



# 2020 White Collar Prosecution and Enforcement Trends

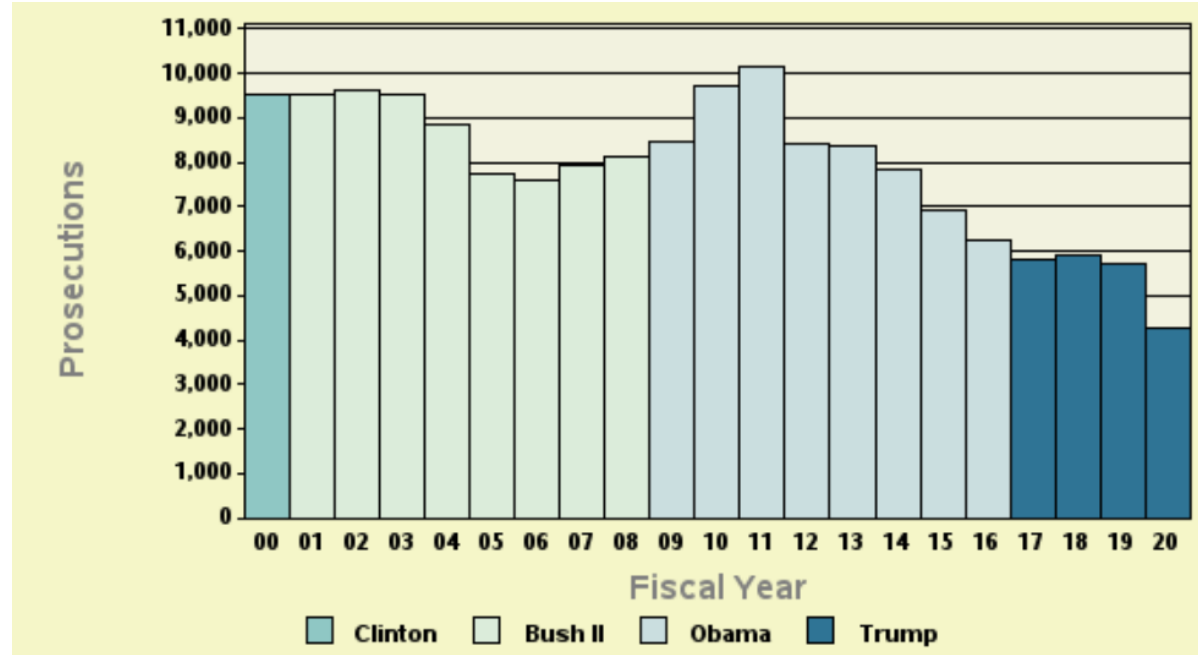
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January 25, 2021

Brook Dooley, Eric MacMichael, Nick Goldberg

# By The Numbers

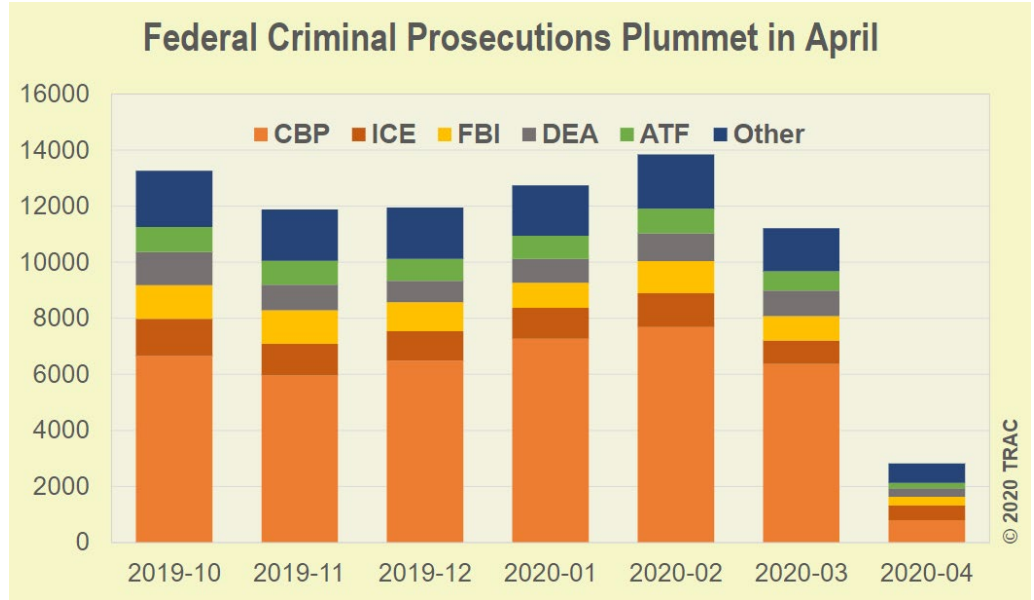
## White-Collar Prosecutions On The Decline



Source: Transactional Records Access Clearinghouse (TRAC) at Syracuse University

# By The Numbers

## White-Collar Prosecutions Plummet in the Wake of COVID-19

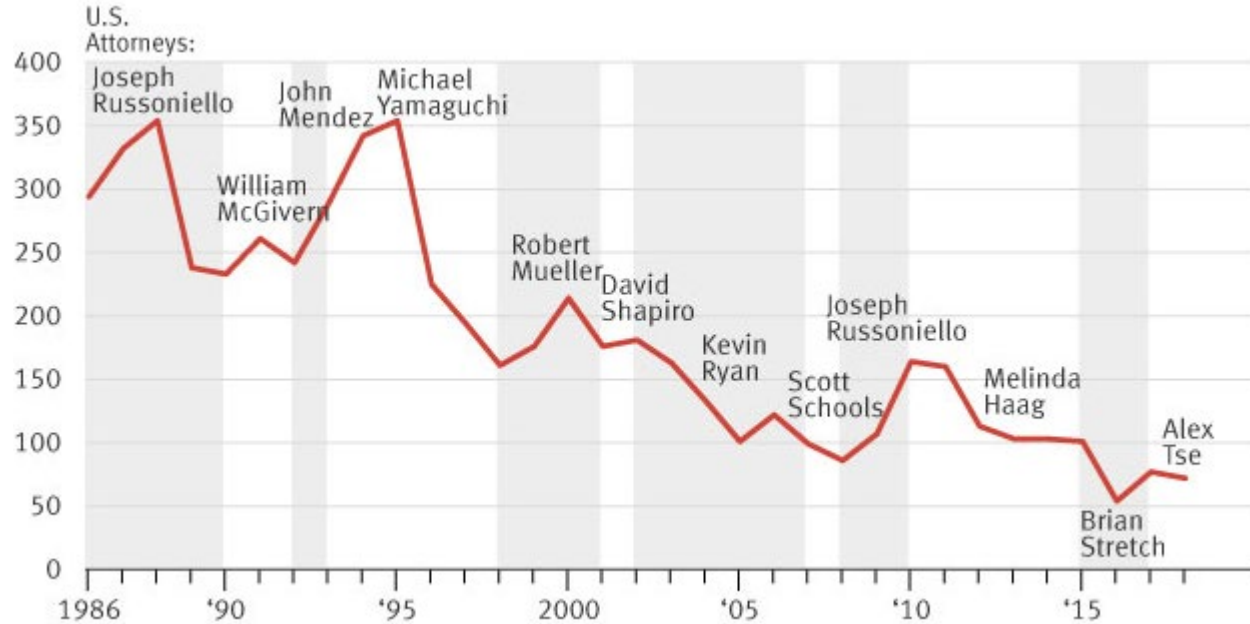


Department of Justice Program Category	Month During FY 2020							Percent Change**
	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	
White Collar Crime	422	452	462	384	348	310	87	-79%

Source: Transactional Records Access Clearinghouse (TRAC) at Syracuse University

# By The Numbers

## White-Collar Prosecutions Declined Significantly in ND Cal. Prior to 2019



Source: Transactional Records Access Clearinghouse (TRAC) at Syracuse University

# By The Numbers

## Increased Emphasis on White-Collar Enforcement in N.D. Cal.

- 24% increase in federal criminal prosecutions in 2019
- 9% increase in white-collar cases charged in 2019
- Establishment of “Corporate Fraud Strike Force”
  - Prosecution of corporate fraud, cybercrime, civil rights, insider trading, and public corruption
  - Emphasis on increasing speed of prosecutions
  - Aggressive law enforcement tools (wiretaps, search warrants, criminal complaints, etc.)
  - Increased resources and hardball tactics

# Agenda

**COVID-19**

**Brady Disclosures**

**Trump**

**Fraud / Public Corruption / FCPA**

**Looking Ahead**

**Q&A**

# COVID-19

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# Effects on Federal Prison Conditions and Sentencing



## Mossimo Giannulli asks to finish prison sentence at home

*Fashion designer Mossimo Giannulli is asking to serve the remainder of his five-month prison term at home, saying he spent eight weeks in solitary confinement before being transferred to a minimum security camp this week*

By ALANNA DURKIN RICHER Associated Press  
January 14, 2021, 3:43 PM • 3 min read



## By the Numbers

~44,000 inmate cases (1 out of every 3)

~6,000 BOP staff cases (1 out of every 6)

200 inmate deaths

3 BOP staff deaths

## Harsh Conditions of Confinement

Solitary “quarantine” upon arrival and departure

Reduced access to facilities and visitation



# Focus on Pandemic-Related Crimes

## March 2020: DOJ Memo to US Attorneys

- “[P]rioritize the detection, investigation, and prosecution of all criminal conduct related to the pandemic.”
- Fake cures
  - *United States v. Grenon* (S.D. Fl.)
- Price gouging
  - *United States v. Bulloch* (E.D.N.Y.)
- Defrauding the PPP
  - *United States v. Staveley* (D. R.I.)
- Securities fraud / insider trading
  - SEC action against Cheesecake Factory
  - Investigation of U.S. Senators



# Brady Disclosures

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# What are Brady Disclosures?

## ***Brady v. Maryland (S. Ct. 1963)***

- “[T]he suppression by the prosecution of evidence favorable to an accused upon request violates due process where the evidence is material either to guilt or punishment.”
- Good/bad faith irrelevant

## ***Giglio v. United States (S. Ct. 1972)***

- Failure to inform defendant of gov’t cooperator’s leniency agreement violates due process
- Cooperator’s credibility was an “important issue in the case, and evidence of any understanding or agreement as to a future prosecution would be relevant”

# The Due Process Protections Act (Oct. 21, 2020)

104 STAT. 894 PUBLIC LAW 116-182—OCT. 21, 2020

Public Law 116-182  
116th Congress

An Act  
To amend the Federal Rules of Criminal Procedure to extend provisions of those rules relating to the right of a defendant to be present at a hearing under Federal Rule 501, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Due Process Protections Act".

(F) REMINDER  
(1) IN GENERAL  
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is located shall pro  
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**FILED**

Oct 28 2020

SUSAN Y. SOONG  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND

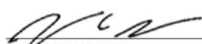
UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

<p>USA,</p> <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>LUIS CRUZ,</p> <p style="text-align: center;">Defendant.</p>	<p>Case No. <a href="#">20-cr-00317-JSW-2</a> (JCS)</p> <p><b>ORDER RE: DUE PROCESS PROTECTIONS ACT</b></p>
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Pursuant to the Due Process Protection Act, counsel for the government is reminded of his/her disclosure obligations pursuant to *Brady v. Maryland* and its progeny. The failure to do so in a timely manner may result in dismissal of the indictment or information, dismissal of individual charges, exclusion of government evidence or witnesses, or any other remedy that is just under the circumstances.

**IT IS SO ORDERED.**

Dated: October 28, 2020

  
 JOSEPH C. SPERO  
 Chief Magistrate Judge

United States District Court  
Northern District of California

ATION.—  
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v. Maryland, 373 U.S. 83  
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rpose of paragraph (1) that

# Brady Disclosures

## *United States v. Nejad (S.D.N.Y.)*

- Dismissed charges against Nejad *after conviction* for evading U.S. sanctions against Iran
- During trial, government belatedly disclosed exculpatory letter showing OFAC was informed of a transaction at issue and took no enforcement action.
- Prosecutors intentionally “buried” the letter in a production of other documents during trial, without identifying it as a newly-disclosed document
- Prosecutors misleadingly imply to the Court that they had informed the defense that the letter was being disclosed for the first time

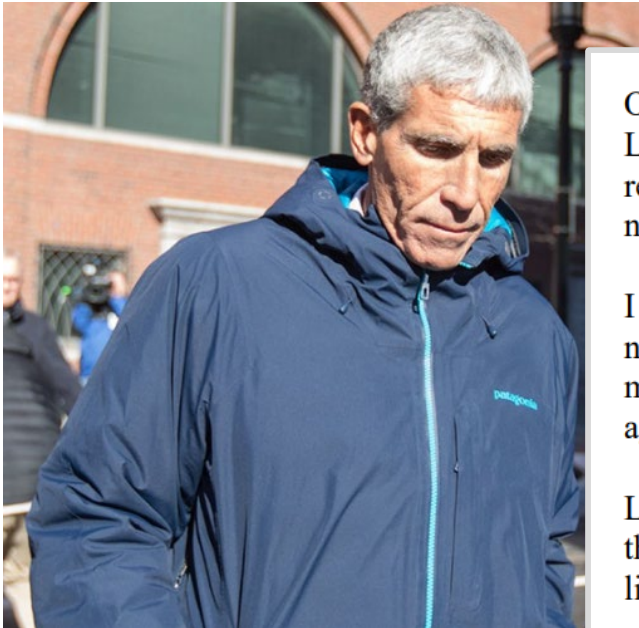
# Brady Disclosures

## *United States v. Nejad* (S.D.N.Y.) (Cont'd)

- Judge Nathan issues a blistering 42-page opinion castigating prosecutors for failing to comply with their *Brady* obligations
- Requires prosecutors on the case team to submit explanations for their failures in sworn declarations
- Requires US Atty in SDNY to ensure that every AUSA to read the opinion

# Brady Disclosures

## Varsity Blues (D. Mass.)

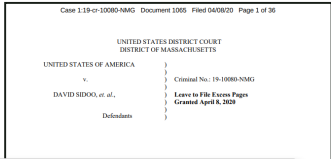


Oct 2

Loud and abrasive call with agents. They continue to ask me to tell a fib and not restate what I told my clients as to where there money was going – to the program not the coach and that it was a donation and they want it to be a payment.

I asked for a script if they want me to ask questions and retrieve responses that are not accurate to the way I should be asking the questions. Essentially they are asking me to bend the truth which is what they asked me not to do when working with the agents and Eric Rosen.

Liz raised her voice to me like she did in the hotel room about agreeing with her that everyone Bribed the schools. This time about asking each person to agree to a lie I was telling them.



# Brady Disclosures

## Varsity Blues (D. Mass.) (Cont'd)

- Judge Gorton denies parents' motion to dismiss
- The government's failure to turn over the notes sooner was "irresponsible and misguided," but "the Court is satisfied that the government has not lied to or misled the Court"
- Notes still produced to defense before trial
- Whether or not payments were "bribes" vs. "donations" is a jury issue, and defendants will have "ample opportunity" to cross-examine Singer at trial
- No need for a pre-trial evidentiary hearing



# Trump

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# Subpoenas for Financial Records

## ***Trump v. Vance (S. Ct.) – NY AG***

- Subpoena for Trump tax records as part of NY state criminal investigation
- Majority: “President is neither absolutely immune from state criminal subpoena seeking his private papers nor entitled to a heightened standard of need”
- Concurrences/Dissent: Would apply heightened need standard (*US v. Nixon*)

## ***Trump v. Mazars USA (S. Ct.) – US House***

- Subpoenas for Trump financial records as part of House investigations
- House may “issue subpoenas to assist in carrying out its legislative responsibilities,” but there are “significant separation of powers issues”
- 4 factor test

# Political Interference in DOJ



*Prosecutors Quit Roger Stone Case After Justice Dept. Intervenes on Sentencing*

*U.S. Drops Michael Flynn Case, in Move Backed by Trump*



*Steve Bannon Is Charged With Fraud in We Build the Wall Campaign*



**PARDONED**

# White-Collar Pardons and Commutations

- Anthony Levandowski
- Robert Zangrillo
- David Tamman
- Michael Liberty
- William Walters
- James Austin Hayes
- Drew Brownstein
- Sholam Weiss
- Albert J. Pirro Jr.

## THE WALL STREET JOURNAL.

### Trump's Pardon List Includes Business Figures and Financiers

A former Google engineer and ex-CEOs are among the many who got last-minute presidential pardons



**Anthony Levandowski**

@antlevandowski



My family and I are grateful for the opportunity to move forward, and thankful to the President and others who supported and advocated on my behalf.

12:05 AM · Jan 20, 2021 · Twitter for iPhone

14 Retweets 17 Quote Tweets 59 Likes

# Fraud / FCPA / Public Corruption

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# Extraterritorial Application of the Wire Fraud Statute

## *United States v. Napout* (2d Cir.)

- Use of the domestic wires must be “central to the alleged schemes”

## *United States v. McLellan* (1st Cir.)

- It was McLellan’s “domestic conduct through domestic wires that spurred his prosecution”

## *United States v. Hussain* (9th Cir.)

- “Since each count of wire fraud involved the use of a domestic wire, each conviction is a domestic application of the statute”

**All three decisions find sufficient use of domestic wires to trigger domestic application of the wire fraud statute**

# Extraterritorial Application of the FCPA

## *United States v. Hoskins* (D. Conn.)

- British national, former executive of French company Alstom SA, charged with bribing an Indonesian government official
- DOJ argued that Hoskins was acting as an agent of Alstom's US subsidiary
- District Court rejected DOJ's broad extraterritorial application of the FCPA
- Insufficient evidence that Hoskins was an "agent" of the Alstom US subsidiary

# Bridgegate: SCOTUS Limits Property Fraud

## *Kelly v. United States*

- The “object” of the fraud must be to obtain “money or property”
- Gov’s theories:
  - Directed at Port Authority property—the physical lanes
  - Deprived the Port Authority of costs of staff who performed work on the “study”
- SCOTUS: “Incidental byproducts,” not the “object”





# Looking Ahead

## Post-Covid Reopening of the Criminal Justice System

### Biden Administration

- Merrick Garland (Atty General)
- Nicholas McQuaid (Head of Criminal Division)
- Gary Gensler (Chair of SEC)

### SCOTUS Shakeup with Coney Barrett

### *Van Buren v. United States*

### Varsity Blues Trials

### *United States v. Elizabeth Holmes*

Thank you!

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## Brook Dooley

Partner

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### Practice Areas

Consumer & Class Actions, Contract & Commercial, Intellectual Property, Pro Bono, Professional Liability, Securities, White Collar Criminal



Brook Dooley has extensive experience handling complex civil litigation and white collar criminal matters. He has represented individuals and businesses in civil cases involving breach of contract, securities fraud, breach of fiduciary duty, and professional negligence claims. Mr. Dooley has also represented numerous individuals and companies under investigation or indictment by the Department of Justice. He litigates matters throughout the United States and has tried cases to verdict in many state and federal courts, and before arbitration panels.

### Cases of Note

#### **SECURITIES AND EXCHANGE COMMISSION V. FORMER CHIEF EXECUTIVE OFFICER**

We defended the former CEO of Fannie Mae in an SEC action filed in the Southern District of New York related to Fannie Mae's disclosures regarding its exposure to "subprime" and "Alt-A" residential mortgages. We secured a favorable settlement for our client shortly before trial.

#### **SECURITIES AND EXCHANGE COMMISSION V. EXECUTIVE**

We defended a former Citigroup executive in one of the rare financial crisis cases to go to trial. He worked on the structuring desk at Citigroup and was charged with securities fraud in connection with Citigroup's 2007 marketing of a \$1 billion collateralized debt obligation (CDO) backed by assets tied to the housing market. In its enforcement action the SEC contended that Citigroup had played a role in the selection of the CDO's underlying mortgage securities and had taken a short position in those securities. The SEC contended that our client was negligent for not disclosing information about Citigroup's actions in its marketing materials. After a two-week jury trial in the Southern District of New York with Judge Rakoff presiding, the federal jury rejected the SEC's case and found our client not liable on any of the SEC's claims.

#### **FEDERAL DEPOSIT INSURANCE CORPORATION INVESTIGATION**

We achieved a favorable resolution of an FDIC investigation of the former President and Chief of Operating Officer of a southern California bank in connection with the bank's Option ARM and reduced documentation lending practices.

**UNITED STATES V. EXECUTIVE**

We represented an investment fund executive charged with criminal tax fraud related to a tax-shelter transaction that the fund designed and implemented. We resolved the matter by negotiating a plea to reduced charges.

**UNITED STATES V. FORMER CHIEF EXECUTIVE OFFICER**

We persuaded the U.S. Attorney to abandon its criminal stock options backdating investigation of our client, a former CEO. We then sued our client's former company for terminating its relationship with him, and voiding his retirement benefits worth tens of millions. The company agreed to pay our client \$16.5 million.

**UNITED STATES V. ATTORNEY**

Special prosecutors appointed by the United States District Judge charged our client, a nationally-known Mississippi trial attorney, with federal criminal contempt. We persuaded the court to dismiss the charges following an order to show cause.

**UNITED STATES V. ATTORNEY**

We represented a nationally-known Mississippi trial attorney in multiple federal criminal cases alleging judicial bribery and honest services fraud. Our client received favorable plea agreements.

**UNITED STATES V. LAWYER**

The U.S. Attorney's Office investigated our client, a prominent plaintiff's lawyer, in connection with the federal criminal investigation of his firm's historical payment of referral fees in class action litigation. We negotiated a very favorable plea deal before charges were filed.

**TECHNOLOGY COMPANY V. INTERNET SEARCH ENGINE**

We defended a leading Internet search engine in a high-stakes binding arbitration. The founders of a company acquired by our client alleged our client breached the merger agreement, and sought hundreds of millions in earn-out compensation. A three-judge panel found in favor of our client on all counts.

**PLAINTIFF V. SOFTWARE COMPANY**

We defended a leading enterprise and mobile software company against breach of contract and related claims. The foreign plaintiff alleged he had entered into a joint venture with a company subsequently acquired by our client. We quickly mastered the facts and documents in the case, pushed for early depositions of the key witnesses and an expedited resolution through arbitration, and thus were able to secure a favorable settlement.

**PLAINTIFFS V. TECHNOLOGY COMPANY**

We successfully handled a series of state and federal class actions, and related derivative actions for our client concerning its alleged failure to disclose discord among its management. In the federal cases, we prevailed on a motion to dismiss and the subsequent appeal before the U.S. Court of Appeals for the Ninth Circuit. In the state cases we also secured dismissals.

## Education

Georgetown University Law Center, J.D., *magna cum laude*, 2003

University of Chicago, A.B., 1996

## Awards & Honors

- Rising Star, Northern California Super Lawyers, 2012-2014
- Order of the Coif, Georgetown University Law Center
- Associate editor, *Georgetown Law Journal*

## Clerkships

Hon. Myron H. Thompson, U.S. District Court, Middle District of Alabama, 2003-2004

## Admissions

California

## Professional Affiliations

- Board of Directors, Law Center to Prevent Gun Violence
- Board of Trustees, St. Paul's Episcopal School
- National Association of Criminal Defense Lawyers
- American Bar Association, Business Law, Criminal Justice, and Litigation Sections
- Bar Association of San Francisco

## Publications & Presentations

- Top White-Collar Criminal Trends of 2019, *Daily Journal*, 2020
- Reviewing 2019's White Collar Cases And Controversies, *Law360*, 2020, co-authored with Eric MacMichael, Nick Goldberg, and Cecily Harris.
- White Collar Cases and Trends to Watch at High Court, *Law360*, 2019, co-authored with Cody Gray.
- "White Collar Crime and Securities Enforcement: 2017 in Review," *Bloomberg BNA White Collar Crime Report*, 2018, co-authored with Eric MacMichael, Nicholas Goldberg, and Cecily Harris
- "White Collar Crime and Securities Enforcement: 2016 in Review," *Bloomberg BNA White Collar Crime Report*, 2017, co-authored with Eric MacMichael and Nick Goldberg
- "Official Acts and McDonnell v. United States," *Westlaw Journal's White-Collar Crime*, 2016
- "2015 in Review: Securities Enforcement," *Bloomberg BNA Corporate Law & Accountability Report*, 2016, co-authored with Eric MacMichael and Julia Choe
- "White Collar Crime and Securities Enforcement: 2015 in Review," *Bloomberg BNA White Collar Crime Report*, 2016, co-authored with Eric MacMichael and Nick Goldberg
- "White Collar Crime and Securities Enforcement," Bar Association of San Francisco, 2015
- "White Collar Crime and Securities Enforcement: 2014 in Review," *Bloomberg BNA White Collar Crime Report*, 2015, co-authored with Eric MacMichael
- "White Collar Crime and Securities Enforcement: 2013 in Review," *Bloomberg BNA White Collar Crime Report*, 2014, co-authored with Eric MacMichael and Andrew Dawson
- "Securities Enforcement: 2013 in Review," *Bloomberg BNA White Collar Crime Report*, 2014, co-authored with Matan Shacham
- "Section 17(a) of the Securities Act of 1933: Unanswered Questions," *Bloomberg BNA Securities Regulation & Law Report*, co-authored with Matan Shacham, 2013
- "White Collar Crime and Securities Enforcement: 2012 in Review," *Bloomberg BNA White Collar Crime Report*, 2013
- "Trends in White Collar Crime and Securities Enforcement," Bar Association of San Francisco, 2013

## Eric H. MacMichael

Partner

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(415) 773-6624

### Practice Areas

Consumer & Class Actions, Contract & Commercial, Intellectual Property, Professional Liability, Securities, White Collar Criminal



Eric MacMichael has extensive experience handling white collar criminal matters and complex civil litigation. He has represented numerous individuals and companies under investigation or indictment by the Department of Justice in such areas as securities fraud, insider trading, banking-related crimes, tax evasion, accounting and revenue recognition fraud, antitrust (including bid rigging), computer crimes, mail and wire fraud. Mr. MacMichael has also represented businesses and individuals in cases involving trade secret misappropriation, breach of contract, breach of fiduciary duty, and professional negligence claims. He litigates matters throughout the United States and has tried a dozen cases in state court, federal court and arbitration.

He was awarded the 2012 *California Lawyer* magazine California Lawyer of the Year (CLAY) award for achievements in pro bono work for overturning the unjust conviction of Caramad Conley, imprisoned for more than 18 years for a crime he did not commit.

### Cases of Note

#### **AMGEN V. COHERUS BIOSCIENCES**

We are defending biosimilar maker Coherus Biosciences against trade secret litigation brought by Amgen over its chemotherapy drug Neulasta. Through the defense of this litigation, Coherus seeks to defend its right to introduce a biosimilar to market that will provide much needed competition and price savings to patients.

#### **PLAINTIFF V. LAW FIRM**

Following a week-long arbitration, we secured a complete defense verdict for our law firm client in a malpractice action arising from a \$30 million unsuccessful real estate deal involving a large vineyard development and a sustainable community west of Sacramento. We defeated all of the plaintiffs' asserted claims and the client was awarded \$210,000 in unpaid attorney's fees on its counterclaim.

#### **ROBIN ANTONICK V. ELECTRONIC ARTS INC.**

Robin Antonick, programmer of the John Madden Football video game for the Apple II that was released in 1988, alleged that EA owed him royalties on sales of all Madden Football video games over the last twenty-two years. Antonick claimed that all Madden games since 1990 are derivative works of the game

he programmed, and he was therefore owed royalties under a 1986 contract with EA. On behalf of EA, we contended that none of Antonick's source code, which was written for a more primitive platform and was outdated by the time it was released, was ever used in any subsequent Madden game. Although the jury found in favor of Antonik, U.S. District Judge Charles Breyer later entered judgment for EA, reversing the award and strongly discouraging similar suits based on additional versions of the game. Judge Breyer's ruling was affirmed on appeal.

**SECURITIES AND EXCHANGE COMMISSION V. FORMER CHIEF EXECUTIVE OFFICER**

We defended the former CEO of Fannie Mae in an SEC action filed in the Southern District of New York related to Fannie Mae's disclosures regarding its exposure to "subprime" and "Alt-A" residential mortgages. We secured a favorable settlement for our client shortly before trial.

**SECURITIES AND EXCHANGE COMMISSION V. EXECUTIVE**

The Securities and Exchange Commission launched a securities fraud suit in California federal court against our client, a former vice president of sales. The SEC claimed he grossly inflated his company's revenue in order to raise additional capital from investors. We also defended him in a parallel criminal investigation. We were able to prevent any criminal charges from being filed, and resolved the SEC case for a small penalty.

**UNITED STATES V. LANCE ARMSTRONG**

We represented American cyclist and seven-time Tour de France champion Lance Armstrong in connection with the U.S. Department of Justice's investigation into professional cycling, which terminated on February 3, 2012 with the announcement that there would be no charges and the investigation was being closed.

**UNITED STATES V. EXECUTIVE**

We defended a high-ranking company official in one of the nation's first criminal stock options backdating cases to go to trial. We obtained the dismissal of the majority of the charges. Our client was sentenced to 60 days imprisonment on the remaining charges.

**AUL CORPORATION V. EXECUTIVES**

We represented three individuals in a breach of contract and California corporations code action relating to terms of an investment contract. We settled the case favorably for our client before going to trial.

**CARAMAD CONLEY V. STATE OF CALIFORNIA**

In this pro bono habeas corpus case, we overturned the unconstitutional conviction of Caramad Conley, who had been wrongly sentenced to life in prison without the possibility of parole for a double homicide he did not commit. We discovered thousands of dollars of undisclosed payments and other benefits given to a the linchpin prosecution witness by the San Francisco police, none of which had ever been disclosed to Mr. Conley or his trial counsel. We used this evidence to convince California Superior Court Judge Marla Miller to vacate Mr. Conley's conviction. The State elected not to appeal Judge Miller's ruling or retry Mr. Conley, and instead released him from custody after 18 years of unlawful imprisonment. For his efforts on Mr. Conley's behalf, lead trial counsel Dan Purcell was awarded the 2012 California Lawyer magazine Attorney of the Year Award for achievements in pro bono work.

**REMBRANDT TECHNOLOGIES, INC. V. COMCAST CABLE COMMUNICATIONS, LLC**

We defended Comcast in a nine-patent case involving high-speed Internet and digital TV services. Rembrandt originally filed the case in the Eastern District of Texas, but in conjunction with other co-defendants, we obtained multi-district consolidation and transfer to the District of Delaware. Based

upon claim construction rulings, Rembrandt conceded non-infringement of eight of the nine patents, preserving only its right to appeal the claim construction as to the ninth. The Federal Circuit then upheld the claim construction on that last patent, resulting in non-infringement. We also helped Comcast secure an exceptional-case determination and a resulting award of over \$10 million in fees and costs.

## Education

UC Berkeley School of Law, J.D., 2003

University of California, San Diego, B.A., *magna cum laude*, 1999

## Awards & Honors

- California Lawyer of the Year, *California Lawyer*, 2012
- Order of the Coif, UC Berkeley School of Law, 2003
- Prosser Award in California Marital Property, 2003
- Prosser Award in Contracts, 2000
- Certificate in Law and Technology from the Berkeley Law and Technology Program

## Clerkships

Hon. Samuel Conti, U.S. District Court, Northern District of California, 2003-2004

## Admissions

California

## Professional Affiliations

- Former Co-Chair of the ABA International Criminal Litigation Subcommittee

## Publications & Presentations

- Reviewing 2019's White Collar Cases And Controversies, *Law360*, 2020, co-authored with Brook Dooley, Nick Goldberg, and Cecily Harris.
- "White Collar Crime and Securities Enforcement: 2017 in Review," *Bloomberg BNA White Collar Crime Report*, 2018, co-authored with Brook Dooley, Nicholas Goldberg, and Cecily Harris
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- "White Collar Crime and Securities Enforcement: 2012 in Review," *Bloomberg BNA White Collar Crime Report*, 2013



## Nicholas Goldberg

Partner

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### Practice Areas

Contract & Commercial, Intellectual Property,  
Professional Liability, Securities, White Collar  
Criminal



Nick Goldberg specializes in high-stakes complex civil litigation and white-collar criminal defense. His clients include established companies, start-ups, government entities, and executives across a broad range of industries, including software, financial services, internet security, pharmaceuticals, professional sports, and venture capital.

Mr. Goldberg has litigated a wide variety of complex civil cases in federal and state courts, at both the trial and appellate levels, and in arbitration proceedings. He has handled disputes involving intellectual property, contract, fraud, professional liability, antitrust, securities, and corporate law. Mr. Goldberg also has extensive experience helping guide venture-backed companies, founders, executives, and investors through disputes involving trade secrets, employee mobility, fiduciary duties, confidentiality agreements, and other contract issues.

In his criminal practice, Mr. Goldberg represents companies and executives in internal and government investigations, including those by the U.S. Department of Justice, U.S. Securities and Exchange Commission, California Attorney General, and other government agencies. He has experience in matters involving allegations of securities fraud, insider trading, anticompetitive conduct, and campaign finance offenses.

Mr. Goldberg maintains an active pro bono practice representing clients in high-impact litigation. He was awarded the 2018 California Lawyer of the Year (CLAY) award by the *Daily Journal* for his representation of the County of Santa Clara in successfully challenging President Donald J. Trump's January 2017 Executive Order attempting to defund "sanctuary jurisdictions."

### Cases of Note

#### **UNITED STATES V. EXECUTIVE**

We represent a former senior executive of a financial institution currently under investigation in a significant national federal criminal investigation.

#### **UNITED STATES V. CHRISTOPHER LISCHESKI**

We defended the former CEO of Bumble Bee Foods in a five-week jury trial in the Northern District of California against charges that he conspired to fix prices of canned tuna sold in the United States.

**CEO V. CO-FOUNDER AND INVESTOR**

We represented the CEO of an information security company against a co-founder and investor who were trying to push the CEO out of the company he founded. We devised a successful pre-litigation resolution that allowed the CEO to remain in control of his company.

**COUNTY OF SANTA CLARA V. TRUMP ET AL.**

Representing the County of Santa Clara, Kecker, Van Nest & Peters won a nationwide injunction against President Donald J. Trump's January 2017 executive order that attempted to defund state and local governments deemed to be "sanctuary jurisdictions." KVP argued that the executive order violated the Constitution's separation of powers, the Tenth Amendment, and the Fifth Amendment's Due Process Clause. In granting the motion for a preliminary injunction, U.S. District Court Judge William H. Orrick determined that the County was likely to succeed on all four of its constitutional claims, and that the County is suffering immediate and irreparable harm.

**PLAINTIFF V. LAW FIRM**

Following a week-long arbitration, we secured a complete defense verdict for our law firm client in a malpractice action arising from a \$30 million unsuccessful real estate deal involving a large vineyard development and a sustainable community west of Sacramento. We defeated all of the plaintiffs' asserted claims and the client was awarded \$210,000 in unpaid attorney's fees on its counterclaim.

**SAN DIEGO COUNTY WATER AUTHORITY V. METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

In 2015, we won the largest plaintiff's award of the year in California for the San Diego County Water Authority in its long-running fight with the Metropolitan Water District of Southern California (MWD). MWD is the regional water wholesaler for most of Southern California. San Diego sued MWD for charging San Diego inflated and illegal water transportation rates, and breaching a contract between the parties. After a three-week bench trial that played out in two phases over the course of fifteen months, the court found that MWD's rates violated numerous California statutory and constitutional provisions, and awarded our client \$188 million in contract damages, plus \$43 million in prejudgment interest, and other declaratory relief, including a forward-looking writ of mandate directing MWD to set future rates in compliance with the court's order.

## Education

UC Berkeley School of Law, J.D., 2010

Brown University, B.A., *magna cum laude*, 2005

## Awards & Honors

- 2018 California Lawyer of the Year, *Daily Journal*
- Top Plaintiff's Verdict by Dollar, *The Daily Journal*
- Advocacy Award, Written & Oral Advocacy
- Prosser Prize, Local Government Law

## Clerkships

Hon. Christina A. Snyder, U.S. District Court for the Central District of California, 2010-2011

## Admissions

California

Washington, D.C.

## Prior Experience

Williams & Connolly

## Publications

- Reviewing 2019's White Collar Cases And Controversies, *Law360*, 2020, co-authored with Brook Dooley, Eric MacMichael, and Cecily Harris.
- "White Collar Crime and Securities Enforcement: 2017 in Review," *Bloomberg BNA White Collar Crime Report*, 2018, co-authored with Brook Dooley, Eric MacMichael, and Cecily Harris
- "The Road to Hell: The Case Against Solitary Confinement," NACDL's *The Champion*, March 2017, co-authored with Dan Jackson
- "White Collar Crime and Securities Enforcement: 2016 in Review," *Bloomberg BNA White Collar Crime Report*, 2017, co-authored with Brook Dooley and Eric MacMichael
- "White Collar Crime and Securities Enforcement: 2015 in Review," *Bloomberg BNA White Collar Crime Report*, 2016, co-authored with Brook Dooley and Eric MacMichael



## TL;DR

# Key Developments and Trends in Internet Law

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January 25, 2021

Paven Malhotra ([pmalhotra@keker.com](mailto:pmalhotra@keker.com))

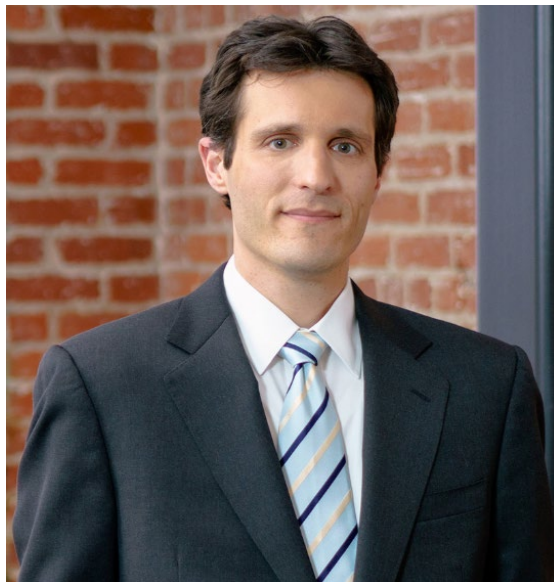
Matan Shacham ([mshacham@keker.com](mailto:mshacham@keker.com))

Christi Zaleski ([czaleski@keker.com](mailto:czaleski@keker.com))

# Presenters



**Paven Malhotra**  
Partner  
pmalhotra@keker.com



**Matan Shacham**  
Partner  
mshacham@Keker.com



**Christi Zaleski**  
Associate  
czaleski@keker.com

# Topics

- I. The Communications Decency Act
- II. Online Marketplaces
- III. Copyright
- III. Computer Fraud and Abuse Act
- IV. Online Contract Formation

# Topics

- I. The Communications Decency Act
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# CDA: Reducing Risk

## The Communications Decency Act, 47 U.S.C. § 230

### (c) Protection for “Good Samaritan” blocking and screening of offensive material

#### (1) Treatment of publisher or speaker

No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.

#### (2) Civil liability

No provider or user of an interactive computer service shall be held liable on account of—

(A) any action voluntarily taken in good faith to restrict access to or availability of material that the provider or user considers to be obscene, lewd, lascivious, filthy, excessively violent, harassing, or otherwise objectionable, whether or not such material is constitutionally protected . . . .



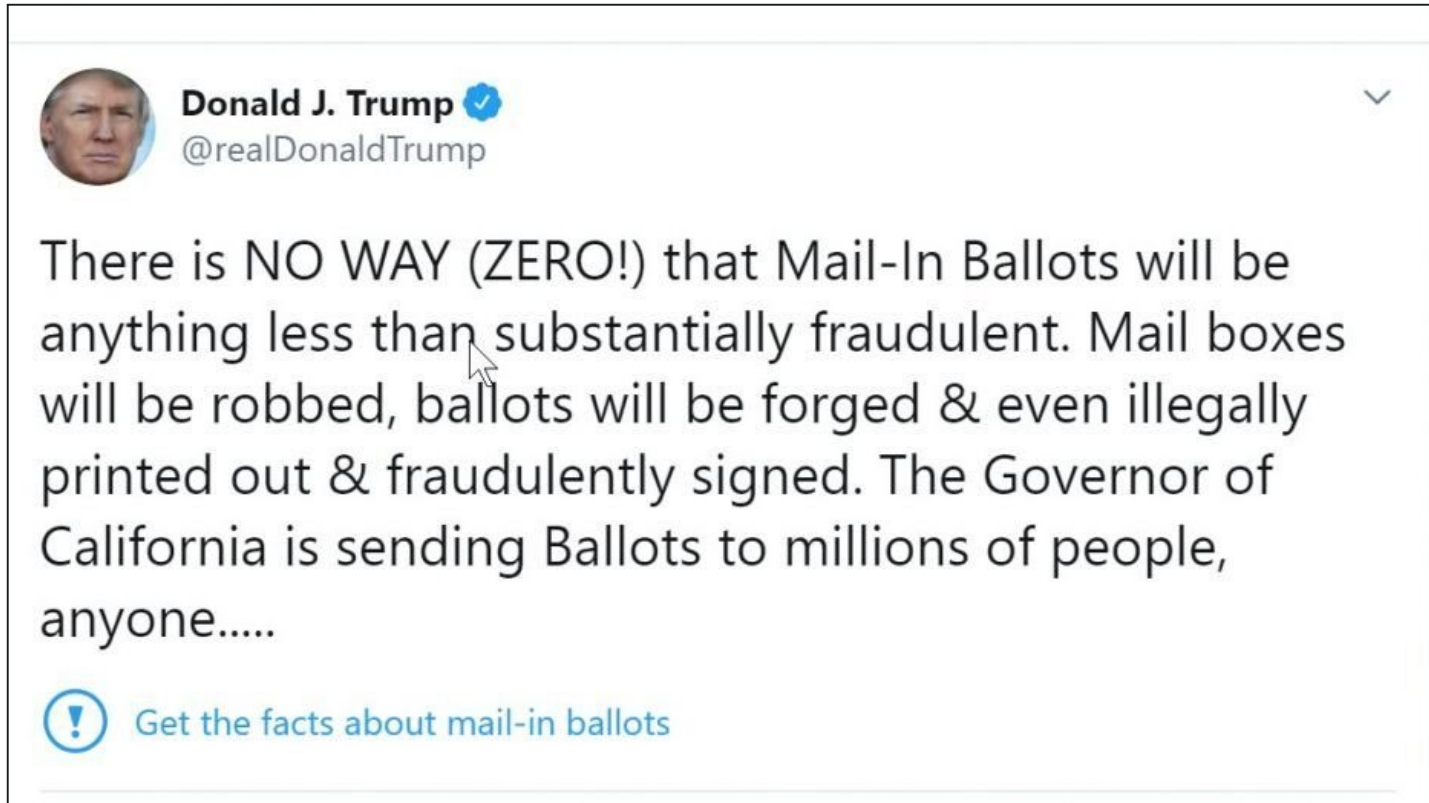
# CDA: Reducing Risk

## Section 230(c)(1)—Publisher Treatment

By its plain language, § 230 creates a federal immunity to any cause of action that would make service providers liable for information originating with a third-party user of the service. Specifically, § 230 precludes courts from entertaining claims that would place a computer service provider in a publisher's role. **Thus, lawsuits seeking to hold a service provider liable for its exercise of a publisher's traditional editorial functions—such as deciding whether to publish, withdraw, postpone or alter content—are barred.**

*Zeran v. Am. Online, Inc.*, 129 F.3d 327, 330 (4th Cir. 1997)

# CDA: Recent Developments



# CDA: Recent Developments

- Executive Order 13925, “Preventing Online Censorship” (May 28, 2020)
  - “[T]he policy of the United States” is to “ensure that” the CDA “is not distorted to provide liability protection for online platforms that ... stifle viewpoints with which they disagree.”
  - A service provider’s actions are not “taken in good faith” under Section 230(c)(2), if those actions are either: (a) “deceptive, pretextual, or inconsistent with” the provider’s terms of service; or (b) “taken after failing to provide adequate notice, reasoned explanation, or a meaningful opportunity to be heard.”
  - If a service provider “restricts access to content” in a way that is not protected by Section 230(c)(2), it “may also not be able to claim protection under” Section 230(c)(1)
  - Orders: 1) federal departments must ensure application of CDA properly reflects policy; 2) review by Attorney General; 3) proposed rulemaking by FCC, NTIA; 4) limiting federal spending on offending platforms; 5) FTC review of “deceptive acts”

# CDA: Recent Developments

- Limitations of the EO
- DOJ review and proposal (June 2020)
  - “Good faith” limited to decisions in accordance with plain and particular terms of service, accompanied by a reasonable explanation, and within (c)(2) categories—no “censoring”
  - “[R]emoval or restriction of content outside of (c)(2)(A) is not entitled to Section 230 immunity—under either (c)(1) or (c)(2)—even if consistent with . . . terms of service”
- NTIA petition to FCC for rulemaking (July 2020)
  - Asks FCC to issue rule codifying proposed re-write, as well as mandating disclosures re content moderation.
  - Does the FCC have jurisdiction? Congress didn’t delegate rulemaking to FCC on this.

# CDA: Recent Developments

- Legislative proposals
  - Over two dozen Section 230 reform/repeal bills introduced in 116th Congress. Few got hearings. None passed either chamber.
  - “Ending Support for Internet Censorship Act” (Hawley, 2019)
  - “Platform Accountability and Consumer Transparency Act” (Thune, Schatz, 2020)
  - Veto of defense bill because it did not repeal Section 230—overridden



# CDA: Recent Developments

- Court-imposed limitations
  - Enigma v. Malwarebytes
    - 9th Cir. holds 230(c)(2) does not apply for blocking software where there is allegation that decision was done out of anti-competitive malice, even if other good faith reasons apply.
    - Thomas, J. cert. statement (Oct. 2020)
    - Agrees with denial of cert., but calls into question interpretation of 230(c)(1) and *Zeran*
    - Suggests 230(c)(1) should not apply where platform “distributes” content it knows is illegal
    - Suggests lower bar for when content should be considered the platform’s rather than the user (e.g., if platform is involved in editing/selecting).

# Topics

- I. The Communications Decency Act
- II. Online Marketplaces**
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# Online Marketplaces





# Online Marketplaces

## Bolger v. Amazon (CA Ct. Appeals Aug. 2020)

- Exploding battery manufactured and sold by Chinese vendor on Amazon
- Amazon can be liable on strict products liability theory for goods sold by third party vendors
- CDA 230 does not protect Amazon from tort, contract, and products liability theories
- Amazon is an “integral part of the overall producing and marketing enterprise that should bear the cost of injuries resulting from defective products.”
- CA Supreme Court denied review and denied request to depublish the opinion



# Online Marketplaces

## California--AB 3262

- Passed by State Assembly but died in State Senate in 2020
- Codifies the Bolger ruling: “An electronic retail marketplace **shall be strictly liable** for all damages caused by defective products placed into the stream of commerce to the same extent that a retailer of that defective product would be liable and shall be deemed to be a retailer for purposes of California strict liability law
- Likely to be reintroduced
- After opposing the bill, Amazon supported it when it was expanded to cover competitors.
- Shopify, Etsy, and eBay opposed the bill



# Online Marketplaces

- Courts in Wisconsin, New York, New Jersey, and Maryland have held that Amazon qualifies as a seller and can be held strictly liable
- Ohio's Supreme Court found Amazon did not qualify as a seller subject to strict liability
- The Texas and Pennsylvania Supreme Courts have been asked to weigh in on the issue based on questions certified by the Third and Fifth Circuit Courts of Appeal

# Topics

- I. The Communications Decency Act
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# Budget, stimulus, and ... copyright?

## 1. CASE Act

- Creates Copyright Claims Board
- \$30,000 limit on damages
- Limits discovery
- Heard by panel of three Copyright Office members and two attorneys
- **\*Notice and opt-out ability required\***



# Budget, stimulus, and ... copyright?

## 2. Felony streaming bill

- Makes it a felony “willfully” to offer a service primarily for streaming copyrighted works for profit



# Budget, stimulus, and ... copyright?

20 “(e) PENALTIES.—Any person who violates sub-  
21 section (b) shall be, in addition to any penalties provided  
22 for under title 17 or any other law—

23 “(1) fined under this title, imprisoned not more  
24 than 3 years, or both;

1 “(2) shall be fined under this title, imprisoned  
2 not more than 5 years, or both, if the offense was  
3 committed in connection with 1 or more works being  
4 prepared for commercial public performance, if the  
5 person knew or should have known that the work  
6 was being prepared for commercial public perform-  
7 ance; and

8 “(3) shall be fined under this title, imprisoned  
9 not more than 10 years, or both, if the offense is a  
10 second or subsequent offense under this section or  
11 section 2319(a).

# *Sony Music Entm't v. Cox Commc'ns, Inc.*



v.





# Contributory infringement by internet service providers

- “[O]ne contributorily infringes when he
  - (1) **has knowledge** of another’s infringement and
  - (2) either (a) materially contributes to or (b) induces that infringement.”
- “[A] service provider’s **knowing** failure to prevent infringing actions could be the basis for imposing contributory liability.”

*Perfect 10, Inc. v. Visa Int’l Serv. Ass’n*, 494 F.3d 788, 795 (9th Cir. 2007)

*Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1172 (9th Cir. 2007)

# *Sony Music Entm't v. Cox Commc'ns, Inc.*

- “Based on the level of detail included in the notices directed at Cox and its subscribers, there is no doubt that Defendants had more than just ‘generalized knowledge’ of infringement.”
- “After receiving a notice . . . Cox could have acted in several capacities—for instance, it could have further evaluated the subscriber's overall activity or **terminated that subscriber** . . . . In sum, Plaintiffs have established the knowledge element of contributory liability by showing knowledge of specific conduct which allegedly infringed all sound recordings and musical compositions identified in suit.”

426 F. Supp. 3d 217 (E.D. Va. 2019)

# Sony Music Entm't v. Cox Commc'ns, Inc.

6. What is the total amount of damages you award to Plaintiffs in this case?
- a. Calculate the total damages, if any, by multiplying the number of infringed works in your answer to Question 3 times the damages per work in Question 5.

Number of works infringed	<u>10,017</u>
X Damages per work	\$ <u>99,830.29</u>
TOTAL DAMAGES	\$ <u>1,000,000,000</u>

# Topics

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“Whoever intentionally accesses a computer ***without authorization*** or ***exceeds authorized access***, and thereby obtains information” from a “protected computer” violates the CFAA.

18 U.S.C. § 1030(a)(2)

# CFAA: “Exceeds Authorized Access” Circuit Split

## Broad Reading

- First, Fifth, Seventh, Eleventh Circuits

## Narrow Reading

- Second, Fourth, Ninth Circuits

# CFAA: “Exceeds Authorized Access” Van Buren v. US

No. 19-\_\_\_\_

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IN THE  
*Supreme Court of the United States*

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NATHAN VAN BUREN,  
*Petitioner,*

v.  
UNITED STATES OF AMERICA,  
*Respondent.*

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On Petition for a Writ of Certiorari  
to the United States Court of Appeals  
for the Eleventh Circuit

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# CFAA: “Exceeds Authorized Access” Van Buren v. US

## QUESTION PRESENTED

Whether a person who is authorized to access information on a computer for certain purposes violates Section 1030(a)(2) of the Computer Fraud and Abuse Act if he accesses the same information for an improper purpose.



# CFAA: “Without Authorization” LinkedIn v. HiQ

No. 19-

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IN THE  
Supreme Court of the United States

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LINKEDIN CORPORATION,

*Petitioner,*

v.

HIQ LABS, INC.,

*Respondent.*

---

On Petition for a Writ of Certiorari to the  
United States Court of Appeals  
for the Ninth Circuit

# CFAA: “Without Authorization” LinkedIn v. HiQ

## HiQ v. LinkedIn

- Serious questions about whether CFAA’s “without authorization” prohibition applies to data/information that is public
- The prohibition would still apply to data/information that required authorization and such authorization was not provided (Nosal II) or was rescinded (Power Ventures)

# Topics

- I. The Communications Decency Act
- II. Online Marketplaces
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# Formation

## Guiding principles:

- Notice
  - Actual or Constructive
  - Conspicuous **notice** that user is entering into a contract
  - Conspicuous **notice** of the terms
  
- Assent
  - Manifestation of **assent**

# Formation - clickwrap



I ACCEPT TERMS AND CONDITIONS OF THE MEMBERSHIP AGREEMENT

The Membership Agreement may be amended or modified from time to time and available for review at <http://jetsmarter.com/legal/membership>. It is the Member's sole responsibility to review and abide by all of the terms and conditions of the Membership Agreement and all applicable service terms and conditions, as amended from time to time. The Membership Fee is an access fee for use of the Service, is not a payment for air transportation, and is non-refundable, except as specifically provided herein, even if Member fails to utilize the Program or the Services. The Membership Fee is not amortized over time and not based on Member's ability to purchase or use the Service.

# Formation - browsewrap

The image shows a screenshot of a Subway website promotional page. At the top, there is a navigation bar with the Subway logo, a language selector (U.S. | Change), a login button, and links for SUBWAY Card, SUBWAY Kids™, SUBWAY Parasols™, and ORDER ONLINE. Below the navigation bar is a secondary menu with links: FIND A STORE, MENU & NUTRITION, CATERING, FRESH5UZ, CONTACT US, ABOUT US, CAREERS, and OWN & FRANCHISE.

The main content area features a large green headline: "JOIN TODAY AND GET A FREE 6" SUB WHEN YOU BUY A 30 OZ. DRINK". To the right of the text is an image of a Subway cup, a sandwich, and a hand holding a smartphone displaying the Subway app interface with a "SIGN UP" button.

Below the headline is a sub-headline: "SIGN UP AND SAVE WITH WEEKLY TEXT OFFERS".

The text below reads: "Weekly text offers—and delicious values—are just a few quick clicks away. Just enter your mobile number and your zip code, reply to our confirmation text, and you'll soon be enjoying weekly offers from your local SUBWAY® locations."

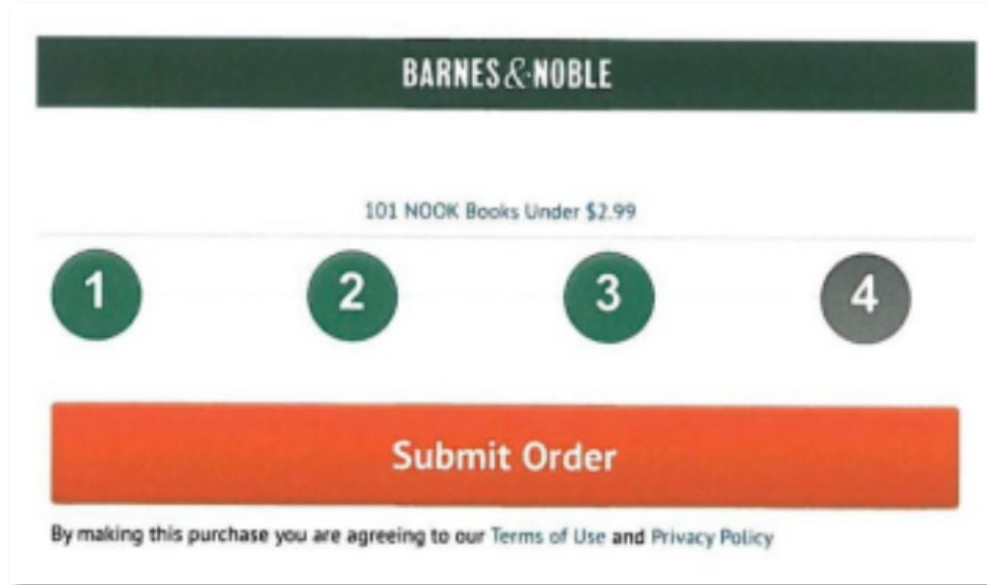
There is a "SIGN UP NOW" button. Below it are two input fields: "Enter mobile number (digits only)" and "Enter your ZIP code".

Below the input fields is a CAPTCHA section with a checkbox labeled "I'm not a robot" and a CAPTCHA image. Below the CAPTCHA is a large yellow button labeled "I'M IN".

At the bottom, there is a disclaimer: "THIS PAGE IS NOT A COUPON. OFFER WILL BE SENT TO YOUR SMARTPHONE VIA TEXT MESSAGE".

Small text at the very bottom includes: "May/June rates may apply. Max 10 messages. Msgs may be automated. Consent not required to buy goods/services. Only available for smartphones with a data plan. Terms: http://www.subway.com/business/terms-of-use.aspx. Privacy: http://www.subway.com/business/privacy-policy.aspx. For help, see HELP or TROUBLE. To opt-out, text STOP to 762282. ©2018 Subway IP Inc. SUBWAY® is a registered trademark of Doctor's Associates Inc."

# Formation – modified clickwrap



# Recent Caselaw

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# Contract formation – modified clickwrap

## Wilson v. Redbox (N.D. Ill. Mar. 25, 2020)

The screenshot displays a 'My bag' checkout page. On the left, a DVD titled 'Glass' is listed for \$1.75 (1-night rental). A note below the item states: '\*Daily rental charges don't include applicable tax. Discs kept after 9 p.m. the next day, and each day after, are subject to additional daily rental charges. If you keep a disc for the maximum rental period, it's yours to keep, and no further charges apply. See complete Terms for the rules for renting from Redbox. All Digital Code sales are final.' At the bottom left are 'Back' and 'Add Movie' buttons. On the right, a 'Payment Summary' table shows a subtotal of \$1.75 and tax of \$0.12, totaling \$1.87. Below the summary are buttons for 'Pay Now', 'Sign In', 'Add Promos', and 'Terms & Privacy'. A disclaimer at the bottom right reads: 'By pressing 'Pay Now' you agree to the Terms.'

Payment Summary	
Subtotal	\$1.75
Tax	\$0.12
<b>Total:</b>	<b>\$1.87</b>

# Contract formation – modified clickwrap

## No constructive notice

- Call to Action button is distant from the Pay Now button
- There are two intervening unrelated buttons.
- “Don’t miss your perks” implies everything below it is not related to the registration.

The screenshot shows a 'My bag' checkout page. At the top, there is a red header with the text 'My bag'. Below this, a DVD rental item is displayed: 'Glass - DVD' with a price of '\$1.75' and a close button. A small note below the item states: '\*Daily rental charges don't include applicable tax. Discs kept after 9 p.m. the next day, and each day after, are subject to additional daily rental charges. If you keep a disc for the maximum rental period, it's yours to keep, and no further charges apply. See complete Terms for the rules for renting from Redbox. All Digital Code sales are final.' To the right, a 'Payment Summary' table shows: Subtotal \$1.75, Tax \$0.12, and Total \$1.87. At the bottom of the page, there are four buttons: 'Back' (purple), 'Add Movie' (red), 'Pay Now' (purple), and 'Sign In' (red). Below the 'Sign In' button is an 'Add Promos' button, and below that is a 'Terms & Privacy' button. A small disclaimer at the bottom right reads: 'By pressing 'Pay Now' you agree to the Terms.'

Payment Summary	
Subtotal	\$1.75
Tax	\$0.12
<b>Total:</b>	<b>\$1.87</b>

# Contract formation – modified clickwrap

ALLEN LEE, on behalf of himself and all others similarly situated,

Plaintiff-Appellant,

v.

TICKETMASTER L.L.C., a Virginia corporation; LIVE NATION ENTERTAINMENT, INC., a Delaware corporation,

Defendants-Appellees.

No. 19-15673

D.C. No. 3:18-cv-05987-VC

MEMORANDUM\*

Appeal from the United States District Court  
for the Northern District of California  
Vince Chhabria, District Judge, Presiding

Submitted June 10, 2020\*\*  
San Francisco, California

Before: THOMAS, Chief Judge, and SCHROEDER and BUMATAY, Circuit Judges.

ANDREW DOHRMANN; et al.,

Plaintiffs-Appellees,

v.

INTUIT, INC.,

Defendant-Appellant,

and

H&R BLOCK, INC.; et al.,

Defendants.

No. 20-15466

D.C. No. 3:19-cv-02546-CRB

MEMORANDUM\*

Appeal from the United States District Court  
for the Northern District of California  
Charles R. Breyer, District Judge, Presiding

Argued and Submitted July 16, 2020  
San Francisco, California

Before: IKUTA and HURWITZ, Circuit Judges, and TAGLE,\*\* District Judge.  
Dissent by Judge TAGLE


# Lee v. Ticketmaster L.L.C., 817 F. App'x 393 (9<sup>th</sup> Cir. 2020)

## Constructive notice found

### Sign In. Get Going. ×

Discover millions of live events, receive alerts when your favorites hit the road, and checkout with ease with your Ticketmaster account.

Email Address

Password  

Remember Me


[Sign In](#)


[Forgot Password?](#)

[New to Ticketmaster? Sign up](#)

By continuing past this page, you agree to our [Terms of Use](#).

SEC 230      ROW 11      SEAT 20-21





Order Details ▾

Total \$222.95

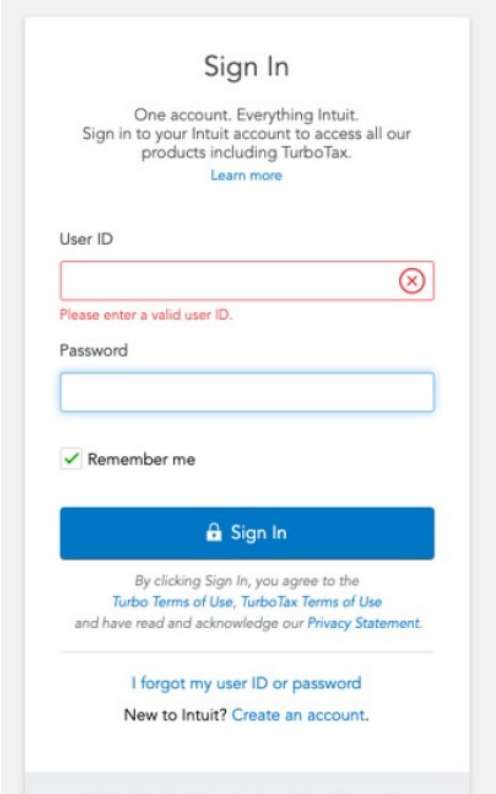
By clicking "Place Order", you agree to our [Terms of Use](#).

[Place Order](#)

# Dohrmann v. Intuit, Inc., 823 F. App'x 482 (9th Cir. 2020)

## Constructive notice found

- “The relevant warning language and hyperlink to the Terms of Use were conspicuous – they were the only text on the webpage *in italics*, were located *directly below* the sign-in button, and the sign-in page was relatively *uncluttered*.”



The screenshot displays the Intuit sign-in interface. At the top, it says "Sign In" and "One account. Everything Intuit. Sign in to your Intuit account to access all our products including TurboTax." with a "Learn more" link. Below this are two input fields: "User ID" and "Password". The "User ID" field is highlighted with a red border and contains a red "X" icon, with the error message "Please enter a valid user ID." displayed below it. The "Password" field is empty. A "Remember me" checkbox is checked. A blue "Sign In" button is located below the fields. At the bottom, there is a disclaimer: "By clicking Sign In, you agree to the Turbo Terms of Use, TurboTax Terms of Use and have read and acknowledge our Privacy Statement." Below the disclaimer are two links: "I forgot my user ID or password" and "New to Intuit? Create an account."

# Best Practices to Maximize Enforceability

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# Make It Conspicuous

## Notice of existence of contract

- Standalone, scrollable agreement strongest
- Separate checkboxes for sign-up and acceptance of terms
- If hyperlinked, use blue, underlined text
- Large, conspicuous font
- Close proximity between notice and action button
- No cluttered UI or submerged terms

# Keep clear records

## Preserve

- Back-end records showing who agreed, on what date
- Historical records of terms on any specific date
- Screenshots of UI showing interactions required to manifest assent
- Notice (emails, in-app pop-ups) of amendments

**All records of applicable terms and user interface are potential evidence in litigation.**



**Thank you**

## Paven Malhotra

Partner

pmalhotra@keker.com

(415) 676-2238

### Practice Areas

Antitrust, Consumer & Class Actions,  
Contract & Commercial, Intellectual Property,  
Securities



Paven litigates for and offers counsel to leading technology companies and entrepreneurs in their most difficult intellectual property and high-stakes business disputes. As part of his practice, Paven has also built a specialization helping technology companies manage the ever-shifting litigation risk that arises from operating on the internet including patent, copyright, privacy, and content related litigation.

#### Internet Law

Paven has successfully obtained dismissal of dozens of lawsuits filed against internet platforms including Facebook, Google, and Twitter in the past. These suits have challenged nearly all aspect of the platform's business including their content moderation decisions, their approach to copyright takedown under the DMCA, their privacy practices, and their compliance with innumerable statutory and regulatory policies.

#### Intellectual Property

Paven litigates intellectual property cases in federal and state courts throughout the United States, including the International Trade Commission. He has litigated complex patent disputes for Comcast, Intel, HTC, and TSMC, and helped win the largest trade secrets dispute in California history, which resulted in a nine-figure recovery for his client after a ten-week jury trial.

#### Complex Commercial Litigation

Paven also handles numerous complex commercial disputes. This experience ranges from his current work defending a pharmaceutical drug development company in a dispute with investors to defending Facebook in a nationwide class action filed by advertisers, to defending Standard & Poor's in a multi-billion dollar lawsuit brought by the United States for credit ratings issued during the financial crisis.

## Cases of Note

### **BOWE V. PUBLIC STORAGE**

We defended the United States' largest self-storage operator, Public Storage, from a consumer class action lawsuit. The plaintiff alleged our client deceived customers who bought tenant insurance policies. The plaintiff claimed Public Storage sold tenant insurance to him and other storage consumers without properly disclosing that the company retains a "substantial portion" of the premiums. The suit claimed that the insurance program offered by Public Storage was "a hidden profit center for itself that kicks back unconscionable profits at the expense of consumers." The suit, filed in Miami federal court, sought restitution for all of the insurance premiums paid to Public Storage by its customers over the past four years. Within three months of being retained, and just seven months before trial, we prevailed on a Summary Judgment Motion which dismissed the class' RICO claim. The matter settled favorably two days before trial.

### **UNITED STATES V. MCGRAW-HILL COMPANIES, INC., ET AL.**

As lead counsel for McGraw Hill and its Standard and Poor's division, we defended our client from the government's suit which sought at least \$5 billion in penalties under the Financial Institutions Reform, Recovery and Enforcement Act. The government accused S&P of fraud in its rating of hundreds of residential mortgage backed securities (RMBS) and collateralized debt obligations (CDOs) in the years leading up to the financial crisis in 2008. McGraw Hill ultimately settled with the government, and more than 20 states that made similar claims under state laws.

### **APPLE INC. V. HTC CORP**

We served as lead counsel for HTC, a Taiwan-based manufacturer of handheld devices, in its battle with Apple over smartphone technology. Apple first sued HTC in district court and before the International Trade Commission (ITC), claiming our client had infringed 20 patents related to various computer-related technologies, including user interfaces, operating systems, power management, and digital signal processing. The ITC hearing that went to decision resulted in a favorable ruling, and HTC obtained a settlement to become the first Android handset maker licensed by Apple.

### **EASTMAN KODAK CO. V. HTC CORP.**

We defended HTC in a five-patent investigation brought by Kodak before the International Trade Commission. The action accused dozens of mobile devices of infringing digital imaging patents that covered a range of technologies, including image capture, processing, display, compression and transmission. Consistent with ITC practice, our defense took place on a fast schedule, with a hearing date that was set approximately one year from the start of the investigation and fact discovery being completed in approximately six months. Just prior to the scheduled hearing date, the case was resolved when the Kodak patent portfolio was sold.

### **COMCAST CABLE COMMUNICATIONS, LLC ET AL. V. BRITISH TELECOMMUNICATIONS**

We defended Comcast in the District of Delaware against eight patents asserted by British Telecom. The case targeted Comcast's high-speed data and telephony services and video encryption. We also counter-asserted Comcast patents against British Telecom in the Northern District of Texas. In Delaware, we prevailed on six of the eight patents by way of summary judgment and stipulated dismissals, and thereafter reached a very favorable resolution of both litigations.

### **TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY V. SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION**

We represented TSMC against China's then-leading semiconductor manufacturer, SMIC, in the largest trade secret misuse case tried to date. SMIC owed its very existence to technology stolen from our

client. Following a jury verdict on liability in favor of TSMC, SMIC agreed to pay \$200 million in cash and approximately \$130 million of its company stock. The case serves as precedent for the strong protection afforded by California's trade secret statute, even where the actual theft occurred in Asia.

**DISCOVER V. VISA USA, INC.**

We defended Visa USA, Inc. in one of the largest private civil antitrust matters in U.S. history. Discover sued MasterCard and Visa for alleged antitrust violations, claiming that credit card network rules affected member banks' ability to issue American Express and Discover cards. The case settled on the eve of trial for billions less than Discover claimed. We also defended Visa in a similar action brought by American Express.

**PLAINTIFF V. SHERIFF'S DEPARTMENT**

We represented an individual in his excessive force claim against a Sherriff's department. The case was settled on terms favorable to our client.

**STATE OF CALIFORNIA V. CALIFORNIA FIRST AMENDMENT COALITION**

We sought to enforce the media's first amendment rights in response to a broad gag order. The case, which involved cutting-edge constitutional issues, stemmed from the 2009 Bay Area Rapid Transit Police shooting of Oscar Grant.

## Education

Harvard Law School, J.D., *magna cum laude*, 2005

Harvard College, B.A., *summa cum laude*, 2002

## Awards & Honors

- Editor, *Harvard International Law Journal*, Harvard Law School
- Research assistant for Professor Louis Kaplow, Harvard Law School
- Phi Beta Kappa, Harvard College

## Clerkships

Chief Judge James Loken, U.S. Court of Appeals for the Eighth Circuit, 2005-2006

## Admissions

California

New York

Minnesota

Washington, DC

## Professional Affiliations

- Board of Directors, California Bar Foundation
- Board of Directors, American Liver Foundation (Northern California Chapter)
- Member, National South Asian Bar Association, Judicial Endorsements

## Prior Experience

Williams & Connolly LLP

## Publications & Presentations

- "The Great Scrape: How Website Owners and Data Scrapers Can Avoid Litigation," *Legaltech News*, 2017
- "What Courts Have Said About the Legality of Data Scraping," *Legaltech News*, 2017
- "How the 3D Design Community Can Better Protect Its Intellectual Property," *3D Print*, 2017
- "How Big Data and IP Intersect," *The American Lawyer*, 2016
- "Copying in the Digital Age: Intellectual Property Rights and Additive Manufacturing," RAPID Conference, 2015
- "Intellectual Property Concerns in 3D Printing," New Strategies, Materials and Applications for 3D Printing section of the ATX expo, 2014
- "Trendy 3-D Printing Sure To Produce More IP Fights," *The Recorder*, 2014
- "3D Printing's Main Legal Battles Will Be Over Intellectual Property," *JD Supra*, 2013
- "Legal World Braces for 3D Printing Revolution," *Daily Journal*, 2013
- "Growing Need Exists for South Asian Judges," *Daily Journal*, 2011

## Matan Shacham

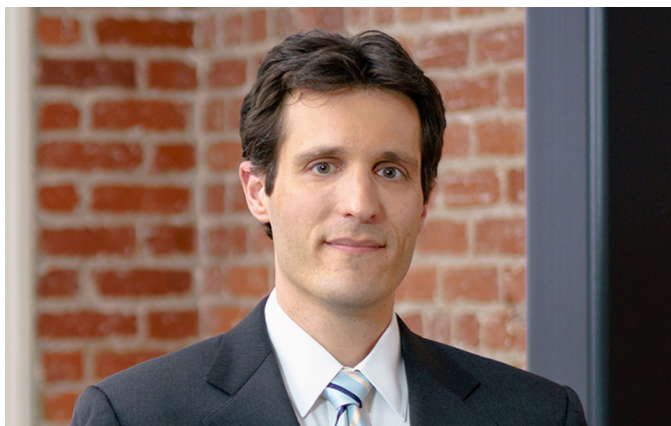
Partner

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### Practice Areas

Appellate, Consumer & Class Actions,  
Professional Liability, Intellectual Property,  
Securities, Antitrust, Contract & Commercial



Matan Shacham defends businesses, executives, and professionals in high-stakes, complex civil litigation. He has tried eight cases to verdict in federal and state courts across the country. He has also litigated appeals before the California Court of Appeal, the Ninth Circuit, the First Circuit, and the Federal Circuit.

Mr. Shacham has extensive experience litigating cases involving a wide range of subject-areas. He has defended attorneys—from international AmLaw 100 firms, regional boutiques, and plaintiff-side firms—in legal malpractice lawsuits. He has represented executives in high-profile securities cases and other complicated business disputes. He has defended leading social media companies, including Facebook and GoFundMe, in cutting-edge internet-law disputes involving content and advertising. He has also represented some of the country's top technology companies in antitrust, patent, and trade secret litigation.

Mr. Shacham has an active pro bono practice, focusing on civil rights issues. He serves on the Executive Committee for the Bar Association of San Francisco's Intellectual Property Section, and he previously served as Chair of the Civil Rights Committee for the Anti-Defamation League's Central-Pacific Region.

Prior to joining the firm, Mr. Shacham clerked for the Hon. Sandra L. Lynch of the U.S. Court of Appeals for the First Circuit. He earned his J.D., *cum laude*, from Harvard Law School, where he served as Executive Editor of the *Harvard Law Review*.

### Cases of Note

#### **FEDERAL TRADE COMMISSION V. QUALCOMM INC.**

We are defending Qualcomm against Federal Trade Commission claims that that it violated antitrust laws through its patent-licensing practices. The FTC alleged that Qualcomm engaged in exclusionary conduct that increased its competitors' baseband processor costs, reduced competitors' ability and incentive to innovate, and raised consumers' costs for phones and tablets. During a 10-day bench trial in San Jose federal court, we argued that the FTC's novel antitrust theory was foreclosed by Ninth Circuit and Supreme Court antitrust precedents, and that Qualcomm's business practices drove ever-increasing innovation in one of the country's most successful industries. Judge Lucy Koh issued a permanent

injunction. The U.S. Court of Appeals for the 9th Circuit has stayed Judge Koh's order and injunction, finding that Qualcomm has raised serious questions about the merits and shown irreparable harm.

**IN RE QUALCOMM PATENT LICENSING ANTITRUST LITIGATION**

We are defending Qualcomm against antitrust claims from a class of 250 million cellphone users that accuse the chip giant of inflating mobile device prices through heavy-handed licensing tactics. In September 2018, Judge Koh certified the consumer class in the case, which seeks billions in damages. We successfully petitioned the Ninth Circuit for interlocutory review of the court's class certification order under Rule 23(f) arguing that the court had improperly applied California antitrust law (the Cartwright Act) to a nationwide class contrary to Ninth Circuit precedent. The U.S. Department of Justice along with the states of Louisiana, Ohio and Texas filed amicus briefs supporting Qualcomm's appeal of the class certification order. The appeal was argued in December of 2019, and a decision is pending.

**REAL ESTATE DEVELOPER V. LAW FIRM ET AL.**

We represented a law firm and individual attorneys in a highly contentious and complicated case brought by a developer alleging legal malpractice claims against our clients, along with numerous claims against a large group of other individuals and companies involved in a real estate joint venture. We executed an aggressive defense strategy, using early discovery and motion practice, to quickly extricate our clients from the dispute. We secured dismissal for waiver of costs for all the individual attorneys and a favorable early settlement for the law firm.

**SECURITIES AND EXCHANGE COMMISSION V. FORMER CHIEF EXECUTIVE OFFICER**

We defended the former CEO of Fannie Mae in an SEC action filed in the Southern District of New York related to Fannie Mae's disclosures regarding its exposure to "subprime" and "Alt-A" residential mortgages. We secured a favorable settlement for our client shortly before trial.

**DIABETES RESEARCH RESTITUTION, LLC V. RONALD KATZ ET AL.**

We secured summary judgment for our client, the former Chairman of a biotech start-up company that tried to develop and commercialize an islet-cell suspension treatment for people with insulin-dependent diabetes. The lawsuit was brought by the company's former CEO and certain shareholders against the company's officers, directors, and creditors and sought over \$100 million in damages.

**SCARBOROUGH ET AL. V. FACEBOOK, INC.**

We defended Facebook against a group of plaintiffs seeking to establish a new right under the California constitution's free speech clause to force companies operating social media platforms to publish anti-vaccine posts. In November 2018, we won a ruling striking the complaint under California's Anti-SLAPP statute.

**KELLER V. ELECTRONIC ARTS INC. ET AL**

We secured a favorable settlement for Electronic Arts Inc. (EA) in this groundbreaking antitrust and right of publicity class action. Current and former student-athletes claimed EA improperly used the athletes' likenesses and biographical information in its NCAA Football and NCAA Basketball video games.

**SECURITIES AND EXCHANGE COMMISSION V. EXECUTIVE**

We defended a former Citigroup executive in one of the rare financial crisis cases to go to trial. He worked on the structuring desk at Citigroup and was charged with securities fraud in connection with Citigroup's 2007 marketing of a \$1 billion collateralized debt obligation (CDO) backed by assets tied to the housing market. In its enforcement action the SEC contended that Citigroup had played a role in the selection of the CDO's underlying mortgage securities and had taken a short position in those securities. The SEC contended that our client was negligent for not disclosing information about Citigroup's actions

in its marketing materials. After a two-week jury trial in the Southern District of New York with Judge Rakoff presiding, the federal jury rejected the SEC's case and found our client not liable on any of the SEC's claims.

**BROADCOM CORPORATION, ET AL. V. COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION**

On behalf of Broadcom, we led a joint-defense group of wireless chip manufacturers, PC manufacturers, and cellular network carriers. The plaintiff, CSIRO, asserted patent claims that allegedly covered a wide variety of products that offer wireless functionality under the IEEE 802.11 standard for local area networks. We settled the case favorably on the eve of trial.

## Education

Harvard Law School, J.D., *cum laude*, 2008

Stanford University, B.A., with honors and distinction, 2005

## Awards & Honors

- Executive Editor, *Harvard Law Review*, 2007-2008
- Phi Beta Kappa, Stanford University, 2004

## Clerkships

Hon. Sandra L. Lynch, U.S. Court of Appeals for the First Circuit, 2008-2009

## Admissions

California

## Professional Affiliations

- Executive Committee, Bar Association of San Francisco (BASF) Intellectual Property Section
- Board of Directors, Jewish Bar Association of San Francisco

## Publications & Speaking Engagements

- "Hot Topics in Patent Litigation," BASF, 2017
- "Hot Topics in Privacy Law," BASF, 2016
- "Key Developments in Patent Law," presented with Matthias Kamber, BASF Barristers Club, 2015
- "White Collar Crime and Securities Enforcement," Bar Association of San Francisco, 2015
- "Key Developments in Patent Law," presented with Matthias Kamber, BASF Barristers Club, 2014
- "Securities Enforcement: 2013 in Review," *Bloomberg BNA White Collar Crime Report*, 2014, co-authored with Brook Dooley
- "How Your BA in English Can Help Your Patent Law Practice," BASF Barristers Club, 2013
- "Section 17(a) of the Securities Act of 1933: Unanswered Questions," *Bloomberg BNA Securities Regulation & Law Report*, co-authored with Brook Dooley, 2013



## Christine Zaleski

Associate

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Christine Zaleski represents clients in all facets of commercial litigation. Prior to joining Kecker, Van Nest & Peters, Ms. Zaleski served as a law clerk to Judge Christopher F. Droney of the U.S. Court of Appeals for the Second Circuit. She was formerly a litigation associate with a small firm in Boston, where she briefed and argued cases in state and federal court and before the U.S. Court of Appeals for the First Circuit. She is also a former law clerk to Judge F. Dennis Saylor IV of the U.S. District Court for the District of Massachusetts.

Ms. Zaleski graduated *cum laude* from Harvard Law School and earned her B.A. in environmental studies, *magna cum laude*, from Brown University. During law school, Ms. Zaleski earned her certification as a mediator, and she volunteered with several legal clinics including environmental law and policy, health law and policy, and Harvard's tenant advocacy project.

### Education

Harvard Law School, J.D., *cum laude*, 2016

Brown University, B.A., *magna cum laude*, 2011

### Awards & Honors

Harvard Law School:

- Honors Recipient of three Dean's Scholar Prizes
- Rappaport Fellowship
- Harvard College of Graduate Studies Scholarship
- Technical Editor, *Environmental Law Journal*

Brown University:

- Departmental Honors
- Pembroke Center Linda Pei Award for Thesis Research
- Center for Environmental Studies Research Award

## Clerkships

Hon. Christopher F. Droney, U.S. Court of Appeals for the Second Circuit, 2019 - 2020

Hon. F. Dennis Saylor IV, U.S. District Court for the District of Massachusetts, 2016 - 2017

## Admissions

California

Massachusetts

## Prior Experience

Anderson & Kreiger LLP

**KEKER**  

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**VAN NEST**  

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**& PETERS**

# **Ethics Considerations in IP**

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January 25, 2021

# Ethics Considerations in IP



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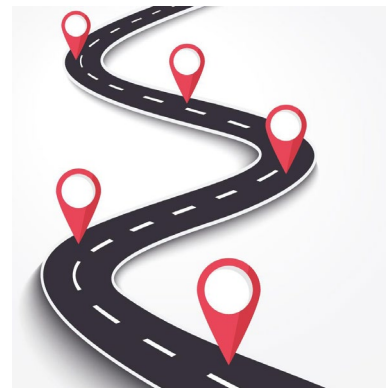


Franco Muzzio, associate  
Keker, Van Nest & Peters  
fmuzzio@keker.com

# Ethics Considerations In IP

## What We Will Cover

- Conducting Ethical and Admissible IP Infringement Investigations
- Drafting Ethical and Enforceable Cease and Desist Letters
- The Duty of Disclosure to the USPTO
- Inequitable Conduct – the Standards, Law, and Court Interpretations
- The Duty to Communicate



# IP Infringement Investigations

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# Conducting Ethical and Admissible IP Infringement Investigations

## What Is an IP Infringement Investigation?

- An investigation into suspected infringement of a patent
- Why does an adequate infringement investigation matter?
  - Fed. R. Civ. P. 11(b)
    - Failure to comply may result in sanctions. Fed. R. Civ. P. 11(c).
  - Rule 3.1 of California Rules of Professional Conduct



# Conducting Ethical and Admissible IP Infringement Investigations

## Sources of Sanctions in Patent Cases

- 28 U.S.C. § 1927: Vexatious Litigant
- 35 U.S.C. § 285: Exceptional Cases
- Fed. R. Civ. Proc. 11: Facts and Law
- Inherent Authority



# Conducting Ethical and Admissible IP Infringement Investigations

## Not Violating a Software License Agreement

- Explains how customers can use software
- Sample from iOS13:
  - “[Y]ou are granted a limited non-exclusive license to use the Apple Software on a single Apple-branded device.”
  - “You may not . . . copy . . . decompile, reverse engineer . . . [or] attempt to derive the source code of . . . the Apple Software.”



# Conducting Ethical and Admissible IP Infringement Investigations

## What Does an Adequate Investigation Require?

- Conduct an infringement analysis
  - Claim chart
    - Construe the claims of a patent
    - Investigate the infringing device
    - Compare infringing device to the claim



# Cease & Desist Letters

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# Cease and Desist Letters

## What are they and why are they needed

- Resolve an infringement problem without litigation
- Alternatively, can be necessary prep. for litigation
  - Damages require that infringer have actual or constructive notice
- Careful: can also create declaratory judgment jurisdiction, allowing a countersuit against the patent owner
  - Infringer can control timing of a lawsuit and select preferred forum
  - *MedImmune v. Genentech*, 549 U.S. 118 (2007)



# Cease and Desist Letters

## Strategy for an ethical and enforceable letter

- How strong of a demand do you make?
  - Strike fear or show reasonableness (without giving permission to infringe)?
- How much detail do you give?
  - Include a claim chart?



# Cease and Desist Letters

## Must have a legal and factual basis

- A lawyer cannot “present a claim... in litigation that is not warranted under existing law”
  - California Rule of Professional Conduct 3.1
- A lawyer cannot “knowingly make a false statement of material fact or law to a third person”
  - California Rule of Professional Conduct 4.1
- If you pursue unwarranted claims → SANCTIONS
  - Federal Rule of Civil Procedure 11(b)



# Cease and Desist Letters

## What NOT to do in these letters

- Make baseless threats
- Make threats based on costs of litigation
- “If you don’t license my patents, I will...” → can be extortion
- Threaten infringer with a report to law enforcement
  - E.g. for violations of the Computer Fraud and Abuse Act (CFAA)



# Cease and Desist Letters

## What NOT to do in these letters

- A district court is vested with the authority to award attorney fees to a prevailing party in patent litigation if it determines that the case is “exceptional.” 35 U.S.C. § 285.
- Demanding an immediate settlement for nuisance value may create “exceptional” case under § 285.
  - See *Eon-Net LP v. Flagstar Bancorp*, 653 F.3d 1314, 1328 (Fed. Cir. 2011) (awarding fees under § 285 where the plaintiff had “acted in bad faith by exploiting the high cost to defend complex litigation to extract a nuisance value settlement”)
  - *Kindred Studio Illustration & Design, LLC v. Elec. Commc'n Tech., LLC*, No. 2:18-CV-07661 (GJS), (C.D. Cal. May 23, 2019) (awarding fees under § 285 where the patent owner had threatened “litigation in hopes of a quick settlement with no intention of ever testing either the strength of its patent or its allegations of infringement”)



# Cease and Desist Letters

## Admissibility of Negotiations

- Are settlement negotiations admissible?
  - Maybe. There is no “settlement negotiation privilege.” *In re MSTG, Inc.*, 675 F.3d 1337, 1348 (Fed. Cir. 2012).
- Why seek to admit settlement negotiations?
  - Shows defendant’s willful conduct
  - Affects damages calculation
  - FRAND obligations



# Duty of Disclosure

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# Duty of Disclosure

## 37 CFR 1.56

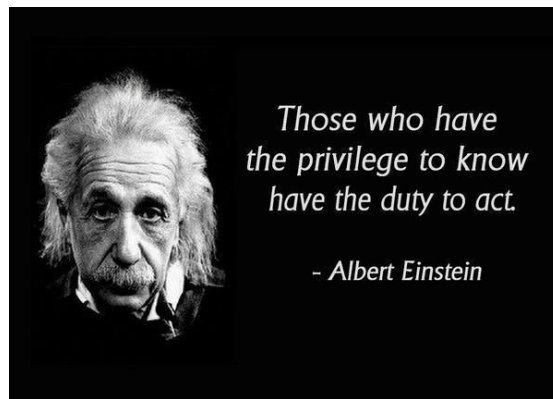
- Patent application process is generally not an adversarial one
- Duty of candor & good faith in dealing with the PTO
- Includes duty to disclose all known information material to patentability



# Duty of Disclosure

## Who has the Duty of Disclosure?

- Each inventor named in the application
- Each attorney or agent who prepares or prosecutes the application
- All persons substantively involved in the preparation or prosecution of the application



# Duty of Disclosure

## What is Material?

- Not cumulative to information already in record and:
  - Establishes a prima facie case of unpatentability of a claim;
  - Refutes or inconsistent with a position the applicant takes in (1) opposing an argument of unpatentability or (2) asserting an argument of patentability; or
  - Compels a conclusion that a claim is unpatentable.



# Duty of Disclosure

## How are disclosures made?

- Information Disclosure Statement (“IDS”)
- Only material information must be disclosed

<b>INFORMATION DISCLOSURE STATEMENT BY APPLICANT</b> ( Not for submission under 37 CFR 1.99)	Application Number	
	Filing Date	
	First Named Inventor	
	Art Unit	
	Examiner Name	
	Attorney Docket Number	

U.S.PATENTS					
Examiner Initial*	Cite No	Patent Number	Kind Code <sup>1</sup>	Issue Date	Name of Patentee or Applicant of cited Document

If you wish to add additional U.S. Patent citation information please click the Add button.

U.S.PATENT APPLICATION PUBLICATIONS					
Examiner Initial*	Cite No	Publication Number	Kind Code <sup>1</sup>	Publication Date	Name of Patentee or Applicant of cited Document

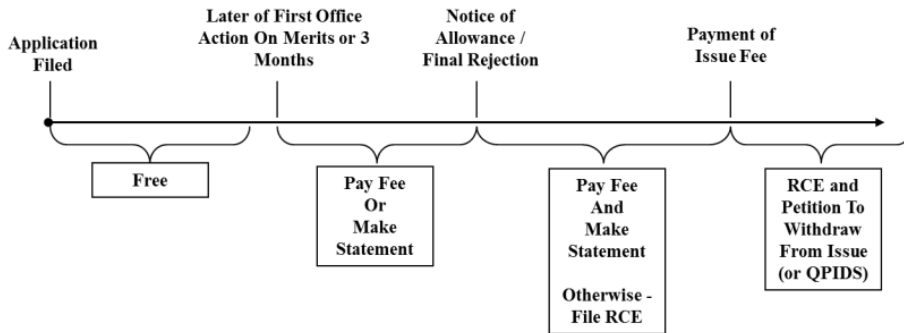
If you wish to add additional U.S. Published Application citation information please click the Add button.

FOREIGN PATENT DOCUMENTS						
Examiner Initial*	Cite No	Foreign Document Number <sup>3</sup>	Country Code <sup>2</sup>	Kind Code <sup>4</sup>	Publication Date	Name of Patent Applicant of cited Document

# Duty of Disclosure

## How long does the Duty of Disclosure last?

- Until the claim is cancelled or withdrawn from consideration, or the application becomes abandoned
- Three periods for filing IDS:
  - Within three months of patent application filing;
  - After first period, but before mailing of final Office action or Notice of Allowance; or
  - After second period, but before payment of the issue fee.



# Duty of Disclosure

## What Happens If There Is a Violation of the Duty of Disclosure?

- “[N]o patent will be granted on an application in connection with which fraud on the Office was practiced or attempted or the duty of disclosure was violated through bad faith or intentional misconduct.” 37 CFR 1.56 (a).
- Failure to disclose can lead to reprimand, probation, or exclusion from practice
- Inequitable conduct





# Inequitable Conduct

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# Inequitable Conduct

## What it is

- Affirmative defense to patent infringement suit
- Renders entire patent (and possibly related patents) unenforceable
- Cannot be cured even by reissue
- The “atomic bomb” of patent law. *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011)



# Inequitable Conduct

## Seminal case

- *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011)
  - Identified overuse of inequitable conduct defense as a “plague” that infected most patent disputes, lengthened litigation, and sullied reputable lawyers’ reputations
  - Clarified that intent and materiality elements are independent
  - “Tighten[ed] the standards . . . to redirect a doctrine that has been overused to the detriment of the public.”



# Inequitable Conduct

## Elements – proved by clear and convincing evidence:

1. Patent applicant *knowingly* misrepresented or omitted *material* information;
2. *knowing* it was material;
3. with the *specific intent* to deceive the U.S. Patent and Trademark Office (PTO)



# Inequitable Conduct

## Developments since *Therasense*

The pendulum swings back?

- *American Calcar, Inc. v. American Honda Motor Co.*, 768 F.3d 1185 (Fed. Cir. 2014)
  - Upheld district court’s inequitable conduct finding despite—as dissent pointed out — the PTO having reexamined and approved the patent in light of the previously omitted information.
- *Regeneron Pharm., Inc. v. Merus N.V.*, 864 F.3d 1343 (Fed. Cir. 2017)
  - Based on plaintiff’s counsel’s misconduct *during litigation*, district court drew “adverse inference” as to plaintiff’s intent to deceive the PTO. Federal Circuit upheld.
  - Arguably undermines *Therasense*.

# Inequitable Conduct

## Developments since *Therasense*

- *Deep Fix v. Marine Well Containment Co.* (S.D. Tex 2020)
  - Prosecuting attorney failed to disclose Y references that appeared in International Search Report.
  - Court found failure to disclose references was something that prosecuting attorney could not explain given consistent disclosure of Y references in 200 prior matters.
  - Court found attorney's prior conduct was clear and convincing evidence that patent attorney acted with intent to deceive PTO and thus inequitable conduct applied.

# Hypothetical

- Patent prosecution attorney, overwhelmed by overseeing twenty patent prosecutions at once, fails to disclose a prior art publication to the PTO.
- PTO ultimately issues the patent.
- Years later, patent owner files an infringement lawsuit against defendant company which counters the suit by arguing that the patent should be invalidated due to inequitable conduct.
- Will this result in sanctions or unenforceability?

# Duty to Communicate

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# Duty to Communicate

## USPTO Ethics Rule 11.104

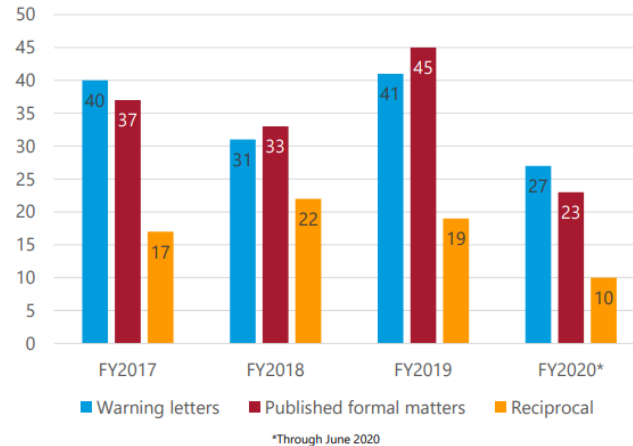
- An attorney must explain matters “to the extent reasonably necessary to permit the client to make informed decision” regarding representation and must:
  - Inform client
  - Consult client
  - Comply with requests for information
  - Explain limitations



# Duty to Communicate

## What happens if lawyer fails to communicate?

- Significant percentage of USPTO Office of Enrollment and Discipline (OED) and State Bar disciplinary grievances, as well as claims for legal malpractice, result from failure to disclose or breach of the duty to communicate.
- OED investigation of possible grounds for discipline often initiated by the receipt of a grievance.



# Duty to Communicate – Case Study

## *In re Tachner, No. D2012-30*

- Patent attorney failed to report PTO communications and docket due dates. Attorney had used handwritten book and white board for organizing application calendar. Administrative staff was undertrained and underequipped.
- Applications became abandoned and patents expired due to failure to pay maintenance fees.
- Suspended from practice before USPTO for 5 years after failing to cooperate with OED investigation.



# Duty to Communicate – Case Study

## *In re Nam D. Dao, No. D2015-23*

- Attorney failed to respond to an Office action in client's patent application, causing application to become abandoned without the client's knowledge or consent.
- Attorney suspended for only six months because OED determined that he "owned" his misconduct.



# Duty to Communicate – Case Study

## *Protostorm LLC et al. v. Antonelli Terry Stout & Kraus LLP* (E.D.N.Y. June 5, 2015)

- Malpractice lawsuit in which law firm with a pending international application ceased work for its client because of unpaid legal fees.
- But the firm failed to communicate that it ceased work to the client, who believed all was well with patent application.
- No communication took place between the firm and client for several years. After the client learned of what it believed was an infringement, the law firm advised the client that it had not filed the client's application in the USPTO.
- Jury ultimately entered judgment for the former client for \$8 million, and the law firm went out of business.

# Duty to Communicate

## Considerations for In-House Counsel

- Demand that your counsel live up to his or her duty to communicate. And when you do, put it in writing.
- If you are dealing with a potential case of attorney misconduct, paper trail could prevent issues down the road by putting attorney on notice.
- If not, it will certainly serve to establish a case for malpractice or OED sanctions.



Any questions?





## David J. Silbert

Partner

dsilbert@keker.com

(415) 676-2261

### Practice Areas

Consumer & Class Actions, Contract & Commercial, Intellectual Property, Securities, White Collar Criminal



David Silbert has won or favorably resolved cases in state and federal courts across the country. Mr. Silbert has successfully represented plaintiffs and defendants in patent cases involving cable television, semiconductors, medical devices, recombinant DNA, and numerous other technologies. He has defended several national law firms and their partners against claims of malpractice, and represented individuals in government and internal investigations.

### Cases of Note

#### **SUMMIT 6 LLC V. TWITTER, INC.**

We represented Twitter in a patent-infringement suit brought by Summit 6 LLC. In prior cases in the same court, Summit 6 had obtained large settlements and won an \$18 million judgment against Samsung. Before the close of discovery, we secured a walk-away settlement for Twitter, with Twitter paying nothing.

#### **BASCOM RESEARCH, LLC V. LINKEDIN CORPORATION**

We represented LinkedIn in a patent-infringement suit filed by Bascom Research. We obtained a stay of discovery pending the Supreme Court's decision in Alice, then won summary judgment invalidating all asserted claims. The victory was chosen by The Daily Journal as one of the year's "Top Defense Verdicts."

#### **UNITED STATES EX REL. ROBERT C. BAKER V. COMMUNITY HEALTH SYSTEMS, INC., ET AL.**

We served as lead counsel for Relator Robert Baker in a qui tam False Claims Act case against Community Health Systems. This case alleged the defendants manipulated the Medicaid funding program by a scheme which resulted in the illegal receipt of federally funded Medicaid payments. Our client sought the maximum amount allowed to a qui tam plaintiff and the United States sought to recover damages and civil penalties from the defendants, arising from false and/or fraudulent statements, records, and claims of FCA violations. Community Health Systems eventually agreed to end the litigation with a settlement of \$75 million.

#### **VS TECHNOLOGIES LLC V. TWITTER INC.**

By winning a defense verdict in this federal jury trial, we protected Twitter Inc. from a patent infringement suit and \$40 million damages claim. Virginia-based VS Technologies had obtained a patent

for “an interactive virtual community of famous people,” and sued Twitter over its virtual community technology. During the six-day trial, we argued that Twitter's Browse Interests feature did not infringe the terms of the patent and that in fact, the patent was invalid. The jury agreed, and found Twitter not liable for patent infringement.

**ACACIA MEDIA TECHNOLOGY V. COMCAST CABLE COMMUNICATIONS, LLC**

We defended Comcast Cable Communications, LLC as part of a large joint-defense group handling patent infringement claims related to video-on-demand services. The plaintiff, Acacia Media Technology, sought hundreds of millions in royalties from more than 40 cable TV, satellite TV, and Internet streaming companies, alleging its patents covered virtually all transmission of compressed digital video or audio files. After extensive claim-construction proceedings, U.S. District Judge James Ware held that the patents were invalid and granted summary judgment for our client and the other defendants. The U.S. Circuit Court of Appeals for the Federal Circuit affirmed that judgment.

**COMCAST CABLE COMMUNICATIONS, LLC V. FINISAR CORPORATION**

We won summary judgment dismissing Sunnyvale-based Finisar Corporation's patent infringement claim against Comcast Cable Communications, LLC. We first convinced U.S. District Court Judge William Alsup to cut potential damages from \$590 million to \$140 million, and later to invalidate the data transmission patent at issue. Finisar appealed, however the U.S. Court of Appeals for the Federal Circuit affirmed the district court's ruling.

**PLAINTIFF V. TELECOMMUNICATIONS COMPANY**

We won a complete victory in a multi-million dollar contract dispute involving information-technology services.

**TELEVISA V. UNIVISION COMMUNICATIONS**

We represented Univision, the country's leading Spanish language television network, in a breach of contract jury trial. Televisa, a Mexican multimedia conglomerate which supplied Univision with its most popular Spanish language programs, attempted to terminate a long-term exclusive licensing agreement and sought more than \$100 million in damages. The case was settled during trial on favorable terms. We also represented Univision in a bench trial which sought declaratory judgment to prevent Televisa from broadcasting over the Internet the same highly popular programs that it exclusively licensed to Univision. We won a complete victory at trial.

**UNITED STATES V. MCKESSON CORPORATION**

We won a complete defense judgment in favor of McKesson after a month-long trial of a qui tam action alleging violations of the False Claims Act and Anti-Kickback Statue. The trial victory allowed McKesson to avoid paying nearly \$1 billion in fines, and to avoid the collateral penalties that government agencies can impose on companies found to have paid illegal kickbacks. The Justice Department's complaint charged McKesson with paying kickbacks to a nursing home operator in the form of underpriced services, and with submitting “legally false claims” to the government. After we had the whistleblower dismissed, a key victory, we then won dismissal of related claims that the nursing home's supplier subsidiary failed to comply with Medicare supplier standards. With the case's scope significantly narrowed, we lead our client through a bench trial which featured 24 witnesses, hundreds of exhibits and post-trial briefing. The judge ruled in our client's favor, vindicating McKesson and its employees. This victory was listed by the National Law Journal as one of the year's five most significant trial wins.

**DEPARTMENT OF JUSTICE V. MAJOR LEAGUE BASEBALL PLAYERS ASSOCIATION**

We successfully represented the Major League Baseball Players Association in its high-profile battle with the U.S. government. In August 2009, an en banc panel of the U.S. Circuit Court of Appeal for the Ninth

Circuit ruled that federal investigators unlawfully seized drug-testing records of more than 100 athletes. In September 2010, the court issued a revised opinion that upheld its ruling.

## Education

UC Hastings College of the Law, J.D., *magna cum laude*, 1994

Georgetown University, B.A., 1990

## Awards & Honors

- California Lawyer of the Year, Intellectual Property, *Daily Journal*, 2017
- Top Defense Verdict, *The Daily Journal*, 2016.
- Top 75 IP Litigators, *The Daily Journal*, 2011, 2016
- Listed in *The Best Lawyers in America* for Intellectual Property Litigation and Patent Litigation, 2012 - present
- World's Leading Patent Practitioners, *IAM Patent 1000*, 2015
- Winning Profiles: Keker Team Won a \$1 Billion Bet for McKesson, *National Law Journal*, 2013. Defeated a high-stakes false claims act case for McKesson.
- Recommended Attorney, Intellectual Property - Patent litigation, The Legal 500 U.S., 2011 - 2012
- Northern California Super Lawyer, Business Litigation, 2005-present

## Clerkships

Hon. Judith N. Keep, Chief Judge, U.S. District Court, Southern District of California, 1995-1996

## Admissions

California

## Presentations

"The State of IP Across Industry Verticals," IP Value Summit, 2015

## Franco Muzzio

Associate

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(415) 962-8839



Franco Muzzio represents clients in all facets of commercial litigation. Prior to joining Kecker, Van Nest & Peters, Mr. Muzzio served as a law clerk to the Honorable Virginia A. Phillips of the U.S. District Court for the Central District of California and the Honorable Susan P. Graber of the U.S. Court of Appeals for the Ninth Circuit.

Mr. Muzzio graduated from UCLA School of Law, where he obtained a specialization in public interest law and policy. Prior to law school, Mr. Muzzio was an English teacher at Central Park East High School in East Harlem, New York. He earned an M.S.T. in adolescent education from Fordham University and a B.A., with high honors, in English language and literature from the University of Michigan, Ann Arbor. He is fluent in Spanish.

### Education

UCLA School of Law, J.D., 2015

Fordham University, M.S.T., 2010

University of Michigan, B.A., 2008

### Awards & Honors

UCLA School of Law:

- Order of the Coif
- Chief Articles Editor, *UCLA Law Review*
- Chief Comments Editor, *Chicana/o-Latina/o Law Review*

### Clerkships

Hon. Virginia A. Phillips, Chief Judge, U.S. District Court for the Central District of California, 2016 - 2017

Hon. Susan Graber, U.S. Court of Appeals for the Ninth Circuit, 2015 - 2016

## Admissions

California

## Professional Affiliations

San Francisco La Raza Lawyers Association, Board of Directors



# The Ever-Changing Patent Litigation Playbook: Exploring the Latest Trends and Litigation Tactics

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January 25, 2021

# Presenters



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**Ajay Krishnan**  
Partner  
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**Kristen Lovin**  
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# Agenda

1. Venue: The Rise of W.D. Tex.
2. IPRs: More Risk, Less Reward
3. *Alice* Motions: Legal & Tactical Trends
4. Foreign Parallel Litigation: Why You Should Care About Germany



# Venue

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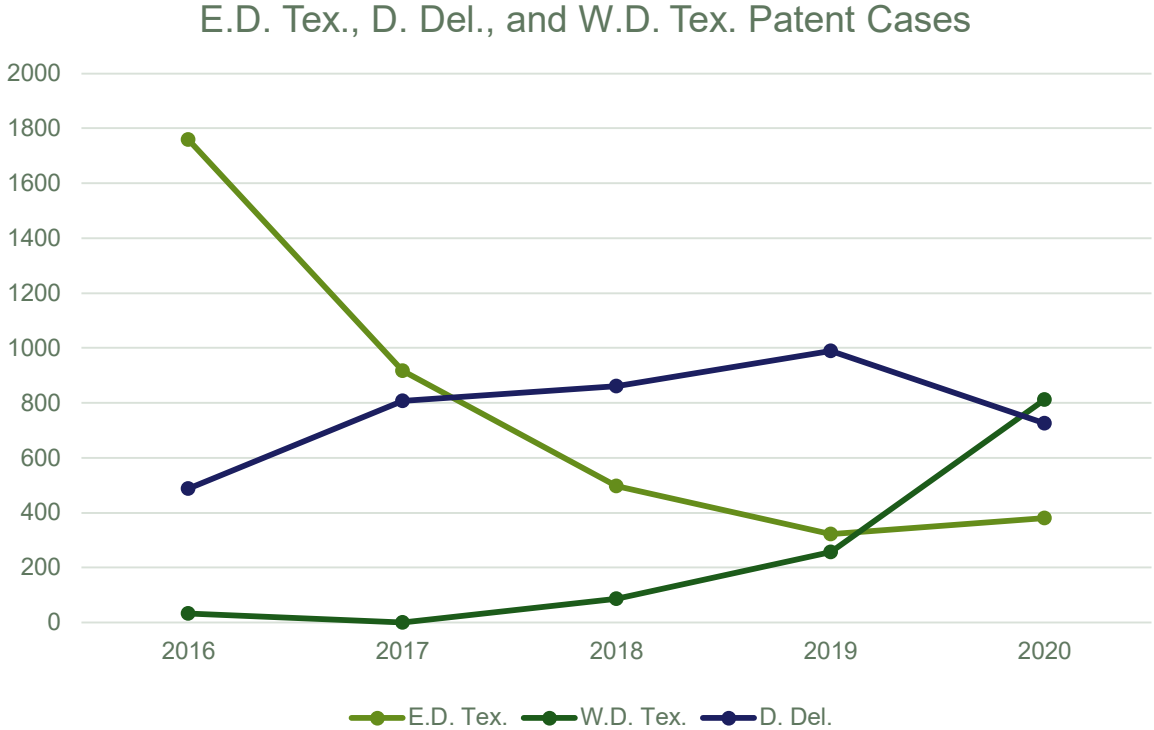
# How Things Used To Be

## In 2016, just over four years ago ...

- Joe Biden was *vice* president
- Zika was the disease we were all worried about
- **More than 40% of all patent cases were filed in E.D. Tex. – 1759 cases in 2016**



# The Patent Venue World Today



# What Happened?

## *TC Heartland v. Kraft Foods*, 137 S. Ct. 1514 (2017)

- Venue in patent cases previously proper in essentially any federal district
- In *TC Heartland*, the Supreme Court held:
  - Venue for a U.S. company in patent cases is proper only in district where the defendant (1) resides (*i.e.*, state of incorporation) or (2) has committed acts of infringement *and* has a regular and established place of business
- Federal Circuit has since held that a “regular and established place of business” requires:
  - defendant have a physical presence in the judicial district. *In re Cray*, 871 F.3d 1355 (Fed. Cir. 2017)
  - employees conducting business; merely having computer servers in district not enough. *In re Google*, 949 F.3d 1338 (Fed. Cir. 2020)
- As a result, E.D. Tex. no longer a proper venue for most U.S. company defendants

# What Happened?

## Hon. Allan Albright

- Appointed by President Trump to W.D. Tex., Waco Division
- Took the bench on September 18, 2018
- Long-time patent litigator; took it upon himself to make W.D. Tex. a patent litigation destination
  - Went on speaking tour entitled: "Why You Should File Your Next Patent Case Across the Street from the 'Hey Sugar'"



# Why Patent Plaintiffs Are Flocking To Waco

- **Largely transfer-proof venue**
  - Austin, TX also in W.D. Tex.
  - Virtually every sizeable technology company has a “regular and established place of business” in Austin
- **Rapid path to trial**
  - Judge Albright’s stated goal is a faster schedule than PTAB’s IPR schedule (and no stays pending IPR, making IPR discretionary denials more likely)
- **No early *Alice* motions**
  - *Alice* motions heard only after claim construction, and then likely denied
- **Plaintiff friendly juries**
  - When E.D. Tex. banned mock trials, Waco became common stand in

# Implications For Patent Defendants

- **No easy exit from Texas**
  - If defendant has presence in Austin, venue is likely proper
  - Judge Albright highly unlikely to grant motion to transfer under 28 U.S.C. § 1404(a)
- **No quick wins**
  - No Alice-based Rule 12(b)(6) motions; need to wait until after claim construction
  - Unlikely to grant *Iqbal*/ *Twombly*-based Rule 12(b)(6) motions
- **No early crystallization of infringement contentions**
  - Minimal showing required to justify amendments to contentions (both infringement and invalidity)

# Implications For Patent Defendants

- **Engaged judge who understands patent law and technology**
- **Possible to transfer from Waco to Austin**
  - Judge Albright willing to grant intra-district transfers
  - Jury venire in Austin more tech savvy and may be less plaintiff friendly than Waco
- **Limits on discovery**
  - General discovery stayed until after claim construction
  - No ESI/ email discovery absent a showing of good cause
- **Likely too popular to remain a “rocket docket”**
  - With exponential growth in patent docket and COVID delays, time to trial likely to grow
  - Still seeking to hold in person trials in Waco



# Other Venues Post-TC Heartland

- **District of Delaware**
  - No longer the busiest patent district, but will likely remain in top two given number of companies incorporated in Delaware
  - Current judges not particularly plaintiff friendly
- **Eastern District of Texas**
  - Still fourth busiest venue, and as plaintiff friendly as ever
  - *In re Google* likely to further reduce number of cases properly venued in district
  - BUT foreign companies and U.S. companies with established places of business including employees – e.g., companies with offices or stores in Dallas suburb Plano – still subject to suit in district
- **C.D. Cal. and N.D. Cal.**

# *Inter Partes Review*

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# IPR – Quick Review



- **What are IPRs?**
  - Administrative trial proceeding within USPTO to challenge validity of patent claims
  - Established in 2011 as part of America Invents Act
  - Limited to anticipation and obviousness challenges based on prior art patents and printed publications
  - Time limit: must be commenced within 1 year of service of complaint for patent infringement

# IPRs – Quick Review

- **Benefits for defendants**

- Easier standard for invalidation – preponderance of the evidence
- Tried to administrative judges familiar with patents and validity issues
  - Often more comfortable than lay juries with invalidating claims based on obviousness
- Relatively quick – 18 months to final decision
- Potential stay of district court litigation pending IPR
- Relatively high success rate historically

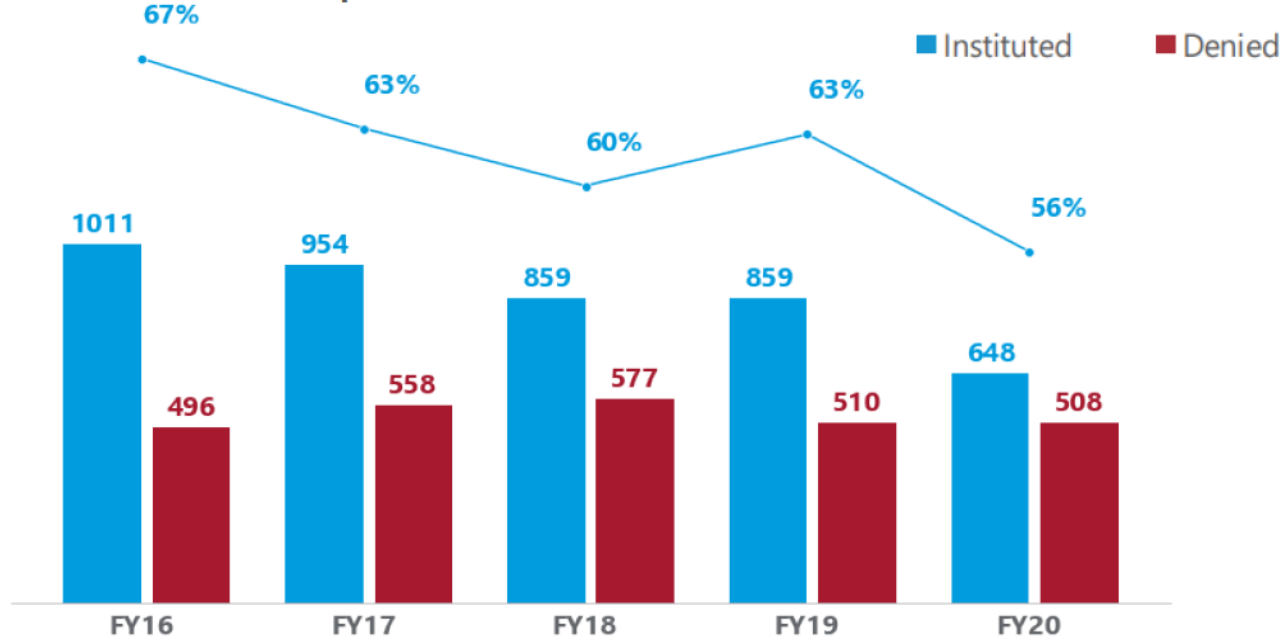
# IPR Trends: More Risk, Less Certain Reward

- Institution rate
- Success rate
- Estoppel

# Institution Rate

## Institution rates by petition

(FY16 to FY20: Oct. 1, 2015 to Sept. 30, 2020)



# *Apple Inc., v. Fintiv, Inc.*

- Decided by PTAB March 20, 2020; designated precedential on May 5, 2020
- Six factors to weigh in deciding whether to deny institution due to status of parallel district court litigation:
  1. whether court granted stay or evidence exists that one may be granted if a proceeding is instituted;
  2. proximity of trial date to the Board's projected statutory deadline for a final written decision;
  3. investment in the parallel proceeding by court and parties;
  4. overlap between issues raised in petition and in parallel proceeding;
  5. whether petitioner and defendant in parallel proceeding are the same party; and
  6. other circumstances that impact the Board's exercise of discretion, including the merits

# Applying *Fintiv*

- ***Sotera Wireless, Inc. v. Masimo Corp.*** - Stipulation not to pursue duplicative grounds in district court can favor institution.
- ***Snap, Inc. v. SRK Technology LLC*** – District court stay can favor institution.
- ***GlobalFoundry v. UNM*** – IPR instituted in a case before Judge Albright, post-Markman, where the final written decision would not issue until three months after the district court trial.



# Implications of *Fintiv* for Patent Defendants

- **Discretionary institution denials likely to increase – *Fintiv* factors give PTAB lots of leeway**
- **Time is of the essence**
  - Patent defendants/ IPR petitioners need to file IPRs ASAP
  - No longer viable strategy to delay IPRs so that hearing and Final Written Decision come after district court trial
- **Stays matter more than ever**
  - Patent plaintiffs/ IPR respondents will seek out venues/ judges who do not grant stays
- **Judge Albright is going to get even busier**

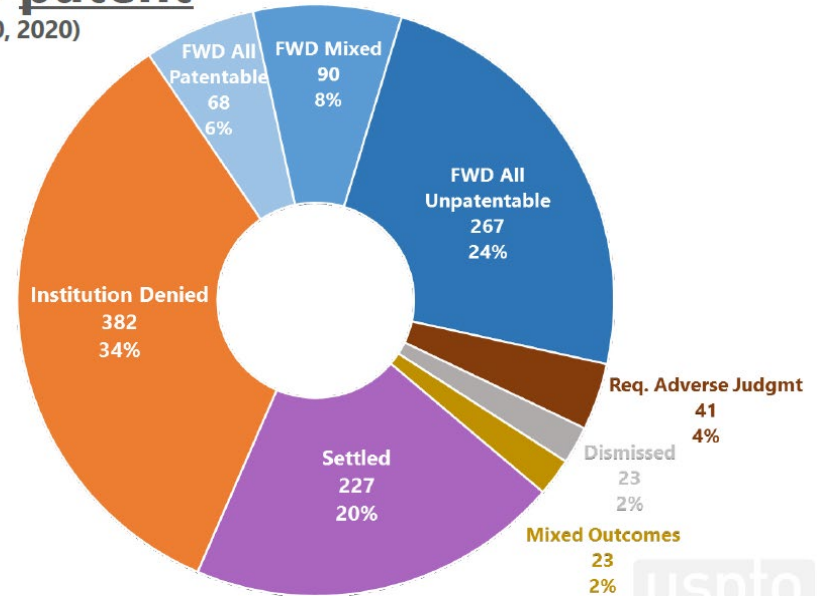
# Success Rate – 2020

In 2020 63% of Final Written Decisions resulted in all claims being invalidated, compared to 54% in 2019.

However, the invalidation rate on a per claim basis dropped slightly (from 72% to 70%).

## Outcomes by patent

(FY20: Oct. 1, 2019 to Sept. 30, 2020)



# Estoppel



- **IPR estoppel**
  - After the PTAB issues Final Written Decision, petitioner is estopped from arguing invalidity of claims based on grounds that the petitioner *raised or reasonably could have raised in IPR proceedings*
- **Implications for patent defendants**
  - Think twice about IPRs if lacking good non-infringement defense
  - Need “system” prior art for use in district court in event IPR estoppel applies

# Scope of Estoppel

- **Paper art and estoppel**
  - A majority of courts apply estoppel to grounds that were never petitioned.
  - Fewer courts apply estoppel only to grounds that were petitioned and instituted.
- **System art and estoppel**
  - Some judges have held estoppel applies to system art that is “materially identical” to a prior art publication
  - Recent example: D. Del. Chief Judge Stark, *Wasica Finance GMBH v. Schrader Int’l, Inc.*, 2020 WL 1150135 (D. Del. Jan 14, 2020)
- **Overall – trend is toward broader application of estoppel**

# IPR Trends: More Risk, Less Certain Reward

## Key takeaways:

- **IPRs are less likely to get instituted**
  - Post-institution success rates are higher, but why?
- **Need to assess and file IPRs ASAP**
- **Factors to consider in deciding to pursue an IPR:**
  - Stipulating not to duplicate invalidity grounds in district court
  - Likelihood of stay and extent of district court proceedings
  - Availability of non-infringement defense and/or system art that is not disclosed in prior art publication



# *Alice* Motions

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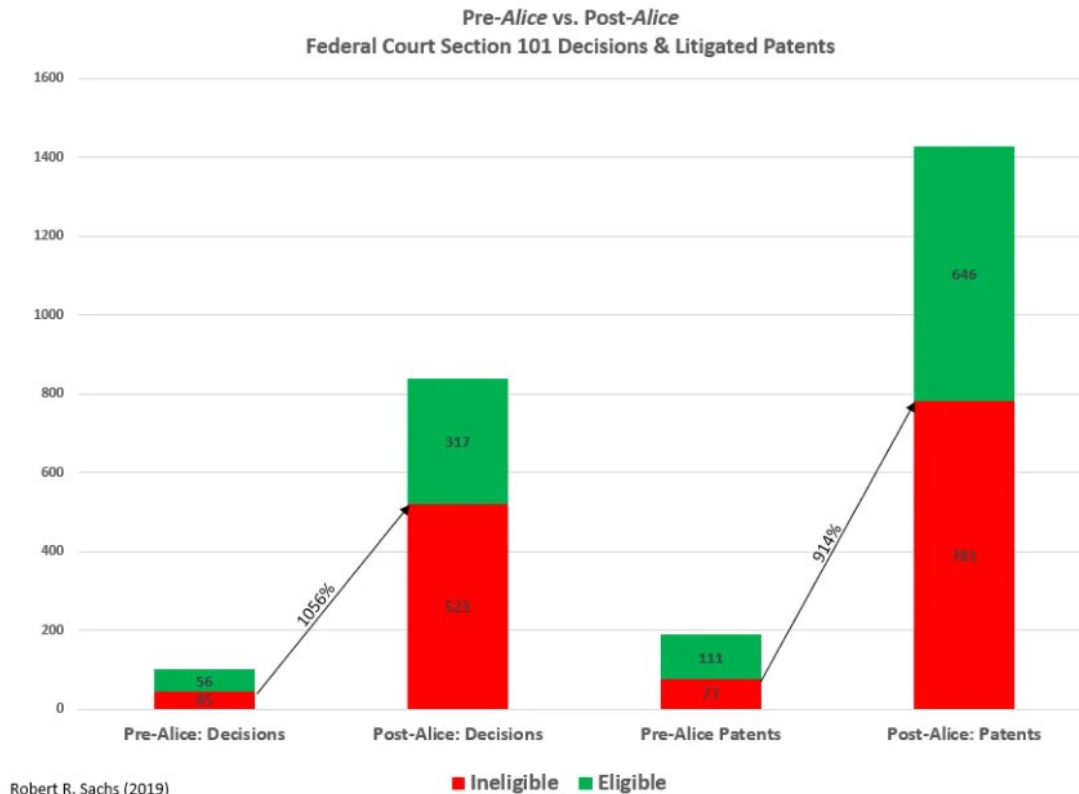
# Alice & Its Aftermath

“Stating an abstract idea while adding the words ‘apply it’ is not enough for patent eligibility.”

*Alice Corp. v. CLS Bank Int’l*,  
573 U.S. 208 (2014)

- **2-step validity inquiry**
  - Are claims directed to an abstract concept?
  - Do claims add an “inventive concept”?
- **No “do it on a computer” claims**
- **No limiting use of abstract idea to particular technological environment**

# Alice & Its Aftermath



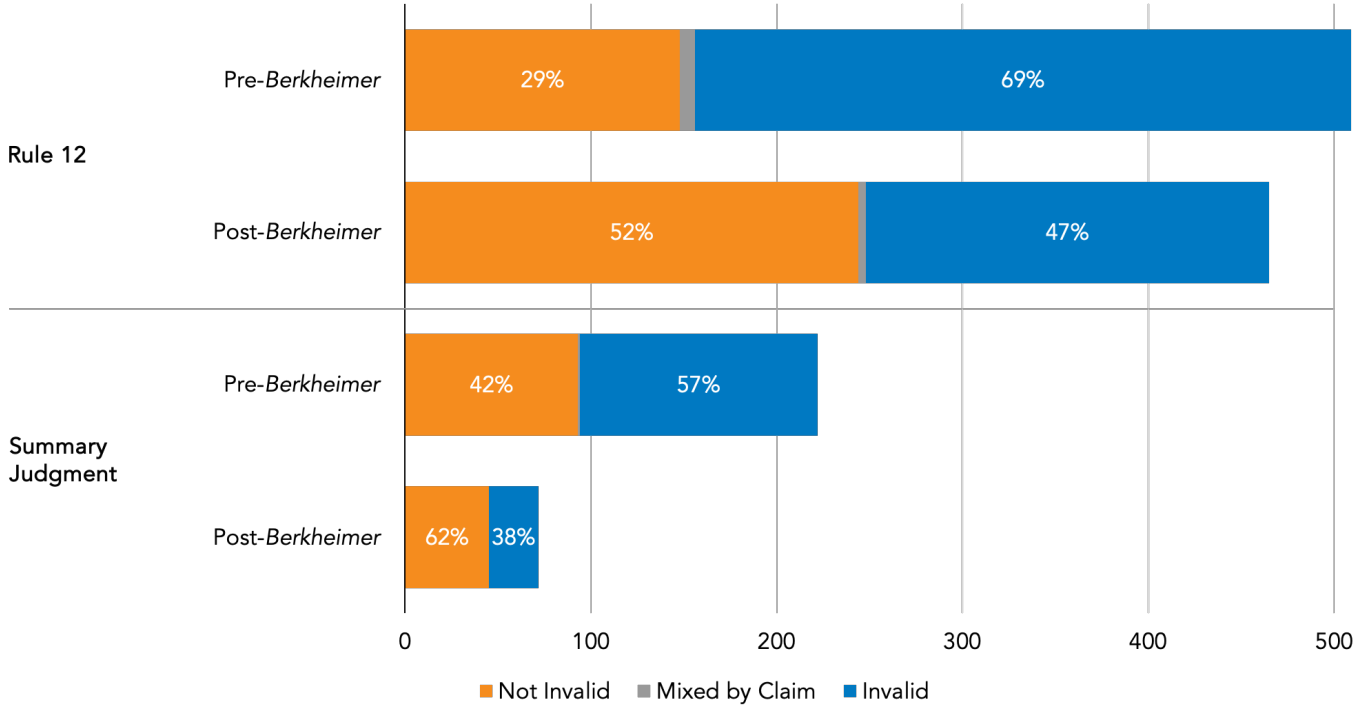
**Figure 2**



# Eroding *Alice*

- ***Berkheimer v. HP Inc.*, (Fed. Cir. 2018)**
  - whether claims recite routine, conventional activity raised disputed factual issue, precluding summary judgment
- ***Aatrix Software, Inc. v. Green Shades Software, Inc.*, (Fed. Cir. 2018)**
  - affirmed *Berkheimer* at MTD

# The Berkheimer effect



# Eroding Alice

- ***MyMail Ltd b. Oovoo, LLC (Fed. Cir. 2019)***
  - Where claim construction dispute at 101 stage, district court must adopt patentee’s construction or construe claims before addressing eligibility
- ***Cellspin v. Fitbit (Fed. Cir. 2019)***
  - Patents presumed eligible under 101
  - “plausible and specific factual ***allegations***” that aspects of claim are inventive sufficient to defeat MTD

# Eroding Alice

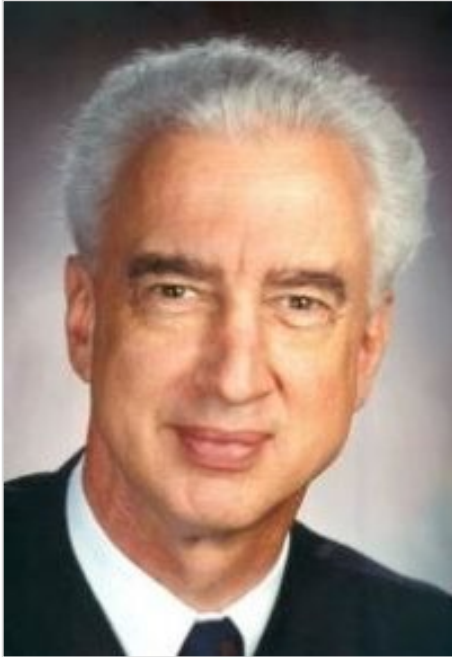
## *More step 1 rationales:*

- **Improvement to technology**
  - *Techsec v. Adobe* (Fed. Cir. 2020), *Packet Intel. v. NetScout* (Fed. Cir. 2020), *Uniloc v. LG* (Fed. Cir. 2020), *CardioNet v. InfoBionic* (Fed. Cir. 2020)
- **Application of an abstract idea “to a new and useful end”**
  - *XY v. Trans Ova* (Fed. Cir. 2020)
- **Method of treatment**
  - *Illumina v. Ariosa* (Fed. Cir. 2020)

# Six Years Post-Alice: Takeaways

- ***Berkheimer* & *Aatrix* make it harder to win § 101 dismissal via dispositive motions**
  - Early-stage denials without analysis: Noreika, Donato, Alsup, Mazzant, Lynn
- **Plaintiffs incentivized to plead “facts” re inventive concept**
  - “The technology was not well-known at the time of the invention . . . .”
- **Judges may mount additional roadblocks to early *Alice* motions**
  - Judge Albright: *Alice* motions heard after claim construction
  - Judge Gilstrap: party intending to file § 101 must serve “Eligibility Contentions”
- **Greater uncertainty around eligibility outcomes**

# Six Years Post-Alice: Takeaways



Hon. Paul Michel (ret.)

“I spent 22 years on the Federal Circuit and 9 years since dealing with patent cases, and I cannot predict in a given case whether eligibility will be found or not found. If I can't do it, how can bankers, venture capitalists, business executives, and all the other players in the system make reliable predictions and sensible decisions?”

# Foreign Parallel Litigation

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# Foreign Parallel Litigation

**Why should you care about Germany?**

**Because patent plaintiffs do**





# German Patent Litigation – Key Things To Know

- **3rd busiest jurisdiction for patent litigation (after USA and China)**
  - Approximately 2/3 of European patent infringement cases lodged in Germany
  - Approximately 20% of all patent cases are filed by NPEs (vs. 4%-6% in other European countries)
  - 60% of plaintiffs are foreign companies/entities
- **Very plaintiff friendly**
- **Trend of filing German actions in parallel with U.S. patent claims**



# German Patent Litigation – Key Things to Know

- **Bifurcated system – different courts handle validity and infringement**
  - 12 regional courts have jurisdiction over infringement claims
    - Düsseldorf, Mannheim, and Munich most prominent
  - Validity challenges handled at German Federal Patent Court or at patent office
- **Courts don't move at same speed**
  - Decision on infringement – approximately 8-12 months
  - Decision on validity from Federal Patent Court – approximately 2.5 to 3 years
  - Result is so-called German “injunction gap”

# German Patent Litigation – Key Things to Know

- **Almost No Discovery**
  - Speeds process and reduces costs
  - Ideal if able to establish infringement based on public information; not ideal if source code or other non-public information is required
- **Low Damages**
- **No jury trials**
- **Injunctions as a matter of right**
  - Very difficult to convince court to stay pending outcome of validity action
- **Loser pays fees and costs – with limits**

# What do if facing German patent suit

- **Prepare for an injunction**
  - Assess/ develop design arounds
- **Slow down infringement proceedings**
  - E.g., push for court-appointed expert, which can slow proceeding
  - Approximately 88% of all claims challenged in the Patent Court are eventually revoked
- **File invalidity action in jurisdiction with faster track to resolution**
  - Great Britain
  - Netherlands

**Thank you!**

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# Matthew M. Werdegar

Partner

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(415) 676-2248

## Practice Areas

Antitrust, Consumer & Class Actions,  
Contract & Commercial, Intellectual Property



Matt Werdegar is an experienced trial lawyer who helps his clients navigate complex, intellectual property disputes. Mr. Werdegar also is often called upon to assist with high-stakes disputes involving breach of contract, fraud, breach of fiduciary duty, and unfair competition claims. Whatever the subject matter, Mr. Werdegar focuses on his clients' ultimate objectives and crafts novel, pragmatic litigation strategies to meet those objectives.

Mr. Werdegar has handled complex intellectual property and civil litigation matters in state and federal courts across the country and before the International Trade Commission. He has successfully tried a variety of cases to verdict and won favorable decisions before both state appellate courts and the Ninth Circuit Court of Appeals. Mr. Werdegar repeatedly has been recognized for his skillful advocacy in intellectual property and business cases. He has been listed in Best Lawyers in America for intellectual property and patent litigation since 2011. And he has been recognized as a Northern California Super Lawyer for business litigation since 2014.

Mr. Werdegar also dedicates substantial time to a number of community and educational organizations. He serves on the board of OneJustice, a California state-wide legal nonprofit dedicated to expanding access to legal services to those in need. He also serves as an instructor for Stanford Law School's trial advocacy program.

## Cases of Note

### **SYMANTEC V. ZSCALER**

We represented Zscaler in parallel infringement suits brought by Symantec in the District of Delaware asserting 14 patents against Zscaler's network-security platform. We succeeded in transferring both cases to the Northern District of California, invalidating several patents on motions to dismiss in District Court, and eliminating additional claims in proceedings before the Patent Office. As a result, we settled the remainder of the litigations very favorably before trial.

**EMC CORPORATION V. PURE STORAGE INC.**

We defended data storage innovator Pure Storage Inc. in multi-patent litigation filed by its Fortune 500 rival EMC Corporation in the District of Delaware. EMC's asserted patents related to various data storage technologies, including technology for deduplicating data. We prevailed on two of the five patents in suit prior to trial, and obtained a jury verdict of non-infringement as to two others following a seven-day jury trial. We then won partial judgment as a matter of law and a new trial on invalidity as to EMC's one remaining asserted patent. Shortly following the court's order granting a new trial, Pure Storage and EMC reached a global settlement.

**CA, INC. D/B/A CA TECHNOLOGIES V. NEW RELIC, INC.**

We defended software analytics company, New Relic, Inc. from patent infringement allegations brought by enterprise software giant CA in the Eastern District of New York. We won summary judgment of non-infringement on CA's principal patent claim. We successfully settled the remainder of the case shortly before trial.

**AMERICAN MEDICAL RESPONSE INC. ET AL. V. PARAMEDICS PLUS, ET AL.**

We defended Paramedics Plus from American Medical Response's (AMR) claims of anticompetitive unfair business practices. After losing the competitive bidding process for Alameda County's emergency medical services transportation contract to its much smaller rival Paramedics Plus, AMR accused our client of violating California's predatory pricing law, Business & Professions Code Section 17043, in its bid to win the 911 ambulance contract. Despite a minimal amount of precedent, we were able to preserve the statute's intent, which is to safeguard healthy competition by protecting smaller companies from larger rivals. We received a unanimous 12-0 jury verdict in favor of our client.

**PLAINTIFF V. CEPIA, LLC**

A toy developer sued our client Cepia for allegedly using misappropriated trade secrets to develop Cepia's award-winning line of ZhuZhu robotic toys. We obtained Rule 11 sanctions for the pleading of factually baseless allegations as well as the dismissal of five of the plaintiff's six claims. Shortly thereafter, the plaintiff agreed to dismiss the final claim and issue a public acknowledgement of no misconduct and independent development by Cepia.

**TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY V. SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION**

We represented TSMC against China's then-leading semiconductor manufacturer, SMIC, in the largest trade secret misuse case tried to date. SMIC owed its very existence to technology stolen from our client. Following a jury verdict on liability in favor of TSMC, SMIC agreed to pay \$200 million in cash and approximately \$130 million of its company stock. The case serves as precedent for the strong protection afforded by California's trade secret statute, even where the actual theft occurred in Asia.

**REMBRANDT TECHNOLOGIES, INC. V. COMCAST CABLE COMMUNICATIONS, LLC**

We defended Comcast in a nine-patent case involving high-speed Internet and digital TV services. Rembrandt originally filed the case in the Eastern District of Texas, but in conjunction with other co-defendants, we obtained multi-district consolidation and transfer to the District of Delaware. Based upon claim construction rulings, Rembrandt conceded non-infringement of eight of the nine patents, preserving only its right to appeal the claim construction as to the ninth. The Federal Circuit then upheld the claim construction on that last patent, resulting in non-infringement. We also helped Comcast secure an exceptional-case determination and a resulting award of over \$10 million in fees and costs.

#### **MARITIME ASSOCIATION V. MINIACE**

We successfully defended an individual in an Employee Retirement Income Security Act (ERISA) action brought by her deceased husband's employer. The employer sought to recoup the \$10 million insurance proceeds paid to our client upon her husband's death. After a two-week court trial, judgment was awarded in favor of our client. The U.S. Court of Appeals for the Ninth Circuit affirmed the judgment.

#### **COMMERCIAL PROPERTY V. MORTGAGE CORPORATION**

We represented the owners of a Silicon Valley commercial office building in a dispute over unlawful mortgage servicing practices. We won a complete victory at the jury trial, collecting a verdict of \$7.5 million in actual damages plus \$30 million in punitive damages. The case was favorably settled prior to appeal.

## Education

Stanford Law School, J.D., 1998

University of London, M.A., 1993

Stanford University, B.A., 1991,

## Awards & Honors

- *The Best Lawyers in America* for Intellectual Property Litigation and Patent Litigation, 2012 - present
- Northern California Super Lawyer for Business Litigation, 2014 - present
- Notes editor, *Stanford Law Review*, Stanford Law School, 1998
- Order of the Coif, Stanford Law School, 1998
- Marshall Scholarship, University of London, 1992-1994

## Clerkships

Hon. Procter Hug, Jr., U.S. Court of Appeals for the Ninth Circuit, 1999

Hon. D. Lowell Jensen, U.S. District Court, Northern District of California, 1998

## Admissions

California

## Professional Affiliations

- Board of Directors, OneJustice, 2011 - present
- Volunteer faculty, Stanford Law School Trial Advocacy Workshop, 2014 - present
- American Bar Association
- Bar Association of San Francisco
- Association of Business Trial Lawyers
- California Supreme Court Historical Society

## Publications

- *Why Trade Wars Won't Safeguard Trade Secrets, Managing Intellectual Property*, 2019
- "Jury's Still Out on the Impact of the Defend Trade Secrets Act," *Inside Counsel*, 2017, co-authored with Warren Braunig



- *"One year on: the federal Defend Trade Secrets Act," Daily Journal, 2017, co-authored with Warren Braunig*
- *"2016 Rulings Shed Light on Software Patent Eligibility Standards," BNA's Patent, Trademark & Copyright Journal, 2017, co-authored with Matthias Kamber.*
- *"Planning for E-Discovery: Federal courts in California Have Developed New Rules and Guidelines," California Lawyer, 2014, co-authored with Ben Hur*
- *"3 E-discovery Trends You Can't Afford to Ignore," Corporate Counsel, 2014, co-authored with Ben Hur*
- *"Grow Your Business, Not Your Legal Bills: Avoid Litigation While Hiring New Talent, Managing Customer Data, and Protecting IP," 2011*

## Ajay S. Krishnan

Partner

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### Practice Areas

Contract & Commercial, Intellectual Property,  
Pro Bono



Ajay Krishnan is an experienced litigator who focuses on complex commercial disputes and intellectual property litigation. He has tried 11 cases to decision, including four as first chair. His technology clients include Comcast, Google, Arista Networks, and Western Digital.

In 2017, Mr. Krishnan received the California Lawyer Attorney of the Year award in Intellectual Property for his work on the groundbreaking copyright and patent case, *Cisco v. Arista* trial. In 2018, Law 360 named him a Rising Star in Intellectual Property—a recognition of attorneys under the age of 40; only six attorneys nationwide received this distinction.

Mr. Krishnan also has a thriving pro bono practice, and has litigated numerous civil rights cases in state and federal court.

### Cases of Note

#### **CISCO SYSTEMS, INC. V. ARISTA NETWORKS, INC.**

We defended Arista Networks in this groundbreaking case which raised the important question of whether and to what extent functional computer commands merit copyright protection. Cisco accused Arista, run by a former Cisco vice president, of copyright infringement for the use of more than 500 commands used to configure network switches. Cisco also accused Arista of infringing two patents, one of which it dismissed before trial. After a two-week trial, the jury returned a verdict in our client's favor on both the copyright and patent claims.

#### **ROUND ROCK RESEARCH LLC V. SANDISK CORPORATION**

We defended SanDisk from numerous patent assertions by Round Rock, including a total of 15 patents asserted in two separate litigations in the District of Delaware, and 12 patents asserted in another case in the Northern District of California. We prevailed in all adjudicated phases of the Delaware and California actions before the parties reached a broad settlement. In the California action, we secured final judgment in favor of SanDisk after obtaining a summary-judgment victory based on patent exhaustion. In the first Delaware phase, which culminated with a jury trial on two asserted patents, we obtained a defense verdict invalidating most asserted claims of both patents, and finding no infringement as to the other claims. In the next Delaware phase, a second jury trial was vacated after we

obtained summary judgment invalidating claims from a third patent asserted by Round Rock. The other patents in the Delaware actions remained pending adjudication when the parties settled.

**RIOT GAMES, INC. V. SHANGHAI MOONTON TECHNOLOGY CO. LTD.**

We represented Moonton, a Chinese video game developer, in a lawsuit filed by Riot Games asserting claims of copyright and trademark infringement relating to Riot's League of Legends video game. We filed a motion to dismiss based on the doctrine of forum non conveniens, arguing that Riot should be required to pursue its claims in China because its lawsuit was intertwined with and inconsistent with a pending Chinese lawsuit filed by Riot's parent company, Tencent. The Court granted the motion and dismissed the lawsuit.

**TESSERA, INC. ET AL. V. COMCAST CABLE COMMUNICATIONS, LLC ET AL.**

We represented Comcast, one of nine Respondents in an International Trade Commission investigation initiated by Tessera and its affiliates. Tessera asserted three semiconductor patents. We filed a motion for summary determination arguing that Comcast commits no violation of Section 337 with respect to its rental of set-top boxes and wireless gateways to customers because Comcast does not import those products or sell them after importation. The Administrative Law Judge granted the motion and the Commission affirmed. We also represented Comcast at the evidentiary hearing, which took place before the Commission affirmed the grant of summary determination.

**PLAINTIFF V. LAW FIRM**

We successfully defended at trial an Am Law 50 law firm and one of its former partners against a \$100 million claim. The plaintiff alleged malpractice and breach of fiduciary duty related to estate planning. After an eight-week trial in California state court, we won a complete victory.

**DEREK TURNER, MARI TOBIN V. GOLDEN GATE BRIDGE DISTRICT**

This case stemmed from two individuals who believed the Golden Gate Bridge District's limitations on free speech concerning individuals and small groups violated their constitutional rights. After we demonstrated that the restrictions violated the plaintiffs' first amendment rights; and that allowing protests would not increase traffic delays, create dangerous driving conditions, or endanger public safety, the court granted our motion for summary judgment.

**KUDELSKI SA ET AL. V. COMCAST CABLE COMMUNICATIONS, LLC**

We represented Comcast in a multi-front patent battle initiated by the Swiss company Kudelski SA and many of its affiliates. Our defense of Comcast included a three-patent International Trade Commission investigation relating to interactive television technologies and a five-patent District Court case in the Eastern District of Texas, as well as a two-patent counter-offensive, involving content security technologies. The Kudelski entities voluntarily moved to terminate the ITC action near the end of fact discovery, and the remainder of the dispute was resolved several months later.

**TECHNOLOGY DEVELOPMENT & LICENSING, LLC V. COMCAST CABLE COMMUNICATIONS, LLC ET AL.**

We represented Comcast in a patent suit relating to electronic programming guides that are used when watching cable television. As a result of a series of ex parte reexamination proceedings initiated by Comcast and two other co-defendants, the case was stayed for approximately six years and the vast majority of the asserted claims were invalidated. After the stays were lifted, we filed a motion for judgment on the pleadings arguing that the patent was invalid because it claimed an abstract idea. The Court granted our motion and the case was dismissed.

**PLAINTIFF V. INTERNET SEARCH ENGINE**

We defended a trademark dispute concerning our client's "broad matching" advertising algorithms. The case was dismissed before trial.

**EVYSIO MEDICAL DEVICES V. ADVANCED CARDIOVASCULAR SYSTEMS**

We represented evYsio Medical Devices in asserting patents for its cardiac stent technology. Prior to jury selection, the case became part of a global settlement between Medtronic and Abbott. Our client, the inventor of several stents in the suit, received \$42 million as part of the settlement.

**COMCAST CABLE COMMUNICATIONS, LLC V. FINISAR CORPORATION**

We won summary judgment dismissing Sunnyvale-based Finisar Corporation's patent infringement claim against Comcast Cable Communications, LLC. We first convinced U.S. District Court Judge William Alsup to cut potential damages from \$590 million to \$140 million, and later to invalidate the data transmission patent at issue. Finisar appealed, however the U.S. Court of Appeals for the Federal Circuit affirmed the district court's ruling.

**FORMER CHIEF EXECUTIVE OFFICER V. BANK**

We represented a bank's former CEO in a fraud and breach of fiduciary duty case against his former employer. We won two separate petitions before the California court of appeal and ultimately reached a confidential settlement.

**DEPUTY SHERIFF V. COUNTY SHERIFF'S DEPARTMENT**

Over the course of many years, our client wrote letters to the editor of the local newspaper on political issues such as drug legalization and gun control. The County Sheriff's Department disciplined him for expressing his views, claiming our client's opinions reflected poorly on the Department. We partnered with the ACLU of Northern California to protect our client's free speech rights by securing an injunction from a federal court in Sacramento. The Department may not discipline him for writing future letters to the editor, and must remove its past discipline from our client's personnel file.

**PACIFIC NEWS SERVICE V. CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION**

We represented Pacific News Service for twelve years in its lawsuit challenging California's use of unnecessary paralytic agent in its lethal injection protocol as a violation of the public's First Amendment right to meaningfully witness executions. Our representation ended when Pacific News Service closed its business.

## Education

Harvard Law School, J.D., *magna cum laude*, 2002

Rice University, B.A., Electrical Engineering (with specializations in Computer Engineering and Bioengineering), *magna cum laude*, 1999

## Awards & Honors

- Law360 Rising Star, Intellectual Property, 2018
- California Lawyer of the Year, Intellectual Property, *Daily Journal*, 2017

## Clerkships

Hon. Marsha Berzon, U.S. Court of Appeals for the Ninth Circuit, 2003-2004

## Admissions

California

## Professional Affiliations

Board member, American Civil Liberties Union of Northern California, Board member, American Constitution Society (Bay Area Lawyers Chapter),

## Kristen Lovin

Associate

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Kristen Lovin represents clients in all facets of commercial litigation, including patent and other intellectual property disputes. Prior to joining Kecker, Van Nest & Peters, Ms. Lovin served as a law clerk to Judge Edward Davila of the U.S. District Court for the Northern District of California, and as the patent law clerk to Judge Davila, Judge Lucy Koh, and Judge Beth Freeman. She also served as a law clerk to Judge Sharon Prost of the U.S. Court of Appeals for the Federal Circuit. Ms. Lovin was formerly an associate with a law firm in San Francisco where she litigated semiconductor and software patent infringement actions in district court and before the International Trade Commission.

Ms. Lovin earned her J.D. from Columbia Law School, her Master's in Computer Science from Harvard University, and her A.B. in Electrical and Computer Engineering from Harvard. She is admitted to practice before the U.S. Patent & Trademark Office, and prior to law school worked as a Program Manager at Microsoft.

### Education

Columbia Law School, J.D., 2013

Harvard University, S.M., 2008

Harvard University, A.B., *cum laude*, 2008

### Awards & Honors

Columbia Law School

- Harlan Fiske Stone Scholar
- Carroll G. Harper Prize for Achievement in Intellectual Property Studies
- Julius Silver Note Prize
- Editor-in-Chief, *Science and Technology Law Review*

Harvard University

- High Honors in Engineering Sciences

## Clerkships

Hon. Edward Davila, U.S. District Court for the Northern District of California, 2017-2018

Hons. Lucy Koh, Edward Davila, Beth Freeman, U.S. District Court for the Northern District of California, 2016-2017 (Patent Law Clerk)

Hon. Sharon Prost, U.S. Court of Appeals for the Federal Circuit, 2015-2016

## Admissions

California

U.S. Patent & Trademark Office

## Prior Experience

Quinn, Emanuel, Urquhart & Sullivan

## Publications

- "One Size Does Not Fit All," 14 *Colum. Sci. & Tech. L. Rev.* 254 (2013)
- "Empirical Performance Models for 3T1D Memories," 2009 IEEE Int'l Conf. on Computer Design (ICCD), 2010, at 398