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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

PARAMOUNT PICTURES CORPORATION *et al.*,

Plaintiffs,

v.

REPLAYTV, INC. *et al.*,

Defendants.

AND CONSOLIDATED ACTIONS.

Case No.: No. CV 01-9358 FMC (Ex)
(Consolidated with
Case No. CV 02-04445 FMC Ex))

NEWMARK PLAINTIFFS' OPPOSITION TO ENTERTAINMENT COMPANIES' MOTION FOR REVIEW AND RECONSIDERATION OF MAGISTRATE JUDGE'S DISCOVERY ORDER

Judge: Hon. Florence-Marie Cooper
Hearing Date: December 16, 2002

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I. INTRODUCTION

In seeking reconsideration of the Magistrate Judge's denial of their motion for an extraordinary and unprecedented protective order, the Entertainment Companies urge this Court not only to deny the Newmark Plaintiffs their chosen counsel, but also to create law that will allow future litigants to effectively disqualify opposing counsel who publicly disagree with them about issues of public importance.

The Magistrate Judge properly declined this invitation. In seeking reconsideration the Entertainment Companies make no new legal arguments, nor do they question the legal standard applied by the Magistrate Judge. Instead, they attack the Magistrate Judge's two key factual findings: that the protective order would significantly impair litigation of the Newmark Plaintiffs' claims by effectively preventing Electronic Frontier Foundation (EFF) attorneys from serving as litigation counsel; and that the Entertainment Companies had failed to demonstrate a risk of disclosure of their confidential information.

But just as the Entertainment Companies failed to demonstrate good cause in support of their original motion, they fail here to demonstrate that the Magistrate Judge's decision is clearly erroneous. On this record, the Magistrate Judge's decision is the only possible result.

Nor does the Entertainment Companies' post-hoc attempt to propose a different protective order affect the correctness of the Magistrate Judge's decision. This improper attempt to gain a second bite at the apple and reverse the Magistrate Judge for failing to issue an order that they had not asked him to issue, even if cognizable, is also unsupported by the record. Accordingly, the Entertainment Companies' motion should be denied.

II. PROCEDURAL HISTORY

This dispute began in August 2002, immediately upon the Court's Order granting

consolidation of this case.[1] By instigating it, 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, interrogatories, depositions and discovery motions (with multiple exhibits that have been withheld from EFF Attorneys) have continued unabated.

Moreover, the Entertainment Companies' recitation of the procedural background ignores three key points.[2] First, they omit the fact that the Entertainment Companies originally sought to preclude access by *all* Newmark Plaintiffs' Counsel, including Mr. Rothken, to approximately 70% of all documents produced so far,[3] including more than 90% of the documents that the Entertainment Companies have self-designated as "restricted" or "highly restricted" under this Court's May 29, 2002 protective order. Declaration of Ira Rothken, ¶¶4, 18; Declaration of Nancy Meeks, ¶¶7-11 (Exh. A to Newmark Plaintiffs' Supplemental Memorandum); Declaration of Scott Cooper dated October 31, 2002, Exhs. 6 and 8, respectively.

Second, the Entertainment Companies subsequently broadened their claim of exclusion to preclude all of the Newmark Plaintiffs' attorneys from seeing even more documents, representing approximately 90% of the documents produced at the time.[4] This remarkable claim

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[1] The Entertainment Companies argue that this Court's consolidation ruling "implicitly invit[ed]" them to seek this protective order. Motion, Exh. 3, Exh. A to Cooper Decln. at 5:19-21. This is a misreading of the record. The Court properly concluded that the potential for discovery disputes was no reason to deny consolidation. Nor would such an "invitation" relieve the Entertainment Companies of the burden to show potential harm as required by F.R.C.P. 26.

[2] The full procedural history of this matter is set out in the Newmark Plaintiffs' portion of the Joint Stipulation (Cooper Decln. Exh. 2) at pages 24-25, and in the Declaration of Ira Rothken dated September 30, 2002 (Cooper Decln, Exh. 6), at ¶¶2-14.

[3] See Declaration of Nancy Meeks dated October 7, 2002, Exh. A to Newmark Plaintiffs' Supplemental Memorandum, ¶¶9, 12, Cooper Decln. Exh. 8.

[4] See Rothken Decln.¶7,17. The Entertainment Companies' attempt to treat EFF Attorneys as "in-house counsel" under the existing protective order would have excluded them from viewing all documents designated "Restricted" and "Highly Restricted" by the Entertainment Companies, including the blanket designation of the Department of Justice documents and business and financial documents as "Highly Restricted". See Meeks Decln.¶7-8.

resulted in the Newmark Plaintiffs' preparing an ex parte application to this Court for relief, at which time the Entertainment Companies allowed Mr. Rothken full access to the documents and slightly narrowed the number of documents that the EFF Attorneys could not see from almost all of the confidential documents to five categories that the Newmark Plaintiffs estimated as encompassing somewhere between 78% and 94% of the documents. (Rothken Decl., ¶13, 18; Declaration of Cindy Cohn, Cooper Decln. Exh.5, ¶20).[5]

Third, on this motion for reconsideration the Entertainment Companies again have failed to provide any log or listing of the specific documents which they seek to prevent EFF Attorneys from seeing.[6] Based upon the previous estimates, the amount still appears to be more than 200,000 pages of the more than 708,000 pages produced so far.

III. STANDARD OF REVIEW

A Magistrate Judge's ruling on a discovery protective order is final and cannot be set aside or modified by the district court unless the court finds that the order is "clearly erroneous

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[5] The exact number of documents in issue has never been clarified by the Entertainment Companies The 78% figure arises from a rough calculation done by Mr. Rothken based on a visual inspection of the categories of documents being excluded on September 25, 2002, together with conversations with Fenwick & West LLP personnel. Rothken Decln ¶18. The 94% figure is based on a white list of Bates-stamped viewable pages notified to EFF Attorneys under the terms of the interim stipulation governing Mr. Rothken's access, Rothken Decln ¶14 and Exh.B, which the Entertainment Companies provided to EFF Attorneys on a rolling basis during the briefing process below. This list only identified approximately 6% of the pages produced to date.

[6] The Entertainment Companies have also never specified *which* documents should be included in broad categories such as "lobbying" documents. The document categories are not self-evident, and many documents could apparently qualify as "dual use." For instance, the Entertainment Companies have not stated how they would categorize a document first developed for internal use but then shown to a member of Congress. As a result, throughout this dispute the Newmark Plaintiffs have had to guess at what specific documents fall within these broadly-worded categories.

[7] More precisely, of a total of 708,000 pages produced as at October 2, 2002, 65% are the documents produced to the Department of Justice (Meeks Decln. ¶9) and 5% are estimated to be the older business and financial records and "content protection" documents no longer challenged, leaving approximately 200,000 pages in issue.

or contrary to law." See F.R.C.P. 72(a); 28 U.S.C. §636(b)(1)(a); Local Rule 3.3.1. "'Pretrial orders of a magistrate under 636(b)(1)(A) are reviewable under the "clearly erroneous and contrary to law" standard; they are not subject to *de novo* determination . . . .' The reviewing court may not simply substitute its judgment for that of the deciding court." *Grimes v. San Francisco*, 951 F.2d 236, 241 (9th Cir. 1991) (citations omitted). "To be clearly erroneous, a decision must strike us as more than just maybe or probably wrong; it must . . . strike us as wrong with the force of a five-week-old, unrefrigerated dead fish." *Hayes v. Woodford*, 301 F.3d 1054, 1067 n. 8 (9th Cir. 2002). A decision is not clearly erroneous if there is evidence in the record to support it. *Id.* at 1072 n.18.

The Entertainment Companies assert on several occasions that the facts are not in dispute, and that they only challenge the Magistrate Judge's application of the law to undisputed facts. (Entertainment Companies' Motion for Review and Reconsideration at 7:8-11; 9:22). They are in error. The Entertainment Companies do not attack the Magistrate Judge's legal analysis. They argued that the Magistrate Judge should apply the balancing test of *Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465 (9th Cir. 1992), Joint Stipulation at 3:3-21, and they continue to assert that the *Brown Bag* standard the Magistrate Judge adopted *arguendo* is the correct one (Motion at 8:4-6). Thus while they claim to challenge only "legal conclusions," what they really attack are the Magistrate Judge's factual findings.

First, they challenge the finding that the protective order as originally proposed would significantly impair the Newmark Plaintiffs' ability to prosecute their claims by preventing the EFF attorneys from serving as litigation counsel in this case. Second, they challenge the finding that they failed to demonstrate a sufficiently significant disclosure-related risk of danger to warrant the relief sought. These two factual findings are subject to review under the "clearly erroneous" standard, which in this context requires the Entertainment Companies to show that there is no evidence in the record below upon which the Magistrate Judge could have based his

decision. They have failed to meet this burden.

IV. ARGUMENT

A. THE ENTERTAINMENT COMPANIES HAVE NOT MET THEIR BURDEN OF PROVING THAT THE MAGISTRATE JUDGE'S FACTUAL FINDINGS WERE CLEARLY ERRONEOUS.

1. The Magistrate Judge correctly required the Entertainment Companies to demonstrate specific and definite harm from possible disclosure and a significant risk of disclosure before granting a protective order, and correctly determined that they had failed to do so.

The party who moves for a protective order must show "good cause". F.R.C.P. 26(c). The moving party has the burden to show that "specific prejudice or harm will result if no protective order is granted" (*Phillips v. GMC*, 289 F. 3d 1117, 121 (9th Cir. 2002)) and that there "will indeed be harm by disclosure." *Cuno, Inc., v. Pall Corp.*, 7 F.R.D. 506, 508 (E.D.N.Y. 1987). "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).

Before the Magistrate Judge, the Entertainment Companies argued that the *Brown Bag* test should govern their motion. Under *Brown Bag*, when opposing parties to a lawsuit are business competitors, a motion to restrict access to discovery by an attorney who makes competitive business decisions for the opposing party is decided by "balanc[ing] the risk of inadvertent disclosure of trade secrets against the risk [of] impaired prosecution of [the opposing party's] claims." 960 F.2d. at 1470. Without deciding the question, the Magistrate Judge assumed *arguendo* that the *Brown Bag* test applied, but found that there was no factual basis for the requested protective order.

Thus, under both F.R.C.P. 26 and *Brown Bag*, the Entertainment Companies had the burden of showing both that disclosure by EFF Attorneys is likely, and that disclosure, should it occur, is likely to result in specific harm to the Entertainment Companies. In their court papers

and in response to direct questioning by the Magistrate Judge on this point, the Entertainment Companies failed to meet their burden of proof on these two points. See, e.g., Transcript, pp. 9-10 (Magistrate Judge's request for a description of a concrete instance of harm). Here, as in their motion before the Magistrate Judge, the Entertainment Companies again fail to identify any specific document or item of information in the documents that could be used to harm them or any concrete harm that would "inevitably result." Motion at 7-10.

Instead of presenting specific examples arising from specific documents, the Entertainment Companies seek to prohibit EFF Attorneys from seeing and using hundreds of thousands of pages of documents based solely on the conclusory assertion that "disclosure . would be of great strategic benefit to EFF." Joint Stipulation at 17. Moreover, they fail to identify any specific harm that would occur if the confidential information were to be inadvertently disclosed; they merely assert that the information would "inform" EFF's future public lobbying strategy (Transcript, p. 10) and would result in EFF "drawing on" the information in its public statements. (Motion, 9:19).

The Entertainment Companies list four specific policy issues where the EFF has advocated a different outcome than that favored by the Entertainment Companies: 1) Legislation or technological developments intended to control unauthorized use or copying of a work; 2) Internet content filtering; 3) the development of uniform standards for digital copying; and 4) the Broadcast Flag digital broadcasting anticopying proposal. Joint Stipulation at 7. None of those questions is at issue in this litigation and, even as to those issues, the Entertainment Companies fail to identify the specific information of concern in their documents and fail to explain how any specific harm would befall their businesses of selling television and motion picture entertainment if the information was seen by EFF Attorneys.

Next, the Entertainment Companies fail to demonstrate "an unacceptable risk" (Joint Stipulation at 10:13-15 and Motion at 7:18-23) of inadvertent use or disclosure of the

confidential information here that is materially greater than the risk that exists in all litigation. Obviously, intentional use of this information by EFF Attorneys would violate the extant protective order in this case and subject EFF Attorneys to sanctions, up to and including termination of this case and disbarment. Such intentional use is easily guarded against, however, just as it is in any litigation. Stopping short of accusing the EFF Attorneys of possessing the potential for intentional abuse, the Entertainment Companies instead intimate that the EFF Attorneys would somehow *inadvertently* misuse the information. Given that the only dangers they outline are intentional statements by EFF Attorneys to Congress, the public and the press, it is difficult to imagine how an attorney could "inadvertently" reveal confidential information in those circumstances. But even if such a massive slip of the tongue was possible, the Entertainment Companies have made no showing that this risk is materially different from that in the many other cases where counsel are routinely adverse to the same opposing party and speak publicly about the same issues.

For example, the Magistrate Judge observed that the same concern exists in police misconduct litigation, where plaintiffs' attorneys often review extremely sensitive internal police investigation documents in discovery. These same attorneys also lobby for more civilian oversight of the police and publicly speak out in ways antagonistic to the interests of the police. Transcript at 17:12-18:14. In response, the Entertainment Companies made no attempt to show that the risk in that case was different or that *Brown Bag* should not apply in that context, instead stating that perhaps the documents in a police misconduct case would be so "necessary" and the representation so "narrow" that the risk of disclosure might be justified. *Id.* at 18:18-25.

The Entertainment Companies did not specify the information or documents that they believe will harm them, did not specify any purported harm, and did not demonstrate any increased risk of harm compared to other litigation. Accordingly, the Magistrate Judge correctly determined that the Entertainment Company "Plaintiffs have failed to demonstrate a sufficiently

significant disclosure-related risk or danger to warrant the relief requested" under F.R.C.P. 26. This Court should find that they have not carried their burden of showing that the Magistrate Judge's finding is "clearly erroneous."

2. **The Magistrate Judge correctly found that the relief sought by the Entertainment Companies would impair significantly the prosecution of the Newmark Plaintiffs' claims by effectively preventing the EFF Attorneys from serving as litigation counsel for the Newmark Plaintiffs in this action.**

In order to overturn this finding of fact as "clearly erroneous," the Entertainment Companies must show that the record below lacks any evidentiary basis for the Magistrate Judge's determination that the proposed protective order would significantly impair prosecution of the Newmark Plaintiffs' claims by effectively preventing the EFF Attorneys from serving as the Newmark Plaintiffs' litigation counsel in this action.

This determination is amply supported by the record. The oral argument transcript shows that the Magistrate Judge carefully considered whether the relief sought would impair the EFF Attorneys' ability to represent the Newmark Plaintiffs. For instance, the Magistrate Judge noted "the impracticality of proceeding in this case . . . where the EFF Attorneys would constantly have to be asked [by the Entertainment Companies] to step out of the deposition and so forth." Transcript at 20: 5-15). Similarly, he noted that granting the relief sought by the Entertainment Companies might put entities engaged in both litigation and public advocacy, like EFF, out of business (Transcript at 6:23-25 and 7:1, 16:11-16, 17:12-25 and 18:1-14, and 20:5-15).

The evidence below also demonstrated that the proposed protective order would necessarily have reached beyond document review and depositions. The EFF Attorneys would not have been able to participate fully in propounding discovery or in preparing briefs and motions where confidential information is relied upon or must be rebutted, and would not be able to participate substantially in the trial itself. Joint Stipulation at 21:18-22:5; Rothken Decl ¶20.

Accordingly, the Entertainment Companies have not met their burden of showing that the

Magistrate Judge's finding that the protective order would effectively prevent the EFF attorneys from serving as litigation counsel in this action was clearly erroneous.

B. THE MAGISTRATE JUDGE WAS CORRECT BOTH IN CONCLUDING THAT THE *BROWN BAG* TEST WAS NOT MET HERE AND IN APPLYING THE TEST ONLY *ARGUENDO.*

The Entertainment Companies ask this Court to extend *Brown Bag* beyond its traditional scope, to a party who is not a business competitor and to attorneys who are not competitive decisionmakers. Presumably in recognition of this stretch, the Magistrate Judge carefully couched his decision as assuming "*arguendo* the applicability in this context" of *Brown Bag*. Thus, while the Magistrate Judge was correct that this motion fails under the *Brown Bag* test, he was also correct in questioning whether *Brown Bag* applies here at all.

The *Brown Bag* test is a limited, narrow rule that allows protective orders precluding specific counsel from participating in discovery in well-defined, exceptional circumstances: where the opposing parties are business competitors in the same product or service market *and* where the precluded counsel has a competitive business decisionmaking position for the opposing company. Implicitly recognizing that they could not meet the F.R.C.P. 26 "good cause" standard for a protective order directly, the Entertainment Companies have argued that the *Brown Bag* rule should be extended to reach the quite different circumstances of the EFF Attorneys' representation of the Newmark Plaintiffs.

This attempt to radically expand the scope of the *Brown Bag* rule should be rejected. To date, the *Brown Bag* rule has only been applied to prevent access to trade secrets by counsel who are decisionmakers at *business competitors* and who, because of their role in such a competing organization, would be unable to avoid using their competitor's information to scoop the market. See *Brown Bag*, 960 F.2d at 1471 ("The resulting protective order strikes a reasonable balance between those interests by shielding Brown Bag's in-house counsel from personal knowledge of a competitor's trade secrets.").

"'Competitive decisionmaking' refers to the in-house counsel's role, if any, in making company decisions that affect contracts, marketing, employment, pricing, product design, or 'any or all of the client's decisions . . . made in light of similar or corresponding information about a competitor.'" *Volvo Penta v. Brunswick Corp.*, 187 F.R.D. 240 (E.D. Va. 1999), quoting *U. S. Steel Corp. v. United States,* 730 F.2d 1465, 1468 & n. 3 (Fed Cir. 1984). Courts have consistently refused to apply *Brown Bag* to counsel who were not competitive decisionmakers. See, e.g., *Volvo*, 187 F.R.D. at 243-44; *Amgen, Inc. v. Elanex Pharmaceuticals, Inc.*, 160 F.R.D. 134, 139 (W.D. Wa. 1994); *Fluke Corp. v. Fine Instruments Corp.*, 32 U.S.P.Q.2d 1789 (W.D. Wa. 1994); *Carpenter Tech Corp. v. Armcolac*, 132 F.R.D. 24, 27-28 (E.D. Pa. 1990).

Because the *Brown Bag* rule applies only where the litigating parties are business competitors and the targeted attorneys engage in "competitive decisionmaking" relative to competing products, it applies here if and only if the Entertainment Companies can show both that EFF is a business competitor and that EFF Attorneys engage in "competitive decisionmaking." They have shown neither.

First, the EFF is plainly not a business competitor of the Entertainment Companies: it does not create, broadcast, or distribute motion picture or television entertainment. Moreover, the Entertainment Companies have not produced evidence or even suggested that their businesses of selling television programming and movie content would be harmed by allowing EFF Attorneys access to these documents. They have merely identified differences in the parties' opinions on copyright policy issues that have been discussed in open, public arenas.[8]

Second, the Entertainment Companies do not cite a single case in support of their assertion that the limited "competitive decisionmaker" counsel rule applies outside the context of business competition. The Entertainment Companies assert that they need this exceptional

[8] While it is possible that a governmental policy decision or a shift in public opinion could ultimately harm the business interests of the Entertainment Companies, this situation is not comparable to a commercial competitor's using a trade secret to gain a business advantage.

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 engage operate as public advocates, in the media and before public policy makers." (Joint Stipulation, 1: 20-24, emphasis omitted) But nowhere in their briefs or argument can "comparable" facts or cases be found. To the contrary, every case cited by the Entertainment Companies involved counsel employed by, or engaged in competitive decisionmaking on behalf of, a business competitor. See Newmark Plaintiffs' Portion of Joint Stipulation at 32, note 12). Indeed, in response to a question from the Magistrate Judge, the Entertainment Companies acknowledged that they had not identified any case where outside counsel had been denied access to documents because that counsel was also engaged in lobbying. Transcript at 8:23-5, 9:1 The Entertainment Companies' claim of "comparable" situations is simply unsubstantiated.

The Entertainment Companies' only real response has been that the *Brown Bag* test can apply to outside counsel who are competitive decisionmakers, not just to in-house counsel. Entertainment Companies' Supplemental Memorandum, Cooper Decln. Exh.7 at 3:1-5. This response misses the point. As *Brown Bag* and numerous cases following it have made clear, the key question in applying the *Brown Bag* test is whether an attorney is engaged in competitive decisionmaking for or on behalf of a business competitor, not whether or not the attorney is in-house or retained counsel. *Brown Bag*, 960 F.2d at 1470; *Amgen, Inc. v. Elanex Pharmacy, Inc.*, 160 F.R.D. 134, 137-138 (W.D. Wash. 1994); *Fluke Corporation v. Fine Instruments Corp. et al*, 1994 WL 739705 (W.D. Wash. 1994)

In short, EFF cannot possibly be characterized as a business competitor of the Entertainment Companies because EFF does not sell TV programming or movie content, and the Entertainment Companies have not shown that any of EFF's activities adversely affect their market for the sale of these items. Nor have the Entertainment Companies shown that EFF Attorneys engage in "competitive decisionmaking" for others, such as by advising clients on

products or services that compete with those of the Entertainment Companies.

Thus, the fact that the *Brown Bag* rule does not apply here is an additional reason for affirming the Magistrate Judge's order.

C. THE ENTERTAINMENT COMPANIES' MOTION IMPROPERLY SEEKS A FRESH DECISION ON THE MERITS BASED ON DIFFERENT EVIDENCE THAN THAT BEFORE THE MAGISTRATE JUDGE.

Although the Entertainment Companies purport to move for review and reconsideration, their motion actually asks this Court to approve a protective order different than that ruled on by the Magistrate Judge: one that would prohibit access to their financial records and business plans since 2000 (the period during which the ReplayTV and other digital video recorders were first introduced into the consumer market) and to the vague category of "lobbying" documents.

By seeking a different protective order, the Entertainment Companies in effect ask this Court to exceed the limited scope of review of Magistrate Judges' orders provided by the Federal Rules and to decide, *de novo*, a new and different motion based on different facts.[9] This post-hoc attempt to change the scope of the protective order cannot call into question the correctness of the Magistrate Judge's decision of the motion actually before him, much less show that that decision was clearly erroneous This attempt to gain a second bite at the apple and reverse the Magistrate Judge for failing to issue an order that he was never asked to issue should be rejected.

Moreover, even if cognizable, this new and different protective order also is unsupported by the record before the Court. As they did before the Magistrate Judge, the Entertainment Companies have not attempted to quantify the documents they seek to withhold from the EFF Attorneys, much less to give a log or other description of the specific documents. The Entertainment Companies do not explain this omission, which prevents the Newmark Plaintiffs

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[9] This tactic of aggressively staking out an extreme and unreasonable position, reducing it when bringing it before the Magistrate, then reducing it further when appealing the Magistrate's ruling to this Court increases delay and attempts to transform the Court's review of the Magistrate Judge's order into the *de novo* decision of a new motion with new facts, contrary to the process for review of Magistrate Judge decisions established by the federal rules and the Judiciary Act.

and this Court from making an informed assessment of the effect of the proposed restriction on the Newmark Plaintiffs' ability to pursue their case effectively. Since the Entertainment Companies bear the burden to demonstrate harm with specific examples, their motion should be denied for this reason alone. See *Phillips v. GMC*, 289 F.3d 1117, 1121 (9th Cir. 2002)

D. EVEN AS NARROWED, THE PROPOSED RESTRICTION WOULD MATERIALLY PREJUDICE THE NEWMARK PLAINTIFFS BECAUSE THE THREE CATEGORIES OF DOCUMENTS THAT THE ENTERTAINMENT COMPANIES STILL SEEK TO WITHHOLD FROM THE EFF ATTORNEYS ARE CRUCIAL TO PROVING THE NEWMARK PLAINTIFFS' FAIR USE CASE.

Having narrowed the categories of withheld documents to all of the "lobbying" documents, and to the "business plans" and "financial documents and information" from 2000 to the present, the Entertainment Companies assert, without any factual support, that that these are only a "small portion," relatively few," and a "handful" of the documents produced. (Motion at 12:5, 3:15 and 10:25 respectively). They accordingly conclude that the "limited nature of this Motion necessarily eliminates EFF's argument that the relief requested would prejudice the Newmark Plaintiffs." (Motion 10:15-28). This is plainly false.

Based upon previous estimates put forth by the Newmark Plaintiffs, which the Entertainment Companies have not contested, the new protective order request appears to prevent the EFF Attorneys from reviewing approximately 200,000 pages produced so far.[10] Moreover, although the Entertainment Companies have not specified even the raw number, much less the specific description of the particular documents they now seek to include in the protective order, the category descriptions themselves demonstrate that they will be extremely important to proving the Newmark Plaintiffs' fair use claim. The fourth fair use factor under 17

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[10] See note 7, supra and Meeks Decln, ¶7-11. This figure is calculated on the basis of a total of 708,000 pages produced as at October 2, 2002. The Entertainment Companies have now eliminated the "Department of Justice" documents produced pursuant to an antitrust investigation into the Entertainment Companies' online movie services, and its business and financial records prior to 2000. That leaves 30% of the documents, or approximately 200,000 pages, subject to the new protective order being sought.

U.S.C. §107 is the effect of the Newmark Plaintiffs' use of the ReplayTV device, specifically the "Commercial Advance" and "Send Show" features and its archiving abilities, on the value of the Entertainment Companies' current and likely future markets for their copyrighted works.

The current financial documents will likely contain information about the actual impact of commercial advance by ReplayTV device users on the Entertainment Companies' markets and products, as well as the impact caused by commercial fast-forwarding by other competitor digital video recorders (DVRs) such as TiVo. The current financial documents will also reflect other factors that impact the value of TV shows and movies quite apart from DVRs, including general economic trends and other new technologies.

Similarly, the business plans will indicate both the Entertainment Companies' forecasts of the financial impact of DVRs and other technological and economic changes, including online downloads and video-on-demand,, and will also indicate the Entertainment Companies' business strategies for adjusting to and accommodating the predicted impacts of these changes on their markets and the value of their products.

Finally, the nonpublic documents that the Entertainment Companies use in lobbying Congress and administrative agencies[11] will reflect whether their representations to Congress on the expected impact of DVRs on the markets for their goods are consistent with their representations to this Court.

These three categories of information are undoubtedly among the most relevant of all the documents produced by the Entertainment Companies to the Newmark Plaintiffs' fair use claims and they are not available from any other source. Therefore, although they may be smaller in volume, the documents that the Entertainment Companies seek to prevent EFF Attorneys from accessing still include core documents required to prove the Newmark Plaintiffs' case.

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[11] Most of the documents used to lobby administrative agencies are public documents pursuant to law. *See e.g., 47 C.F.R. 1.1200 to 1.1216 (FCC Ex Parte Procedures).*

The Entertainment Companies respond that the Newmark Plaintiffs will not be prejudiced by the loss of three of their attorneys of record because the sole remaining attorney, Ira Rothken, could sufficiently handle presentation of these core issues alone. While the lack of particular descriptions or even raw numbers of documents at issue make a detailed response impossible, it is clear that the practical effect of the proposed restriction would be that three of Newmark Plaintiffs' four counsel of record could not participate in the major part of the case preparation. Even if Mr. Rothken could single-handedly review all those documents and handle every step of the litigation in which they are referred to or relied upon,[12] the proposed restriction would still materially prejudice the Newmark Plaintiffs by preventing their full, chosen legal team from representing them. *See e.g.* Declarations of Newmark, Hughes, Ogden, Fleishman and Wright, Exhibits B-E of Newmark Plaintiffs Supplemental Memorandum, Cooper Decln. Exh. 8.

E. THE ENTERTAINMENT COMPANIES MISCHARACTERIZE THE NEWMARK PLAINTIFFS' FIRST AMENDMENT ARGUMENTS

As the wording of the Order makes clear, the Magistrate Judge reached his decision by applying the balancing test of the *Brown Bag* case. As a result, he did not have to reach the Newmark Plaintiffs' First Amendment arguments. However, if this Court finds it necessary to reach those arguments, and in the interests of correcting the record before the Court, the Newmark Plaintiffs note that the Entertainment Companies have mischaracterized the First Amendment arguments. First, the Entertainment Companies state that "EFF's attorneys have challenged this Motion primarily on First Amendment grounds" (Motion, at 8: 20, FN 4). This is plainly incorrect, as the pleadings below demonstrate; the First Amendment argument constitutes only three of the twenty pages of the Newmark Plaintiffs' portion of the Joint Stipulation (Joint Stipulation at 28-31). Second, the Entertainment Companies have claimed that EFF argued that "as a self-proclaimed 'public interest' organization, EFF enjoys a privileged place in the

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[12] See Rothken Decln. ¶20.

hierarchy of First Amendment protections" and that EFF wrongly confused its First Amendment interests with those of its clients (Motion at 4:21-25). Based on that mistaken assertion, the Entertainment Companies then seek to distinguish the cases cited by Newmark Plaintiffs, and cite *Seattle Times Co. v. Rhinehart,* 467 U.S. 20 (1984) to support the proposition that the First Amendment does not apply to the current case.

This misstates the Newmark Plaintiffs' argument, as set out in the Joint Stipulation, as well as First Amendment jurisprudence. The Newmark Plaintiffs argued that the Entertainment Companies' attempt to disqualify the EFF Attorneys on the basis of their role as public policy advocates implicates the First Amendment rights of EFF's clients to freedom of association and choice of counsel, as well as EFF's own right to petition the government and speak to the press. As a result, any proposed restriction on the basis of EFF's political speech and government petition rights must be scrutinized under the First Amendment. The same would be true of *any* organization engaged in both public advocacy and litigation, including all the amici who filed an amicus brief in the proceeding below in support of the Newmark Plaintiffs, not just EFF. *See* Amicus brief, Cooper Decln. Exh.9. The Entertainment Companies' arguments, if accepted, would have broad First Amendment implications for other public interest organizations and even private attorneys who make public statements on issues related to their cases.[13]

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[13] Ironically, this rule would also presumably reach all three of the law firms representing the Entertainment Companies here, since all lobby Congress on behalf of their clients. Nothing about the Entertainment Companies' rationale here would prevent application of this new rule to prevent them from litigating cases where they also represent client positions before Congress on issues where they are adverse to their litigation adversaries. 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 comprehensive lobbying and "Intellectual Property Legislative Services" practice: <http://www.mwe.com/area/legis006.htm>.

Finally, *Seattle Times* does not apply here. That case considered whether the First Amendment prohibits a media party from being bound by a protective order that limited its ability to publicize for nonlitigation purposes information it received in discovery. Here, the Entertainment Companies seek something markedly different: They seek to prevent EFF Attorneys from accessing discovery information for litigation purposes in the first place, which goes to the heart of their ability to represent their clients. The EFF Attorneys have long agreed to be bound by the protective order and to refrain from any prohibited use or disclosure — they have even demonstrated that they have done so successfully in many other cases. Cohn Decl. ¶¶11-13, Cooper Decln. Exh.5.

V. CONCLUSION

There is no basis in law or fairness to allow the Entertainment Companies to deny the Newmark Plaintiffs their chosen attorneys simply because those same attorneys speak in public and to Congress on issues where they disagree with the Entertainment Companies. The Magistrate Judge's order should be affirmed.

with permission of
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PROOF OF SERVICE

Paramount Pictures Corporation v. ReplayTV
CASE NO. CV 01-9358 FMC (EX)
(Consolidated With Case No. CV 02-04445 FMC (EX))
US District Court, Central District of California

I am over the age of 18 years, am not a party to this action and am employed by Plaintiff's Counsel, Electronic Frontier Foundation.

On December 2, 2002, I served the within:

NEWMARK PLAINTIFFS' OPPOSITION TO ENTERTAINMENT COMPANIES' MOTION FOR REVIEW AND RECONSIDERATION OF MAGISTRATE JUDGE'S DISCOVERY ORDER

on the parties in said action by FACSIMILE, E-MAIL and US MAIL by depositing a copy in an envelope, postage prepaid in a US MAIL BOX addressed as follows:

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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated: December 2, 2002

BARAK R. WEINSTEIN