing contained in the Stipulation and Protective Order or any designation of confidentiality hereunder or any failure to make such designation shall be used or characterized by any party as an "admission" by a party opponent.
- 17. Entry of this Stipulation and Protective Order shall be without projudice to any motion for relief from or modification of the provisions hereof or to any other motion relating to the production, exchange, or use of any document or other Information in the course of the Consolidated Actions, provided, however, that no such motion shall be made after entry of a final judgment or settlement. If a party disagrees at any stage of these proceedings with a producing party's designation of Information as "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted," or disputes the limitations on access to be accorded such Information under this Stipulation and Protective Order, such party (the "Disputing Party"), shall provide to the producing party written notice of its disagreement and specifically identify the Information or restriction on access in dispute. If the dispute cannot be resolved informally, the producing party may file a motion with respect to the designation pursuant to the following schedule: within seven calendar days after receipt of the notice, the producing party's Outside Counsel shall provide to the Disputing Party's Outside Counsel its portion of a Joint Stipulation on a motion with respect to the designation. The Disputing Party's Outside Counsel shall provide to the producing party's Outside Counsel its portion of the Joint

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Stipulation so that the Joint Stipulation may be filed within seven calendar days after the Disputing Party receives the producing party's portion of the Joint Stipulation. The parties may file and serve supplemental briefs within two court days after the Joint Stipulation is filed. The motion shall thereupon be deemed submitted without further briefing or hearing unless deemed necessary by the Magistrate Judge. The producing party shall bear the burden of demonstrating that the Information is catified to protection from disclosure under applicable law. Pending the Court's ruling, the Disputing Party shall continue to treat the Information in the manner required by the Stipulation and Protective Order.

- 18. The parties may modify any of the provisions of this Stipulation and Protective Order by written agreement between or among all of the parties.
- 19. If any of the parties or their counsel are served with a subpoems requiring production of any Information that has been designated as "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted," such party shall within three (3) business days send via facsimile a copy of the aubpocna to Outside Counsel for the party who produced the subpocnaed Information and shall inform the entity issuing (or seeking to have a court issue) such subposes that the Information is confidential and subject to this Stipulation and Protective Order. The parties agree that if the party who produced the subpospeed Information objects to the disclosure or production of that Information, that party shall, as soon as practicable, file a motion objecting to the subpoens or seek other appropriate relief. If a motion objecting to the subposns is timely filed, or other appropriate relief is timely sought, a party shall not produce the subposmed information until after the Court rules on such motion, unless required to do so pursuant to court order (other than the subposns itself) or other applicable law.
- A party may withhold from discovery information or documents in its possession, custody or control that are subject to an obligation to a third party not to disclose such information or documents (a "Non-disclosure Agreement") if, within 14 calendar days after learning of the applicable Non-disclosure Agreement, either the producing party or the third party objects to the disclosure. Within ten court days after service of the objection, the parties and the third party shall attempt to resolve the dispute informally, and if they are unable to do so the producing party and/or

the third party shall provide to the party seeking discovery its or their portion of a Joint Stipulation on a motion for protective order. The responding party shall serve its portion of the Joint Stipulation within five court days thereafter, and the Joint Stipulation shall be filed within two court days thereafter. The parties and the third party may file supplemental briefs within two court days after the Joint Stipulation is filed, after which the motion shall be deemed submitted without further briefing or hearing unless deemed necessary by the Magistrate Judge.

- 21. If a party inadvertently produces Information that it considers to be protected from disclosure by the attorney-client privilege, the work product doctrine, or any other privilege or similar legal protection, in whole or in part, or learns of the production of such Information by a third party, the party may retrieve such Information as follows:
 - (a) Within ten (10) days of the date of discovery by a party of the inadvertent production by it or a third party, the party asserting that an inadvertent production has occurred must give written notice to all other parties that the party claims the Information, in whole or in part, is privileged or protected material; in addition, the notice must state the nature of the privilege or protection and the basis for asserting it, and the reason the production is claimed to be inadvertent.
 - (b) Upon receipt of such notice, any party who has received the produced document or material shall promptly return all copies to the party asserting inadvertent production. In the event that only part of a document is claimed to be privileged or protected, the party asserting inadvertent production shall furnish to the other parties who have received the document a reducted copy of such document, removing only the part(a) thereof claimed to be privileged or protected, together with such written notice. Any party who has received the produced documents or material may contest the claim of privilege or protection by filing a motion contesting the claim within ten (10) days of receiving notice under subpara graph (a) above. During the pendency of such motion, the receiving party need not return all copies of the produced documents or material to the party asserting inadvertent production, however the receiving party may not use or

 disclose the Information claimed confidential for any purpose other than prosecution of the motion challenging the privilege or protection claim.

- (c) The provisions of subparagraphs (a) and (b) above are without prejudice to any other rights any party may have with respect to challenging or defending any claim of privilege.
- 22. A party that has inadvertently produced Information without designating it as "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" Information may at any time prior to the discovery cutoff in the Consolidated Actions redesignate such Information as "Confidential," "Highly Confidential," "Rostricted," or "Highly Restricted." The party receiving such redesignated "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" Information shall make a reasonable good faith effort to ensure that any analysis, memoranda, notes, or other material that were generated based upon such Information shall immediately be treated in conformance with any such redesignation.
- 23. In the event that a party produces two or more identical or substantially identical copies of a document or other information, or d any copy is designated "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted," while other copies are not so designated, all such identical or substantially identical documents or other information shall be treated with the highest confidentiality designation once the inconsistent designation is known. The producing party shall be responsible for informing all parties receiving the inconsistently designated document or other information of the inconsistent designation.
- All provisions of this Stipulation and Protective Order restricting the use of Information obtained during discovery shall continue to be binding after the conclusion of the Consolidated Actions, including all appeals, until further order of the Court, unless the parties agree otherwise in writing. Any and all originals and copies of documents or other Information deemed to be "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" shall, at the request of the producing party, be returned to the producing party at the producing party's expense, or destroyed, within one month after a final judgment and appeals berein or settlement of the Consolidated Actions, except that Outside Counsel for each party (whether or not counsel of record)

may reaintain one copy of all Information during the shorter of one year after a final judgment and appeals herein or the period of time when an injunction, if any, is in effect, and may thereafter maintain in its files one copy of each pleading filed with the Court, and each written discovery request and written responses to discovery requests. Upon request from any party, a party who elects to destroy confidential documents in its possession will attest to the fact that such documents have been destroyed.

- 25. Neither this Stipulation and Protective Order nor any party's designation of Information as "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" shall affect the admissibility into evidence of the Information so designated. In addition, nothing contained herein shall be deemed to waive any applicable privilege.
- 26. Third parties from whom discovery is sought by the parties to this Stipulation and Protective Order may designate Information as "Confidential," "Highly Confidential," "Restricted," or "Highly Restricted" consistent with the terms of this Stipulation and Protective Order, provided that such third parties agree in writing to be bound by the Stipulation and Protective Order by executing an undertaking in the form annaxed hereto as Bxhibit A. Under such circumstances, all duties applicable to a producing party shall apply to such third party. All obligations applicable to parties receiving such Information shall apply to any party receiving Information from such third party.
- 27. Nothing in this Stipulation and Protoctive Order is intended to constitute an agreement regarding the scope of discovery.

The Court retains jurisdiction subsequent to settlement or entry of judgment to enforce the terms of this Stipulation and Protective Order.

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Company, L.P., Home Box Office, Warner Bros.,

Warner Bros. Television, Time Warner Inc., Tumer Broadcasting System, Inc., New Line Cinema

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1	DATED:	
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3		WHITE O'CONNOR CURRY GATIT & AVANZADO LLP
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6		By:Andrew M. White
7		Attorneys for Plaintiffs Paramount Pictures Corporation,
8	R	Disney Enterprises, Inc., National Broadcasting Company, Inc., NBC Studios, Inc., Showtime Networks
8		Inc., The United Paramount Network, ABC, Inc., Viacom International Inc., CBS Worldwide Inc., and
10		CBS Broadcasting Inc.
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12	DATED: New 28, 2002	•
13		WILMER, CUTLER & PICKERING
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16		Thomas P. Olens and the Different
17		Attorneys for Plaintiffs Paramount Pictures Corporation,
18		Disney Enterprises, Inc., National Broadcasting Company, Inc., NBC Studios, Inc., Showtime Networks
19		Inc., The United Paramount Network, ABC, Inc., Viscom International Inc., CBS Worldwide Inc., and
20		CBS Broadcasting Inc.
21	DATED:	
22)	O'MELVENY & MYERS LLP
23	,	
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25		By:Robert M. Schwartz
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27		Attorneys for Plaintiffs Time Warner Entertainment Company, L.P., Horne Box Office, Warner Bros.,
28		Warner Bros. Television, Time Warner Inc., Turner Broadcasting System, Inc., New Line Cinema
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EXHIBIT 1 PAGE 57

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1	DATED:	
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3		WHITE O'CONNOR CURRY GATTI & AVANZADO LLP
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6	·	Andrew M. Walto
7	·	Attorneys for Plaintiffs Personnust Pictures Corporation,
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9 10	·	Inc., The United Persmount Network, ABC, Inc., Viscous interestinged Inc., CBS Worldwide Inc., and CBS Broadcasting Inc.
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14		WILMER, CUTLER & PICKERING
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17		Thomas P. Olson
18		Attorneys for Plaintiffe Paramount Pictures Corporation, Dimey Buterprises, Inc., National Broadenating
19	,	Company, Inc., NBC Studies, Inc., Showtime Networks Inc., The United Paramount Network, ABC, Inc.,
20		Viscon International Inc., CBS Worldwide Inc., and CBS Broadcasting Inc.
21	DATED: May 28 2002	
22		O'MELVENY & MYERS LLP
23		
24		Palan MINCIS
28		By: Mally Mally
28		Attended for Plaintiffs Time Warner Entertainment
27		Warner Bros. Television Time Werner Bros.,
28		Broadcasting System, Inc., New Line Cinema
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1		Corporation, Castle Rock Entertainment, and The WB
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4		PROSKAUER ROSE LLP
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7		Scott P. Cocyer
8		Ariomeys for Plaintiff Metro-Goldwyn-Mayer Studios Inc., Orion Pictures Corporation, Twentieth Century Fo
9		Film Corporation, Universal City Studios Productions, Inc., and Pox Broadcasting Company
10	DATED:	• . ,
.11		MCDERMOTT, WILL & EMERY
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14	·	By:Robert H. Rotstein
15		Attorneys for Plaintiffs Columbia Pictures Industries,
16		Inc., Columbia Pictures Tolevision, Inc., Columbia TriStar Television, Inc., and TriStar Television, Inc.
17	DATED:	Andrew Television, Inc., and Ittistar Television, Inc.
18		PENWICK & WEST LLP
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21		Ву:
22		Emmett C. Stanton
23		Attorneys for Defendants ReplayTV, Inc. and SONICblue Incorporated
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EXHIBIT 1 PAGE 59

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1 2		Corporation, Castle Rock Entertainment, and The WB Televising Network Partners, L.P.
3	DATED:	PMOOVATION NOOM III N
4		PROSKALIER ROBE LLP
5		Ву:
7		Scott P. Cooper
8		Attornays for Plaintiffs Metro-Goldwyn-Mayer Studies Inc., Orion Pintures Corporation, Twentieth Cuntury Fox Film Curporation, Universal City Studies Productions, Inc., and Pox Broadcasting Company
10	DATED Way 24, 2002	Inc., and Pox Breadcasting Company
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15		ROBER EL ROMANIA
18		Attorneys for Pisistiffi Columbis Plotures Industries, Iro., Columbis Pistares Telsvision, Inc., Columbis TriSter Television, Inc., and TriSter Television, Inc.
17	DATED:	•
18		PENVICK & WEST LLP
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1 2		Corporation, Castle Rock Entertainment, and The WB Television Network Partners, L.P.
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. 6		By: Scott P. Cooper
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8	3 5	Inc., Orion Pictures Corporation, Twentieth Century Fox Film Corporation, Universal City Studios Productions, Inc., and Fox Broadcasting Company
9		Inc., and Fox Broadcasting Company
10	DATED:	
11	:	MCDBRMOTT, WILL & EMERY
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14		By: Robert H. Rotstein
15		Attomoys for Plaintiffs Columbia Pictures Industries,
16	·	lac., Columbia Pictures Television, Inc., Columbia TriStar Television, Inc., and TriStar Television, Inc.
17	DATED: May 232002	•
18		Fenwick & West LLP
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21		By: Enumett C. Stanton
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23		Attorneys for Defendants ReplayTV, Inc. and SONICblue Incorporated
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EXHIBIT 1

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EXHIBIT A

UNDERTAKING

I, [NAME OF INDIVIDUAL], hereby certify my understanding that "Confidential," "Highly Confidential," "Restricted," and/or "Highly Restricted" Information is being provided to me pursuant to the terms and restrictions of the foregoing Stipulation and Protective Order applying to the production, exchange, disclosure and use of confidential Information by parties and witnesses in the above-entitled actions. I further certify that I have been provided with a copy of and have read the foregoing Stipulation and Protective Order and hereby agree to be bound by its terms and to subject myself to the jurisdiction of the United States District Court for the Central District of California for purposes of enforcement of the terms and restrictions of the Stipulation and Protective Order. I understand that violations of those terms and restrictions are or may be punishable as contempt of court.

DATED:	

[NAME OF INDIVIDUAL]