IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

SILICON GRAPHICS, INC.,

Plaintiff,

v.

ATI TECHNOLOGIES, INC,

Defendant,

and

ATI TECHNOLOGIES, INC,

Counterclaim Plaintiff,

v.

SILICON GRAPHICS, INC.,

Counterclaim Defendant.

ORDER

06-C-611-C

Before the court in this patent lawsuit is ATI's motion to modify the protective order (dkt. 137), countered by SGI's motion to enforce the order and stay any modification (dkt. 143). For the reasons stated below, I am, for the most part, preserving the status quo.

On February 12, 2007, the court entered a protective order to protect the confidentiality of trade secrets or other confidential commercial information that might be exchanged during discovery. The order provides that confidential documents shall be used "solely in connection with the action" by outside counsel of record and one in-house lawyer for each party. In addition, the order contains a "prosecution bar," prohibiting any person receiving confidential information from a disclosing party from participating in "patent prosecution activities" concerning 3D computer graphics for a period of one year after the conclusion of this lawsuit.

Defendant ATI Technologies, Inc. now seeks to modify the protective order to allow its litigation team–the Robins Kaplan and the DeWitt Ross law firms along with one in-house ATI lawyer–to disclose to ATI's in-house decision-makers and non-litigation counsel certain confidential materials obtained from SGI during discovery. These materials consist of non-public documents issued by the United States Patent and Trademark Office relating to SGI's prosecution of a continuation application based on the '327 patent. ATI, through its litigation team, contends that these documents show that the original '327 patent never should have issued.

The litigation team wishes to disclose these materials to its client and outside counsel "to facilitate a client discussion" for the purpose of deciding whether ATI should ask the PTO to reexamine the '327 patent. If ATI decides after this team huddle to file a request for reexamination with the PTO, then it also wants permission to use the materials from SGI's continuation application file for the purpose of drafting and filing that request.

Finally, *if* ATI files a reexamination request and *if* the PTO grants it (a decision that could take the PTO three months to make, *see* 35 U.S.C. § 303(a)), then ATI likely will seek a partial stay of this litigation pending the outcome of the reexamination proceedings. Reexamination proceedings take an average of 21 months, *Saint-Gobain Performance Plastics Corp. v. Advanced Flexible Composites, Inc.*, 436 F. Supp. 2d 252 (D. Mass 2006), and could result in claim amendment or cancellation. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1428 (Fed. Cir. 1988). ATI acknowledges, however, that the issues to be decided by the PTO in any reexamination proceeding are more limited than those before the court in the instant lawsuit.

SGI opposes any modification of the order. Further, it asks this court to enforce the order by declaring that ATI's outside counsel and one in-house lawyer covered by the agreement are prohibited not only from sharing confidential SGI documents with ATI insiders or patent counsel, but also from providing any advice to ATI regarding a potential request for reexamination of the '327 patent.

Having read and considered the parties' submissions, I am denying ATI's motion and granting the bulk of SGI's cross-motion. ATI's asserted need to use information gleaned from SGI's confidential continuation application file for the purpose of seeking reexamination of the '327 patent does not amount to good cause to modify the protective order. *See Murata Mfg. Co., Ltd. v. Bel Fuse, Inc.*, 234 F.R.D. 175, 179 (N.D. Ill. 2006) (party seeking to modify "blanket" protective order must show good cause, *citing cases*).

As an initial matter, this court would not grant any motion seeking even a partial stay of this case pending reexamination. The firm trial date is February 4, 2008, a mere six months away. Reexamination proceedings would not be complete by then. Granting a stay of indefinite duration would prejudice SGI, which filed its lawsuit in this district to take advantage of this court's fast trial track. Further, the parties already have expended prodigious time and expense conducting discovery and preparing for trial. Even accepting, *arguendo,* ATI's arguments as to the benefits that might accrue from reexamination, those benefits do not outweigh the prejudice to SGI or this court's keen interest in avoiding piecemeal litigation and securing the just, speedy and inexpensive determination of every action. *See* F. R. Civ. Pro. 1. To borrow the words of Judge Moran, "We are too far along the road to justify halting the journey while the defendant

explores an alternate route." *Enprotech Corp. v. Autotech Corp.*, 1990 WL 37217, *2 (N.D. Ill. 1990).

Even if ATI were to seek reexamination without a stay of trial, *see Ethicon, Inc.*, 849 F.2d at 1427-29 (proceedings can be concurrent), I would still deny the motion to modify the protective order. In order to facilitate discovery while at the same time protecting their respective market positions, the parties in this case mutually agreed that confidential documents obtained during litigation would be for attorney's eyes only and would not used for purposes unrelated to the current litigation. This court stringently enforces such orders, because without them, complex business litigation like the instant case would come to a standstill. ATI now seeks permission to do that which it expressly agreed with SGI that it would *not* do. The fact that a member of a party's legal team receives information from an opposing party that would strengthen his client's competitive position, as is the case here, cannot qualify as a valid reason to permit dissemination of this information to the client. If that were the case, protective orders in business lawsuits would be useless. Qualified only by exceptions for public safety, criminal conduct, or genuine fraud upon the court, **CONFIDENTIAL MEANS CONFIDENTIAL**, period, end of story. Indeed, if this court were to grant ATI's motion, then *any* alleged infringer in a patent lawsuit could evade the limitations of its protective order and gain an inside look into a competitor's confidential patent prosecution documents merely by raising the specter of reexamination. That is no way to run a patent lawsuit, at least not in this court.

Not only does the protective order prohibit ATI's litigation team from sharing documents with its client, but it also prohibits the team from providing any advice to ATI regarding

activities outside the scope of this litigation. ATI's litigation team insists that the filing of a request for reexamination by an alleged infringer does not constitute "patent prosecution activities" and is not prohibited by the patent prosecution bar, a contention with which SGI vehemently disagrees. However, it is unnecessary to resolve that question in light of paragraph 9 of the protective order, which provides that "any information or document designated as 'CONFIDENTIAL' shall be used solely in connection with the action by a receiving party." To give effect to this provision, it is not enough merely that each litigation team refrain from sharing its opponent's documents with its client. Rather, the legal teams of both parties must wall themselves off from their clients to prevent the dissemination of legal advice on other matters that might be tainted by information gained from reviewing the opposing party's confidential information. This means that ATI's legal team cannot advise its client about anything that does not pertain directly to this lawsuit, including the possibility of requesting the PTO to reexamine the '327 patent.

SGI fears that ATI's litigation team already has provided such advice to ATI; SGI wants permission to take discovery from ATI on this issue. I am denying this request. The parties have enough work preparing for the upcoming claims construction hearing and trial without getting side-tracked on a collateral issue that ATI might abandon upon learning that we will not stay proceedings. That said, I am warning ATI's legal team, that to the extent it has provided *any* advice to ATI regarding reexamination, it must desist forthwith. In the even that ATI has received advice regarding reexamination from any person covered by the protective order, ATI is prohibited from acting on that advice.

ORDER

IT IS ORDERED that:

(1) ATI's motion for an order modifying the protective order is DENIED.

(2) SGI's motion to enforce the protective order is GRANTED IN PART AND DENIED IN PART. The relief requested in paragraph 7, numbers 1, 2, 4 and 5 is GRANTED. The relief requested in paragraph 7, number 3 is DENIED.

(3) Pursuant to Rule 37(a)(4)(A) & (B), SGI may file and serve its itemized expenses on both motions not later than August 13, 2007, with ATI's response filed and served not later than August 20, 2007.

Entered this 8th day of August, 2007.

BY THE COURT:
/s/
STEPHEN L. CROCKER
Magistrate Judge