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16		S DISTRICT COURT	
17	CENTRAL DISTR	RICT OF CALIFORNIA	
18		LCACE NO CNA 01 0250 EMC (Ex)	
19	PARAMOUNT PICTURES CORPORATION et al.,	CASE NO. CV 01-9358 FMC (Ex)	
20	Plaintiffs,	Hon. Florence-Marie Cooper	
21	V.	THE COPYRIGHT OWNER PLAINTIFFS' REPLY	
22	REPLAYTV, INC. et al.,	MEMORANDUM IN SUPPORT OF MOTION FOR REVIEW AND	
23	Defendants.	RECONSIDERATION OF MAGISTRATE JUDGE'S	
24		DISCOVERY ORDER;	
25	AND CONSOLIDATED ACTIONS.	Date: December 16, 2002 Time: 10:00 a.m.	
26	AND CONSOLIDATED ACTIONS.	Ctrm: Room 750	
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The Copyright Owner Plaintiffs submit their reply memorandum in support of their motion for review and reconsideration of the Magistrate Judge's ruling denying the motion for protective order concerning EFF (the "Motion for Review") as follows:

#### I. INTRODUCTION

Contrary to EFF's mischaracterizations in their opposition to the Motion for Review (see, e.g., Opposition, at 2:6-8.), the Copyright Owner Plaintiffs did not bring their motion for protective order to prevent all of the Newmark Plaintiffs' attorneys from seeing any highly restricted documents. In fact, the Motion for Protective Order did not seek to restrict access of the Newmark Plaintiff's counsel of record, The Rothken Law Firm, to any of the documents. As to the in-house lawyers at EFF – an organization that competes with the Copyright Owner Plaintiffs in matters directly affecting the Copyright Owner Plaintiffs' business and competitive interests – the Copyright Owner Plaintiffs sought to treat them in the same manner that other in-house lawyers are treated in this case. Indeed, had the Magistrate Judge granted the motion, EFF would still have had broader access to Plaintiffs' documents than the other in-house counsel in this case, since the Copyright Owner Plaintiffs did not seek to restrict EFF's in-house lawyers from seeing all highly restricted documents, only those within specific categories for which the danger and likelihood of inadvertent disclosure by EFF was greatest.

The Copyright Owner Plaintiffs have limited their appeal to the core group of documents that are most sensitive in their adversarial dealings with EFF – those which reflect recent and *current* (i) strategic planning, (ii) lobbying tactics and strategies, and (iii) sensitive and detailed financial information.<sup>1</sup> These extremely

In understanding the concerns of the Copyright Owner Plaintiffs in allowing EFF to review these extremely sensitive materials such as the so-called "lobbying documents," the Court is urged to review the EFF website at EFF.org. The website reveals the extent of EFF's lobbying activities opposed to the interests of the Copyright Owner Plaintiffs, including specific lobbying efforts in opposition to legislative initiatives supported by the (continued on next page)

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sensitive documents comprise a volume far smaller - probably less than 20,000 pages -than those at issue before the Magistrate Judge.2

Despite EFF's arguments to the contrary, the Ninth Circuit Court of Appeal's decision in Brown Bag Software v. Symantec Corp., 960 F.2d 1465 (9th Cir. 1992), provides the applicable standard in this case, and the Magistrate Judge did not conclude otherwise. The Ninth Circuit established in Brown Bag Software that the Court must weigh the "risk of disclosure" of the confidential information against "the hardship a protective order might impose on [the party's] prosecution of its claim." Brown Bag Software, supra, 960 F.2d at 1471. The only reasonable conclusion that can be drawn from the undisputed facts in this case is that EFF's activities and those of its attorneys create a risk of inadvertent disclosure and resulting harm that outweighs any purported prejudice to EFF's attorneys.

Moreover, EFF is not exempt from the Brown Bag Software balancing test because it is a non-profit corporation which purports to act as a "public interest" law firm. (See Opposition, at 9-12.) There is no reasoned basis for distinguishing between EFF's activities and those of the Copyright Owner Plaintiffs for purposes of applying the Brown Bag Software analysis; and the Magistrate Judge did not find any.

For all of the reasons set forth herein, the Copyright Owner Plaintiffs' Motion for Review should be granted, and the ruling of the Magistrate Judge reversed as to those limited documents that are the subject of the motion.

Copyright Owner Plaintiffs, and in support of others to which the Copyright Owner Plaintiffs are opposed. The Copyright Owner Plaintiffs do not, of course, question the right of EFF and its attorneys to engage in these activities, or to choose its clients based on their ability to help the organization to deliver its message or further its agenda. (See Joint Stipulation, at 28:25-27; see also Declaration of Cindy Cohn in support of Joint Stipulation, ¶s 6-8.) They do, however, challenge EFF's right to leverage those choices into unfair tactical and competitive advantages against the Copyright Owner Plaintiffs - advantages that are not reciprocal - in lobbying Congress, particularly where, as here, the "prejudice" to their clients is at best minimal.

<sup>&</sup>lt;sup>2</sup> Of course, EFF's suggestion (Opposition at 12) that there is something improper in the Copyright Owner Plaintiffs' decision to appeal only a portion of the Magistrate Judge's ruling is baseless. A party is never required to take an all or nothing approach to the scope of issues on appeal. Indeed, the Local Rules specifically require that a motion for reconsideration specify the "portion[] of the decision objected to . . ." Mag. Rule 3.3.1.

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### II. ARGUMENT

# A. The Copyright Owner Plaintiffs Have Demonstrated Their Entitlement to the Relief Sought Under the Correct Legal Standard.

EFF misstates the applicable standard in suggesting that the Copyright

Owner Plaintiffs must "identify . . . specific harm that would occur if the
confidential information were to be inadvertently disclosed . . ." (Opposition, at
6:10-12.) In fact, the cases relied upon by EFF are inapplicable. The issue in those
cases was whether there existed in the first instance good cause to protect
information from public disclosure. See, e.g., Phillips v. GMC, supra (reversing
order granting the Los Angeles Times access to confidential settlement
information). The issue in this case concerns attorney access to already-protected
documents. As stated in Brown Bag Software, the Court must weigh the "risk of
disclosure" of the confidential information against "the hardship a protective order
might impose on [the party's] prosecution of its claim." Brown Bag Software,
supra, 960 F.2d at 1471. For the reasons previously stated, under that analysis
there exist more than ample grounds to grant this Motion.

The only reasonable conclusion that can be drawn from the undisputed facts is that EFF's activities and those of its attorneys create a risk of inadvertent disclosure and resulting harm that outweighs any purported prejudice to EFF's attorneys. The Copyright Owner Plaintiffs have explained in the Motion for Review the extreme sensitivity of the documents in question. (Joint Stipulation, at 13-17.) The Copyright Owner Plaintiffs also demonstrated, both before the Magistrate Judge and in the Motion for Review, how EFF's activities in particular create an unacceptable risk that the information will be disclosed – if not directly, then by informing the strategy of EFF in lobbying and other activities in which EFF opposes the Copyright Owner Plaintiffs. (*See, e.g.*, Motion for Review, at 8:11-9:21; *see also* Joint Stipulation, at 13:13-26.) Finally, the Copyright Owner

Plaintiffs have both explained and demonstrated the injury that would inevitably result in the event of such disclosure. (See, e.g., Motion for Review, at 8:18-9:6.) The evidence proffered in support of these assertions is undisputed. EFF simply argues, incorrectly, that it is insufficient.

"attack[ing]... the Magistrate Judge's factual findings," and not his legal conclusions. (Opposition, at 4:17-18.) The Magistrate Judge applied the correct legal standard. He erred because his decision was contrary to the only reasonable conclusion that can be drawn from the undisputed facts — that EFF's activities and those of its attorneys create a risk of inadvertent disclosure and resulting harm that outweighs any purported prejudice to EFF's attorneys.

# B. <u>EFF's Purported "Public Interest" Activities Do Not Exempt it</u> From The *Brown Bag Software* Analysis.

EFF accuses the Copyright Owner Plaintiffs of "attempt[ing] to radically expand" the *Brown Bag* test beyond its "traditional scope," by applying it to "business competitors." EFF argues that *Brown Bag* is inapplicable because EFF is not a business competitor of the Copyright Owner Plaintiffs.

EFF is wrong for two reasons. First, application of *Brown Bag* to the facts of this case is not a "radical" extension of the doctrine. EFF has tried to limit the reach of *Brown Bag Software* before, even suggesting that it does not apply to outside retained counsel.<sup>3</sup> From its inception, however, the rule was not intended to be limited to either in-house or "for profit" lawyers. In first articulating this purportedly "traditional" rule in 1984, the Federal Circuit Court in rejected any bright line distinction between in-house and "retained" counsel, reasoning that "[d]enial or grant of access . . . cannot rest on a general assumption that one group

<sup>&</sup>lt;sup>3</sup> In its papers filed with the Magistrate Judge, EFF repeatedly referred to the *Brown Bag Software* rule as the "inhouse counsel" rule, suggesting that the rule had no other application.

of lawyers are more likely or less likely inadvertently to breach their duty under a protective order." U.S. Steel Corp. v. United States, 730 F. 2d 1465, 1468 (Fed. Cir. 1984). In practice, too, the rule articulated in Brown Bag and U.S. Steel Corp. has been the basis for restricting activities of outside counsel. See, e.g., In re Pabst Licensing, 2000 U.S. Dist. LEXIS 6374 (E.D. La.) (protective order granted restricting both in-house and retained counsel "because risk of inadvertent disclosure or misuse is identical . . .")

The court's reasoning applies with equal force to non-profit legal service providers. In determining whether to restrict access to confidential information, a court should consider whether the lawyers are "likely inadvertently to breach their duty under a protective order," not whether they are engaged in *for profit* activities. *U.S. Steel Corp. supra*, 730 F. 2d at 1468. As its origins in a footnote in *U.S. Steel Corp.* confirm, "competitive decisionmaking" is nothing more than shorthand to connote activities that place an attorney at risk of disclosing an adversary's confidential, proprietary information. *U.S. Steel Corp. v. United States*, *supra*, 730 F. 2d at 1468, n. 3. ("The parties have referred to involvement in 'competitive decisionmaking' as a basis for denial of access. The phrase would appear serviceable as shorthand for a counsel's activities . . . that are such as to involve counsel's advice and participation in any or all of the client's decisions . . . ")

None of the cases cited by EFF in the Opposition suggest that there is a reasoned basis for distinguishing "for profit" competitors from "not for profit" competitors. In both cases, the risks and harms of inadvertent disclosure may be equally great. Moreover, contrary to EFF's assertion, the ruling of the Magistrate Judge did not indicate that he "question[ed] whether *Brown Bag* applies here at all." (Opposition, at 9:10.) Indeed, the record of the hearing on the Motion reflects that, in considering EFF's lobbying activities, the Magistrate Judge was unpersuaded by EFF's argument that its purported public interest mission exempted it from the *Brown Bag* analysis:

THE COURT: You try to draw th[e] distinction [between public and private interest activities] in the papers. And I question whether it's not an artificial one. What I would think that the companies do what they do before Congress because they believe that it affects their bottom line and it probably does. And I don't know that a financial effect arising out of the success or lack of success in lobbying is any different than a financial effect arising out of the success or failure in marketing vis-à-vis a competitor. It's still either money in or money out of the Copyright Owner Plaintiff's pockets. . . .

(Transcript at page 40:20-41:4)

Limiting *U.S. Steel Corp.* and *Brown Bag Software* to cases in which attorneys are retained or employed by business competitors would frustrate the purposes of FRCP Rule 26(c), which protects parties from a "range of troubles" not restricted to business interests. *Cipollone v. Liggett Group, Inc.*, 785 F.2d 1108, 1114, n. 10 (3<sup>rd</sup> Cir. 1986). Contrary to EFF's unsupported assertions, there is no basis for exempting EFF from a protective order on this ground, and the Magistrate Judge did not conclude otherwise.

# C. <u>Limiting The Scope Of This Appeal Is Wholly Appropriate.</u>

The Copyright Owner Plaintiffs have appealed the Magistrate Judge's ruling only with respect to a discreet group of the most sensitive documents – the relatively few so-called "lobbying documents" and the business plans and financial information from 2000 to the present. Perhaps recognizing that this limitation further weakens their opposition, EFF suggests the limited nature of the appeal is somehow inappropriate.<sup>4</sup>

<sup>4</sup> Contrary to EFF's assertion, this is not a "new and different motion based on different facts." (Opposition, at

12:13.) No new evidence nor "facts" are presented. To the extent that the limited appeal changes the purported burden or prejudice to either EFF or the Newmark Plaintiffs previously claimed by EFF, EFF has neither been

unfairly surprised nor prejudiced in preparing its opposition. Indeed, as a result of the Court's sua sponte

<sup>(</sup>continued on next page)

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At the same time, EFF tries to suggest that the limitations do not meaningfully alter the volume of documents at issue. EFF claims that its in-house lawyers would still be denied access to 200,000 pages of documents if this Court were to grant this narrower motion for reconsideration. (Opposition, at 13:17.) EFF's estimate is flawed, and grossly overstates the number of pages at issue. Among other things, it overlooks the many thousands of pages of "highly restricted" documents to which the Copyright Owner Plaintiffs never sought to restrict access. Indeed, it appears that the number of pages at issue is less than 20,000 pages, one-tenth of EFF's inflated estimate.<sup>5</sup>

# D. The Copyright Owner Plaintiffs Do Not Mischaracterize EFF's First Amendment Arguments; Those Rights are Not Implicated in this Motion.

EFF accuses the Copyright Owner Plaintiffs of misstating EFF's First Amendment arguments by stating that EFF claims to "enjoy[] a privileged place in the heirarchy of First Amendment protections . . ." (Opposition, at 16:23-17:1.) But that is exactly what EFF urged when it explained in the Joint Stipulation that "Public-interest litigation is a form of public-interest advocacy protected by the First Amendment," and argued that, as a result, the Copyright Owner Plaintiffs were thus required to "first show that this action is necessary to achieve a compelling state interest." (Opposition, at 28:16-17, 29:20-21.)

Again, neither EFF nor its clients enjoy special First Amendment rights with respect to the requested relief. *Seattle Times v. Rhinehart*, 467 U.S. 20, 37 (1984).

continuation of the hearing date from November 25 to December 16, 2002, EFF's attorneys have had a full month to prepare their opposition to this Motion.

The highly restricted business plans and internal financial documents of the Fox, Universal and Disney Plaintiffs from 2000 and later appear to number fewer than 7,000 pages combined. The highly restricted lobbying documents for all six of the Proskauer Plaintiff groups (Fox, Universal, MGM, Disney, Viacom and NBC) number fewer than 1,000 pages.

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The Magistrate Judge rejected that argument and First Amendment issues simply are not implicated in this motion.

# E. <u>EFF's Purported Recitation of the "Procedural History" of this</u> Motion for Review is Inaccurate and Misleading.

In its "Procedural History" section of its Opposition, EFF attempts to recast the events leading up to this Motion in a light that is both inaccurate and misleading. A few examples illustrate the point. EFF claims that the Motion "omit[s] that the Entertainment Companies originally sought to preclude access by all Newmark Plaintiffs Counsel, including Mr. Rothken, to approximately 70% of all documents produced thus far . . ." (Opposition, at 2:7-8.) In fact, as even Mr. Rothken's own declaration reflects, it was the Newmark Plaintiffs themselves, through Mr. Rothken, who initially agreed to "enter into a stipulation that binds the Newmark Plaintiffs and their counsel to a protective order and gave access to all documents and discovery responses except for the documents relating to the lobbying efforts with U.S. Congress and the U.S. Department of Justice . . . "6 (See Rothken Declaration in support of Joint Stipulation, ¶ 5.) (Under the proposed stipulation, the Newmark Plaintiffs also reserved all rights to bring a subsequent motion to gain access to these documents.) Mr. Rothken later withdrew his agreement. The Copyright Owner Plaintiffs made no effort to enforce that agreement, and never attempted in their Motion for Protective Order to preclude the Rothken Law Firm from gaining access to any documents.

EFF also claims that "the Entertainment Companies have now prevented the EFF Attorneys from seeing the key documents in this case for more than four months while document production . . . have continued unabated." (Opposition, at

<sup>&</sup>lt;sup>6</sup> In fact, Mr. Rothken was mistaken in part on this point. He intially agreed that the Newmark Plaintiffs and their attorneys would agree not to gain access to the documents reflecting lobbying efforts before the U.S. Congress and documents produced to the Department of Justice (to the knowledge of the Copyright Owner Plaintiffs, there were no documents produced that reflect efforts to "lobby" the Department of Justice). (See Cooper Decl., ¶ 3.) It is the latter group that comprises the bulk of the "70%" of the production identified in the Opposition.

2:1-4.) In fact, EFF voluntarily entered into a stipulation with the Copyright Owner Plaintiffs not to gain access to the documents at issue pending the outcome of this Motion for Review.

Contrary to the statements and implications of the Opposition's "Procedural History," the Copyright Owner Plaintiffs have acted reasonably and restrained in bringing their motion, and in the negotiations preceding it. In their Motion for Protective Order, the Copyright Owner Plaintiffs narrowed, not broadened, the protections that they sought with respect to the Newmark Plaintiffs. And in bringing this Motion for Review, the Copyright Owner Plaintiffs have identified the *narrowest* scope of relief they believe is adequate to protect their rights.

#### III. **CONCLUSION**

For all of the foregoing reasons, the Copyright Owner Plaintiffs respectfully submit that their Motion for Review and Reconsideration be granted and the ruling of the Magistrate Judge be reversed as to those relatively few documents that are the subject of this motion.

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DATED: December 9, 2002

By:

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#### PROOF OF SERVICE BY MAIL

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I declare that: I am employed in the County of Los Angeles, California. I am over the age of eighteen years and not a party to the within cause; my business address is 2049 Century Park East, Suite 3200, Los Angeles, California 90067-3206.

On December 9, 2002, I served the foregoing document described as:

THE COPYRIGHT OWNER PLAINTIFFS' REPLY
MEMORANDUM IN SUPPORT OF MOTION FOR REVIEW AND
RECONSIDERATION OF MAGISTRATE JUDGE'S DISCOVERY
ORDER

on the interested parties in this action:

(By Mail) By placing true copies thereof enclosed in sealed envelopes addressed as follows: PLEASE SEE ATTACHED SERVICE LIST

I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice, the envelopes would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at Los Angeles, California, in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

-and-

(By Email) By transmitting a true and correct copy thereof via email transmission to: PLEASE SEE ATTACHED SERVICE LIST

(Federal) I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on December 9, 2002, at Los Angeles, California.

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