

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

BEFORE THE HONORABLE JEFFREY S. WHITE

ROBERT JACOBSEN,
PLAINTIFF,

VS.

MATTHEW KATZER, KAMIND
ASSOCIATES, INC., AND KEVIN
RUSSELL,

DEFENDANT.

COPY

NO. C 06-1905 JSW

SAN FRANCISCO, CALIFORNIA
FRIDAY, AUGUST 11, 2006

TRANSCRIPT OF PROCEEDINGS

APPEARANCES:

FOR PLAINTIFF

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BY: VICTORIA K. HALL, ESQUIRE

**FOR DEFENDANT
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(FURTHER APPEARANCES ON FOLLOWING PAGE)

REPORTED BY: JOAN MARIE COLUMBINI, CSR 5435, RPR
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APPEARANCES (CONTINUED) :

FOR DEFENDANTS
KATZER AND KAMIND
ASSOCIATES

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BY: **R. SCOTT JERGER, ESQUIRE**

PROCEEDINGS; FRIDAY, AUGUST 11, 2006

1
2
3 **THE CLERK:** CALLING CASE C06-1905, ROBERT JACOBSEN
4 VERSUS MATTHEW KATZER, ET AL.

5 COUNSEL, PLEASE STEP FORWARD AND STATE YOUR
6 APPEARANCES.

7 **MS. HALL:** VICTORIA HALL FOR THE PLAINTIFF ROBERT
8 JACOBSEN.

9 **THE COURT:** GOOD MORNING.

10 **MR. ZEFF:** GOOD MORNING, YOUR HONOR. DAVID ZEFF FOR
11 DEFENDANT KEVIN RUSSELL.

12 **THE COURT:** GOOD MORNING.

13 **MR. JERGER:** GOOD MORNING, YOUR HONOR. SCOTT JERGER
14 APPEARING ON BEHALF OF MATTHEW KATZER AND KAMIND ASSOCIATES,
15 INC.

16 **THE COURT:** ALL RIGHT. GOOD MORNING, COUNSEL. I
17 HAVE -- HAVE COUNSEL REVIEWED THE COURT'S TENTATIVE RULING AND
18 THE QUESTIONS?

19 **MS. HALL:** YES.

20 **MR. ZEFF:** YES, YOUR HONOR.

21 **MR. JERGER:** YES, YOUR HONOR.

22 **THE COURT:** IN ADDITION, I MAY HAVE SOME POP QUIZ
23 QUESTIONS THAT WERE NOT ON THE TAKE-HOME EXAM HERE TO ADD.

24 BEFORE WE GET INTO THE QUESTIONS THAT I PUBLISHED,
25 THE FIRST THING I WANT TO SAY IS -- THE FIRST THING THE COURT

1 HAS TO DO AS A HOUSEKEEPING MATTER IS THERE APPEARS TO HAVE
2 BEEN AN AMENDED -- SO-CALLED AMENDED MEMORANDUM IN OPPOSITION
3 TO DEFENDANT'S SPECIAL MOTION TO STRIKE PLAINTIFF'S LIBEL
4 CLAIM, ACCORDING TO THE DOCUMENT THAT WAS FILED ON JULY 20TH,
5 2006 AND WELL AFTER THE REPLY WAS FILED. THE COURT WILL NOT
6 CONSIDER THAT MEMORANDUM. IT WAS FILED LATE AND IT'S NOT GOING
7 TO BE CONSIDERED. SO I DIDN'T CONSIDER IT, BUT I DID CONSIDER
8 THE ORIGINAL MEMORANDUM IN OPPOSITION THAT WAS FILED BY THE
9 PLAINTIFF. NOW I'M GOING TO MOVE ON TO THE QUESTION.

10 I'LL START WITH PLAINTIFF'S COUNSEL. MS. HALL.

11 **MS. HALL:** YES, YOUR HONOR.

12 YOU ASKED US SOME QUESTIONS IN YOUR TENTATIVE, IN
13 YOUR TENTATIVE RULING, AND FIRST I'D LIKE TO GO AHEAD AND
14 ADDRESS THE FIRST ONE; THAT IS, YOU ASKED US THAT WE HAD MADE A
15 NOTE THAT WE WOULD PLAN ON FILING AN AMENDED COMPLAINT, AND YOU
16 ASKED WHY, ON WHAT GROUNDS WE PROPOSED TO AMEND OUR COMPLAINT,
17 AND YOU ALSO COMMENTED THAT IF WE FILED IT, IT WOULD HAVE
18 MOOTED CURRENT PENDING MOTIONS TO DISMISS AND PERHAPS AVOIDED
19 UNNECESSARY DUPLICATION.

20 **THE COURT:** YOU NEED TO SLOW DOWN A LITTLE BIT. THE
21 COURT REPORTER DOESN'T HAVE SUPER HANDS.

22 **MS. HALL:** I'M SORRY, YOUR HONOR.

23 WHEN WE CONSIDERED TO FILE AN AMENDMENT, WE DID NOT
24 CONSIDER REMOVING EITHER COUNT FIVE FOR MR. RUSSELL OR COUNT
25 SEVEN, THE LIBEL CLAIM, AGAINST MR. KATZER OR MR. RUSSELL.

1 THOSE ARE NOT ON THE TABLE. WE UNDERSTAND THE COURT HAS MADE
2 ITS DECISION ON THOSE.

3 **THE COURT:** I HAVEN'T MADE A DECISION, A TENTATIVE
4 DECISION.

5 **MS. HALL:** I SEE. A TENTATIVE DECISION, YOUR HONOR.

6 **THE COURT:** IT'S A TENTATIVE RULING. THAT'S WHY I'M
7 ASKING THE QUESTIONS.

8 **MS. HALL:** OKAY.

9 SO WE DID NOT SEEK TO REMOVE EITHER OF THOSE COUNTS.
10 HOWEVER, IN THE COURSE OF FURTHER INVESTIGATION, WE HAVE
11 LEARNED OF OTHER CAUSES OF ACTION, AT LEAST ONE OF WHICH WE ARE
12 IN THE PROCESS OF INVESTIGATING. WE ARE WAITING ON A THIRD
13 PARTY TO REACH -- GET SOME INFORMATION TO US. UNTIL THAT
14 INFORMATION IS RECEIVED, WE DON'T FEEL WE CAN FILE THE AMENDED
15 COMPLAINT.

16 HOWEVER, SHOULD THE COURT -- IF THE COURT RULES ON
17 THESE MOTIONS TO DISMISS AT THIS TIME, WE BELIEVE THAT THE
18 COURT CAN ASK FOR ANSWERS FROM DEFENDANTS AND THAT WE COULD
19 MOVE FORWARD ON THAT BASIS ALONG -- ON THOSE CLAIMS IN
20 PARTICULAR.

21 **THE COURT:** ALL RIGHT. COUNSEL? ANYTHING YOU WANT
22 TO SAY IN RESPONSE TO QUESTION NUMBER ONE?

23 **MR. JERGER:** I DON'T HAVE ANY RESPONSE TO QUESTION
24 NUMBER ONE, YOUR HONOR.

25 **MR. ZEFF:** NEITHER DO I, YOUR HONOR.

1 **THE COURT:** ALL RIGHT.

2 WELL, OBVIOUSLY, PLAINTIFF'S COUNSEL HAS ANSWERED
3 THE QUESTION IN THE SENSE THAT ANY PROPOSED AMENDMENT THAT THE
4 PLAINTIFF WOULD SEEK TO FILE WOULD NOT MOOT OUT OR OBVIATE THE
5 CURRENT MOTIONS BECAUSE PLAINTIFF DOES NOT INTEND IN SUCH AN
6 AMENDMENT TO REMOVE THE TWO CLAIMS THAT ARE AT ISSUE IN THE
7 MOTIONS THIS MORNING, CORRECT?

8 **MS. HALL:** THAT IS RIGHT.

9 **THE COURT:** ALL RIGHT. THEN LET'S MOVE ON TO
10 QUESTION NUMBER TWO, WHICH HAS TO DO WITH ANTITRUST STANDING.

11 **MS. HALL:** ANTITRUST STANDING, YES, YOUR HONOR.
12 THERE ARE TWO ASPECTS TO THIS CLAIM. WE HAVE A -- WE HAVE
13 SOUGHT RELIEF UNDER THE CLAYTON ACTION, SECTION FOUR, AS WELL
14 AS UNDER THE CLAYTON ACT SECTION 16. THE STANDING REQUIREMENTS
15 FOR BOTH ARE DIFFERENT.

16 WHAT WE HAVE LISTED IN QUESTION TWO ARE THE STANDING
17 REQUIREMENTS FOR RECOVERING TREBLE DAMAGES. THE REQUIREMENTS
18 FOR STANDING UNDER SECTION 16, IF MEMORY SERVES ME CORRECT, IS
19 THAT THERE BE THREATENED HARM, NOT ACTUAL HARM. THAT'S
20 SOMETHING THAT'S STATED IN THE STATUTE ITSELF.

21 EVEN PEOPLE WHO WOULD NOT HAVE STANDING UNDER
22 SECTION FOUR, SUCH AS PURCHASERS WHO WOULD BE BARRED UNDER THE
23 ILLINOIS BRICK DECISION, THOSE CAN SEEK INJUNCTIVE RELIEF UNDER
24 SECTION 16. SO THERE IS A DISTINCTION BETWEEN THE STANDING
25 REQUIREMENTS UNDER CLAYTON ACT SECTION FOUR AND UNDER CLAYTON

1 ACT SECTION 16.

2 WHAT WE HAVE HERE IS WE HAVE AN ANTITRUST INJURY
3 THAT HAS BEEN ALLEGED, AND WE HAVE PRODUCED -- WELL, I GUESS
4 THAT'S THE SLAPP -- WE HAVE PRODUCED -- THAT HAS BEEN ALLEGED.
5 THERE HAS BEEN AN ALLEGATION OF WALKER PROCESS FRAUD,
6 FRAUDULENTLY OBTAINED PATENTS INVOLVING WITHHOLDING OF MATERIAL
7 REFERENCES, AND WITH -- AND IF THOSE REFERENCES HAD NOT BEEN
8 WITHHELD, THE PATENTS WOULD NOT HAVE ISSUED.

9 THEN THERE HAS BEEN AN ATTEMPT AT ENFORCEMENT,
10 REPEATED ATTEMPTS AT ENFORCEMENT OF THESE PATENTS.
11 MR. JACOBSEN IS THE MOST RECENT VICTIM OF THIS PATTERN OF
12 ENFORCEMENT.

13 **THE COURT:** THIS IS NOT A CLASS ACTION. YOU ARE
14 DEALING WITH ONE PLAINTIFF HERE.

15 **MS. HALL:** THAT'S CORRECT.

16 **THE COURT:** AND THE NINTH CIRCUIT IN THE CASES CITED
17 BY THE COURT IN QUESTION NUMBER TWO LOOKS TO -- IN ORDER TO
18 DETERMINE WHETHER THERE'S ANTITRUST STANDING, THE NATURE OF THE
19 PLAINTIFF'S ALLEGED INJURY. IN YOUR CLAIM OR PLAINTIFF'S CLAIM
20 IS THAT HE MISSED WORK.

21 **MR. SCHUMANN:** WELL, THAT'S FOR THE SECTION FOUR
22 CLAIM. THE SECTION 16 IS SOMETHING DIFFERENT.

23 **THE COURT:** WHAT AUTHORITY DO YOU HAVE ON THIS ISSUE
24 THAT SHOWS THAT WHAT YOUR CLIENT CLAIMS HE SUFFERED GIVES HIM
25 STANDING UNDER CLAYTON 16?

1 **MS. HALL:** THAT HE IS A PRODUCER OF MODEL TRAIN
2 CONTROL SYSTEMS SOFTWARE AND THAT IT IS AVAILABLE TO OTHERS ON
3 THE WEBSITE --

4 **THE COURT:** DO YOU HAVE AUTHORITY? I WANT
5 AUTHORITY, NOT ARGUMENT. DO YOU HAVE A CASE?

6 **MS. HALL:** I'M SURE I WOULD HAVE ONE. CARGILL IS
7 ONE THAT COMES IMMEDIATELY TO MIND, BUT I WOULD NEED TO TAKE A
8 LOOK AT ANTITRUST LAW. IF I CAN GET BACK TO THE COURT ON THAT?

9 **THE COURT:** NO, YOU CAN'T. THAT'S WHY I PUBLISHED
10 QUESTIONS IN ADVANCE, TO GIVE THE PARTIES AN OPPORTUNITY TO
11 FILE IN WRITING TO FILE THE CASES THAT RESPOND, OR AT LEAST
12 RESPOND -- THIS IS THE OPPORTUNITY. THERE'S NOT GOING TO BE
13 ANY SUPPLEMENTAL BRIEFING ON THIS ISSUE.

14 **MS. HALL:** I SEE. WHEN I SAW THIS QUESTION, I'M
15 SORRY, YOUR HONOR, I THOUGHT IT WAS DIRECTED TOWARD THE SECTION
16 FOUR CLAIM. I BELIEVE IT'S CARGILL.

17 **THE COURT:** ALL RIGHT. COUNSEL.

18 **MR. JERGER:** GOOD MORNING, YOUR HONOR. GOOD
19 MORNING, YOUR HONOR. ONCE AGAIN, SCOTT JERGER, REPRESENTING
20 MATT KATZER AND KAMIND ASSOCIATES.

21 WE BELIEVE IN REGARD TO EITHER SECTION FOUR OR
22 SECTION 16, THAT THE PLAINTIFF HAS FAILED TO DEMONSTRATE ANY
23 ANTITRUST INJURY, WHICH IS A REQUIREMENT UNDER EITHER SECTION
24 OF THE ACT.

25 FIRST, THE PLAINTIFF DOESN'T ALLEGE THAT COMPETITION

1 IN THE RELEVANT MARKET HAS BEEN STIFLED. HE ALLEGES HE'S
2 SUFFERED AN INJURY TO HIS CONSULTING INCOME, AND HE ACTUALLY
3 ALLEGES THAT HE PREVENTED AN INJURY FROM OCCURRING IN THE
4 RELEVANT MARKET, WHICH IS THE MODEL TRAIN MARKET.

5 SECONDLY -- AND THAT GOES TO THE FIRST FACTOR, WHICH
6 IS THE NATURE OF THE PLAINTIFF'S ALLEGED INJURY AND THE CASE
7 YOU CITED UNDER QUESTION 2.

8 SECONDLY, THE INJURY IS NOT PROXIMATELY RELATED TO
9 THE ALLEGED MISCONDUCT. IN OTHER WORDS, THE PLAINTIFF HAD ON
10 HIS OWN VOLITION DECIDED NOT TO ENGAGE IN ANY CONSULTING
11 AGREEMENT, AND THERE IS NO RELATIONSHIP, DIRECT OR OTHERWISE,
12 BETWEEN ANY ALLEGED MISCONDUCT CARRIED OUT BY KAM OR KATZER AND
13 THE PLAINTIFF'S DECISION NOT TO ALLEGEDLY PURSUE A CONSULTING
14 AGREEMENT.

15 THIRDLY, AND I TOUCHED ON THIS A SECOND AGO, BECAUSE
16 IT'S SORT OF A TANGENTIAL TO THE REQUIREMENT THAT A PLAINTIFF
17 NEEDS TO SHOW IN ORDER TO PROVE THEY HAVE ANTITRUST STANDING,
18 NEEDS TO SHOW THAT THERE'S BEEN AN ALLEGED -- OR THAT THERE'S
19 BEEN A STIFLING OF COMPETITION IN THE MARKET, THE PLAINTIFF HAS
20 FAILED TO SHOW THE INJURY OCCURRED IN THE RELEVANT MARKET.

21 IN OTHER WORDS, THE INJURY NEEDS TO OCCUR IN THE
22 MODEL TRAIN MARKET. WHILE THE PLAINTIFF IS A HOBBYIST IN THE
23 MODEL TRAIN MARKET, IT'S CLEAR FROM THE PLEADINGS AND THE
24 MOTION BRIEFING THAT THE INJURY IS AN ECONOMIC LOSS RELATED TO
25 THE PLAINTIFF'S DECISION NOT TO ENGAGE IN SPECIFIC CONSULTING

1 AGREEMENTS.

2 THEREFORE, FOR THOSE THREE REASONS INDEPENDENTLY WE
3 BELIEVE THE PLAINTIFF HAS FILED TO SHOW AN ANTITRUST INJURY AND
4 THAT, THEREFORE, THE PLAINTIFF DOES NOT HAVE STANDING TO BRING
5 A SHERMAN ACT CLAIM UNDER EITHER SECTION FOUR OR 16 OF THE
6 CLAYTON ACT.

7 **THE COURT:** COUNSEL?

8 **MR. ZEFF:** YOUR HONOR, I JOINED MR. JERGER. THE
9 CASE YOU CITED, KNEVELBAARD, I THINK THE PLAINTIFF FAILS ON THE
10 FIRST TWO FORKS.

11 THE PLAINTIFF IS A HOBBYIST. HE GIVES SOFTWARE AWAY
12 FOR FREE.

13 **THE COURT:** CAN YOU USE THE MICROPHONE, PLEASE?

14 **MR. ZEFF:** SORRY.

15 HE DOESN'T EVEN COMPETE IN THE RELEVANT MARKET.
16 HE'S NOT A COMPETITOR. HE'S A HOBBYIST. THE INJURY HE
17 ALLEGES -- HE DOESN'T DEFINE THE RELEVANT MARKET IN THE
18 COMPLAINT, ASSERTS NO FACTS AS TO WHAT THE RELEVANT MARKET IS.
19 HE --

20 **THE COURT:** IS THAT A STANDING QUESTION?

21 **MR. ZEFF:** WELL, I THINK IT GOES TO THE QUESTION OF
22 WHAT KIND OF JURY HE SUFFERED, AND HE HAS TO SHOW THAT THE
23 INJURY IS RELATED SOMEHOW TO THE MARKET, AND HIS INJURY IS NOT
24 RELATED TO THE MARKET.

25 AND THEN THE SECOND ASPECT, THE DIRECTNESS OF THE

1 INJURY, IT'S QUITE CLEAR THE INJURY HE'S ASSERTING IS INDIRECT.

2 THE COURT: ANYTHING FURTHER ON THAT, MS. HALL?

3 MS. HALL: YES.

4 THE FACT THAT MR. JACOBSEN IS NOT A COMPETITOR IS
5 NOT RELEVANT. THERE IS A FACTOR ANALYSIS THAT NEEDS TO BE
6 TAKEN INTO ASSOCIATION UNDER ASSOCIATED GENERAL CONTRACTORS AND
7 THE FACT THAT MR. JACOBSEN IS NOT A FOR-PROFIT COMPETITOR DOES
8 NOT HAVE BEARING AS TO WHETHER OR NOT HE HAS STANDING.

9 WE HAVE A NUMBER OF INSTANCES -- I'VE LAID THEM OUT
10 IN MY BRIEF -- WHERE A CONSUMER, A FOREIGN STATE, A STATE,
11 SOMEONE, A POTENTIAL COMPETITOR, ALL OF THESE CAN BRING SECTION
12 FOUR CLAIMS.

13 BUT THE ISSUE HERE IS ALSO THE SECTION 16 CLAIM, AND
14 THOSE PEOPLE, AS I NOTED EARLIER, PEOPLE WHO WOULD BE BARRED
15 FROM SEEKING TREBLE DAMAGES, MAY BRING SECTION 16 CLAIMS AND,
16 CERTAINLY, THE FACT THAT MR. JACOBSEN IS NOT A FOR-PROFIT
17 COMPETITOR HAS NO BEARING ON WHETHER HE CAN BRING IT. THE
18 QUESTION IS, IS THERE THREATENED HARM, NOT ACTUAL HARM, AND
19 HERE THERE HAS BEEN THROUGH THESE REPEATED INSTANCES OF
20 HARASSMENT.

21 THE RELEVANT MARKET IS DEFINED IN THE COMPLAINT AND,
22 OF COURSE, THE DIRECTNESS OF THE INJURY. IT'S NOT AS MUCH OF
23 AN ISSUE, AGAIN BECAUSE UNDER ILLINOIS BRICK -- PARDON ME. LET
24 ME STEP BACK.

25 PURCHASERS WHO WOULD BE BARRED UNDER ILLINOIS BRICK

1 FOR INDIRECT INJURY MAY BRING A -- MAY SEEK INJUNCTIVE RELIEF
2 UNDER THE CLAYTON ACT SECTION 16, AND I'VE LAID THIS OUT IN MY
3 BRIEF. I WON'T GO INTO ANY FURTHER DETAIL.

4 **THE COURT:** I READ THAT. I WANT TO MOVE ON TO
5 QUESTION NUMBER THREE.

6 LET ME PUT THIS QUESTION IN THE FIRST INSTANCE TO
7 DEFENDANT'S COUNSEL, ASKING WHETHER THERE ARE ANY -- WHETHER
8 THERE ARE NO SET OF FACTS UPON WHICH PLAINTIFF MAY MAKE OUT AN
9 ATTEMPTED MONOPOLIZATION CLAIM.

10 **MR. JERGER:** YES, YOUR HONOR. WE THINK, AS THE
11 COMPLAINT IS CURRENTLY STYLED, AND TAKING ALL THE FACTS IN THE
12 COMPLAINT, AS WELL AS ALL THE FACTS ALLEGED IN THE BRIEFING,
13 NONE OF THOSE FACTS -- UNDER NONE OF THOSE FACTS COULD THE
14 PLAINTIFF MAKE OUT AN ATTEMPTED MONOPOLIZATION CLAIM. THIS IS
15 BECAUSE IF THE PATENT IS FOUND TO BE VALID, AS WE DISCUSS IN
16 OUR BRIEFING, THEN THERE CAN BE NO SHERMAN ACT VIOLATION
17 BECAUSE A VALID PATENT HOLDER CAN'T BE LIABLE FOR VIOLATING AN
18 ANTITRUST LAW.

19 THE FLIP SIDE OF THAT IS IF THE PATENT IS FOUND TO
20 BE INVALID --

21 **THE COURT:** WHAT ABOUT MISUSE OF A PATENT; CAN'T
22 THAT BE A BASIS FOR ANTITRUST LIABILITY?

23 **MR. JERGER:** YES, ABSOLUTELY, IT COULD. BUT IN THIS
24 CASE THE PLAINTIFF IS ALLEGING -- AND ONE OF THE COMPONENTS OF
25 ATTEMPTED MONOPOLIZATION IS A DANGEROUS PROBABILITY OF MONOPOLY

1 POWER.

2 THE WAY I READ THE COMPLAINT AND THE ALLEGATIONS,
3 THE PLAINTIFF IS ALLEGING THAT THE ONLY WAY THAT THE DEFENDANTS
4 COULD SUCCEED IN OBTAINING MONOPOLY POWER IS THROUGH
5 ENFORCEMENT OF THE VALID PATENT.

6 **THE COURT:** MR. ZEFF, DO YOU HAVE ANYTHING TO ADD?

7 **MR. ZEFF:** I HAVE NOTHING TO ADD, YOUR HONOR.

8 **THE COURT:** MS. HALL?

9 **MS. HALL:** YES, YOUR HONOR.

10 ACTUALLY, THE ANSWER TO YOUR QUESTION IS THAT A
11 VALID PATENT HOLDER CAN STILL BE LIABLE FOR ANTITRUST
12 VIOLATIONS IF THEY ATTEMPT TO ENFORCE A PATENT AGAINST SOMEONE
13 WHO THEY KNOW DOES NOT INFRINGE THE PATENT. I BELIEVE THAT'S
14 IN THE CASE LAW, THOUGH THE EXACT CITE IS NOT.

15 **THE COURT:** ARE YOU SAYING --

16 **MS. HALL:** THAT'S NOT THIS CASE, I WANT TO POINT
17 OUT.

18 **THE COURT:** OKAY.

19 SO THE QUESTION REALLY IS, IS THERE ANY SET OF FACTS
20 UPON WHICH PLAINTIFF CAN MAKE OUT AN ATTEMPTED MONOPOLIZATION
21 CLAIM. IF YOUR DECLARATORY RELIEF ACTION IS SUCCESSFUL AND THE
22 COURT HOLDS THE PATENT TO BE INVALID, THEN YOU ARE NOT
23 CONTENDING THAT, IN THE ABSENCE OF A VALID PATENT, SOMEHOW
24 THERE CAN BE MONOPOLIZATION, ARE YOU?

25 **MS. HALL:** THAT LAST PART I DIDN'T QUITE FULLY

1 UNDERSTAND.

2 **THE COURT:** WELL, IF YOU ARE SUCCESSFUL IN
3 SHOWING -- IN ESTABLISHING THAT THE PATENTS IN SUIT -- THE
4 PATENT IN SUIT IS INVALID AND --

5 **MS. HALL:** AND OBTAINED THROUGH INEQUITABLE CONDUCT,
6 YES.

7 **THE COURT:** YES, FOR WHATEVER REASON IT'S INVALID.
8 ARE YOU STILL CONTENDING THERE COULD POSSIBLY BE ANY SET OF
9 FACTS WHERE THE DEFENDANTS COULD BE ATTEMPTING TO
10 MONOPOLIZE THE MARKET?

11 **MS. HALL:** YES, WITHOUT QUESTION, THAT IS BECAUSE
12 THEY ARE -- WELL, AFTER THE COURT HOLDS THAT IT'S INVALID AND,
13 YOU KNOW, IT GOES THROUGH THE FEDERAL CIRCUIT AND ALL THE
14 APPEALS PROCESSES, IF IT IS STILL HELD TO BE INVALID, YES,
15 THERE -- I THINK FOR THEM TO TRY TO ENFORCE IT WOULD BE --
16 WOULD BE AN ANTITRUST VIOLATION. I DON'T SEE HOW THEY COULD,
17 BECAUSE THEY WOULDN'T HAVE A PATENT THAT WAS DEEMED INVALID BY
18 A COURT.

19 BUT, CURRENTLY, WHAT WE HAVE HERE IS A PATENT ISSUED
20 BY THE PATENT OFFICE. IT IS -- WE HAVE ALLEGED IT WAS OBTAINED
21 THROUGH INEQUITABLE CONDUCT, THAT IS, IT IS INVALID, AND IT IS
22 BEING TREATED AS IF IT WAS VALID, EVEN THOUGH THE PATENT HOLDER
23 KNOWS THAT HE COMMITTED INEQUITABLE CONDUCT AND HE SHOULD NEVER
24 HAVE GOTTEN THE PATENT IN THE FIRST PLACE. THAT'S THE KEY
25 PART. THAT'S THE POINT OF WALKER PROCESS FRAUD. THERE'S ALSO

1 HANDGARDS FRAUD, WHICH WE HAVEN'T REALLY TOUCHED INTO.

2 THAT IS THE POINT OF WALKER PROCESS FRAUD THAT CAN
3 FORM A BASIS FOR ANTITRUST VIOLATION.

4 **THE COURT:** I WANT TO MOVE ON.

5 **MR. ZEFF:** YOUR HONOR, I WOULD LIKE TO ADDRESS THAT.
6 SHE'S TALKING ABOUT FRAUD. AND AS WE'VE SHOWN IN OUR PAPERS,
7 SHE HAS TO ALLEGE THAT THE PATENT OFFICE RELIED ON THE ALLEGED
8 MISREPRESENTATION.

9 **THE COURT:** HOLD ON. YOU ARE GOING INTO A
10 DIFFERENT -- I WANT TO CONFINE THE DIALOGUE TO THE QUESTIONS,
11 AND THIS QUESTION HAS TO DO WITH WHETHER THERE CAN BE ANY SET
12 OF FACTS ESTABLISHING ATTEMPTED MONOPOLIZATION.

13 **MR. ZEFF:** ANY FACTS IN THE WHOLE UNIVERSE AS
14 OPPOSED TO JUST IN THE COMPLAINT?

15 **THE COURT:** CORRECT, BECAUSE THE COURT HAS TO
16 DETERMINE WHETHER IT'S GOING TO GRANT THE MOTION WITH OR
17 WITHOUT PREJUDICE.

18 **MR. ZEFF:** I UNDERSTAND.

19 **THE COURT:** AND PLAINTIFF HAS RESPONDED TO THE
20 QUESTION.

21 ALL RIGHT. NOW LET'S GO TO QUESTION NUMBER FOUR,
22 WHICH HAS TO DO WITH KAMIND ASSOCIATES' FREEDOM OF INFORMATION
23 ACT REQUEST.

24 **MS. HALL:** YES, YOUR HONOR. I TAKE IT YOU WANT ME
25 TO START OFF ON THIS?

1 YOU HAVE ASKED FOR SOME QUESTIONS ABOUT HOW, FIRST,
2 IT'S A STATEMENT OF FACT; SECOND, IT'S FALSE; THIRD, IT'S
3 UNPRIVILEGED AND HAS A TENDENCY TO INJURE; AND THEN YOU'VE ALSO
4 ASKED ME ABOUT WHAT CALIFORNIA AUTHORITY I HAVE FOR THE
5 PROPOSITION THAT AN ALLEGATION OF PATENT INFRINGEMENT CAN BE
6 THE BASIS OF LIBEL. LET ME START OFF WITH THE FIRST FOUR.

7 IT IS A STATEMENT OF FACT -- SOME OF THIS I TOUCHED
8 ON IN MY BRIEFINGS -- IT IS A STATEMENT OF FACT BECAUSE WHEN
9 YOU LOOK AT IT, YOU HAVE TO LOOK AT THE GENERAL TENOR OF THE
10 WORK. YOU HAVE TO SEE WHETHER OR NOT THERE'S ANY KIND OF
11 HYPERBOLE OR A JOKE. THIS FOIA REQUEST WAS NOT SENT AS A PART
12 OF AN APRIL FOOLS' JOKE WITH A STAMP THAT SAID APRIL FOOLS ON
13 IT.

14 **THE COURT:** THERE'S NO CONTENTION BY THE DEFENDANTS
15 IT'S A JOKE.

16 **MS. HALL:** YES, BUT THEY DO CONTEND IT WAS A
17 MATTER -- IT IS A MATTER SUBJECT TO AN OPINION. WELL,
18 PLAINTIFF RESPECTFULLY DISAGREES. THE REASON IS BECAUSE THIS
19 IS NOT SOMETHING WHERE REASONABLE MINDS CAN AGREE. THIS IS
20 SOMETHING WHERE A JUDGMENT WILL IN THE END FIND WHETHER OR NOT
21 MR. JACOBSEN INFRINGES OR DOES NOT INFRINGE, AND THIS IS NOT --

22 **THE COURT:** ISN'T INFRINGEMENT A MATTER OF LAW WITH
23 SEVERAL UNDERLYING COMPONENTS TO A CLAIM CONSTRUCTION ACCUSED
24 PRODUCT READING ON A PATENT?

25 **MS. HALL:** FAIR ENOUGH, YES.

1 **THE COURT:** SO WHAT FACT IS ASSERTED IN THE FOIA
2 REQUEST?

3 **MS. HALL:** THE FACT THAT -- THAT'S AN INTERESTING
4 POINT, YOUR HONOR. I HAD NOT THOUGHT OF IT THAT WAY. I WOULD
5 SAY THAT -- I HAD NOT THOUGHT OF IT THAT WAY. LET ME RETURN TO
6 THAT IN JUST A MOMENT. OKAY?

7 **THE COURT:** ALL RIGHT.

8 **MS. HALL:** THAT IT IS FALSE, WE HAVE ALLEGED THAT
9 MR. KATZER -- MR. KATZER AND MR. RUSSELL HAVE WITHHELD
10 REFERENCES, AND THAT THEY CONSTITUTED INEQUITABLE CONDUCT, AND
11 THAT THESE REFERENCES WOULD HAVE MADE THE INITIAL PATENT THAT
12 ISSUED INVALID. THESE ARE REFERENCES SUCH AS THE TRAIN SERVER
13 AND ENGINE COMMANDER, WHICH, ACCORDING TO THE TRADEMARK
14 APPLICATIONS, AGAIN FILED BY MR. RUSSELL, WERE FIRST IN USE
15 1997 FOR TRAIN SERVER AND ENGINE COMMANDER IN 1993.

16 **THE COURT:** ARE WE TALKING ABOUT THE FOIA REQUEST?

17 **MS. HALL:** YES, WE ARE. WE'RE TALKING ABOUT THE
18 FALSITY OF THE -- FALSITY AS THERE IS A VALID AND ENFORCEABLE
19 PATENT. OUR POINT IS THERE IS NOT A VALID AND ENFORCEABLE
20 PATENT.

21 **THE COURT:** ALL RIGHT.

22 **MS. HALL:** OKAY?

23 SO WE HAVE LISTED SOME INFORMATION IN THE COMPLAINT.
24 WE WILL ADD MORE INFORMATION IN THE AMENDED COMPLAINT. BUT
25 THAT IS THE --

1 **THE COURT:** WAIT, WAIT, WAIT. YOU TOLD ME THAT YOU
2 WERE NOT GOING TO DELETE THE LIBEL PART. WHAT ADDITIONAL
3 INFORMATION WOULD YOU PLEAD IF YOU WERE ALLOWED -- IF THE
4 COURT, SAY, DISMISSED THE LIABLE CLAIM WITHOUT PREJUDICE?

5 **MS. HALL:** I WOULD ADD IN THE FACULTY CODE IN THE
6 DOE POLICY REFERENCES, WHICH I HAVE IN THE ANTI-SLAPP, WHICH
7 SHOWS THAT A CHARGE OF PATENT INFRINGEMENT HAS A TENDENCY TO
8 INJURE MR. JACOBSEN IN HIS WORKPLACE.

9 AND I WOULD ALSO -- IF THE COURT DECIDES THIS IS NOT
10 LIBEL, PER SE, I WOULD ALSO OFFER SPECIAL DAMAGES AND ADD
11 EXPENSES THAT MR. JACOBSEN INCURRED AS A RESULT OF THIS FALSE
12 CHARGE. I BELIEVE THAT'S -- YEAH.

13 **THE COURT:** WHAT ABOUT CALIFORNIA AUTHORITY HAVING
14 TO DO WITH PATENT INFRINGEMENT BEING A DEFAMATORY CHARGE?

15 **MS. HALL:** YOUR HONOR, I DON'T BELIEVE THAT WE NEED
16 TO PRODUCE A CASE THAT SAYS PATENT INFRINGEMENT CAN BE A BASIS
17 FOR LIBEL. ESSENTIALLY, WHAT WE NEED TO DO IS WE NEED TO LOOK
18 AT THE WORDS OF THE STATUTE. THE WORDS OF THE STATUTE STATE,
19 DOES THIS FALSE AND DEFAMATORY STATEMENT HAVE A TENDENCY TO
20 INJURE THIS PERSON IN HIS OCCUPATION? AND WE SAY YES.

21 I DON'T BELIEVE ALL THE DETAILS ARE NECESSARILY IN
22 THE COMPLAINT AS IS, BUT WE HAVE OFFERED THE INFORMATION THAT
23 WE WOULD ADD IN THAT WOULD SAY THAT WOULD SUBJECT MR. JACOBSEN
24 TO BEING FIRED BY BERKELEY AND BY THE DEPARTMENT OF ENERGY.

25 **THE COURT:** ALL RIGHT. COUNSEL.

1 **MR. ZEFF:** YOUR HONOR, I THINK YOU HAD IT RIGHT AT
2 THE VERY BEGINNING, A STATEMENT THAT SOMEONE IS INFRINGING A
3 PATENT IS NOT A STATEMENT OF FACT BUT A STATEMENT OF OPINION.
4 I THINK THAT THERE IS NO CALIFORNIA AUTHORITY THAT SUPPORTS
5 PLAINTIFF'S POSITION. IN FACT, ALL THE AUTHORITY SAYS, THAT
6 SAYING THAT SOMEONE HAS INFRINGED A PATENT WE'VE CITED CASES
7 DOES NOT AMOUNT TO DEFAMATION, PERIOD.

8 **THE COURT:** COUNSEL, DO YOU WANT TO ADD ANYTHING?

9 **MR. JERGER:** REALLY, REALLY QUICKLY, YOUR HONOR. I
10 JUST WANTED TO TOUCH ON SOMETHING WE TOUCHED ON IN THE
11 BRIEFING. IT'S REALLY TRYING TO PUT A SQUARE PEG INTO A ROUND
12 HOLE TO CALL A REQUEST FOR INFORMATION A STATEMENT OF FACT. IT
13 WAS A REQUEST FOR INFORMATION PURSUANT TO FEDERAL LAW. I JUST
14 THINK THE PUBLIC POLICY OF SUPPOSING FOLKS WHO SUBMIT FOIA
15 REQUESTS TO ADMINISTRATIVE AGENCIES WOULD BE A -- REALLY
16 STIFLED THE IDEA OF A BEING ABLE TO QUESTION YOUR -- WHAT THE
17 GOVERNMENT IS DOING AND ASSERT YOUR FREEDOM OF SPEECH RIGHTS.

18 **THE COURT:** YES.

19 **MS. HALL:** IF I MAY RESPOND TO THAT? THE AUTHORITY
20 THAT MR. ZEFF CITES DOES NOT REALLY SUPPORT WHAT -- HE HOLDS IT
21 OUT. IT'S RATHER QUITE AN EXTENSION OF -- THE PROPOSITION
22 WHICH HE SAYS THESE CASES SAY IS NOT, IN FACT, WHAT THEY SAY.
23 WHAT THEY HAVE TO DO, WHAT IT HAS TO DO WITH IN PARTICULAR IS
24 WITH BUSINESS PEOPLE, AND IT IS A DIFFERENT SITUATION WITH
25 MR. JACOBSEN, BECAUSE IF HE IS FOUND TO HAVE BEEN PATENT

1 INFRINGING, THEN THAT DOES RAISE A QUESTION AS TO HIS
2 TRUSTWORTHINESS.

3 ANOTHER THING I WOULD LIKE TO POINT OUT, IT SAYS A
4 STATEMENT IN A FOIA REQUEST. I MEAN, IT IS A STATEMENT,
5 PERIOD. IT IS HELD OUT AS A FACT. JUST TO RETURN TO YOUR
6 QUESTION ABOUT THE ISSUE OF FACT VERSUS ISSUE OF LAW, IT IS
7 HELD OUT AS A STATEMENT OF FACT.

8 **THE COURT:** WHAT IS THAT FACT?

9 **MS. HALL:** THE FACT THAT MR. JACOBSEN INFRINGES
10 THEIR PATENTS.

11 **THE COURT:** ALL RIGHT.

12 **MS. HALL:** OKAY? AND THE OTHER THING I WOULD LIKE
13 TO ADD IS ABOUT STIFLING. I WOULD SAY IT DOES NOT STIFLE
14 BECAUSE THERE IS ALWAYS THE OPPORTUNITY TO RAISE THE LITIGATION
15 PRIVILEGE HERE. IF IT MEETS THOSE REQUIREMENTS OF LITIGATION
16 PRIVILEGES, IT'S NOT BEING USED JUST FOR THE SAKE OF HARASSING
17 A PERSON WHICH IS WHAT IT WAS DONE HERE. THAT'S HOW IT WAS
18 USED. IT WAS NOT DONE IN SERIOUS AND GOOD FAITH CONTEMPLATION,
19 AND IT WAS CERTAINLY NOT IMMINENT, WHICH THE FOIA REQUESTS
20 ACTUALLY SHOWS, BECAUSE THE FOIA REQUEST SAYS THAT THERE WAS A
21 PENDING KAM ACTION IN FEDERAL COURT. THERE WAS NO SUCH ACTION
22 WHATSOEVER. IT WAS DONE TO SCARE DOE. IT WAS DONE TO SCARE MY
23 CLIENT.

24 **THE COURT:** ALL RIGHT.

25 **MR. ZEFF:** YOUR HONOR, I THINK COUNSEL BRINGS UP A

1 GOOD POINT, WHICH IS THIS DOES FALL WITHIN THE LITIGATION
2 PRIVILEGE OF PRELITIGATION DISCOVERY, PRELITIGATION ACTIVITY,
3 AND IT IS PRIVILEGED, AND THAT ADDRESSES YOUR QUESTION AS TO
4 WHETHER IT WAS UNPRIVILEGED OR PRIVILEGED.

5 I THINK IT'S QUITE CLEAR THAT SEEKING INFORMATION
6 FROM A GOVERNMENT AGENCY WHICH -- WHOSE E-MAIL IS BEING USED TO
7 PROMOTE A PRODUCT THAT IS BELIEVED TO BE INFRINGING IS
8 PRELITIGATION INVESTIGATION THAT SHOULD BE PRIVILEGED AND IS
9 PRIVILEGED UNDER CALIFORNIA LAW.

10 **THE COURT:** ALL RIGHT. LET ME MOVE ON TO QUESTION
11 NUMBER FIVE. COUNSEL, PLAINTIFF HAS ALREADY RESPONDED TO THE
12 FIRST PART AS TO WHAT FACTS, ADDITIONAL FACTS, THE PLAINTIFF
13 WOULD ALLEGED IF GRANTED LEAVE TO AMEND.

14 I WANT TO TURN NOW TO DEFENSE COUNSEL, AND
15 PARTICULARLY WITH RESPECT TO THE SPECIAL MOTIONS TO STRIKE,
16 BECAUSE THE COURT ALSO HAS A 12(B)(6) MOTION BEFORE IT FILED BY
17 ONE OF THE DEFENDANTS. IF THE COURT WERE TO GRANT THAT MOTION,
18 MUST THE COURT REACH THE DEFENDANT'S SPECIAL MOTIONS TO STRIKE
19 UNDER THE SO-CALLED SLAPP STATUTE?

20 **MR. JERGER:** SURE, YOUR HONOR. I SEE WHAT YOU'RE
21 GETTING AT HERE.

22 I THINK THAT THE COURT WOULD HAVE TO RULE ON
23 DEFENDANT'S REQUEST FOR ATTORNEYS' FEES, AND THE REASON I SAY
24 THAT IS BECAUSE WHEN YOU LOOK AT THE CASE LAW THAT WE CITE,
25 PARTICULARLY LOCKHEED, IN OUR BRIEF, THE CASE TALKS ABOUT HOW

1 SECTIONS B AND C OF THE ANTI-SLAPP STATUTE HAVE BEEN APPLIED IN
2 FEDERAL COURT BECAUSE THEY ARE NOT IN CONFLICT WITH THE FEDERAL
3 RULES. SECTION C IS THE ATTORNEYS' FEE PROVISION.

4 GIVEN THAT, AND GIVEN THE FACT THAT OUR SLAPP
5 MOTIONS ARE BASED ON THE SAME LEGAL PREDICATE AS OUR 12(B)(6)
6 MOTION, WE BELIEVE THAT IF YOU GRANTED THE 12(B)(6) MOTION,
7 THEN YOU WOULD NEED TO ENTERTAIN OUR REQUEST FOR ATTORNEYS'
8 FEES.

9 **THE COURT:** BUT THERE'S DIFFERENT ELEMENTS, AREN'T
10 THERE? FOR THE SPECIAL MOTION TO STRIKE, THERE'S THE ELEMENT
11 OF PETITIONING THE GOVERNMENT, ET CETERA. THE COURT COULD, FOR
12 EXAMPLE, BASED UPON THE ARGUMENTS OF COUNSEL, GRANT THE MOTION
13 TO DISMISS THE 12(B)(6) MOTION BASED UPON FAILURE TO STATE A
14 CLAIM BECAUSE OF THE MATTERS WE HAVE BEEN DISCUSSING WITHOUT
15 EVER REACHING THE OTHER PRONG, WHICH IS THE FIRST AMENDMENT
16 PETITIONING OF THE GOVERNMENT, CORRECT?

17 **MR. JERGER:** CORRECT. RIGHT.

18 IF YOUR HONOR, IN GRANTING A 12(B)(6) MOTION, FINDS
19 THAT THE ACTIVITY IS AN ACTIVITY IN FURTHERANCE OF KAM AND
20 KATZER'S AND RUSSELL'S FREE SPEECH RIGHTS, THEN I THINK YOU
21 NECESSARILY ENTER INTO THE SLAPP WORLD, BUT IF YOU DON'T, YOU
22 DON'T.

23 AND I DO HAVE A CASE, I'M HESITANT TO MENTION IT,
24 BECAUSE IT IS NOT IN OUR BRIEFING.

25 **THE COURT:** WHY DIDN'T YOU E-MAIL IT TO THE COURT IN

1 RESPONSE TO THE COURT'S ORDER, WHICH SAYS IF YOU HAVE ANY
2 ADDITIONAL AUTHORITY, THAT YOU COULD E-FILE THAT BEFORE THE
3 HEARING?

4 MR. JERGER: BECAUSE I WAS TRAVELING ALL DAY
5 YESTERDAY AND I DIDN'T RECEIVE THIS UNTIL LAST NIGHT.

6 THE COURT: YOU HAVE LOCAL COUNSEL, DON'T YOU?

7 MR. JERGER: EXCUSE ME?

8 THE COURT: YOU HAVE LOCAL COUNSEL?

9 MR. JERGER: YES.

10 THE COURT: WHAT'S THE CASE? I DON'T KNOW IF I'M
11 GOING TO CONSIDER IT OR NOT SINCE YOU VIOLATED THE COURT'S
12 ORDER.

13 MR. JERGER: MIMI ROGERS VERSUS HOME SHOPPING
14 NETWORK, 57 F.SUPP 973. THE JUMP CITE IS 977. NOTE ONE, 1999,
15 CENTRAL DISTRICT CALIFORNIA.

16 MS. HALL: IS THAT F.SUPP 2D?

17 MR. JERGER: YES.

18 THE COURT: VERY BRIEFLY, WHAT IS YOUR CONTENTION AS
19 TO HOW THAT CASE APPLIES HERE?

20 MR. JERGER: IT JUST MENTIONS A SITUATION IN
21 FOOTNOTE ONE, AN UNPUBLISHED MEMORANDUM, WHERE THE COURT
22 GRANTED A 12(B)(6) MOTION, AS WELL AS ATTORNEYS' FEES, UNDER
23 SLAPP STATUTE.

24 THE COURT: SO YOU VIOLATED THE COURT'S ORDER BY NOT
25 FILING THIS ON A TIMELY BASIS, AND YOU VIOLATED THE COURT'S

1 ORDER BY CITING AN UNPUBLISHED OPINION?

2 **MR. JERGER:** THE MIMI ROGERS CASE IS PUBLISHED.
3 FOOTNOTE ONE OF THE PUBLISHED CASE CITES TO AN UNPUBLISHED
4 MEMORANDUM.

5 **THE COURT:** WHAT DOES THAT SAY?

6 **MR. JERGER:** IT DISCUSSES A SITUATION ANALOGOUS TO
7 HERE, WHERE THE COURT GRANTED A 12(B)(6) MOTION AND GRANTED THE
8 ATTORNEYS' FEES REQUEST UNDER THE SLAPP MOTION.

9 **THE COURT:** ALL RIGHT.

10 **MR. ZEFF:** I JUST HAVE ONE THING TO ADD. I BELIEVE
11 THE FEDERAL COURT ON THESE COMMON LAW CLAIMS SITS AS A STATE
12 COURT, AND I THINK THE STATE COURT REQUIREMENT IS THAT THEY DO
13 RULE ON THE SLAPP MOTIONS THAT ARE PRESENTED TO THEM BECAUSE IT
14 IS SUCH A VITAL ISSUE OF PUBLIC POLICY WHERE YOU ARE FREEZING
15 PEOPLE'S RIGHTS TO PETITION OR RIGHTS TO EXERCISE THE FIRST
16 AMENDMENT.

17 **THE COURT:** MS. HALL, I JUST WANT YOU TO DISCUSS AT
18 THIS POINT THE PROCEDURAL POINT THAT THE COURT HAS RAISED. WE
19 ARE GOING TO GET INTO THE MOTION ON MERITS LATER ON. WHAT IS
20 THE PLAINTIFF'S POSITION WITH RESPECT TO WHETHER THE COURT MUST
21 REACH THE SLAPP MOTION IF IT IS INCLINED TO GRANT THE 12(B)(6)
22 MOTION?

23 **MS. HALL:** IF THIS WERE A CALIFORNIA STATE COURT, I
24 WOULD SAY YES. FEDERAL COURT IS A DIFFERENT MATTER SINCE IT
25 HAS ITS OWN PROCEDURAL REQUIREMENTS. HOWEVER, I BELIEVE --

1 **THE COURT:** WAIT A MINUTE. YOU ARE CONCEDED THEN
2 IF WE WERE SITTING IN STATE COURT, THE COURT WOULD BE REQUIRED
3 TO RULE ON THE MOTION?

4 **MS. HALL:** YES.

5 **THE COURT:** SO WHY UNDER ERIE V. TOMPKINS, ISN'T IT
6 A SUBSTANTIVE MATTER, THE SUBSTANTIVE LAW REQUIRES THE COURT TO
7 RULE ON THIS PARTICULAR -- ON THE MOTION.

8 **MS. HALL:** I BELIEVE THE NINTH CIRCUIT PRECEDENT
9 ALSO DOES REQUIRE IT.

10 **THE COURT:** I'M SORRY?

11 **MS. HALL:** I BELIEVE NINTH CIRCUIT PRECEDENT ALSO
12 REQUIRES IT.

13 **THE COURT:** REQUIRES WHAT?

14 **MS. HALL:** REQUIRES YOU RULE ON IT.

15 **THE COURT:** YOU CONCEDE THE ANSWER IS YES.

16 **MS. HALL:** YES. I DON'T KNOW THE CASE OFF THE TOP
17 OF MY HEAD, BUT, YES.

18 **THE COURT:** I APPRECIATE YOUR CANDOR. LET'S MOVE ON
19 IN LIGHT OF THAT TO DEFENDANT RUSSELL'S MOTION.

20 **MS. HALL:** ACTUALLY, YOUR HONOR, THERE WAS SOMETHING
21 ELSE THE PARTIES WISH TO ADDRESS AT QUESTION SIX. I DID WANT
22 TO BRING UP A COUPLE OF MATTERS THAT ARE MENTIONED --

23 **THE COURT:** QUESTION SIX IS IN, DO YOU HAVE ANYTHING
24 TO ADD?

25 **MS. HALL:** YES.

1 **THE COURT:** ALL RIGHT.

2 **MS. HALL:** OKAY?

3 FIRST OF ALL, IN THE MOTIONS TO DISMISS, MR. KATZER
4 AND KAMIND ASSOCIATES MAKE REFERENCE TO THE REQUEST FOR
5 JUDICIAL NOTICE, AND THERE IS SOME FURTHER -- AND THERE IS SOME
6 FURTHER INFORMATION WHICH WE THINK SHOULD BE -- IN FAIRNESS TO
7 THE PLAINTIFF, OUGHT TO BE CONSIDERED CONCURRENT WITH THAT
8 REQUEST FOR JUDICIAL NOTICE.

9 THERE HAVE BEEN OTHER EXCHANGES BETWEEN THE PATENT
10 OFFICE AND MR. RUSSELL IN WHICH THEY HAVE PRODUCED VOLUMINOUS
11 REFERENCES, I WOULD SAY TOTALLING ABOUT 5,000 PAGES AND BETWEEN
12 150 REFERENCES.

13 I DO HAVE SOMETHING WHICH I HANDED TO COUNSEL BEFORE
14 COURT -- THE COURT OPENED SESSION, WHICH I WOULD ALSO LIKE THE
15 COURT TO CONSIDER. IT SHOWS THAT THEY HAVE NOW FINALLY GOTTEN
16 AROUND TO SUBMITTING A LARGE NUMBER OF REFERENCES, AND WHILE I
17 DO NOT HAVE THE PATENT EXAMINER'S LETTER WITH ME ON HAND, THE
18 PATENT EXAMINER UPON WHOM THEY RELY --

19 **THE COURT:** WAIT A MINUTE. I HAVE TO FIGURE OUT
20 WHAT WORLD WE ARE IN HERE, WHAT PEG IS GOING INTO WHAT HOLE
21 HERE.

22 **MS. HALL:** OKAY.

23 **THE COURT:** WHAT YOU'RE REQUESTING -- IS WHAT YOU'RE
24 SUGGESTING THAT THERE IS ADDITIONAL INFORMATION AS TO WHICH THE
25 PLAINTIFF WOULD LIKE THE COURT TO TAKE JUDICIAL NOTICE?

1 **MS. HALL:** PLEASE. YES.

2 **THE COURT:** ON WHAT ISSUE?

3 **MS. HALL:** ON THE ISSUE WHICH MR. KATZER AND KAMIND
4 RELY UPON IN THAT THEY ASSERT THAT THE PATENTS OUGHT TO BE --
5 BECAUSE OF THE PATENT ACTIONS, THAT THE PATENTS ARE ESSENTIALLY
6 PROVED TO BE VALID AND ENFORCEABLE, AND THAT'S NOT THE CASE.

7 **THE COURT:** THAT'S YOUR DEC RELIEF ACTION THAT'S NOT
8 BEFORE THE COURT.

9 **MS. HALL:** ACTUALLY -- I'M SORRY, YOUR HONOR.

10 **THE COURT:** NO, I UNDERSTAND. WE'RE TALKING ABOUT
11 THE ANTITRUST CLAIM. WE ARE TALKING ABOUT THE LIBEL CLAIM.
12 THOSE ARE THE MOTIONS THAT HAVE BEEN FILED.

13 **MS. HALL:** WE ARE ALSO -- IN THE MOTION TO DISMISS
14 THERE IS A REFERENCE TO THE REQUEST FOR JUDICIAL NOTICE AND
15 SOME OF THE ACTIVITIES THAT ARE ONGOING IN THE PATENT OFFICE,
16 AND SINCE THAT DOES RELATE TO THE REQUEST FOR JUDICIAL NOTICE,
17 I WANTED TO ADD IN SOME FURTHER MATERIAL UNDER FRE 106,
18 WHICH --

19 **THE COURT:** YOU ARE MISSING MY POINT.

20 **MS. HALL:** I'M SORRY.

21 **THE COURT:** LET'S ASSUME I ACCEPTED THIS INFORMATION
22 AND GRANT YOUR REQUEST FOR JUDICIAL NOTICE, ON WHAT ISSUE WOULD
23 IT BE RELATED? WHAT ISSUE IS IT RELEVANT TO THAT'S BEFORE THE
24 COURT THIS MORNING?

25 **MS. HALL:** THAT DEFENDANTS ARE STATING THAT BECAUSE

1 OF THE EXCHANGES BETWEEN THE PATENT OFFICE, THAT THE PATENTS
2 ARE THUS VALID AND ENFORCEABLE, AND WE BEG TO DIFFER IN THAT WE
3 THINK SOME OF THE EXCHANGES BETWEEN THE PATENT OFFICE AND
4 MR. RUSSELL AND MR. KATZER SHOW THERE HAS BEEN A LOT MORE
5 ACTIVITY AND THAT THESE ARE NOT NECESSARILY VALID AND
6 ENFORCEABLE.

7 **THE COURT:** YOU HAVEN'T ANSWERED MY QUESTION.

8 **MS. HALL:** I'M SORRY.

9 **THE COURT:** THERE ARE QUESTIONS RELATING TO THE
10 LIBEL CLAIM, WHETHER IT'S WELL PLEADED, AND WE'VE DISCUSSED
11 THOSE COMPONENTS IN THE COURT'S QUESTIONS. AND THERE'S
12 QUESTIONS ABOUT -- THERE'S A MOTION TO DISMISS THE ANTITRUST
13 CLAIM, AND WE DISCUSSED THE COURT'S CONCERNS WITH RESPECT TO
14 THOSE, THAT CLAIM.

15 SO I GUESS WHAT I'M ASKING YOU IS ON WHAT ISSUE.
16 YES, IT MAY VERY WELL BE RELEVANT INFORMATION THAT GOES TO THE
17 QUESTION WHETHER OR NOT THESE PATENTS ARE VALID OR INVALID. I
18 DON'T UNDERSTAND FOR WHAT PURPOSE YOU ARE ASKING ME, GIVEN
19 TODAY'S MOTIONS, TO CONSIDER THIS MATERIAL.

20 **MS. HALL:** IF THE COURT DECIDES TO RELY UPON THAT
21 REQUEST FOR JUDICIAL NOTICE AND TO FORM AN OPINION FROM THAT
22 REQUEST FOR JUDICIAL NOTICE THAT THE PATENTS -- THAT THE
23 ACTIONS FOR WHICH THEY REQUEST JUDICIAL NOTICE OF ACTUALLY
24 PROVE THAT OUR COMPLAINT IS BASELESS OR WHATEVER, WHATEVER
25 THEIR POSITION IS ON THE SUBJECT, WE WOULD OFFER THIS

1 ADDITIONAL MATERIAL TO SHOW THAT IT IS NOT.

2 **THE COURT:** ALL RIGHT. IT'S NOT BEFORE THE COURT AT
3 THIS POINT. IT MAY BE --

4 **MS. HALL:** OH, AND ONE OTHER THING. I BELIEVE THERE
5 MAY BE REFERENCE TO MPEP --

6 **THE COURT:** TO WHAT?

7 **MS. HALL:** MANUAL OF PATENT EXAMINATION PROCEDURE.
8 ACTUALLY, LET ME HOLD OFF ON THAT. I DON'T THINK THAT IS
9 MENTIONED IN THIS.

10 **THE COURT:** LET ME GO FORWARD FROM THAT POINT. I
11 WANT TO GO TO DEFENDANT RUSSELL'S MOTION TO DISMISS. I WANT
12 TO -- I HAVE A POP QUIZ QUESTION FOR MR. ZEFF.

13 **MR. ZEFF:** YES, YOUR HONOR.

14 **THE COURT:** I HOPE YOU STUDIED WELL.

15 **MR. ZEFF:** I TRIED MY BEST. I THANK YOU FOR THE
16 TENTATIVE. YOU NARROWED MY SCOPE OF STUDY DOWN FROM A VERY
17 BROAD RANGE.

18 **THE COURT:** YOU MAY REGRET IT AFTER THIS NEXT
19 QUESTION.

20 **MR. ZEFF:** YES.

21 **THE COURT:** WHICH IS, THERE IS A DISCUSSION -- YOUR
22 PAPERS RAISED THE QUESTION -- ARE YOU WITH US, MS. HALL?

23 **MS. HALL:** I'M SORRY.

24 **THE COURT:** I JUST WANT TO MAKE SURE. IT'S OKAY TO
25 GET WATER. I JUST WANT TO MAKE SURE YOU HEAR WHAT I'M ASKING

1 BECAUSE YOU ARE GOING TO RESPOND AS WELL.

2 -- HAVING TO DO WITH CIVIL CODE 1714.10, WHICH HAS
3 TO DO WITH THE PREFILING REQUIREMENTS WHEN YOU ARE DEALING WITH
4 SUING AN ATTORNEY FOR CONSPIRACY. AND THE QUESTION IS, IS THAT
5 A PROCEDURAL RULE OR SUBSTANTIVE RULE? IF IT'S PROCEDURAL,
6 WOULD IT APPLY IN FEDERAL COURT? IF IT'S SUBSTANTIVE, THEN, OF
7 COURSE, IT IS SOMETHING TO CONSIDER.

8 **MR. ZEFF:** YOUR HONOR, I HAVE NOT RESEARCHED THAT OR
9 HAVE NO AUTHORITY, BUT I WOULD THINK THAT IT IS SUBSTANTIVE
10 JUST AS THE SLAPP STATUTE IS SUBSTANTIVE. IN FACT, IT'S A
11 GATEKEEPER STATUTE, AS IS THE SLAPP STATUTE. IT'S SO
12 CHARACTERIZED BY THE CALIFORNIA COURTS OF APPEAL AND THE
13 SUPREME COURT.

14 IN FACT, I THINK PLAINTIFF RUNS INTO A LOT OF
15 GATEKEEPER STATUTES HERE, INCLUDING CIVIL CODE SECTION 47
16 LITIGATION PRIVILEGE.

17 SHE ALSO RUNS INTO -- AND THIS IS A POINT WE DIDN'T
18 MAKE IN THE PAPERS. WITH REGARD TO THE CEASE AND DESIST
19 LETTERS AND THE STATEMENTS THAT WERE SENT, THAT'S A FEDERAL
20 EVIDENCE RULE 408 PRIVILEGED SETTLEMENT COMMUNICATION. THERE
21 ARE JUST SO MANY PRIVILEGES HERE THAT IF PLAINTIFF'S CASE WERE
22 PERMITTED TO CONTINUE WOULD CHILL THE PRACTICE OF LAW AND
23 INTERFERE WITH IT. IT'S DEFINITELY A SUBSTANTIVE REQUIREMENT
24 IN ORDER TO PROCEED AGAINST THE LAWYER EITHER IN FEDERAL OR
25 STATE COURT.

1 **THE COURT:** DO YOU HAVE A POSITION ON THE POP QUIZ
2 QUESTION? YOU'RE USED TO THOSE QUESTIONS, AREN'T YOU?

3 **MS. HALL:** IT'S BEEN A WHILE SINCE I STUDIED ERIE.
4 ACTUALLY, I DON'T, I'M SORRY TO SAY. I WISH I DID.

5 **THE COURT:** JUST THINKING OUT LOUD, I WOULD THINK
6 THAT BECAUSE WE ARE TALKING ABOUT ESSENTIALLY A GRAFTING OF
7 REQUIREMENTS, BOTH ALLEGATIONS AND PLEADING STAGE, AND ALSO THE
8 PROOF STAGE, THAT THAT WOULD BE AN ADDITION TO ANY SUBSTANTIVE
9 CLAIM THAT, INDEED, THAT STATUTE WOULD BE SUBSTANTIVE. IT
10 STRIKES ME AS MORE THAN PROCEDURAL. AGAIN, I HAVE NOT
11 RESEARCHED IT MYSELF.

12 IT STRIKES ME THAT WHERE YOU HAVE REQUIREMENTS AND,
13 SHALL WE SAY, ELEMENTS OF CLAIMS THAT HAVE TO BE ADDED ON TO
14 OTHERWISE SUBSTANTIVE CLAIMS, THAT THAT IS MORE AKIN TO
15 SUBSTANTIVE RATHER THAN PROCEDURAL ISSUES, AND I'M NOT PREPARED
16 TO RULE ON THAT RIGHT NOW.

17 LET'S GO TO THE QUESTION THAT I DID ASK, AND I'LL
18 ADDRESS THAT TO PLAINTIFF'S COUNSEL.

19 **MS. HALL:** YES.

20 **THE COURT:** WHAT'S YOUR RESPONSE TO THE FIRST
21 QUESTION THERE?

22 **MS. HALL:** YES. I BELIEVE IT IS PAVESICH THAT SAYS
23 THAT THERE IS AN INDEPENDENT DUTY. I DO RELY ON INDEPENDENT
24 DUTY, NOT THE OTHER ONES, BECAUSE WE DON'T HAVE EVIDENCE
25 CURRENTLY ABOUT THE OTHERS.

1 BUT WHAT WE BELIEVE IS THAT MR. RUSSELL HAD AN
2 INDEPENDENT DUTY TO NOT COMMIT INTENTIONAL TORTS, TO NOT COMMIT
3 CRIME, TO NOT COMMIT FRAUD. WE HAVE -- THIS IS IN PAVESICH.

4 **THE COURT:** OF WHAT CRIME ARE YOU ACCUSING
5 MR. RUSSELL?

6 **MS. HALL:** 1716 IS A CRIMINAL STATUTE AS WELL AS A
7 CIVIL STATUTE.

8 **THE COURT:** YOU MEAN THE ONE ABOUT SENDING A
9 SOLICITATION FOR AN ORDER UNDER THE GUISE OF AN INVOICE?

10 **MS. HALL:** THAT IS CORRECT. ALSO, WE HAVE THE -- I
11 DON'T THINK -- YOU'VE SEEN MY PLEADINGS.

12 THE OTHER THINGS I MIGHT ADD IS THAT I THINK MAYBE
13 THE LAST LETTER MIGHT HAVE BEEN ATTEMPTED EXTORTION, BECAUSE BY
14 THAT TIME MR. JACOBSEN WOULD HAVE FOUND OUT ABOUT HIS FOIA
15 REQUEST, AND HAVING BEEN FRIGHTENED BY GETTING THIS FOIA
16 REQUEST, GETTING ANOTHER BILL FOR IN EXCESS OF \$200,000 APPEARS
17 TO BE SORT OF AN ATTEMPT TO WORK HIM OVER AND TO BE ABLE TO
18 SHAKE HIM DOWN FOR THAT \$200,000. SO I THINK THAT MIGHT ALSO
19 BE THERE, IN ADDITION TO THE OTHER THINGS THAT I HAVE BROUGHT
20 OUT IN THE PLEADINGS, WHICH --

21 **THE COURT:** ALL RIGHT. COUNSEL.

22 **MR. ZEFF:** YOUR HONOR, I THINK IT'S IMPORTANT HERE
23 THAT WE DEFINE WHAT WE'RE TALKING ABOUT HERE. MR. RUSSELL IS
24 AN ATTORNEY. HE WASN'T SEEKING ATTORNEY WORK FROM
25 MR. JACOBSEN. HE WAS WORKING FOR KAM AND KATZER TO ENFORCE

1 WHAT THEY BELIEVE IS A VALID PATENT, AND HE WAS SENDING LETTERS
2 TRYING TO WORK OUT A COMPROMISE AND OFFERING A WAY OF LICENSING
3 THESE PATENTS.

4 THAT CERTAINLY SOUNDS CLEARLY WITHIN ONLY HIS DUTIES
5 AS AN ATTORNEY FOR KAM AND KATZER. HE WAS NOT SEEKING THAT THE
6 PAYMENT BE MADE TO HIM OR THAT WORK BE GIVEN TO HIM. 1716 HAS
7 ABSOLUTELY NO APPLICATION, AND THERE'S NO CALIFORNIA CASE UNDER
8 THAT STATUTE THAT WOULD APPLY HERE.

9 ATTORNEYS LIKE RUSSELL ANSWER TO THE COURTS UNDER
10 RULE 11 AND OTHER ETHICAL RULES. THEY ANSWER TO THEIR CLIENTS
11 UNDER THE RULES OF PROFESSIONAL CONDUCT AND THE LAWS REGARDING
12 MALPRACTICE. THEY DON'T HAVE TO ANSWER TO COMPETITORS OF THEIR
13 CLIENTS WHEN THEY ARE ACTING TOTALLY WITHIN THE SCOPE OF THEIR
14 DUTIES TO THEIR CLIENTS AND MAKING -- SENDING A CEASE AND
15 DESIST LETTER, WHICH IS NOT DEFAMATORY, DOESN'T CONFER
16 JURISDICTION, AND IT'S SIMPLY AN EXPRESSION OF OPINION. IT'S
17 AN EFFORT -- AND SENDING A DEMAND FOR PAYMENT OR LICENSING,
18 THAT'S AN EFFORT TO COMPROMISE, WHICH IS PRIVILEGED UNDER THE
19 FEDERAL RULES OF EVIDENCE.

20 THIS CASE, THERE'S NOTHING THAT MR. RUSSELL IS
21 ALLEGED TO HAVE DONE HERE THAT FALLS OUTSIDE THE SCOPE OF HIS
22 DUTIES AND HIS WORK FOR KAM AND KATZER. HE HAS NO INDEPENDENT
23 DUTY TO A COMPETITOR OR SOMEONE WHO'S INTERFERING WITH THE
24 BUSINESS OF HIS CLIENT BECAUSE ACTUALLY, MR. JACOBSEN IS NOT A
25 COMPETITOR BECAUSE HE'S GIVING WHATEVER HE HAS AWAY. HE'S NOT

1 A COMPETITOR.

2 TO HOLD LAWYERS LIABLE TO THIRD PARTIES WHEN THEY
3 ARE LEGITIMATELY ENFORCING THE RIGHTS OF THEIR CLIENTS AND
4 STAYING SOLELY WITHIN THE SCOPE OF THOSE DUTIES WOULD BE A
5 DISASTER FOR THE PROFESSION AND WOULD INVITE IN EVERY PATENT
6 CASE A CLAIM OF INEQUITABLE CONDUCT AND A SUIT AGAINST THE
7 LAWYER. IT JUST DOESN'T FLY HERE.

8 **THE COURT:** ALL RIGHT.

9 **MS. HALL:** YES. LET ME GO AHEAD AND ADDRESS THESE.

10 THERE IS A DIFFERENCE BETWEEN THE SITUATION
11 INVOLVING MR. RUSSELL AND THE VAST MAJORITY OF ATTORNEYS.
12 FIRST OF ALL, MR. ZEFF IS ADDRESSING THE SECOND EXCEPTION, NOT
13 THE FIRST EXCEPTION. THE FIRST EXCEPTION IS AN INDEPENDENT
14 DUTY. THE SECOND ONE HAS TO DO WITH WHAT HE DESCRIBES.

15 SECOND, I BELIEVE IT IS IN PAVESICH THAT SAYS ACTUAL
16 FRAUD IS SOMETHING FOR WHICH AN ATTORNEY MAY BE LIABLE, AND WE
17 BELIEVE THAT THE OTHER ACTS THAT WERE COMMITTED HERE ALSO FALL
18 WITHIN THESE EXCEPTIONS, IN PARTICULAR UNDER EXCEPTION ONE, NOT
19 EXCEPTION TWO, WHICH IS SOMETHING THAT MR. ZEFF IS SPEAKING TO.

20 WE ALSO WOULD LIKE TO NOTE THAT ATTORNEYS ARE AT
21 TIMES FOUND TO BE LIABLE FOR VIOLATING AN INDEPENDENT DUTY. I
22 CAN THINK OF INSTANCES WHERE, LIKE IN THE ENRON CASE, YOU HAVE
23 THE TWO LAW FIRMS THAT ARE BEING SUED FOR SECURITIES
24 VIOLATIONS. I CAN ALSO THINK OF LEXICON VERSUS MILBERG WEISS.
25 YOU HAVE THAT INSTANCE.

1 THERE IS ALSO -- I BELIEVE IT IS TROTTER LAW GROUP
2 THAT IS ONE THAT WAS BEING HELD LIABLE UNDER 17200 FOR ACTUALLY
3 GOING OUT AND FRAUDULENTLY SEEKING CLAIMS FOR ENFORCING 17200
4 CLAIMS. IT'S KIND OF AN INTERESTING LITTLE CASE.

5 SO IT'S NOT -- THIS IS A DIFFERENT SITUATION.
6 MR. RUSSELL, WHICH WE HAVE SHOWN IN OUR MOTION TO DISMISS, WAS
7 INVOLVED FROM THE VERY BEGINNING. HE BECAME AWARE OF THIS.
8 FOR EIGHT YEARS HE FRAUDULENTLY -- HE ASSISTED HIS CLIENT IN
9 FRAUDULENTLY PROCURING INVALID PATENTS.

10 **THE COURT:** ALL RIGHT.

11 **MS. HALL:** AND NORMALLY --

12 **THE COURT:** NOW WE ARE REPEATING WHAT'S IN THE
13 BRIEFS. I WANT TO MOVE ON. I HAVE THE INFORMATION I NEED.

14 LET'S MOVE ON TO QUESTION NUMBER TWO.

15 **MS. HALL:** OKAY. ME?

16 **THE COURT:** YES.

17 **MS. HALL:** LET'S SEE. 1716, THE BASIS THAT WE HAVE
18 FOR HOLDING HIM IS THE PLAIN WORDS OF THE STATUTE HERE. EVEN
19 THOUGH I DON'T THINK WE NECESSARILY DESCRIBE THEM IN DETAIL IN
20 THE COMPLAINT, WE CERTAINLY HAVE IN THE JACOBSEN DECLARATION AT
21 EXHIBIT G, EXHIBIT H AND EXHIBIT J, IN WHICH THESE INVOICES
22 WERE SENT -- CALLED SALES RECEIPT, ACCOUNT STATEMENTS AND
23 ACCOUNT STATEMENT RESPECTIVELY.

24 ESSENTIALLY, 1716 SAYS THAT UNLESS YOU HAVE A
25 CONTRACT, YOU CAN'T GO AND SEND AN INVOICE FOR IT WHEN, IN

1 FACT, YOU ARE ACTUALLY TRYING TO BRING SOMEONE INTO
2 NEGOTIATIONS. WE'RE RELYING UPON THE PLAIN WORDS OF THE
3 STATUTE HERE.

4 MR. ZEFF HAS --

5 **THE COURT:** IF YOU CONTEND THAT SOMEBODY OWES
6 ROYALTIES UNDER A PRESUMPTIVELY VALID PATENT BEFORE IT'S FOUND
7 TO BE INVALID, SOMEBODY SAYS -- AND SAYS, I CONTEND YOU'RE
8 INFRINGING AND YOU OWE ME ROYALTIES, AND HERE'S A BILL FOR THE
9 AMOUNT OF ROYALTIES THAT WE CLAIM YOU OWE, HOW IS THAT A
10 SOLICITATION FOR AN ORDER?

11 **MS. HALL:** THAT IS -- THAT IS ESSENTIALLY ASKING
12 MR. JACOBSEN TO PLACE AN ORDER FOR 7,000 LICENSES, AND IT IS
13 DIFFERENT THAN YOUR TYPICAL EXCHANGES BETWEEN A PATENT HOLDER
14 AND A WOULD BE OR ACCUSED INFRINGER AND THAT THEY WOULD SEND
15 LETTERS AND SAY, LET'S WORK THIS OUT, WE THINK YOU OWE THIS
16 AMOUNT, AND LET'S DISCUSS IT A LITTLE BIT FURTHER. IT IS NOT
17 STYLED TO A LAYPERSON LIKE MR. JACOBSEN AS AN INVOICE, AND
18 INCLUDED WITH LETTERS THAT STATE, PLEASE LET US KNOW HOW YOU
19 ARE GOING TO ARRANGE PAYMENT, WHICH I BELIEVE ARE ALSO IN THOSE
20 EXHIBITS, TOO.

21 SO THIS IS ESSENTIALLY TO TRY TO TRICK MR. JACOBSEN
22 INTO THINKING HE OWES THIS AMOUNT AND TO MAKE HIM FEARFUL THAT
23 THIS MAY BE SENT OFF TO COLLECTIONS.

24 **THE COURT:** IS THIS ANY DIFFERENT THAN SENDING A
25 DEMAND LETTER SAYING, DEMAND IS HEREWITH MADE, YOU PAY ME

1 200,000 FOR THE ROYALTIES YOU OWE ME?

2 **MS. HALL:** YES, BECAUSE, YOU SEE, THAT IS NOT STYLED
3 AS AN INVOICE. I BELIEVE 1716 SAYS IT NEEDS TO BE STYLED AS AN
4 INVOICE.

5 **THE COURT:** ALL RIGHT.

6 BEFORE I HEAR FROM MR. RUSSELL'S COUNSEL, WHAT'S
7 YOUR ANSWER TO THE SECOND PART OF QUESTION NUMBER TWO WITH
8 RESPECT TO AN INDEPENDENT LEGAL DUTY?

9 **MS. HALL:** THAT HAS BEEN A QUESTION I HAVE BEEN
10 THINKING ABOUT. WE DID NOT ADD MR. RUSSELL IN HERE WITHOUT
11 THINKING THROUGH A LOT OF THESE ISSUES. THE QUESTION -- HE
12 WOULD OWE AN INDEPENDENT DUTY UNDER THE INDEPENDENT DUTY NOT TO
13 COMMIT A CRIME AGAINST MR. JACOBSEN. BUT AS TO THE CIVIL
14 LIABILITY, THERE'S STILL A QUESTION IN MY MIND ABOUT WHETHER OR
15 NOT HE WOULD BE LIABLE FOR THE DAMAGES THERE, AND I AM NOT
16 PREPARED TO COMMIT TO ONE WAY OR THE OTHER BECAUSE OF THAT.

17 **MR. ZEFF:** YOUR HONOR, I THINK YOU DEALT WITH IT
18 ACCURATELY. MR. RUSSELL IS A LAWYER REPRESENTING A CLIENT. HE
19 SENDS A DEMAND LETTER BASED ON A PATENT THAT'S PRESUMPTIVELY
20 VALID. IT'S NO DIFFERENT THAN ANY OTHER SETTLEMENT COMPROMISE
21 LETTER. IN FACT, THE LETTERS THEY PUT IN EVIDENCE SHOW HE
22 SAID, WE'LL AGREE TO A LICENSE, HERE'S WHAT YOU OWE, LET'S JUST
23 LICENSE IT.

24 IT IS PRIVILEGED UNDER THE FEDERAL RULES OF
25 EVIDENCE. IT'S PRIVILEGED UNDER THE CALIFORNIA CODE,

1 CALIFORNIA CIVIL CODE 47. IT CANNOT POSSIBLY BE CONSTRUED TO
2 BE A VIOLATION OF 1716 OR CREATE AN INDEPENDENT DUTY TO A
3 PERSON THAT THERE'S A POTENTIAL ADVERSARY IN LITIGATION IF THE
4 MATTER IS NOT WORKED OUT. WE HAVE A VALID PATENT HERE, AND YOU
5 CAN EITHER LICENSE IT AND COMPROMISE WITH US, OR WE WILL
6 ENFORCE IT.

7 **THE COURT:** ALL RIGHT.

8 **MR. ZEFF:** THAT WOULD -- THIS STATUTE, IF APPLIED TO
9 LAWYERS SENDING DEMAND LETTERS, WHAT IF -- ANY TIME THERE'S A
10 COMMERCIAL CONTEXT, THE LAWYER COULD NOT SEND A DEMAND LETTER.

11 **THE COURT:** OKAY.

12 **MS. HALL:** MY RESPONSE TO THAT IS THAT THIS IS A
13 VERY DIFFERENT SITUATION, THAT MR. RUSSELL WAS INVOLVED FROM
14 THE VERY BEGINNING, AND HE HAD KNOWLEDGE OF THE FRAUDULENT
15 PROCUREMENT OF THE PATENTS BY HIS CLIENT, AND HE CONTINUED TO
16 DO IT OVER THE COURSE OF EIGHT YEARS. HE CONTINUED TO -- HE
17 HAD THIS EVIDENCE IN FRONT OF HIM ALL THIS TIME. THIS ISN'T
18 YOUR TYPICAL SITUATION INVOLVING AN ATTORNEY WHO IS ACTING ON
19 BEHALF OF HIS CLIENT.

20 **THE COURT:** I DON'T WANT TO HEAR ANY MORE ON THIS
21 POINT. I WANT TO MOVE ON TO THE JURISDICTIONAL QUESTION.

22 I TAKE IT, JUST AS A SORT OF AN ASIDE, I TAKE IT
23 THAT KATZER AND KAMIND AND ASSOCIATES HAVE NOT ATTACKED THE
24 COURT'S JURISDICTION; IS THAT CORRECT?

25 **MR. JERGER:** THAT'S CORRECT, YOUR HONOR.

1 **MR. ZEFF:** PERSONAL JURISDICTION.

2 **THE COURT:** PERSONAL JURISDICTION.

3 **MR. JERGER:** THAT'S CORRECT, YOUR HONOR.

4 **THE COURT:** ALL RIGHT.

5 WITH THAT ASIDE, WHAT FACTS DO YOU HAVE, OTHER THAN
6 WHAT I SAID AT THE BEGINNING OF MY QUESTION, THAT THE COURT HAS
7 PERSONAL JURISDICTION OVER RUSSELL INDEPENDENTLY, AND I DON'T
8 WANT TO HEAR THE ARGUMENT IT'S CLOSE ENOUGH FOR GOVERNMENT
9 WORK.

10 **MS. HALL:** YOU WILL NOT GET THAT ANSWER, YOUR HONOR.

11 THE ANSWER YOU WILL GET IS THAT WE BELIEVE THAT
12 SOMEONE ACTING AS AN AGENT OF MR. KATZER CAN BE SUBJECT TO
13 PERSONAL JURISDICTION. THE FACT THAT HE IS AN AGENT SHOULD NOT
14 COME INTO PLAY IN DETERMINING WHETHER THERE IS PERSONAL
15 JURISDICTION. IT MIGHT COME INTO PLAY UNDER 1714.10 TO RELIEVE
16 HIM OF LIABILITY, BUT NOT TO -- IT'S NOT AN ISSUE IN TERMS OF
17 WHETHER THIS COURT HAS PERSONAL JURISDICTION.

18 **THE COURT:** ALL RIGHT. YOU HAVEN'T ANSWERED MY
19 QUESTION.

20 OTHER THAN THE FACTS -- SO YOU'RE RELYING COMPLETELY
21 ON THE FACT THAT MR. RUSSELL ACTED ON BEHALF OF HIS CLIENT, NOT
22 INDEPENDENTLY?

23 **MS. HALL:** AND THAT HE DID SO KNOWING THAT THESE
24 PATENTS WERE FRAUDULENTLY OBTAINED AND UNENFORCEABLE, AND HE
25 WAS TRYING TO EXTRACT PAYMENTS.

1 **THE COURT:** IF THAT'S THE CASE, THEN YOU KNOW ALL
2 THAT, YOU HAVE ALL THAT INFORMATION, YOU MADE THE ARGUMENT --

3 **MS. HALL:** YES.

4 **THE COURT:** WHAT LIMITED JURISDICTIONAL DISCOVERY
5 WOULD PLAINTIFF WANT IF REQUESTS FOR THAT WERE GRANTED?

6 **MS. HALL:** I THINK IT MAY BE FOR OTHER CONTACTS THAT
7 MR. RUSSELL HAS HAD IN TERMS OF ATTEMPTING TO ENFORCE THE
8 PATENTS.

9 I AM AWARE OF SOME OTHER ENFORCEMENT PATTERNS
10 THAT -- THE EXACT STATE -- THE STATES HE DIRECTED THIS
11 ENFORCEMENT PATTERNS, IT ESCAPES ME OFF THE TOP OF MY HEAD. I
12 THINK I WOULD BE LOOKING FOR THAT TO SEE WHETHER OR NOT
13 PERSONAL JURISDICTION WOULD ALSO ATTACH FOR THAT.

14 **THE COURT:** ALL RIGHT. COUNSEL?

15 **MR. ZEFF:** YOUR HONOR, I THINK THE CASES WE CITED IN
16 BRIEF, GLOBE TROTTER AND INTERNATIONAL ELECTRONICS, PRETTY MUCH
17 DISPOSE OF THAT, PARTICULARLY UPON PRESENTATION BY COUNSEL AS
18 TO WHAT FACTS THEY HAVE OR COULD SEEK. I DON'T THINK THERE ARE
19 ANY FACTS THEY HAVE OR COULD SEEK THAT COULD CONFER PERSONAL
20 JURISDICTION OF THIS COURT UPON MR. RUSSELL.

21 THE CASES CLEARLY SAY SENDING CEASE AND DESIST
22 LETTERS DON'T DO IT, AND THE FOIA REQUEST WAS SENT TO
23 WASHINGTON, D.C. THERE'S SO MANY REASONS WHY MR. RUSSELL
24 DOESN'T HAVE THE MINIMUM CONTACTS WITH THIS FORUM TO PERMIT
25 THIS CASE TO GO FORWARD AGAINST HIM HERE.

1 **THE COURT:** ALL RIGHT. LET'S MOVE ON TO THE MOTIONS
2 TO STRIKE. I GUESS WE'VE ALREADY IN SOME FASHION COVERED THIS,
3 BUT I WANT TO COVER IT IN THIS CONTEXT. I'LL START WITH
4 DEFENSE COUNSEL AS TO HOW SENDING OF THE FOIA REQUEST TO DOE
5 CONSTITUTES A COMMUNICATION INTENDED TO REDRESS GRIEVANCES OR
6 PROMPT AN ADMINISTRATIVE AGENCY TO INVESTIGATE A WRONGDOING.

7 **MR. ZEFF:** YOUR HONOR, I WANT TO BRIEFLY ADDRESS
8 WHAT I HAVE TO SAY. I THINK MR. JERGER HAS MORE COMMENTS ON
9 IT.

10 THE BRIGGS VERSUS -- THE BRIGGS CASE THAT I THINK
11 THE COURT EVEN CITES HERE, MAKES IT VERY CLEAR. I THINK THE
12 FOIA REQUEST IS BOTH A PRELITIGATION AND DISCOVERY TOOL. IT IS
13 ALSO A WARNING TO THE GOVERNMENT THAT ITS OWN FACILITIES MAY BE
14 BEING USED FOR INFRINGEMENT, AKIN TO A CEASE AND DESIST LETTER.

15 I THINK UNDER BOTH OF THOSE ANALYSES, IT'S
16 PRELITIGATION CONDUCT, AND I THINK IT FALLS WITHIN THE
17 PRIVILEGE.

18 YOU ALSO HAVE THE CIVIL CODE SECTION 47 LITIGATION
19 PRIVILEGE. AS A CONSEQUENCE, THIS CONDUCT SHOULD BE PROTECTED
20 UNDER THE SLAPP STATUTE.

21 IF LAWYERS CAN'T SEND FOIA REQUESTS BEFORE THEY
22 COMMENCE A PATENT INFRINGEMENT SUIT WITHOUT FEAR OF THIS KIND
23 OF A LAWSUIT COMING BACK ON THEM, I THINK YOU'LL HAVE PATENT
24 SUITS BEING FILED IN FEDERAL COURT THAT ARE LESS WELL PREPARED
25 THAN THEY SHOULD BE.

1 I WANT -- THE FACT IS THAT WE'VE CITED THE CASE FOR
2 A LAWYER WHO DOESN'T DO IT, CLAIMS INVESTIGATION, BEFORE FILING
3 A PATENT INFRINGEMENT CASE IS SUBJECT TO RULE 11 SANCTIONS.

4 THIS COMPLAINT MAKES CLEAR THAT THE PLAINTIFF HAS
5 DONE NO CLAIMS ANALYSIS, PRESENTS NO CLAIMS ANALYSIS. THIS
6 SLAPP MOTION, THEY HAVE TO COME FORWARD WITH EVIDENCE. IT'S
7 SUBSTANTIVE AT THIS POINT. IT'S NOT JUST ALLEGING FACTS. IT'S
8 NOT WITHIN THE PLEADINGS.

9 THEY'VE DONE NO CLAIMS ANALYSIS, AND THE LAWYERS
10 HAVE TO DO CLAIMS ANALYSIS. THEY SHOULD HAVE DONE A CLAIMS
11 ANALYSIS AND A FOIA REQUEST BEFORE FILING THIS ACTION. I THINK
12 THAT HAS TO BE A PRIVILEGED COMMUNICATION WHICH FALLS UNDER THE
13 SLAPP STATUTE.

14 **THE COURT:** COUNSEL?

15 **MR. JERGER:** SURE.

16 IN ADDITION TO THE LITIGATION PRIVILEGE THAT'S
17 CREATED IN THE SLAPP STATUTE, THERE'S ALSO A PRIVILEGE FOR
18 COMMUNICATIONS MADE IN CONNECTION WITH AN OFFICIAL PROCEEDING.
19 I THINK THAT'S WHAT YOU'RE GETTING AT HERE WITH QUESTION ONE.

20 AS YOU RECALL FROM THE BRIEFING, PLAINTIFF TRIES TO
21 DISTINGUISH THOSE CASES WHERE COMMUNICATIONS MADE IN AN
22 OFFICIAL PROCEEDING, IN OTHER WORDS, IN MOST CASES
23 COMMUNICATIONS MADE TO AN ADMINISTRATIVE AGENCY, WERE MADE IN
24 THE CONTEXT OF AN ENFORCEMENT PROCEEDING AND WHAT BRIGGS SAYS
25 AND WHAT WE TRY TO ARGUE IS THAT WHAT MATTERS IS THE CONTEXT OF

1 THE PROCEEDING, AND IN BRIGGS THEY CREATE A BRIGHT LINE TEST,
2 FINDING THAT AN OFFICIAL PROCEEDING IS DEEMED A PUBLIC CONCERN,
3 AND THAT'S WHAT -- THAT'S WHAT MAKES THE ISSUE -- THAT'S THE
4 CONTEXT THAT WE'RE INTERESTED IN, AND SINCE WE'RE TALKING ABOUT
5 AN OFFICIAL PROCEEDING THAT'S OF PUBLIC CONCERN, THEREFORE,
6 COMMUNICATIONS MADE, ANY COMMUNICATIONS MADE, WHETHER THEY'RE
7 TO JUMPSTART AN ENFORCEMENT ACTION OR ANYTHING ELSE, ARE
8 PRESUMPTIVELY.

9 **MR. ZEFF:** I HAVE ONE MORE THING TO ADD, YOUR HONOR.
10 REMEMBER THAT THIS PATENT WAS ORIGINALLY FILED IN
11 1998, AND THAT ONLY ART THAT WAS KNOWN TO THE INVENTOR TO EXIST
12 BEFORE, I BELIEVE SOMETIME IN 1997, COULD HAVE BEEN DEEMED
13 PRIOR ART. THIS WAS A CONTINUING PATENT PROSECUTION WHERE THEY
14 KNEW THAT THERE WERE PEOPLE CLAIMING THAT THERE WAS PRIOR ART,
15 AND THEY HAD A RIGHT TO MAKE FOIA REQUESTS IN ORDER TO GET
16 INFORMATION FOR THEIR CONTINUING PATENT PROSECUTION, WHICH IS
17 AN OFFICIAL PROCEEDING.

18 **THE COURT:** YOUR CLIENT IS NOT A PARTY TO THIS
19 MOTION, IS IT?

20 **MR. ZEFF:** MY CLIENT MADE A SLAPP MOTION.
21 MR. RUSSELL DEFINITELY MADE A SLAPP MOTION.

22 **THE COURT:** ALL RIGHT. IT'S A SEPARATE MOTION.
23 OKAY. THANK YOU VERY MUCH.

24 ALL RIGHT. MS. HALL, HOW IS THIS -- WOULD YOUR
25 POSITION BE DIFFERENT WITH RESPECT TO WHETHER OR NOT THIS

1 COMMUNICATION FITS WITHIN THE SLAPP STATUTE IF A -- IF THE
2 DEFENDANTS HAD WRITTEN A LETTER TO THE DOE SAYING, WE BELIEVE
3 YOU MAY BE INFRINGING ON OUR PATENT, INDEED, YOUR E-MAIL SYSTEM
4 IS BEING USED TO DEAL WITH THIS PATENT, AND WE WOULD LIKE YOUR
5 OFFICIAL POSITION ON WHETHER YOU CLAIM RIGHTS IN THIS PATENT,
6 AND PLEASE PROVIDE US INFORMATION AT YOUR EARLIEST CONVENIENCE;
7 WOULD THAT BE ANY DIFFERENT THAN THIS?

8 **MS. HALL:** THAT'S A HUNDRED PERCENT DIFFERENT.
9 THAT'S BASED ON THE PETITIONING RIGHT. THAT'S MAKING A
10 COMPLAINT TO THE DEPARTMENT OF ENERGY.

11 **THE COURT:** WHAT IF IT WAS JUST REQUESTING
12 INFORMATION?

13 IN FACT, YOU ARE TRYING TO HAVE IT BOTH WAYS. YOU
14 ARE SAYING IN YOUR LIBEL CLAIM THAT THEY'RE MAKING THIS
15 CLAIM -- THEY ARE EFFECTIVELY MAKING THIS FOIA REQUEST, THEY
16 ARE ESSENTIALLY STATING A CLAIM THAT YOUR CLIENT INFRINGES, AND
17 THEY ARE SEEKING INFORMATION CONCERNING THAT POSITION. WHY IS
18 THAT ANY DIFFERENT THAN WRITING A LETTER THAT STATES THE SAME
19 THING, WHICH YOU CONCEDE WOULD BE PETITIONING?

20 **MS. HALL:** BECAUSE, SAY, IF YOU WERE MAKING A
21 COMPLAINT TO A COP TO INVESTIGATE WRONGDOING, YOU DON'T INCLUDE
22 \$5,000 AND SAY, HEY, GO LOOK AT THAT, INVESTIGATE A LITTLE BIT
23 FURTHER FOR ME, PLEASE. THAT IS -- THAT ACTUALLY SMACKS OF
24 ATTEMPTED BRIBERY.

25 **THE COURT:** AREN'T THEY REQUIRED TO DO THAT UNDER

1 THE FOIA STATUTE, TO TENDER THE COST OF THE PRODUCTION OF
2 INFORMATION?

3 **MS. HALL:** THEY ARE. THAT IS THE DIFFERENCE. THESE
4 PEOPLE, THEY KNOW HOW TO WRITE A CEASE AND DESIST LETTER. WE
5 HAVE THEM IN THE JACOBSEN DECLARATION AT VARIOUS POINTS.
6 CERTAINLY, THEY HAVE BEEN SENT TO MR. JACOBSEN THEMSELVES.

7 THIS HERE IS NOT A CEASE AND DESIST. THERE IS NO
8 WARNING WHATSOEVER IN THIS LETTER. IT'S JUST, HERE'S \$5,000,
9 GIVE US SOME STUFF. THAT DOES NOT SOUND IN THE PETITIONING
10 RIGHT FOR TO SEEK REDRESS FOR GRIEVANCES, WHICH IS A FIRST
11 AMENDMENT RIGHT.

12 **THE COURT:** WHAT IF YOU PETITION FOR INFORMATION TO
13 DETERMINE WHETHER YOUR RIGHTS HAVE BEEN VIOLATED, IS THAT A
14 PETITION RIGHT?

15 **MS. HALL:** THAT WOULD BE UNDER THE JUDICIAL
16 LITIGATION PRIVILEGE, I BELIEVE, WHICH WE WILL BE GETTING TO IN
17 QUESTION TWO.

18 THE POINT I WANT TO MAKE ABOUT JUST MERELY SEEKING
19 INFORMATION, THE ANTI-SLAPP STATUTE ITSELF SAYS THAT IT'S -- IT
20 SEEKS TO PROTECT ACTIVITIES THAT ARE BASED ON THE FREE SPEECH
21 RIGHT AND THE RIGHT TO PETITION FOR REDRESS OF GRIEVANCES. IT
22 SAYS IT SHOULD BE CONSTRUED BROADLY. IT DOES NOT SAY IT SHOULD
23 BE FORGOTTEN COMPLETELY.

24 IF IT WERE CONSIDERED TO BE A STATEMENT BEFORE AN
25 OFFICIAL PROCEEDING, WE BELIEVE THAT IT WOULD LOSE ITS TIE TO

1 THE CONSTITUTIONAL RIGHTS, AND, AGAIN, THERE IS NO
2 CONSTITUTIONAL RIGHT FOR INFORMATION.

3 **THE COURT:** ANYTHING FURTHER YOU WANT TO SAY ON THIS
4 POINT?

5 **MR. JERGER:** NO, YOUR HONOR.

6 **MR. ZEFF:** YOUR HONOR, NOTHING. THANK YOU.

7 **THE COURT:** ALL RIGHT. LET'S MOVE ON TO QUESTION
8 NUMBER TWO, AND I'LL PUT THAT TO THE PLAINTIFF'S COUNSEL IN THE
9 FIRST INSTANCE AGAIN.

10 **MS. HALL:** YES. THERE ARE A COUPLE OF POINTS HERE.
11 FIRST YOU SAY -- FIRST THE COURT ASKS US HOW CAN YOU -- AND
12 MR. JERGER BROUGHT THIS UP IN HIS MOTION AS WELL -- AND THAT
13 IS, SO HOW CAN IT BE CONSISTENT THAT YOU ASK FOR A DECLARATORY
14 JUDGMENT, ON THE ONE HAND, AND THEN, ON THE OTHER HAND, SAY
15 THERE IS NOT A BELIEF OF LITIGATION, LITIGATION PRIVILEGE
16 APPLIES?

17 THE DISTINCTION HERE IS DECLARATORY JUDGMENT ACTION
18 ASKS FOR A PERSON STANDING IN MR. JACOBSEN'S SHOES, WOULD THEY
19 BE AFRAID THEY MIGHT BE SUED AT ANY TIME IN THE NEAR FUTURE.
20 IN THIS INSTANCE, MR. JACOBSEN WAS BECAUSE, AGAIN, THE REPEATED
21 SENDING OF LETTERS. THE REFERENCE --

22 **THE COURT:** WAIT A MINUTE. WAIT A MINUTE.

23 THE PREREQUISITE TO THE DEC RELIEF ACTION IS THAT A
24 GENUINE DISPUTE EXISTS WITH RESPECT TO THE VALIDITY OF THE
25 PATENT, OTHERWISE, THERE'S NO CLAIM, RIGHT? IF YOU HAVE NO

1 DISPUTE, THEN YOU HAVE NO BEEF WITH THE DEFENDANTS.

2 **MS. HALL:** YES, THAT IS TRUE, BUT I BELIEVE IT IS AN
3 OBJECTIVE BELIEF, YOU KNOW, WHETHER OR NOT MR. JACOBSEN WOULD
4 REASONABLY BELIEVE THAT, OR HE WOULD HAVE A REASONABLE
5 APPREHENSION OF A SUIT. I BELIEVE THAT'S PART OF THE
6 DECLARATORY JUDGMENT.

7 **THE COURT:** ALL RIGHT. SO THERE IS, THEREFORE, THEN
8 A LEGITIMATE -- AN ACTUAL DISPUTE EXISTS AS TO THE VALIDITY OF
9 THE PATENT.

10 **MS. HALL:** OKAY.

11 **THE COURT:** SO GO ON.

12 **MS. HALL:** AND, ON THE OTHER HAND, THERE IS THE
13 QUESTION ABOUT LITIGATION PRIVILEGE. I BELIEVE THIS IS UNDER
14 THE MEZETTI DECISION, WHICH I CITE IN MY BRIEF, AND THAT IS THE
15 TEST FOR LITIGATION -- WHETHER LITIGATION PRIVILEGE APPLIES IS
16 WHETHER OR NOT THE PEOPLE ASSERTING LITIGATION PRIVILEGE
17 ACTUALLY SUBJECTIVELY BELIEVE THAT THEY ARE GOING TO BE FILING
18 SUIT SOON, AND IT'S DONE IN SERIOUS AND GOOD FAITH
19 CONTEMPLATION OF LITIGATION.

20 **THE COURT:** THEY WILL BE FILING SUIT OR SUIT WILL BE
21 FILED AGAINST THEM, RIGHT?

22 **MS. HALL:** ARE WE TALKING LITIGATION PRIVILEGE?

23 **THE COURT:** YES.

24 **MS. HALL:** I GUESS SO. I GUESS SO. I GUESS SO. I
25 HADN'T THOUGHT OF IT THAT WAY. BUT IT IS A SUBJECTIVE BELIEF,

1 AND THAT'S THE DISTINCTION BETWEEN THE DECLARATORY JUDGMENT AND
2 THE LITIGATION PRIVILEGE.

3 SO I WANT TO -- I WANT TO ADDRESS THAT. THERE WERE
4 SOME OTHER POINTS ABOUT WHY LITIGATION PRIVILEGE SHOULD NOT
5 APPLY TO THE FOIA REQUEST. WOULD YOU LIKE ME TO ADDRESS THAT
6 NOW?

7 **THE COURT:** YES.

8 **MS. HALL:** THIS IS -- THE LITIGATION WAS NOT
9 IMMEDIATE, AND I POINT AGAIN TO THE FOIA REQUEST. THIS IS THE
10 FULL FOIA REQUEST, NOT THE LIMITED EXHIBITS THAT WERE GIVEN TO
11 THE COURT. AND THERE MR. RUSSELL, MR. KATZER FLAT OUT MISSTATE
12 OR LIE TO THE DEPARTMENT OF ENERGY THAT THERE IS A PENDING
13 LEGAL ACTION IN FEDERAL COURT RELATED TO THIS PATENT
14 INFRINGEMENT. SO THEY MAKE THAT STATEMENT, AND IT IS NOT TRUE.

15 ON TOP OF THAT, WE HAVE PROVIDED A WEALTH OF
16 EVIDENCE OF -- I'LL GIVE YOU MY FIRST FOUR -- FIRST THREE
17 EXAMPLES. THERE'S MORE, OF COURSE, IN THE JACOBSEN
18 DECLARATION.

19 **THE COURT:** LET'S SAY THEY LIE, THEY SAY THERE WAS
20 LITIGATION PENDING, AND THERE WASN'T, BUT IN ADDITION TO THAT,
21 THEIR POSITION IS, AND IT'S STATED TO YOUR CLIENT, AND THEY
22 BELIEVE THAT -- THEY KNOW THEY HAVE AN ISSUED PATENT WHICH IS
23 PRESUMPTIVELY VALID. THEY HAVE A POSITION THAT YOUR CLIENT IS
24 INFRINGING THAT PRESUMPTIVELY VALID PATENT, AND THAT YOUR
25 CLIENT IS USING -- OR DOE IS USING ITS OWN E-MAIL SYSTEM IN

1 CONNECTION WITH THAT TECHNOLOGY OR THAT PRODUCT. SO WITH THAT
2 IN MIND, WITH THE POTENTIALITY FOR EITHER A DIRECT INFRINGEMENT
3 SUIT OR A DECLARATORY RELIEF ACTION TO INVALIDATE THE PATENT,
4 WHY ISN'T THAT SUBMISSION -- IF IT'S MADE IN ORDER TO GET
5 INFORMATION TO SEE AS A PREFILING INVESTIGATION, WHY ISN'T THAT
6 PART OF THE LITIGATION PRIVILEGE?

7 **MS. HALL:** BECAUSE MR. KATZER KNOWS THAT THIS IS NOT
8 ASSOCIATED WITH THE U.S. DEPARTMENT OF ENERGY. HE IS A PART OF
9 THE SAME DIGITAL CONTROL COMMAND WORKING GROUP THAT
10 MR. JACOBSEN IS A PART OF. THEY HAVE A RELATIONSHIP FOR A
11 NUMBER OF YEARS. MR. JACOBSEN HAS SAID THERE HAS NEVER BEEN
12 ANY SPONSORSHIP WHATSOEVER SUGGESTED BY THE U.S. DEPARTMENT OF
13 ENERGY. WE HAVE SUBMITTED A COUPLE OF --

14 **THE COURT:** WAIT A MINUTE.

15 IS THERE ANY DISPUTE HE WAS USING THE E-MAIL SYSTEM
16 IN CONNECTION WITH HIS MODEL TRAIN SOFTWARE?

17 **MS. HALL:** HE WAS USING -- HE ON AVERAGE SENT ONE OR
18 TWO E-MAILS A DAY.

19 **THE COURT:** ALL RIGHT. WHY WOULDN'T THAT GIVE
20 SOMEBODY -- HE MAY SAY DOE IS NOT INVOLVED, BUT WHY WOULDN'T
21 THAT GIVE A DILIGENT PATENT HOLDER THE BASIS TO, OKAY, LET'S
22 FIND OUT THE EXTENT TO WHICH DOE, WHICH DOES SPONSOR OPEN
23 SOURCE SOFTWARE, IS INVOLVED IN THIS PROJECT.

24 **MS. HALL:** I'M NOT AWARE OF DEPARTMENT OF ENERGY
25 SPONSORING OPEN SOURCE SOFTWARE. THERE ARE A COUPLE OF ANCIENT

1 EDUCATIONAL GRANTS WHICH MR. KATZER NOW SAYS FORM THE BASIS FOR
2 HIS BELIEF, ANCIENT GRANTS FROM THE NATIONAL SCIENCE
3 FOUNDATION, NOT FROM THE U.S. DEPARTMENT OF ENERGY, AND ON TOP
4 OF THAT, WE DON'T BELIEVE THAT THE MERE BASIS OF AN E-MAIL FROM
5 THE LAWRENCE BERKELEY LAB CAN GIVE A PERSON A REASONABLE BELIEF
6 THAT THE LAWRENCE BERKELEY LAB IS THE ONE PRODUCING THE
7 SOFTWARE.

8 I MEAN, COMMON SENSE SAYS A WORLD RENOWN RESEARCH
9 FACILITY IS NOT GOING TO BE A HOTBED FOR MODEL TRAIN CONTROL
10 SYSTEMS SOFTWARE, AND MR. KATZER IS PRESENTING TO THIS COURT
11 THAT THE U.S. DEPARTMENT OF ENERGY IN CONJUNCTION WITH THE
12 LAWRENCE BERKELEY LAB ARE DOING EXACTLY THAT. THAT IS
13 RIDICULOUS.

14 **THE COURT:** YOUR POSITION, PLAINTIFF'S POSITION, IS,
15 IF I CAN RESTATE IT, IS THAT THERE WAS NO REALISTIC POSSIBILITY
16 OF A REASONABLE OR WELL-BASED LAWSUIT, AND THAT THE SETTING OF
17 THE FOIA REQUEST WAS SIMPLY A RUSE TO HARASS THE PLAINTIFF AND
18 TRY TO DETER HIM FROM MAKING ALLEGATIONS THAT THE PATENT WAS
19 INVALID AND FRAUDULENTLY OBTAINED.

20 **MS. HALL:** YES, THAT IS CORRECT, AND WE WOULD ALSO
21 LIKE TO POINT OUT THAT MR. KATZER HAS LIED IN HIS DECLARATION
22 TO THIS COURT. HE SAID HE HAD NO IDEA MR. JACOBSEN WORKED FOR
23 THE U.S. DEPARTMENT OF ENERGY --

24 **THE COURT:** COUNSEL, I'M NOT GOING TO ALLOW ANY
25 ATTACKS.

1 LET ME HEAR YOUR RESPONSE.

2 MS. HALL: ALL RIGHT.

3 MR. JERGER: I THINK THE FACT I'M STANDING BEFORE
4 YOU TODAY SAYS ALL I NEED TO SAY. CLEARLY --

5 THE COURT: IT DOES.

6 MR. JERGER: CLEARLY, THE PLAINTIFF WAS IN A
7 REASONABLE AND SERIOUS APPREHENSION OF IMMINENT SUIT, HAS FILED
8 A LAWSUIT.

9 THE COURT: BUT PLAINTIFF'S POSITION IS WHO IS
10 INVOLVED IN THE LAWSUIT? THE PLAINTIFF'S POSITION IS THAT DOE
11 WAS NOT INVOLVED IN THE LAWSUIT, AND, THEREFORE, WHETHER THERE
12 WAS COLORABLE LITIGATION THAT WAS POTENTIAL, IT DIDN'T INVOLVE
13 THE GOVERNMENT.

14 MR. JERGER: RIGHT. AS YOU MENTIONED, YOUR HONOR, I
15 THINK ANY DILIGENT ATTORNEY SEEING NUMEROUS E-MAILS FROM THE
16 .DOE.GOV E-MAIL ACCOUNT AND BEING TASKED WITH INVESTIGATING
17 POTENTIAL PATENT INFRINGEMENT WOULD USE A TOOL SUCH AS A FOIA
18 REQUEST TO OBTAIN THOSE E-MAILS TO DETERMINE WHETHER A PATENT
19 WAS BEING INFRINGED AND PURSUE -- AND DO THAT ACTIVITY IN THE
20 REASONABLE PURSUIT OF EVENTUAL LITIGATION.

21 THE COURT: ALL RIGHT.

22 MR. ZEFF.

23 MR. ZEFF: YES, YOUR HONOR, IN THE KATZER
24 DECLARATION SUBMITTED IN SUPPORT OF OUR SLAPP MOTION AT
25 PAGE TWO, PARAGRAPH 4(C), I HAVE FOUND AND DOWNLOADED NOT FEWER

1 THAN 2,320 DOCUMENTS PROMOTING -- I HAVE FOUND AND DOWNLOADED
2 NOT FEWER THAN 2,320 DOCUMENTS PROMOTING JMRI FROM AN E-MAIL
3 ACCOUNT AT LBL.GOV, INCLUDING REQUESTS FOR FUNDING. COPIES OF
4 REPRESENTATIVE DOCUMENTS ARE ATTACHED AS GROUP EXHIBIT 3, END
5 QUOTE.

6 THAT IN ITSELF IS SUFFICIENT GROUNDS FOR COUNSEL TO
7 INQUIRE AS TO WHAT OTHER COMMUNICATIONS WERE BEING USED AT THAT
8 GOVERNMENT ACCOUNT WITH REFERENCE TO THIS SOFTWARE WHICH IS
9 DEEMED TO BE INFRINGING.

10 PLAINTIFF'S COUNSEL SAYS THAT THEY'RE CAUGHT IN THE
11 CONUNDRUM THAT THE COURT PROPERLY FOUND THAT THE DISCONCERT
12 BETWEEN WE'RE FILING A DECLARATORY RELIEF ACTION BECAUSE WE
13 THINK WE'RE GOING TO GET SUED, BUT, OF COURSE, THE OTHER PEOPLE
14 DON'T HAVE A REASONABLE APPREHENSION OF THE SAME THING OR A
15 REASONABLE BELIEF THEIR PATENT IS VALID AND THEY CAN ENFORCE
16 IT, THAT JUST DOESN'T FLY.

17 WHEN THE COURT ASKS COUNSEL WHAT IS IT THAT WOULD
18 LEAD THE DEFENDANTS TO NOT HONESTLY BELIEVE THAT THERE WOULD BE
19 INFORMATION RELEVANT TO THE LITIGATION PRIVILEGE AT THE DOE,
20 SHE SAYS COMMON SENSE. WELL, THAT JUST REALLY IS NOT A LEGAL
21 STANDARD WE ARE GOING TO BE ABLE TO LIVE WITH. THIS IS CLEARLY
22 A PRIVILEGED ISSUE.

23 **THE COURT:** ALL RIGHT.

24 ANY FINAL WORD ON THIS POINT?

25 **MS. HALL:** YES, I DIDN'T TOUCH ON THE SERIOUS AND

1 GOOD FAITH CONTEMPLATION OF LITIGATION, AND THERE WERE AT LEAST
2 THREE REFERENCES WHICH I HAVE CITED THAT I WANT TO POINT OUT TO
3 THE COURT.

4 ONE IS THAT THERE IS THE TRAIN SERVER REFERENCE,
5 WHICH IS MR. -- WHICH MR. KATZER ADMITS IS AN EMBODIMENT OF
6 THE -- OF ALL OF HIS PATENTS. HE ADMITS -- HE ADMITTED IT IN
7 EXHIBIT AM IN THE JACOBSEN DECLARATION THAT IT WAS INTRODUCED,
8 DISTRIBUTED IN 1996. THAT WOULD CONSTITUTE A SECTION 102(B)
9 BAR. THIS INFORMATION WAS ALSO NOTED IN THE TRADEMARK
10 APPLICATIONS AS BEING USED IN COMMERCE ON OR BEFORE JUNE 1997.
11 AGAIN, YOU ARE LOOKING AT A 102(B) BAR.

12 IN THE PATENT APPLICATION WHICH MR. RUSSELL
13 DRAFTED -- HE ALSO DRAFTED THE TRADEMARK APPLICATIONS -- IT
14 SAYS THAT IT'S COPYRIGHT 1992. THAT'S THE FIRST COPYRIGHT
15 DATE. THIS ALL RAISES A QUESTION AS TO WHETHER OR NOT THIS HAS
16 BEEN DISTRIBUTED, IN PUBLIC USE, ON SALE UNDER SECTION 102(B)
17 AND WHETHER IT IS BARRED UNDER 102(B), BUT IT HAS NEVER BEEN
18 PRODUCED UNTIL THIS LITIGATION.

19 **THE COURT:** ALL RIGHT. FINE.

20 **MS. HALL:** THERE'S THE OTHER REFERENCES, TOO.

21 **THE COURT:** I DON'T WANT TO -- I DON'T NEED TO HEAR
22 THEM AT THIS POINT.

23 **MS. HALL:** OKAY.

24 **THE COURT:** ALL RIGHT. THE MATTER IS SUBMITTED.
25 WHAT I'M GOING TO DO IS THE FOLLOWING -- ALTHOUGH A WRITTEN

1 ORDER WILL FOLLOW, JUST SO THE PARTIES -- BECAUSE WE HAVE A
2 CASE MANAGEMENT CONFERENCE SCHEDULED FOR THE PARTIES' PLANNING
3 PURPOSES, I'M GOING TO ADOPT MY TENTATIVE RULING THAT I ISSUED
4 IN ADVANCE. AND AS TO THE -- AS TO SPECIAL MOTIONS TO STRIKE
5 AS TO WHICH THE COURT RESERVED RULING, THE COURT IS GOING TO
6 GRANT THOSE MOTIONS AND AWARD ATTORNEYS' FEES IN THE FULL
7 AMOUNT REQUESTED IN THE MOTION, AND THOSE FEES WILL BE PAID
8 WITHIN TEN DAYS FROM THIS DATE, FROM THE DATE OF THE ISSUANCE
9 OF THE WRITTEN ORDER. SO THAT MOTION IS GRANTED. AGAIN,
10 WRITTEN ORDER WILL FOLLOW. THIS WAY COUNSEL WILL KNOW WHAT'S,
11 LEST I SAY, COMING DOWN THE TRACK.

12 NOW, WITH RESPECT TO CASE MANAGEMENT CONFERENCE, I
13 WANT TO SAY I READ THESE MATERIALS THAT HAVE BEEN SUBMITTED,
14 AND SUFFICE IT TO SAY THE COURT IS NOT PLEASED WITH THE FILING
15 OF SEPARATE CASE MANAGEMENT STATEMENTS. I READ THE PARTIES'
16 REASONING. TO ME IT'S A WHO STRUCK JOHN OR WHO STRUCK JANE,
17 DEPENDING UPON THE GENDER, AND I DON'T WANT TO -- IT'S NOT
18 ACCEPTABLE. IT VIOLATES THE COURT'S RULES.

19 IN THE COURT'S VIEW, FILING OF A JOINT STATEMENT IS
20 AN ABSOLUTE REQUIREMENT, STRICT LIABILITY, WITHOUT REGARD TO
21 FAULT UNLESS THERE'S A PRO SE. I'M NOT GOING TO ISSUE
22 SANCTIONS AT THIS POINT BECAUSE IT'S THE FIRST TIME YOU ALL
23 HAVE BEEN IN FRONT OF ME, BUT IF IT HAPPENS AGAIN, THERE WILL
24 BE SANCTIONS.

25 THE FIRST THING I'M GOING TO DO IS WITHIN ONE WEEK

1 FROM TODAY, WHICH WILL BE AUGUST 18TH, I WANT TO HAVE -- THE
2 PARTIES ARE ORDERED TO MEET AND CONFER IN PERSON, UNDERSCORE
3 "IN PERSON," AND TO SUBMIT BY THE 18TH, CLOSE OF BUSINESS ON
4 THE 18TH, A JOINT -- A PROPER JOINT CASE MANAGEMENT CONFERENCE
5 STATEMENT WITH A PAGE LIMITATION THAT IS SET FORTH IN THE LOCAL
6 RULES AND IN THIS COURT'S ORDER SETTING THE CASE MANAGEMENT
7 CONFERENCE STATEMENT.

8 NOTWITHSTANDING THE FACT OF THE INADEQUACY OF THE
9 STATEMENTS THAT WERE FILED, I'M GOING TO SET -- THE COURT IS
10 INTERESTED, SO THE COURT WILL DISREGARD THE VARIOUS SUBMISSIONS
11 AND CORRESPONDENCE EXCHANGED AMONG THE PARTIES, BUT THE COURT
12 IS INTERESTED IN SETTING DATES AND MOVING THE CASE ALONG. OF
13 COURSE, THE INDIVIDUAL DEFENDANT WILL BE OUT OF THE CASE ONCE
14 THE COURT'S ORDER COMES DOWN IN WRITING.

15 BUT WHAT I'M GOING TO DO IS SOMETHING I WAS ABLE TO
16 GLEAN FROM THE CHAFF THAT IS THE PAPERS SUBMITTED BY THE
17 PARTIES. I AM GOING TO SET A DEADLINE FOR THE INITIAL RULE 26
18 DISCLOSURE OF SEPTEMBER 5TH. I WANT THAT TO HAPPEN WITHOUT
19 DELAY AND WITHOUT ANY DISPUTE.

20 I WANT TO ASK PLAINTIFF'S COUNSEL WHEN YOU INTEND TO
21 FILE AN AMENDED COMPLAINT. I WILL TELL YOU THE CLAIMS I'M
22 GOING TO DISMISS WILL BE WITH PREJUDICE. WE ARE NOT GOING TO
23 BE DEALING WITH LIBEL OR ANTITRUST VIOLATIONS.

24 DOES THE PLAINTIFF STILL WISH TO FILE AN AMENDED
25 COMPLAINT?

1 **MS. HALL:** YES.

2 **THE COURT:** AND BY WHAT DATE?

3 **MS. HALL:** I'M WAITING ON A GOVERNMENT AGENCY TO
4 PRODUCE SOMETHING.

5 **THE COURT:** I'LL GIVE YOU 30 DAYS, 30 DAYS FROM
6 TODAY, WHICH IS WHAT, MS. OTTOLINI?

7 **THE CLERK:** SEPTEMBER 11TH.

8 **THE COURT:** I ASSUME THE CORPORATE DEFENDANT WILL
9 HAVE NO OBJECTION TO THE FILING; IS THAT CORRECT?

10 **MR. JERGER:** TO THE AMENDED COMPLAINT?

11 **THE COURT:** YES.

12 **MR. JERGER:** I SUPPOSE I WILL HAVE TO WAIT AND SEE
13 WHAT IT SAYS.

14 **THE COURT:** WELL, WHY DON'T YOU DO THIS: WHY DON'T
15 YOU -- WITHIN 20 DAYS OF TODAY, WHICH IS WHEN, MS. OTTOLINI?

16 **THE CLERK:** AUGUST 31ST.

17 **THE COURT:** WHY DON'T YOU SEND A COURTESY COPY TO
18 DEFENSE COUNSEL OF YOUR PROPOSED AMENDED COMPLAINT? I WILL SAY
19 GIVING THE LIBERAL PLEADINGS FOR AMENDMENT PURSUANT TO RULE 15
20 IN THE NINTH CIRCUIT, I WILL EXPECT NO OBJECTION AND NOT IMPOSE
21 A REQUIREMENT TO FILE A MOTION UNLESS THE STANDARDS FOR
22 INCLUDING SUCH A FILING WOULD EXIST, SUCH AS LACK OF DILIGENCE,
23 FUTILITY, OR PREJUDICE. AND GIVEN THE NATURE OF THE COURT'S
24 ORDERS, I DON'T IMAGINE THAT WILL OCCUR. IF ALL COUNSEL IS
25 GOING -- I WILL SAY TO PLAINTIFF'S COUNSEL, IF ALL YOU ARE

1 GOING TO DO IS INCLUDE ADDITIONAL EVIDENTIARY MATERIAL, YOU
2 DON'T HAVE TO FILE A COMPLAINT. WE ARE IN A NOTICE PLEADING
3 JURISDICTION.

4 I AM GOING TO ASK COUNSEL TO MEET AND CONFER. YOU
5 SEND THE OTHER SIDE, TELLING PLAINTIFF'S COUNSEL, PROPOSED
6 AMENDMENT. YOU LET COUNSEL KNOW WITHIN FIVE DAYS THEREAFTER
7 WHETHER YOU ARE GOING TO BE OBJECTING BASED UPON ANY GROUND
8 THAT EXISTS IN RULE 15 AS IT'S BEEN INTERPRETED BY THE NINTH
9 CIRCUIT. AND IF THERE IS AN OBJECTION, THEN THE PARTIES SHOULD
10 SUBMIT -- MAKE A JOINT SUBMISSION TO THE COURT ON THAT 30TH DAY
11 ABOUT -- INDICATING WHY THIS CASE -- WHY THE PARTIES HAVE
12 DIFFERENT VIEWS ON WHETHER A MOTION SHOULD BE NECESSARY.

13 I DON'T WANT TO HAVE MOTION PRACTICE WHERE IT'S
14 OBVIOUS THAT THE COURT WILL GRANT A MOTION TO AMEND. I WANT TO
15 GET THIS CASE DETERMINED, MOVE IT ALONG AND DETERMINE IT ON THE
16 MERITS. THAT WILL BE THE ORDER OF THE COURT.

17 **MS. HALL:** YOUR HONOR, I BELIEVE I HAVE A -- I CAN
18 FILE AN AMENDMENT AS A MATTER OF RIGHT SINCE IT IS THE FIRST.
19 THIS WILL BE THE FIRST AMENDED COMPLAINT, AND THERE'S BEEN NO
20 ANSWER.

21 **THE COURT:** BUT THERE HAS BEEN A MOTION TO DISMISS.

22 **MS. HALL:** I DON'T BELIEVE THAT TRIGGERS IT. I WAS
23 LOOKING AT THE -- OH, WHO IS THAT? THE TREATISE IN WHICH IT
24 SAYS MOTIONS TO DISMISS DON'T COUNT.

25 **THE COURT:** WHAT'S YOUR POSITION ON THAT?

1 **MR. ZEFF:** I DON'T HAVE A POSITION ON IT.

2 POINT OF CLARIFICATION: IS MY CLIENT BEING
3 DISMISSED ALSO FOR LACK OF PERSONAL JURISDICTION SO THAT I
4 WON'T BE INVOLVED IN THIS?

5 **THE COURT:** YES. CORRECT, YOU'RE OUT OF THE CASE.

6 **MR. ZEFF:** THEN I DON'T HAVE A POSITION.

7 **THE COURT:** RIGHT. DO YOU AGREE? FRANKLY, I
8 THOUGHT -- MAYBE I DIDN'T LOOK INTO THIS IN GREAT DETAIL. I
9 REALLY STARTED THIS COLLOQUY BY DETERMINING HOW LONG IT WAS
10 GOING TO TAKE TO FILE THE AMENDED PLEADING.

11 LET ME SAY THIS: YOU SHOULD MEET AND CONFER IF YOU
12 HAVE A DIFFERENT POSITION ON THAT. IF IT'S A MATTER OF RIGHT,
13 I STILL WANT IT FILED WITHIN 30 DAYS. IF IT'S NOT WITHIN
14 MATTER OF RIGHT, THE PROCEDURE I MENTIONED WILL BE FOLLOWED.
15 I'LL LEAVE IT TO THE TWO OF YOU TO WORK OUT WHETHER -- YOUR
16 POSITION ON WHETHER IT IS A MATTER OF RIGHT. YOU MAY BE
17 CORRECT.

18 **MS. HALL:** WRIGHT & MILLER, WRIGHT & MILLER.

19 I DO HAVE ONE POINT TO BRING UP. IF THIS COURT DOES
20 NOT HAVE PERSONAL JURISDICTION OVER MR. RUSSELL, THEN IT
21 DOESN'T HAVE PERSONAL JURISDICTION TO DECIDE THE MOTIONS TO
22 DISMISS OR THE ANTI-SLAPP MOTIONS, IF I'M CORRECT.

23 **THE COURT:** COUNSEL?

24 **MR. ZEFF:** YOUR HONOR, I'M SURE THE COURT HAS
25 ANCILLARY JURISDICTION FOR THOSE PURPOSES, YES, INDEED, EVEN IF

1 THE COURT --

2 **THE COURT:** I THINK I DO. I THINK WHETHER IT'S
3 PERSONAL JURISDICTION I DO. I WILL LOOK AT THAT ISSUE, AND I
4 WILL ADDRESS IT IN MY ORDER. IT'S A FAIR POINT TO AT LEAST
5 RAISE THE POINT.

6 I WANT TO DISCUSS ALTERNATIVE DISPUTE RESOLUTION
7 OPTIONS EVEN THOUGH THE PARTIES -- THERE'S A SUBSTANTIAL AMOUNT
8 OF APPARENT ACRIMONY AMONG COUNSEL, WHICH WILL CEASE TODAY, OR
9 THERE WILL BE SEVERE SANCTIONS ISSUED. I DON'T LIKE THAT.
10 IT'S STATIC. IT'S NOISE. IT PREVENTS THE COURT FROM HEARING
11 THE PARTIES' MESSAGE. I DON'T WANT TO HEAR IT. BUT I DO WANT
12 US TO GIVE PEACE A CHANCE HERE, TO QUOTE THE GREAT PHILOSOPHER.

13 I WANT TO GET THE PARTIES' VIEWS WITH RESPECT TO
14 EARLY NEUTRAL EVALUATION. DO YOU HAVE ANY OBJECTION, MS. HALL,
15 TO HAVING THE PARTIES SENT OUT TO ENE?

16 **MS. HALL:** I THINK THE THING -- LET'S SEE HERE.
17 SINCE WE HAVE REMOVED THESE TWO CLAIMS, IT DOES SIMPLIFY
18 MATTERS.

19 MY INITIAL CONCERN WAS THAT WE WOULD NOT BE ABLE TO
20 FIND SOMEONE WHO COULD DEVOTE THE TIME AND ADDRESS ALL THE
21 ISSUES WE HAVE IN HERE, BUT SINCE THE COURT HAS DISMISSED
22 COUNTS FOUR AND SEVEN, THAT MAY NOT BE AS MUCH OF AN ISSUE.
23 BUT WE WOULD NEED TO HAVE SOMEONE WHO HAS A BREADTH OF
24 EXPERIENCE WITH INTELLECTUAL PROPERTY ISSUES.

25 **THE COURT:** THAT'S A DETAIL. THIS COURT HAS AN

1 AWARD WINNING ADR DEPARTMENT. THEY HAVE ATTORNEYS WHO HAVE AT
2 LEAST 15 YEARS EXPERIENCE IN THE AREA THAT YOU WILL GET.

3 SO DO YOU HAVE ANY OBJECTION?

4 **MR. JERGER:** NO, WE DON'T, YOUR HONOR.

5 **THE COURT:** MS. OTTOLINI, HOW MUCH LEAD TIME DO THEY
6 NEED AT THIS POINT?

7 **THE CLERK:** I'M SORRY. I MISSED WHAT OPTION.

8 **THE COURT:** ENE.

9 **THE CLERK:** IT'S AT LEAST 120 DAYS.

10 **THE COURT:** ALL RIGHT. THE PARTIES ARE TO COMPLETE
11 ENE BY 120 DAYS.

12 **THE CLERK:** THAT WOULD BE BY DECEMBER 11TH.

13 **THE COURT:** BY DECEMBER 11TH. SO YOU WILL BE
14 CONTACTED BY THE ENE DEPARTMENT. THEY WILL SET UP A CONFERENCE
15 WITH YOU. YOU WILL GO ABOUT SELECTING AN ENE EVALUATOR. AND
16 THE PARTIES, OBVIOUSLY, SHOULD LISTEN CAREFULLY TO THAT
17 EVALUATION.

18 WHAT I'LL DO, WHEN I GET THE APPROPRIATELY SUBMITTED
19 CMC STATEMENT, WHAT I WOULD EXPECT TO SEE IS AN AGREEMENT ON
20 DATES, AND THE COURT WILL ISSUE A SEPARATE ORDER ON DATES WITH
21 RESPECT TO WHAT SHOULD HAVE BEEN DEALT WITH IN THIS PILE OF
22 PAPER I GOT FROM YOU PAST THE CLOSE OF DISCOVERY AND THOSE
23 OTHER MATTERS, BUT THAT WILL COME BASED UPON SUBMISSION NEXT
24 FRIDAY.

25 **MS. HALL:** YOUR HONOR?

1 **THE COURT:** YES.

2 **MS. HALL:** YOUR HONOR, WE HAVE A CONCERN ABOUT THAT
3 IN THAT WE HAVE NOT RECEIVED AN ANSWER, AND WE DON'T KNOW WHAT
4 COUNTERCLAIMS MIGHT BE PRESSED AGAINST MY CLIENT.

5 ALSO, THEY HAVE MENTIONED THAT THEY MAY BE BRINGING
6 IN OTHER PARTIES, IN WHICH WE MAY NEED TO GET TOGETHER WITH
7 THEM AND DEVELOP A JOINT DEFENSE. I BELIEVE IT MAY BE A LITTLE
8 EARLY TO SET DATES AT THIS TIME.

9 **THE COURT:** WHAT IS YOUR INTENTION WITH RESPECT TO,
10 DO YOU KNOW, COUNTERCLAIMS AND OTHER PARTIES?

11 **MR. JERGER:** WE DON'T KNOW THAT AT THIS TIME, YOUR
12 HONOR.

13 **THE COURT:** ALL RIGHT. WELL, I WILL DEAL WITH
14 APPROPRIATE SCHEDULING BASED UPON THIS. SEE, THIS IS WHY WHEN
15 WE HAVE AN APPROPRIATE CASE MANAGEMENT CONFERENCE, WITH 500
16 OTHER CASES, WE CAN FERRET THROUGH, YOU CAN DETERMINE WHEN IT'S
17 APPROPRIATE TO SET DATES, WHAT DATES ARE APPROPRIATE, WHAT
18 DEADLINES TO SET WITH RESPECT TO COUNTERCLAIMS. MY ORDER WILL
19 ADDRESS THE ANSWERS. IT WILL BE UNDER THE FEDERAL RULES OF
20 CIVIL PROCEDURE.

21 SO I WILL RESERVE ON SETTING ANY DATES UNTIL I SEE
22 YOUR PROPERLY SUBMITTED TRULY JOINT CASE MANAGEMENT CONFERENCE.
23 YOU COULD VERY WELL HAVE A DIFFERENT VIEW SET OUT IN A
24 PARAGRAPH EACH ON PLAINTIFF CONTENTS THAT NO DATES SHOULD BE
25 SET UNTIL SUCH AND SUCH HAPPENS, THE DEFENDANT CLAIMS WHATEVER

1 IT CLAIMS WITH RESPECT TO, WE WILL RESERVE -- WE WILL FILE ANY
2 COUNTERCLAIM IN SUCH AND SUCH A PERIOD OF TIME, AND THEN AT
3 LEAST THE COURT HAS A FRAMEWORK IN WHICH TO HELP YOU MANAGE THE
4 CASE AND HELP YOUR CLIENT SOLVE THEIR RESPECTIVE PROBLEMS.

5 THAT IS THE KIND OF DIALOGUE I WANT COUNSEL TO TALK
6 TO EACH OTHER ABOUT SO THAT WE -- BECAUSE AT THE END OF THE
7 DAY, THERE ARE NO SECRETS IN THIS REGARD. I NEED TO KNOW THE
8 PARTIES' INTENTION SO I CAN MANAGE THIS CASE, WHICH IS MY
9 OBLIGATION UNDER RULE 26. SO THAT WILL BE -- THOSE WILL BE THE
10 GUIDELINES GOING FORWARD.

11 **MS. HALL:** YOUR HONOR, WILL YOU BE ORDERING AN
12 ANSWER FROM DEFENDANTS NOW THAT YOU RULED ON THE MOTIONS TO
13 DISMISS?

14 **THE COURT:** YES.

15 **MS. HALL:** AND THAT WON'T -- MAYBE ANOTHER ANSWER
16 LATER ON ONCE I FILE AN AMENDED COMPLAINT?

17 **THE COURT:** YES, VERY POSSIBLE. ONCE THE COURT
18 RULES ON THE MOTION TO -- ALTHOUGH, ALTHOUGH HAVING SAID THAT,
19 THE PROBABILITY, IN LIGHT OF THE FACT THAT YOU HAVE TOLD THE
20 COURT YOU ARE GOING -- PLAINTIFF IS GOING TO FILE AN AMENDED
21 COMPLAINT, THAT IN ALL LIKELIHOOD I WILL NOT FILE -- I WILL NOT
22 ORDER AN ANSWER BECAUSE I DON'T WANT TO HAVE MULTIPLE ANSWERS
23 ON FILE TO MULTIPLE COMPLAINTS. I WANT ONE OPERATIVE
24 COMPLAINT. THEY MAY VERY WELL MOVE TO DISMISS THE AMENDED
25 COMPLAINT. PRESUMABLY, THEY WILL NOT DO SO WITH RESPECT TO ANY

1 CLAIMS THAT CURRENTLY EXIST THAT WERE NOT DISMISSED BECAUSE
2 THEY LOST THEIR CHANCE TO DO THAT.

3 SO I WILL -- I THINK THAT POINT IS WELL TAKEN AS
4 WELL. I WILL NOT ORDER AN ANSWER UNTIL THE MATTER -- AT LEAST
5 WE HAVE AN OPERATIVE AMENDED COMPLAINT. ALL RIGHT?

6 **MS. HALL:** OKAY. THANK YOU.

7 THE OTHER ISSUE I HAVE IS THAT YOU -- IS THAT THE
8 COURT HAS DECIDED THAT DEFENDANTS HAVE HAD -- ENGAGED IN WHAT
9 THEY DID IN SERIOUS AND GOOD FAITH CONTEMPLATION OF LITIGATION.
10 WE DO HAVE SOME CONCERN AS TO HOW THAT AFFECTS OUR ABILITY TO
11 PRESS A CHARGE OF INEQUITABLE CONDUCT AGAINST --

12 **THE COURT:** I TURNED IN MY LAW LICENSE THREE AND A
13 HALF YEARS AGO. I DON'T GIVE LEGAL ADVICE. FIGURE IT OUT.

14 **MS. HALL:** I'M NOT ASKING FOR LEGAL ADVICE. WHAT
15 I'M ASKING FOR IS THAT IF THAT DOES BAR THE PLAINTIFF FROM
16 SEEKING TO -- FROM PRESSING A CHARGE OF INEQUITABLE CONDUCT, WE
17 WANT TO OPEN UP THE POSSIBILITY OF AN INTERLOCUTORY ORDER UNDER
18 28 USC 1292(B).

19 **THE COURT:** YOU CAN OPEN UP ANYTHING YOU WANT, BUT
20 THERE'S NOTHING BEFORE THE COURT RIGHT NOW. IF YOU WANT TO
21 FILE A MOTION TO CERTIFY THE QUESTION FOR AN INTERLOCUTORY
22 APPEAL, THEN THE COURT IS NOT GOING TO STOP YOU FROM FILING ANY
23 SUCH REQUEST, BUT KEEP IN MIND THAT THE MOTIONS, BOTH THE SLAPP
24 MOTION AND THE 12(B)(6) MOTION, WERE FILED ON MULTIPLE GROUNDS.
25 YOU HAVEN'T EVEN SEEN THE COURT'S ORDER YET.

1 **MS. HALL:** YES, I UNDERSTAND.

2 **THE COURT:** SO, YOU KNOW, I TRUST THAT COUNSEL, BOTH
3 SIDES, WILL FOLLOW RULE 11 IN FILING SUCH A MOTION.

4 **MS. HALL:** OF COURSE.

5 **THE COURT:** I CAN'T -- WAIT TO SEE THE ORDER. IF
6 YOUR CLIENT WANTS TO FILE A REQUEST FOR INTERLOCUTORY APPEAL --
7 IT MAY VERY WELL BE WITH RESPECT TO THE INDIVIDUAL DEFENDANT,
8 THERE IS A RIGHT OF APPEAL. THERE MAY BE A RIGHT OF APPEAL
9 WITH RESPECT TO GRANTING A SLAPP MOTION. I DON'T KNOW AS I SIT
10 HERE TODAY. IF THAT'S SOMETHING YOU HAVE THE RIGHT TO DO, THEN
11 GO AHEAD AND DO IT.

12 YES.

13 **MR. ZEFF:** TWO POINTS, YOUR --

14 **THE COURT:** AND OUR REPORTER HAS BEEN GOING FOR
15 QUITE A PERIOD OF TIME. SHE'S TIRED.

16 **MR. ZEFF:** NUMBER ONE, COUNSEL RAISED THE QUESTION
17 AS TO WHETHER THE COURT HAD JURISDICTION TO MAKE AN ATTORNEYS'
18 FEES AWARD SINCE IT DISMISSED MY CLIENT ON PERSONAL
19 JURISDICTION GROUNDS. OF COURSE, THE COURT RETAINS
20 JURISDICTION OVER THE PLAINTIFF. THAT'S THE PERSON BEING
21 ORDERED TO DO THE PAYING.

22 SECONDLY, I THINK THE COURT INDICATED THE FEES WERE
23 GOING TO BE AWARDED IN THE FULL AMOUNT. I KNOW IN OUR MOTION
24 WE DIDN'T STATE FEES, SO WE ARE GOING TO HAVE TO MAKE A
25 SEPARATE MOTION TO SET FORTH WHAT THE FEES ARE.

1 THE COURT: WHY DON'T YOU FILE A DECLARATION?

2 MR. ZEFF: OKAY.

3 THE COURT: I DON'T KNOW THAT YOU NEED A MOTION.

4 MR. ZEFF: OKAY.

5 THE COURT: HOW MUCH TIME DO YOU NEED TO FILE THAT?

6 MR. ZEFF: TEN DAYS, FIVE DAYS.

7 THE COURT: FIVE DAYS.

8 MR. ZEFF: FIVE DAYS.

9 THE COURT: MS. OTTOLINI.

10 THE CLERK: THAT WOULD BE BY NEXT FRIDAY,
11 AUGUST 18TH.

12 THE COURT: DID YOU WANT AN OPPORTUNITY TO RESPOND
13 TO THAT?

14 MS. HALL: YES.

15 THE COURT: ALL RIGHT. I'LL GIVE YOU AN
16 ADDITIONAL -- I'LL GIVE YOU FIVE ADDITIONAL DAYS --

17 THE CLERK: AUGUST 25TH.

18 THE COURT: -- TO RESPOND.

19 AGAIN, THE ISSUE IS REALLY JUST GOING TO BE THE
20 AMOUNT. IT WAS NOT CONTESTED WITH RESPECT TO THE CORPORATE
21 DEFENDANTS.

22 I WOULD SUGGEST THAT, I'M NOT ORDERING IT, BUT IT
23 WOULD BE A GOOD IDEA TO MEET AND CONFER WITH COUNSEL IF THERE
24 IS ANY ASPECT OF THE FEES YOU DISAGREE WITH PRINCIPALLY, THAT
25 THEY'RE EXCESSIVE OR WHATEVER, YOU WANT TO ASK QUESTIONS ABOUT

1 PARTICULAR ENTRIES, YOU SHOULD DO THAT TO SATISFY YOUR CLIENT
2 WHETHER OR NOT THE REASONABLENESS. IF YOU ARE STILL NOT
3 SATISFIED, YOU CAN PROPERLY CONTEST THE AMOUNT.

4 ALL RIGHT. ANYTHING FURTHER, COUNSEL? MS. HALL?

5 **MS. HALL:** NOT THAT I CAN THINK OF, YOUR HONOR.

6 **MR. JERGER:** JUST A POINT OF CLARIFICATION, YOUR
7 HONOR.

8 I BELIEVE THE DECLARATION I SUBMITTED FOR FEES
9 CONTAINED AN ESTIMATE AT THAT TIME. WOULD YOU LIKE ME TO GO
10 BACK AND RESUBMIT A DECLARATION WITH THE EXACT AMOUNT NOW THAT
11 WE'RE THROUGH THE --

12 **THE COURT:** YES, I WAS UNDER THE ASSUMPTION, AGAIN,
13 BECAUSE I HAVEN'T WRITTEN AN ORDER YET, AND THERE IS NO ORDER,
14 SO I WOULD SUGGEST I THINK IN ORDER TO DO THIS APPROPRIATELY IN
15 FAIRNESS TO THE PLAINTIFF, WHY DON'T YOU BOTH SUBMIT THE
16 DETAIL?

17 AND I'LL GIVE YOU TEN DAYS TO DO IT. I'LL GIVE YOU
18 TEN DAYS TO RESPOND. SO LET'S ADJUST THOSE DATES. I
19 DO STRONGLY -- WHEN THE COURT IS ORDERING AWARDING ATTORNEYS'
20 FEES AFTER DISMISSAL OF A CASE, THE LOCAL RULE REQUIRES THE
21 PARTIES MEET AND CONFER. I THINK IT WOULD BE A GOOD IDEA FOR
22 YOU TO FOLLOW THE LOCAL RULE, THE SPIRIT OF THAT RULE, SO THAT
23 ANY DISPUTES ABOUT THE LEVEL OF DETAIL, THE REASONABLENESS OF
24 THE BILLING RATE, OR ANY OTHER ASPECT OF IT COULD BE WORKED OUT
25 IN ADVANCE SO THAT THE ONLY THING THAT WOULD BE BROUGHT BEFORE

1 THE COURT, AND I COULD RULE ON THE PAPERS, WOULD BE ANY DISPUTE
2 THAT WAS NOT ABLE TO BE WORKED OUT WITH RESPECT TO THE AMOUNT
3 THAT I'M GOING TO AWARD.

4 **MS. HALL:** WE WILL BEAR IN MIND THE COURT'S
5 STATEMENT THAT YOU WOULD LIKE US TO GET ALONG, AND WE WILL DO
6 WHAT WE CAN TO WORK TOGETHER.

7 **THE COURT:** THAT IS TO THE BENEFIT OF THE COURT AS
8 WELL AS FOR YOUR CLIENTS.

9 ANYTHING FURTHER?

10 **MR. ZEFF:** NOTHING.

11 **THE COURT:** THANK YOU, COUNSEL.

12 **THE CLERK:** DID YOU WANT THE DATES?

13 **THE COURT:** THANK YOU. I'M SORRY.

14 **THE CLERK:** TEN DAYS WOULD BE AUGUST 25TH. TEN DAYS
15 FOLLOWING THAT WOULD BE SEPTEMBER 8TH.

16 **MR. JERGER:** AUGUST 25TH, DID YOU SAY?

17 **THE CLERK:** AUGUST 25 FOR YOU. SEPTEMBER 8TH FOR
18 THE PLAINTIFF FOR THE RESPONSE.

19 **MR. JERGER:** FOR THE FEE DECLARATION?

20 **THE CLERK:** RIGHT.

21 **MR. JERGER:** FOR ME AS WELL?

22 **THE CLERK:** RIGHT.

23 **THE COURT:** YOU SHOULD USE THE LEVEL OF SPECIFICITY
24 THAT IS REQUIRED BY THE LOCAL RULE.

25 THANK YOU, COUNSEL.

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MR. ZEFF: THANK YOU, YOUR HONOR.

MS. HALL: THANK YOU, YOUR HONOR.

(PROCEEDINGS ADJOURNED.)

CERTIFICATE OF REPORTER

I, JOAN MARIE COLUMBINI, OFFICIAL REPORTER FOR THE UNITED STATES COURT, NORTHERN DISTRICT OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING PROCEEDINGS IN C 06-1905 JSW, ROBERT JACOBSEN V. MATTHEW KATZER, ET AL., WERE REPORTED BY ME, A CERTIFIED SHORTHAND REPORTER, AND WERE THEREAFTER TRANSCRIBED UNDER MY DIRECTION INTO TYPEWRITING; THAT THE FOREGOING IS A FULL, COMPLETE AND TRUE RECORD OF SAID PROCEEDINGS AS BOUND BY ME AT THE TIME OF FILING.

THE VALIDITY OF THE REPORTER'S CERTIFICATION OF SAID TRANSCRIPT MAY BE VOID UPON DISASSEMBLY AND/OR REMOVAL FROM THE COURT FILE.



Handwritten signature of Joan Marie Columbini in cursive script, written over a horizontal line.

JOAN MARIE COLUMBINI, CSR 5435, RPR

TUESDAY, SEPTEMBER 25, 2007