LITIGATORS CORNER: What's Wrong With Protective Orders? PART 2

BY JOSEPH N. HOSTENY, OF NIRO, SCAVONE, HALLER & NIRO

Regular IP Today *columnist Joseph N. Hosteny is an intellectual property litigation attorney with the Chicago law firm of Niro, Scavone, Haller & Niro. A Registered Professional Engineer and former Assistant US Attorney, his articles have also appeared in* Corporate Counsel Magazine, The Docket *(American Corporate Counsel Association),* American Medical News, Inventors' Digest, Litigation Magazine *and* Assembly Engineering Magazine. *Listed in* Who's Who, *Mr. Hosteny was recently named to the Board of Editors of* Patent Strategy & Management *(a monthly publication of* American Lawyer Media*), for which he will also be writing periodic guest columns. Mr. Hosteny can be reached at (312) 236-0733, or by e-mail at jhosteny@hosteny.com, or by visiting his web site at http://www.hosteny.com.*

Last month I described some of the ways protective orders are used and abused to accomplish a purpose never meant for them: to influence the outcome of the lawsuit by obstructing discovery and isolating the plaintiff from reasonable knowledge of his case. This month, I have a few more thoughts on the same subject.

Another example of misuse of a protective order is the way some defendants try to burden plaintiffs by producing business records on paper, even though the records are kept in a computer in the normal and ordinary course of business. One prime example is source code for a program that is implicated in the infringement of a patent. I have yet to see an expert who wanted to go blind looking at computer source code on paper. Source code is written on a computer, compiled on a computer, and the resulting program is executed on a computer. It exists, as a business record, in electronic form. It could not be written, compiled or used if it were not electronic in form. It is evident that there is only one reasonable way to analyze it: on a computer. Analyzing it on paper is more likely to result in error. Yet I recently read a protective order that said that all source code may, at the producer's discretion, be provided "only on paper." How crazy can you get? The same protective order then refers to this paper as "restricted magnetic media," even though it is paper. The "restricted magnetic media," which really includes paper, cannot be "transmitted electronically." Would that mean that paper "restricted magnetic media" cannot be faxed? In this convoluted order, which says paper is magnetic, I suppose so.

Source code is how programmers work. They aren't scriveners, like Bob Cratchit in Dickens' *A Christmas Carol*. Source code is created, maintained and used in machine-readable format. Rule 34 contemplates production of documents as they are kept in the ordinary course of business; production of source code on paper is not consistent with Fed.R.Civ.P. 34 (b).

Source code frequently contains cross-references, too. Analyzing source code requires moving back and forth to different parts of the program that may be widely separated, perhaps by hundreds of pages. Analyzing code on paper may mean that a technical expert would have to wade through hundreds or thousands of pages of code to locate one line that is being referred to by another line somewhere else. And then that line may refer to a third line that must be located, and so on and so on. If the source code is on a computer, a reviewer can use an editor program with a searching function that can search for particular source code symbols and find all of them quickly. In other words, the reviewer avoids wasting time flipping through page after page of code, searching for a particular line. In one of our cases, our expert estimated that it would be one hundred times faster to analyze source code on a computer rather than in paper form.

So, don't ever agree to source code on paper. There are reasonable measures that can be taken to protect it, e.g., keeping it on a single, non-networked computer in the hands of an expert qualified and admitted under the protective order. It can be encrypted, too. Insist on its production in the most usable form, and do not allow so-called "protective" measures to destroy your ability to analyze it.

Many current protective orders have two levels of confidentiality: one lower level with some access by the parties in most cases, and another higher level limited to attorneys and outside experts. The wacky order I described above had two levels, but <u>both</u> were limited to attorneys. The poor dope paying for the litigation, whose rights were being decided, wasn't going to get to see anything. Even more ironic is the notion that <u>only</u> the lawyers can be trusted, a proposition that the public would certainly find amusing.

The higher tier of a protective order is frequently abused, both inadvertently and advertently. Inadvertent abuse occurs because the real work of classifying documents isn't done by the lawyers who know the case. Instead, it is often done by junior lawyers, paralegals or clerks, who figure they will be guillotined if some confidential document is accidentally produced without proper classification. They are often not given guidance on how to decide what is confidential. I have even seen <u>patents</u> marked by inexperienced individuals as confidential.

A lack of a reasonably precise definition of the higher category aggravates the confusion and increases the potential for abuse. In another protective order in one

of our cases, there are <u>three</u> categories of information. All three can be used for "proprietary business information," among other things. The highest, "attorneys' only," category can be employed if the party, in its discretion, believes the information requires further protection. Yet another protective order, stated in terms which have little in common with the English language, allows the designation of materials in either category by a party "which in good faith it believes to be confidential or proprietary information." On that standard, some of the junk in my desk drawer qualifies. The higher category can be used — or I should say, abused — if the designating party "believes" the information "should not be disclosed to the other party," or a representative of the other party. This vagueness encourages inexperienced staffers to put confidential things into the highest category. It also greatly enhances the opportunities for deliberate abuse of the protective order, by interfering with the ability of the opposing party to learn and prepare its case.

I always try for a narrower definition for the higher of a two-tier order. I don't always get the definition I prefer for the higher category, because protective orders, like patents, represent compromises between different writers, some who think and some who do not. Nevertheless, a higher category should be limited in some reasonable way. Some possibilities are: (a) current (within, say, two or three years) profitability information, (b) pending patent applications, (c) less than ten percent of the total documents produced, or the like. In any event, do something. Don't allow broad, undefined categories.

There is no requirement in the law that a protective order be repetitive, or contain provisions that are a matter of common sense. I chuckle when I see this one:

> Material designated "Confidential" shall not be disclosed or made available by the recipient of the Material to any person other than:
>
> The Court in this action and personnel thereof; . . .

IP MATRIX
Worldwide Patent & Trademark Search

Services we provide
- Worldwide prior art search for patents
- Worldwide prior art literature search
- Worldwide trademark search
- Custom search services
- Drawings for patents and trademarks
- Translations of foreign language patents.

Why select us?
- Comprehensive USPTO, EPO, WIPO and JPO search for one value price
- Expertise in prior art search for chemical structures (using STN), electrical circuits, chip design, biotech and mechanical arts
- Fast 5 day and expedited turnaround.

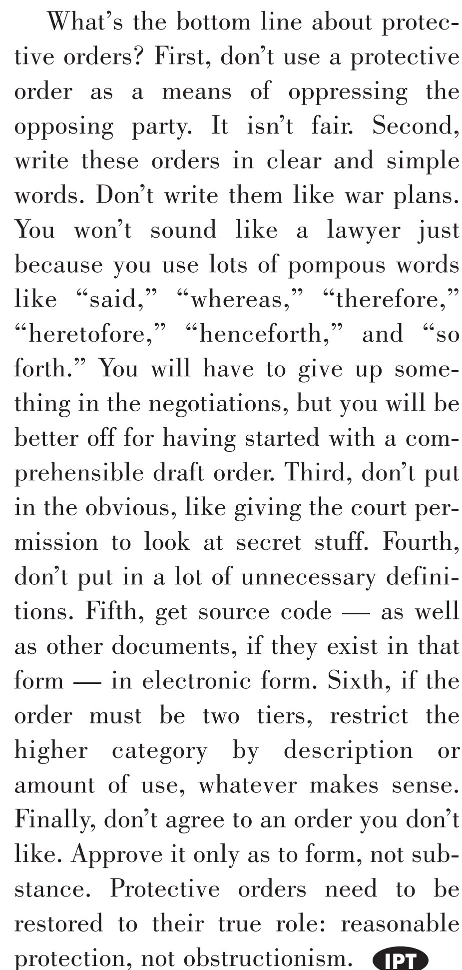
IP Matrix Inc., website: www.ipmat.com
email: fastresponse@ipmat.com / phone: 856-266-5145 / fax: 856-374-0246

Pardon me, but isn't it obvious that the Court gets to read confidential information? This provision is dumb. And why do many orders identify the "paralegals, administrative assistants, secretaries and support staff"? That is obvious, too.

Another of my favorites is the protective order that has to tell us what a "document" is. Here's one example:

> The term "Document" shall include, without limitation, any records, exhibits, reports, samples, transcripts, video or audio recordings, affidavits or declarations, briefs and motion papers, summaries, notes, abstracts, drawings, company records and reports, answers to interrogatories, responses to requests for admissions, including copies or any type of electronically-stored versions of any of the foregoing, machines or physical object.

I have no idea what the concluding words "machines or physical object" are supposed to mean in this obscure sentence. If a definition is necessary, why not refer to Rule 34 of the Federal Rules of Civil Procedure? Or what is wrong with protecting information, however it may be recorded? And notice that this definition includes answers to interrogatories or requests for admissions, but not the interrogatories or requests themselves. Requests for admissions often have attached documents, which may be confidential. The definition completely omits document requests under Rule 34, and responses to them. This verbose definition is useless, and creates a potential obstacle to enforcement of an order.



What's the bottom line about protective orders? First, don't use a protective order as a means of oppressing the opposing party. It isn't fair. Second, write these orders in clear and simple words. Don't write them like war plans. You won't sound like a lawyer just because you use lots of pompous words like "said," "whereas," "therefore," "heretofore," "henceforth," and "so forth." You will have to give up something in the negotiations, but you will be better off for having started with a comprehensible draft order. Third, don't put in the obvious, like giving the court permission to look at secret stuff. Fourth, don't put in a lot of unnecessary definitions. Fifth, get source code — as well as other documents, if they exist in that form — in electronic form. Sixth, if the order must be two tiers, restrict the higher category by description or amount of use, whatever makes sense. Finally, don't agree to an order you don't like. Approve it only as to form, not substance. Protective orders need to be restored to their true role: reasonable protection, not obstructionism. IPT