No. 04-15531

IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

UNITED STATES OF AMERICA, ET AL.,
Plaintiffs-Appellees,

v.

ORACLE CORPORATION,
Defendant-Appellee,

v.

FIDELITY EMPLOYER SERVICES COMPANY, LLC,
Third-Party Appellant.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
(Honorable Vaughn R. Walker)

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PRELIMINARY STATEMENT

Although appellant's ("FESCo's") brief raises several issues and arguments, there is only one issue this Court need address: whether the district court erred in authorizing two of defendant's ("Oracle's") in-house lawyers to have access to seven of FESCo's highly confidential documents. The United States submits that

the district court did abuse its discretion in this regard, because it failed to hold Oracle to the proper legal standard: showing that it is essential to its defense that these two in-house lawyers have access to these seven documents. This error requires reversal, which will give FESCo all of the relief it seeks — denying access to FESCo's seven highly confidential documents by Oracle's in-house counsel. Such reversal will also remove any need for the Court to reach FESCo's additional claim, which in any event the company waived below, that the district court erred when it ordered the United States to turn over all of its CID material to Oracle's outside counsel. Finally, FESCo's specific concern that its seven highly confidential documents should not have been disclosed even to Oracle's outside counsel is moot, as the government's pre-trial use of the documents requires their disclosure to Oracle's counsel under Rule 26(c) of the Federal Rules of Civil Procedure.

STATEMENT OF JURISDICTION

The United States agrees with appellant's "Jurisdictional Statement." *See* Br. 4.

ISSUE PRESENTED

Whether the district court abused its discretion by allowing two of Oracle's in-house counsel access to seven of FESCo's highly confidential documents,

without first finding that it was essential to Oracle's defense that in-house counsel have access to each of those seven documents.

STATEMENT OF FACTS

On June 6, 2003, Oracle made an unsolicited bid to acquire PeopleSoft, Inc., one of its two rivals in the creation and sale of integrated Human Resource Management ("HRM") and Financial Management Service ("FMS") software. Immediately thereafter, the United States (through the Justice Department's Antitrust Division) began investigating the proposed acquisition to determine whether it is likely to lesson competition in a relevant market. During that investigation, the Antitrust Division ("Division"), pursuant to the Antitrust Civil Process Act ("ACPA"), 15 U.S.C. §§ 1311-14, issued civil investigative demands ("CID") to numerous non-parties requiring the production of documents and other material and information relevant to the investigation. FESCo, a provider of human resource and financial management services for clients who do not perform those tasks in-house, received two CIDs in December 2003. In response, FESCo produced over 1,000 pages of competitively sensitive business information, including seven highly confidential business plans and strategic assessments of FESCo's target markets, customers, and competitors, which are relevant to determining whether FESCo competes in the same relevant market as Oracle and

PeopleSoft.[1] Excerpts of Record ("ER") 1-2, 134-35, 277, Br. 1, 7.

On February 26, 2004, the United States, joined by seven states,[2] filed a complaint in the United States District Court for the Northern District of California (Honorable Vaughn R. Walker) alleging that the proposed acquisition would substantially lessen competition in the sale of HRM and FMS software, in violation of Section 7 of the Clayton Act, 15 U.S.C. § 18. ER 2.

While the ACPA generally limits the Division's freedom to disclose material that it collects pursuant to its broad CID power, the Act grants the Division a significant degree of discretion in the context of litigation.[3] The statute expressly authorizes disclosure of CID material by "any attorney of the Department of Justice . . . appear[ing] before any court . . . for official use in connection with any such case . . . *as such attorney determines to be required*." 15 U.S.C. § 1313(d)(1) (emphasis added). The Division's interpretation of the statute and its policy in

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[1] The seven highly confidential documents are described in more detail in a separate submission that FESCo has filed with the Court under seal. *See* note 10 & accompanying text, *infra*.

[2] The seven plaintiff states were Hawaii, Maryland, Massachusetts, Minnesota, New York, North Dakota and Texas. The complaint was recently amended to add Connecticut, Michigan and Ohio as plaintiffs.

[3] It should be noted that only a small minority of the Division's investigations result in litigated cases.

implementing it are a matter of public record set forth in its *Manual*: once "a civil action is commenced based on information obtained by CID, the defendants in that action may invoke their full discovery rights under the Federal Rules of Civil Procedure and obtain CID information gathered in the investigation that is relevant to their defense." *Antitrust Division Manual*, Chap. 3, Sec. E.6.b.v.c. & n.160[4] (paraphrasing the pertinent legislative history), available at www.usdoj.gov/atr/foia/divisionmanual/ch3.htm#e6bvc.[5]

As the *Manual* also makes clear, however, the Act's concern with protecting confidentiality does not evaporate upon the filing of a complaint – especially since "disclosure of third party confidential business information obtained through CIDs may cause third party CID recipients to be less cooperative with the Division in the future." *Id.* Thus, it is the Division's policy to seek a protective order that preserves the defendant's right to take discovery, while also protecting third parties, by restricting access to their materials to "the parties' *outside* counsel." *Id.*

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[4] For the Court's convenience, Chapter 3, Section E.6. of the Division's *Manual* is attached as an Addendum.

[5] In this regard, footnote 160 of the *Manual* points to the legislative history of 1976 amendments to the ACPA, which provides that whenever "a civil action based on the CID information is subsequently commenced," the defendants in that action are able to discover under the Federal Rules all "CID information relevant to their defense." H.R. Rep. No. 94-1343, at 16 & n.40 (1976), *reprinted in* 1976 U.S.C.C.A.N. 2596, 2609-10.

(emphasis added). The Division also works to ensure that affected third parties have an opportunity to obtain further protection from the court for any of their confidential material they believe is inadequately safeguarded by the protective order entered by the court.[6] *Id.*; ER 22-23, 44, 62.

The proceedings in this case are largely an effort by the United States – paralleling those by FESCo and other CID recipients – to make those goals a reality. Thus promptly after filing the complaint, the Division sought from Oracle a stipulated protective order limiting access to CID materials to Oracle's outside counsel. Because Oracle would not agree, the parties' joint case management statement submitted on March 8, 2004, included competing protective orders and statements of disputed issues from each party. ER 197. The government's proposed protective order provided a two-tiered protection for confidential third party material by allowing the producing third party to classify information as either "Business Sensitive" or "Highly Confidential." Oracle's outside counsel would have access to both Highly Confidential and Business Sensitive information,

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[6] The *Manual* also explains that when a defendant attempts to discover "CID materials obtained by the Division during the course of other investigations," the "Division's position . . . is that CID confidentiality continues to apply to such materials, and they are not subject to discovery, unless . . . the Division has used such materials during the course of the instant pre-trial investigation or intends to make use of them at trial." Chap. 3, Sec. E.6.b.v.c. (footnote omitted).

while two designated Oracle in-house litigation counsel would have access only to Business Sensitive materials. ER 16, 19-21, 44.

In contrast, Oracle's proposed order protected only information designated as "Highly Confidential," and allowed access to that Highly Confidential material by Oracle's outside counsel, two designated in-house litigation counsel, Dorian Daley and Jeff Ross, and their secretarial and support staffs. ER 31, 32, 44.

Additionally, while the government's proposed order provided "[a]ny third party that concludes that this Order does not adequately protect its confidential information" with a 10-day time period within which to seek further protection from the court, Oracle's proposed order provided no such procedure. *Compare* ER 17-18 *with* ER 30.

On March 8, 2004, the Division faxed a letter to all CID recipients, informing them that the government had filed a complaint against Oracle on February 26, 2004, and that their CID materials would soon be subject to discovery by Oracle. The following day the government learned that its March 8 letter to FESCo had gone to the wrong address and, after a telephone discussion with FESCo's lawyer, Mr. Scott, it faxed to him on March 10, 2004, a letter incorporating the text of the earlier letter. ER 281. The letter explained that the government would seek the protective order described above before disclosing "the

confidential information that Fidelity Employer Services Company provided to the United States." ER 281. The letter alerted FESCo that "disclosure of Fidelity Employee Services Company's confidential information to Oracle's *outside counsel* will likely begin immediately upon entry of the protective order," and further cautioned that the Division "anticipate[s] this process beginning as early as this week." ER 281-82 (emphasis in original).

Later in the day on March 10, 2004, the court held a case management conference at which it considered treatment of CID material. Division counsel explained to the court that much of the CID material was obtained from Oracle's competitors, suppliers or industry customers, and that they might object to having their "highly confidential material" in the hands of Oracle's in-house attorneys. ER 60-61. Counsel further explained that the Division's "standard process assures these third-parties that they will have an opportunity to have some input in how [their] information is protected." ER 62.

Although the court disagreed that designated in-house counsel should be restricted in their access to third party materials, it proposed that "we can accomplish the objective which you seek to achieve by having a two tier level of confidentiality, but with a short time fuse, which would require a party who believes that his or its interest are implicated to apply to the court for relief." ER

63. The court concluded that the government's concerns would be "accommodated if the Government informs its companies and other individuals who have furnished investigative materials pursuant to these civil investigative demands, that the court order (*sic*) the production of these materials to Oracle retained counsel and in-house counsel, and that the production is going forward as we speak and that any third-parties who wish to apply to the court for relief must do so within five days . . . of today."[7] ER 72-73, 105-06. Immediately after the conference concluded, the government faxed to all CID recipients, including FESCo, a letter explaining the court's ruling, and giving notice that they had until March 16, 2004, in which to ask the court for any further protection for their CID materials. ER 284-85.

The court subsequently entered a protective order dated March 12, 2004, that permitted disclosure of the CID materials to Oracle's outside counsel and to in-house counsel Daley and Ross. ER 123. On March 12, 2004, the court also issued a clarifying order directing the Division to produce all of its investigative materials to Oracle's outside counsel by March 15, 2004. ER 107-08. That order limited access to these documents to outside counsel until March 17, 2004, at which time they could be viewed by Daley and Ross unless a third party requested further

[7] The proceedings have been highly expedited, with the time from complaint to trial compressed into less than four months.

protection of specific documents by that date. *Id.* Any request for further protection prohibited Daley or Ross from viewing the documents at issue "until the court resolve[d] any such request." *Id.*

FESCo and nine other third parties requested further protection.[8] FESCo emphasized that it "objects to the disclosure of certain of its highly confidential documents to Oracle's in-house counsel, and . . . now seeks to preclude disclosure of seven of those documents to Oracle's in-house counsel." ER 133. It argued that, under the balancing of interests required by this Court's decision in *Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465, 1470 (9th Cir. 1992),[9] Oracle "cannot meet its initial burden of establishing that denial of access by in-house counsel will harm its case." ER 134-35.

The court set a hearing to address the third parties' requests for further protection for March 19, 2004. ER 137-38. The court further directed Oracle to answer several questions relevant to *Brown Bag's* balancing of interests. ER 138-39.

The Division filed a memorandum supporting the third parties' requests. ER

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[8] *See* ER 145 n.2.

[9] *Brown Bag* requires balancing the potential injury from improper disclosure to the disclosing party against the need of the party seeking disclosure for the confidential information. 960 F.2d at 1470.

141. It emphasized that "strong public policy interests . . . warrant granting comprehensive protection to third party materials of a particularly sensitive competitive nature," including "avoiding harm to competition and the competitive process" through improper disclosure of a competitor's business information. *Id.* at 141, 143. The Division argued that the ten third parties had each "set forth facially valid, credible statements of likely harm" from improper disclosure, and urged the court to deny access of the designated highly confidential material to Daley or Ross absent "a strong showing of specific need" by Oracle. ER 142, 144-46.

Oracle responded that neither Daley nor Ross is involved in competitive decision making, and that the risk of any inadvertent business disclosure would be minimal. ER 156-59. Oracle also argued that, because Daley and Ross were involved with the government's investigation from the start, they possessed specialized knowledge that was integral to development of a complete defense. ER 159-61. Oracle agreed that, if Daley and Ross were granted access to the highly confidential material, such materials would be stored only at outside counsel's offices. ER 161-62.

FESCo and four other third parties presented oral argument on March 19, 2004. FESCo argued for narrow relief limited to seven documents:

> FESCo is looking to protect a mere seven documents . . . fewer documents than Oracle has lawyers . . . . The remainder of the production from Fidelity . . . we understand all of it has been turned over to outside counsel and we are content with protections that are in place with respect to outside counsel and with respect to inside counsel for all but those seven documents.

ER 210. As to those seven documents, however, FESCo urged:

> Oracle in this case, who wishes to disclose specific documents to in-house counsel, should first review the [seven] documents through outside counsel and then make a showing as to why in our case those seven documents are essential to disclosure to in-house counsel.

ER 211. FESCo submitted to the court under seal for *in camera* review a Declaration of Elizabeth J. Brown, with one of the seven documents attached to it, generally describing the contents of FESCo's seven documents, and explaining why Daley and Ross should be denied access to them.[10] ER 211.

In its remarks to the court, the Division again said that strong policy reasons weighed in favor of preventing Daley and Ross from having access to the highly

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[10] In this Court, FESCo has filed the Brown Declaration with the attached FESCo document under seal in a separate Volume III to its Excerpts of Record. In the Brown Declaration, which was handed to the parties' counsel at the status conference (ER 212), FESCo for the first time identified, but only by Bates Number ranges, the seven documents at issue. *See* ER Vol. III. Thus, while government counsel did not realize it at that time, it had already given four of those seven documents to its expert Professor Marco Iansiti for use in preparing his expert's report.

confidential third party business documents. ER 196-97. These arguments were especially strong as to Ross, because much of his work as an in-house antitrust lawyer involves counseling Oracle management on antitrust laws, conduct, and compliance, and it would be difficult for him to block off this confidential information when he later performed those duties.[11] ER 197-98, 238-39. Oracle responded that Mr. Ross "gets involved in some general antitrust compliance training" but not "in providing antitrust counsel on strategic directions," and, for example, had not consulted on the proposed acquisition. ER 227. Rather, he was brought in on the matter during the investigation because he is a litigator. *Id.* Oracle claimed that because of the complexity of the case and the impending trial date of June 7, 2004, access to the documents by these two litigation attorneys was critical. ER 230, 235.

At the conclusion of the hearing, the court ruled that disclosure of highly confidential material to Daley and Ross was appropriate. In performing the *Brown Bag* balancing, the court first found that significant harm would result from improper disclosure of the subject documents, but that the likelihood of inadvertent or improper disclosure would be minimal because Oracle's in-house counsel are not

[11] Mr. Ross' Declaration acknowledged that "much of [his] practice at Oracle involves counseling Oracle's management on antitrust laws, conduct and compliance." ER 177.

involved in competitive decision making. ER 251-52. The court also concluded that the risk of an impaired defense would be high, absent in-house counsel's access to the documents, because the complexity of the case and impending trial date made utilization of their "specialized knowledge . . . essential to Oracle's defense." ER 253-54. In order to reduce further any likelihood of improper disclosure, the court ruled that "highly confidential" materials may be reviewed and retained only at facilities of Oracle's outside counsel, may not be stored at Oracle facilities or on Oracle servers, and "may not be accessed by Oracle personnel other than [Daley and Ross] except upon further order of the court." ER 267.

The district court stayed its order until March 22, 2004. ER 267. After FESCo filed its notice of appeal on March 22, 2004, with an emergency motion for stay pending appeal, Oracle agreed not to disclose FESCo's seven documents to Daley and Ross until 5:00 p.m. on March 25, 2004. *See* Br. 20. On March 24, 2004, this Court (Hawkins and Clifton, JJ) denied FESCo's emergency motion for stay. But because FESCO also had filed a petition for mandamus (Docket No. 04-71356), Oracle agreed not to disclose FESCo's seven documents to Daley and Ross until close of business on April 8, 2004. *See* Br. 20-21.

In its Reply in the mandamus proceeding, FESCo indicated that it sought the same limited relief it had requested below:

> FESCo produced more documents pursuant to the relevant CIDs than are at issue here. . . . The bulk of FESCo documents, other than the seven highly confidential documents, are contracts between Oracle and FESCo and/or its affiliates. These documents, although confidential vis-a-vis the public, present no concerns if disclosed to Oracle's counsel, including internal counsel, and are adequately protected by the District Court's order. Accordingly, *FESCo seeks a remedy here solely with respect to its seven "highly confidential" documents.*

Reply in Support of Petition for Writ of Mandamus (Docket No. 04-71356) at 17 n.6 (emphasis added). FESCo then asked this Court to order the district court to determine whether the government intends to make direct use of any of the seven issue documents (*id.* at 17), and if so, to instruct the district court that those FESCo documents "must not be shared with Oracle's in-house counsel." *Id.* at 19. Those seven documents contain information, such as competition analyses, that is relevant to determining whether FESCo competes with Oracle and PeopleSoft. ER 134-35, 277; Br. 7. The issue is a central dispute in the proceedings below. The government provided four of the documents to its expert, Marco Iansiti, and reviewed all seven while preparing for the June 9, 2004 deposition of FESCo senior executive Michael Sternklar.

On April 8, 2004, this Court (O'Scannlain, Rymer and Bea, JJ.), after inviting responses by the United States and Oracle, denied FESCo's mandamus petition.

This appeal continued, however. In its opening brief, FESCo states that "Oracle's counsel subsequently agreed to continue withholding FESCo's seven Highly Confidential documents from its in-house counsel and, to FESCo's knowledge, has not disclosed them as of May 5, 2004." *See* Br. 22. The government has confirmed that as of June 17, 2004, Oracle's outside counsel had not disclosed any of the seven FESCo documents to either Daley or Ross.

SUMMARY OF ARGUMENT

The district court, in fashioning its protective order with regard to the seven highly confidential FESCo CID documents, did impose several useful safeguards to minimize the possibility of inadvertent or improper disclosure. But the court failed to consider adequately whether denying Daley and Ross access to these seven documents would significantly impair Oracle's ability to defend itself in the government's antitrust case. Because that consideration is essential to protecting third-party confidence in the CID process, the court failed to apply the proper legal standard, and thereby abused its otherwise broad discretion. Thus, in this regard, we agree with FESCo that the district court's order should be reversed in part. FESCo's alternative argument, raised for the first time on appeal, that the court also erred in ordering the disclosure of all its CID documents to Oracle's outside counsel, is both waived and moot.

ARGUMENT

I. STANDARD OF REVIEW

This court reviews *de novo* whether a district court applied the correct legal standard when it determined the scope of a required protective order. *Phillips ex rel. Estates of Byrd v. General Motors Corp.*, 307 F.3d 1206, 1210 (9th Cir. 2002).

II. THE DISTRICT COURT ABUSED ITS DISCRETION BY REQUIRING AN INSUFFICIENT SHOWING OF NEED BEFORE PERMITTING ORACLE'S IN-HOUSE COUNSEL ACCESS TO FIDELITY'S SEVEN HIGHLY CONFIDENTIAL DOCUMENTS

The United States and FESCo both asked the district court not to allow Oracle's in-house counsel to have access to FESCo's seven documents. The court, applying *Brown Bag,* nonetheless made the documents available to Daley and Ross. In doing so it committed legal error – and thus necessarily abused its discretion[12] – by not requiring a showing from Oracle of why adequate preparation of its defense required that these two in-house lawyers see those seven documents.

The United States agrees with the district court that, because this issue involves post-complaint discovery under the Federal Rules, this Court's decision in *Brown Bag* sets the general standard: a balancing of the interests of confidentiality

[12] *E.g., Koon v. United States,* 518 U.S. 81, 100 (1996) ("A district court by definition abuses its discretion when it makes an error of law"), *Kirkland v. Legion Ins. Co.,* 343 F.3d 1135, 1141 (9th Cir. 2003) (same).

and disclosure. But *Brown Bag*, a private securities litigation, neither concerned nor defined balancing in the context of a government antitrust case, where discovery of documents obtained through CIDs is sought. The important confidentiality and enforcement interests of the ACPA must therefore inform the *Brown Bag* balancing test here.

That Act not only protects the confidentiality of the information produced by CID recipients, but also aids the ability of the Division to perform its law enforcement duties. Effective merger investigation requires that third parties have confidence that their most sensitive business information – materials such as strategic planning documents, pricing methodologies, negotiating strategies, etc., all of which must be produced – will receive appropriate protection from harmful disclosure in any subsequent litigation. If third parties were regularly to object to compulsory process and seek court protection at the investigative stage against such disclosure during any resulting litigation (15 U.S.C. § 1314), the agency's ability to conduct investigations in an efficient and timely manner could be significantly hampered.[13] ER 60-64, 143, 196-97, 200. Thus, a CID recipient's confidence that

[13] Typically, under the Hart-Scott-Rodino Act, 15 U.S.C. § 18a, the government has only 30 days after receipt of a merger notification by the parties, 15 U.S.C. § 18a (b)(1), or 30 days after receipt of any additional information that the government requested, 15 U.S.C. § 18a(e), within which to decide whether it will initiate a pre-consummation challenge to the merger. Routine compliance

its sensitive materials will remain confidential, especially from its competitors, is an essential aspect of the pro-enforcement policy of the Act.

The Division therefore explained to the court that "third-parties . . . provide sensitive business information to the government because the agency has a very good reputation for not spreading that information around in the industry." ER 61-62. But that continued reputation – and corresponding third-parties' confidence – depends on the degree to which third parties believe that complying with CIDs will not cause them harm. As the Division explained, while the government did not question in-house counsel's ability "to abide by the[ir] professional obligation" not to use FESCo's documents improperly, "the third-parties . . . may not be so comfortable" sharing "their most sensitive business information, the kind of information they would never share with others in the industry" with Oracle's employees. ER 60-61.

Indeed, this case demonstrates that many companies cooperating in a government antitrust investigation perceive serious risk of harm if their confidential information will be accessed by a competitor's in-house counsel. They do not

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disputes with CID recipients during that 30-day waiting period would not toll the 30-day time limit and, therefore, would make the government's decision-making process vastly more difficult. As noted by the district court, such an outcome would be particularly undesirable in those investigations that do not result in litigation, which is by far the most common situation. ER 72.

perceive such a risk when that same information is accessed by outside counsel. Thus, when the government, in accord with the Court's March 10, 2004 ruling, notified the third parties of their right within five days to "seek *any* additional confidentiality protection [they] believe[d] necessary for any of the materials [they] provided" (ER 284) (emphasis added), ten third-parties did seek to prevent Oracle's in-house counsel from accessing their highly confidential material. None asked for any restriction against outside counsel. As Fidelity's lawyer explained:

> During that [March 19, 2004 status conference], I argued on behalf of FESCo that 15 U.S.C. § 1313(c)(3) prohibited wholesale production of FESCo's CID documents to Oracle's in-house counsel without FESCo's consent. Permitting such a production would significantly reduce parties' willingness to cooperate with the DOJ in its investigation of potential antitrust violations.

ER 278-79.

The Division also explained the important policy interest in protecting competition, and the legitimate business interests of companies that provide information to the Division pursuant to CIDs, by preventing harmful disclosure of such companies' sensitive business information to competitors, customers, and suppliers. ER 60-61, 143, 197, Vol. III (Brown Declaration). Thus, the government asked the district court to deny in-house counsel access to these documents, "without a strong showing [by Oracle] of specific need for access to the disputed

materials." ER 142.

These concerns are reflected in *United States v. Dentsply Int'l, Inc.*, 187 F.R.D. 152, 161-62 (D. Del. 1999), where the court observed that one of "the interests of the Government" weighing against disclosure to in-house counsel included the risk "that allowing defendant's in-house counsel to have access to the confidential information is likely to impede discovery in this and other litigation because nonparties may be less willing to cooperate." It also said that whenever disclosure to in-house counsel involves "proprietary information . . . of a nonparty produced under governmental compulsion," a strict analysis of the extent to which in-house counsel are involved in "competitive decision making," such as the court performed below, fails to address adequately the nonparty status of the owners of the confidential information, and their heightened interest in preventing their confidential information from reaching their industry's participants.[14] *Id*. at 160 & n.7.

Given the strong policy interests grounded in the ACPA, it was imperative that the court make specific findings of need for Daley and Ross to access each of

[14] *Dentsply* was another case involving service of "Civil Investigative Demands ('CIDs') on numerous companies, thereby allowing Justice to obtain confidential and proprietary information." 187 F.R.D. at 154.

FESCo's seven documents.[15] The court, however, found only that Daley and Ross: (1) "have specialized knowledge that is essential to Oracle's defense" (ER 253); (2) "have extensive background involvement in litigation" (ER 254); (3) "will play a vital road (sic) in educating outside counsel, especially given this abbreviated [pre-trial] time frame" (ER 255); and (4) "have been central in th[e] effort" of identifying "information . . . that can be used to evaluate the Government's contentions." ER 255.

Even assuming that these four findings are correct, the court made no finding that any of the traits possessed by Daley and Ross are indispensable to Oracle's assessment of FESCo's seven disputed documents in the preparation of its defense. The court's findings amount to nothing more than a conclusion that Daley and Ross will be helpful in managing or assisting Oracle's outside counsel, which falls far short of the requisite showing. *See Intel Corp. v. VIA Technologies, Inc.*, 198 F.R.D. 525, 529 (N.D. Cal. 2000) ("The party seeking access [by in-house counsel] must demonstrate that its ability to litigate will be prejudiced, not merely its ability

[15] Thus, whether or not the district court was right in finding that neither Daley nor Ross was involved in "competitive decision making," and therefore that "the overall risk of inadvertent or improper disclosure is relatively low" (ER 252-53), *see* p. 13 & n.11, *supra;* Br. 49-51, the perception in the community of CID recipients is that access by in-house counsel is a serious danger. And such perceptions are extremely important in shaping the cooperation – or lack of it – that the government will get in CID investigations.

to manage outside litigation counsel"). Indeed, the fact that as of June 17, 2004, Oracle's outside counsel had not disclosed any of the seven disputed documents to either Daley or Ross suggests that access to these documents by Oracle's in-house counsel was not necessary for the company's defense.

In this respect, this case is no different than *Brown Bag*, where this Court concluded that Brown Bag's assertion that denying access to in-house counsel would "unfairly hinder[]" its ability to litigate, was simply "too speculative." 960 F.2d at 1471-72. As Brown Bag did there, Oracle here "failed to demonstrate how [denying Daley and Ross access to FESCo's seven documents] *actually* [w]ould have or did prejudice its case." *Id*. at 1472 (emphasis added); *accord Intel*, 198 F.R.D. at 531 (access by in-house counsel denied because "Intel has failed to make any showing that it will be prejudiced in presenting its best case"). The district court, then, should have denied Daley and Ross access to FESCo's seven documents.[16]

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[16] Denial on this record, however, would not preclude Oracle's counsel from returning at a later date with a very specific request, item by item, lawyer by lawyer, for further consideration. *Brown Bag*, 960 F.2d at 1469; *accord id*. at 1471-72 ("Brown Bag never attempted to implement the [outside counsel] method of access"); *Dentsply*, 187 F.R.D. at 162 (access by in-house counsel denied; future disclosure possible "upon the making of a predefined requisite showing" that in-house counsel access was imperative "to allow Dentsply to defend itself").

III. THERE ARE NO OTHER ISSUES FOR THIS COURT TO ADDRESS

FESCo also argues (Br. 26-33) that the district court erred in directing the government to turn over all CID materials, including the seven disputed documents, to Oracle's outside counsel. FESCo, however, waived this argument and, in any event, it is moot.

In the district court, FESCo complained only about disclosure of its seven subject documents to Oracle's *in-house* counsel. FESCo specifically told the court that it was "content with the protections that are in place *with respect to outside counsel and with respect to inside counsel* for all but . . . seven documents." ER 210 (emphasis added). And it repeatedly asked "for narrow confidentiality protection for this limited set of documents" (ER 212), namely "to preclude disclosure of [those] seven . . . documents *to Oracle's in-house counsel*." ER 133 (emphasis added); *accord id.* ("The issue before this Court is whether Oracle's in-house counsel should be allowed access to a certain subset of FESCo's highly sensitive commercial information"), 136, 210, 211. Indeed, it specifically argued that, before access should be granted to in-house counsel, Oracle "should first review the [seven] documents *through outside counsel* and then make a showing as to why . . . those seven documents are essential to disclose to in-house counsel." ER 211 (emphasis added). Thus, not only did FESCo never challenge the disclosure

of the seven documents to Oracle's outside counsel; it fully acquiesced in that disclosure. Consequently, any claim that the government was prohibited from disclosing any of FESCo's documents to Oracle's outside counsel was waived and cannot be raised for the first time in this appeal. *E.g.*, *United States v. Robertson*, 52 F.3d 789, 791-92 (9th Cir. 1994); *Long v. Director, OWCP*, 767 F.2d 1578, 1583 (9th Cir. 1985).

Moreover, because FESCo admits that any CID material that the government uses during this case – including the seven key documents – could be disclosed to Oracle's outside counsel, its claim is moot because the government has used the seven disputed documents in pretrial proceedings. FESCo's "direct use" argument is based on its reading of *United States v. AT&T*, 86 F.R.D. 603 (D.D.C. 1979)(Br. 28-30), where the court explained that "use" of CID documents sufficient to justify disclosure to the defendant includes using documents in "formulating . . . questions to be propounded at a deposition." 86 F.R.D. at 647-48. All of FESCo's seven documents have been subjected to such pre-trial use: four were sent to Professor Iansiti for use in preparing his expert's report, and all seven were reviewed by Division counsel in preparation for the deposition of Fidelity senior executive Michael Sternklar. Thus, even under FESCo's reading of the ACPA, the seven documents at issue have been properly disclosed to Oracle's outside counsel.

The waiver and mootness of this particular argument do not, however, prevent the Court from granting to FESCo, on the basis of the district court's error in misapplying the *Brown Bag* balancing test (pp. 17-23, *supra*), the full relief it seeks: prevention of access to the seven key documents by Daley and Ross. There is no need for the Court to go any further.

We add, however, that the district court did not violate the ACPA in ordering disclosure of all of FESCo's CID materials to Oracle's outside counsel. The text of the statute gives the Division discretion in deciding which materials may be disclosed in the proceeding: Section 1313(d)(1) lifts the Act's confidentiality for official use in litigation "as such [Division] attorney determines to be required." The Division exercised that discretion to determine that all CID materials from the investigation that led to the lawsuit (but not CID material from other investigations) were discoverable by Oracle.

The legislative history of the ACPA supports this view of the statute. The House Report explains that in "a civil action based on the CID information," CID material that is either "relevant" or "'reasonably calculated' to lead to relevant evidence" is discoverable under Fed. R. Civ. P. 26(c), because "nothing in this bill in any way alters the postcomplaint procedures established by the Federal Rules." H.R. Rep. No. 94-1343, at 16 & n.40, *reprinted in* 1976 U.S.C.C.A.N. 2596, 2609-

10 & n.40. This, moreover, is the interpretation presented in the Division's *Manual*, *see* notes 3-5 & accompanying text, *supra*.

Nor does *AT&T*, *supra*, relied on by FESCo (Br. 28-30), require a different result. In that case, the government notified the court that it did not intend to use any CID material as evidence because it had "rediscovered" in post-complaint discovery all of the material it had earlier obtained through the CID process. 86 F.R.D. at 647. No party was seeking production of any CID material. Rather, the court issued its "guideline" to address the "hypothetical" possibility that the government might change its mind with respect to "some part of the CID material." *Id.* And in this unusual context, the court ruled that the government would need to provide AT&T with any CID materials given to Division personnel "in contemplation of . . . direct use in this action." *Id.* However, the court's concern with "how the statutory privilege works in conjunction with the Federal Rules of Civil Procedure" in that unique case (86 F.R.D. at 648) is not presented here.

CONCLUSION

For the foregoing reasons, the March 19, 2004, ruling of the district court should be reversed in part, and the case remanded with instructions to deny Oracle's in-house counsel access to FESCo's seven highly confidential documents.

Respectfully submitted.

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CERTIFICATE OF SERVICE

I, John P. Fonte, do hereby certify that today, June 18, 2004, I served true copies of the foregoing Brief for Appellee, the United States of America, on all counsel of record for appellant, Fidelity Employee Services Company, and for defendant-appellee, Oracle Corporation, by Federal Express delivery.

JOHN P. FONTE

Certificate of Compliance Pursuant to Fed. R. App. P. 32(a)(7)(C) and Circuit Rule 32-1 for Case Number 04-15531

I certify that:

Pursuant to Fed. R. App. P. 32(a)(7)(C) and Ninth Circuit Rule 32-1, the attached answering brief is proportionately spaced, has a typeface of 14 points, and contains 6,026 words.

_____

John P. Fonte
Attorney

STATEMENT OF RELATED CASES

Appellee, the United States of America, agrees with the Statement of Related Cases contained in appellant FESCo's brief.

ADDENDUM

Excerpt from the Antitrust Division Manual

Chapter 3, Section E.6.

6. Confidentiality and Permitted Uses of CID Materials

a. DOJ Use and Outside Disclosure of CID Materials Authorized by the ACPA

While the ACPA permits authorized Department of Justice personnel to use CID material in the performance of their official duties,[137] it provides for only four circumstances under which CID material may be disclosed to third parties without the consent of the producing party. Regulations further governing the use of CID material by Department of Justice personnel are set forth in 28 C.F.R. §§ 49.1-.3.

The ACPA authorizes disclosure of CID material to individuals other than the producing party or authorized Department of Justice personnel without the consent of the producing party as follows:

i. to Congress;[138]

ii. to the FTC, which is bound by the same rules as DOJ with respect to the use of CID material;[139]

iii. to third parties "in connection with the taking of oral testimony" pursuant to the CID statute;[140] and

iv. for official use in connection with court cases, grand juries, or a Federal administrative or regulatory proceeding in which the DOJ is involved.[141]

In general, documents, answers to interrogatories, and transcripts of oral testimony obtained pursuant to a CID cannot be disclosed to state, foreign, or other federal agencies (except for the FTC), nor can they be disclosed during the course of interviews with other parties, without the consent of the producing party. 15 U.S.C. § 1313(c)(3). CID materials are also explicitly exempt from disclosure under the Freedom of Information Act, but the CID and schedule issued by the Division are not exempt.[142]

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[137] See 15 U.S.C. §1313(c)(2).

[138] See 15 U.S.C. § 1313(c)(3).

[139] See 15 U.S.C. § 1313(d)(2).

[140] See 15 U.S.C. § 1313(c)(2).

[141] See 15 U.S.C. § 1313(d)(1).

[142] See 15 U.S.C. § 1314(g). This FOIA exemption does not apply to non-CID materials, such as "White Papers," that CID respondents may voluntarily submit to the Division in the course of an investigation. For this reason, parties may ask that a CID be issued for such materials.

Despite these statutory limitations on disclosure of CID materials, the producing parties often seek to restrict further how the Division may use these materials. Parties seeking to limit the Division's use of their CID materials may either seek the consent of the Division or request that a court enter a protective order.

b. Division Policy and Practice Concerning Requests for Additional Limitations on Use or Disclosure of CID Material

i. General Policies

As noted above, documents, answers to interrogatories, and transcripts of oral testimony obtained pursuant to a CID may be used internally by authorized officials, employees and agents[143] of the Department of Justice in the performance of their official duties.[144] Copies of CID material may be made for the official use of Department of Justice personnel.[145] The Division's use of CID material is not restricted to the pending investigation.[146] Moreover, as a matter of policy the Division will not agree to restrict its use of CID material to the pending investigation.[147]

Parties producing CID material sometimes seek written commitments from the Division limiting how or when the Division will exercise its statutory authority to disclose CID materials. The Division discourages such additional confidentiality commitments.[148] Parties are not

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[143] See 15 U.S.C. § 1313(c)(2). Authorized agents to whom disclosure of CID material can be made include economic experts, industry specialists, and independent contractors specializing in automated document retrieval. The agent should sign a confidentiality agreement with the Department before the disclosure of any CID material is made; disclosure, however, may be made if necessary before the contract containing payment terms has been fully processed.

[144] See 15 U.S.C. § 1313(c)-(d).

[145] See id.

[146] See infra Section E.9. (discussing the Division's return of CID materials at the end of an investigation).

[147] See 28 C.F.R. §§ 49.1-.3 (governing the use of CID material by the Department of Justice); see also Division Directive ATR 2710.l ("Procedures for Handling Division Documents").

[148] When asked for confidentiality commitments beyond those contained in the statute, staff should consider sending a letter similar to the following:

Dear Mr./Ms. Lawyer

In your letter of [Date] you requested additional assurances of confidentiality beyond those provided in the Civil Investigative Demand ("CID") statute, 15 U.S.C. §§ 1311-1314, and the Freedom of Information Act ("FOIA"), 5 U.S.C. §552, for documents called for by the CID recently served upon [Company Name].

I cannot promise to notify you in advance if a document [Company Name] provided will be used in a CID deposition of a witness not affiliated with your client. The Division is authorized to use CID material without the

statutorily entitled to such commitments, although in some instances courts have issued protective orders limiting how the Division may disclose certain CID material. See infra Section E.6.c. Such additional commitments limit the Division's flexibility and burden the staff with additional procedural requirements. In limited circumstances, however, providing additional commitments may be necessary or appropriate. Requests for such commitments should be considered on a case-by-case basis and should only be granted where there is a clearly demonstrated need. If any such commitment is made, the additional commitment should be defined as narrowly as possible, tailored to the specific request of the party, and confirmed in writing.

Such additional commitment should be granted only with the approval of the Chief, and all members of the investigative staff should be notified of its existence. The FOIA Unit should also be notified before any such additional commitment is granted to make sure that any additional protection conforms to Division policy. If a staff seeks to use anything other than pre-

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consent of the producing party in "connection with the taking of oral testimony." It is, however, rare that we disclose a document in such a manner. Although it is occasionally useful to use CID materials in a deposition of a third party where the third party has already seen the materials, or is at least generally aware of their substance, it is rarely necessary to use CID materials in connection with a deposition of a third party that is unfamiliar with the contents of those materials. Moreover, the Division has an interest in seeing that competitors do not receive access to each other's confidential information, is sensitive to confidentiality concerns, and does not unnecessarily reveal such information.

You have also represented that [Company Name] considers certain information requested in the CID to be proprietary and confidential. It is the Department's policy to treat confidential business information that is produced as set forth below. "Confidential business information" means trade secrets or other commercial or financial information (a) in which (the company) has a proprietary interest, and (b) which (the company) in good faith designates as commercially or financially sensitive.

It is the Department's policy not to use confidential business information in complaints and accompanying court papers unnecessarily. The Department, however, cannot provide assurance that confidential business information will not be used in such papers, and cannot assure [Company Name] of advance notification of the filing of a complaint or its contents.

If a complaint is filed, it is the Department's policy to notify [Company Name] as soon as is reasonably practicable should it become necessary to use confidential business information for the purpose of seeking preliminary relief. It is also the Department's policy to file under seal any confidential business information used for such purpose, advise the court that [Company Name] has designated the information as confidential, and make reasonable efforts to limit disclosure of the information to the court and outside counsel for the other parties until [Company Name] has had a reasonable opportunity to appear and seek protection for the information.

It is the Department's further policy to notify [Company Name] at the close of the investigation and give it the option of requesting that original documents, if produced, be returned. If copies were produced they will be destroyed unless: (1) they are exhibits; (2) they are relevant to a current or actively contemplated Department investigation or to a pending Freedom of Information Act request; (3**)** a formal request has been made by a state attorney general to inspect and copy them pursuant to Section 4F of the Hart-Scott-Rodino Antitrust Improvements Act, 15 U.S.C. § 15; or, (4) they will be of substantial assistance in the Department's continuing law enforcement responsibilities.

Sincerely,

Pat Attorney

approved language, it must seek the prior approval of both the FOIA Unit and the appropriate Director of Enforcement. If the agreement involves potential disclosure of materials to Congress, the Legal Policy Section also should be consulted before any promises are made.

ii. Disclosure to Congress

On several occasions, CID recipients have attempted to obtain a commitment that the Division would refuse to disclose to Congress material produced pursuant to CIDs. The Division has no authority to promise to withhold information from Congress or any authorized committee or subcommittee of Congress and thus cannot make such a promise.[149]

In very limited circumstances, the Division will agree to give "as much notice as is practicable" to a CID recipient before disclosing CID material to Congress. It is ordinarily preferable to explain to the CID recipient that the Division does not unnecessarily release confidential information to Congress, tries to respond to congressional inquiries in a manner that does not disclose such information, and is rarely asked to give CID material to Congress. As noted above, the FOIA Unit should also be consulted to ascertain whether the proposed commitment conforms to Division policy, and both the Legal Policy Section and appropriate Director of Enforcement should be consulted before making any such commitment.

iii. Disclosure to the Federal Trade Commission

The custodian of CID material is authorized, in response to a written request from the Federal Trade Commission, to deliver copies of CID material to the Commission for use in connection with an investigation or proceeding under the Commission's jurisdiction. CID material furnished to the Commission may only be used by the Commission in such manner and subject to such conditions as apply to the Department of Justice. The Division has discretionary power either to deliver or withhold CID material requested by the FTC.[150]

On occasion, CID recipients have attempted to obtain commitments that the Division will refuse to disclose specified CID material to the Federal Trade Commission. As a policy matter, the Division will not promise to withhold material from the FTC. On limited occasions, the Division will agree to give notice, but only "when practicable," before giving CID material to the FTC. As noted above, staff should consult with the FOIA Unit and the appropriate Director before making any commitment beyond what is contained in the statute.

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[149] See 15 U.S.C. §1313(c).

[150] See 15 U.S.C. §1313(d)(2).

iv. Disclosure in the Context of a CID Deposition

The Division is authorized to use CID material[151] without the consent of the producing party "in connection with the taking of oral testimony" in a CID deposition of a third party.[152] Although it is occasionally useful to use CID materials in a deposition of a third party where the third party has already seen the materials, or is at least generally aware of their substance, it is very rarely necessary to use CID materials in connection with a deposition of a third party that is unfamiliar with the contents of those materials. Nevertheless, some CID recipients ask the Division to agree to limit the use of CID documents in third-party depositions. Parties expressing concern as to such use should be told that the Division has an interest in seeing that competitors do not receive access to each other's confidential information, is sensitive to confidentiality concerns, and does not unnecessarily reveal such information.

In some special circumstances, the Division has agreed to provide advance notice, "if practicable," before using the producing party's CID material in a third party deposition. The notice may be a specific number of days or simply for a period of time that is "reasonable under the circumstances." Generally, this commitment should only be offered for a very limited number of documents that the producing party reasonably designates as "restricted confidential" or "highly confidential." The purpose for offering such notice is to give the producing party the time to object or seek a protective order. The disadvantage to offering such a commitment is that it reduces the Division's flexibility at the deposition and may require the Division to identify to third parties persons whose depositions it is taking.

If CID material not produced by the deponent is used in a deposition, staff should consider carefully whether the deponent should be permitted to retain a copy of the material. Although the deponent has a right to review the material in connection with his or her review of the transcript, the Division has discretion as to whether to allow the deponent to keep a copy of the material. Division policy is to protect the legitimate confidentiality interests of parties and thereby encourage compliance with CIDs; thus, in circumstances where the deponent is not entirely aware of the substance of the document and the third party producer could reasonably object to the document being retained by the deponent, the deponent should not be permitted to retain a copy of the document.[153] In such a case the preferred practice is either to: (a) allow the deponent to receive a copy of the document as an exhibit while reviewing the transcript, but

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[151] See 15 U.S.C. § 1313(c)(2). In contrast, the Division is not authorized under the antitrust statutes to use material submitted in response to a Second Request under the Hart-Scott-Rodino Act filing in connection with the deposition of a person that did not submit the material.

[152] CID material may also be used in a deposition of the party producing the material without the consent of that party.

[153] Examples of this might include notes of a meeting in which the deponent participated produced by another participant and that include observations, reflections, or commentary; a document that the staff initially believes the deponent authored or read but that the deponent denies having seen; etc.

require the exhibit to be returned with a signed affirmation (or letter from counsel) stating that no copies have been made or (b) allow the deponent to receive a copy of the transcript without the exhibit attached, but permitting review of the document at Division (or other Department of Justice) offices if such a review of the document is necessary to the review of the transcript.[154] On the other hand, if the deponent is already aware of the substance of the document in question, it is permissible to allow the deponent to receive and retain a copy of the transcript with the third party document attached as an exhibit; providing the third party document as an exhibit is an appropriate courtesy and may make it more convenient for the deponent to review, correct, and inspect the transcript.[155]

v. Disclosure in Judicial or Administrative Proceedings

a. Agreements Concerning Notice

The Division is authorized, pursuant to 15 U.S.C. § 1313(d)(1), to use CID material in connection with any court cases, grand jury, or Federal administrative or regulatory proceeding in which the Division is involved. Although the Division's policy is to try to avoid using competitively sensitive information in complaints or openly discussing competitively sensitive information, the Division will not agree to refrain from disclosing CID material in a judicial or administrative proceeding.

If competitively sensitive information is to be used in a pleading, the Division's general policy is to make reasonable efforts to allow the party that produced the material the opportunity to seek a protective order. Or, the Division may voluntarily file the document or portion of the pleading under seal. Notifying parties in writing that this is the Division's general practice is preferable to making a specific commitment to provide notice. This is because promises regarding how and when the Division may use CID material in judicial and administrative proceedings may impose unnecessary procedural burdens on the staff and limit the use of material under circumstances that could not be foreseen at the time the promise was made.

On limited occasions, the Division has agreed to certain limitations on its use of CID material in judicial or administrative proceedings. These agreements have been in the form of promises:

1. to notify the producing party in advance, "to the extent that it is reasonably practicable" that we plan to use CID information produced by the party in a

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[154] Cf. supra Section E.3.c(vi) (discussing when the Division may withhold the transcript from the deponent).

[155] Examples falling into this category include: depositions where a document authored or received by the deponent was produced by his or her former employer; an agreement signed by the deponent where the copy of the agreement was produced by the other party to the agreement; correspondence involving the deponent or his or firm; widely circulated newsletters that the deponent likely read; etc.

proceeding or that we have filed a complaint;

2. to make "reasonable efforts" to notify the producing party before turning over material pursuant to a discovery request in litigation in order to provide the party with a reasonable opportunity to seek a protective order;

3. to file under seal any information from a very limited number of documents containing CID information the producing party has reasonably designated "highly confidential" or "restricted confidential"; and

4. not to oppose the party's appearance to seek a protective order or to use the Division's best efforts to secure a reasonable protective order.

If an agreement regarding notice[156] is made, it should be as limited as possible and apply only to information or documentary material that the party, for legitimate reasons, designates as "highly confidential" or "restricted confidential."

b. Protective Orders During the Investigatory Stage

Producing parties that are not satisfied with the protection offered under the statute or by consent of the Division may seek a protective order issued by a court. Courts usually will issue such protective orders once a case is filed, and, on occasion, even during the investigative stage. In Aluminum Co. of America v. United States Dep't of Justice,[157] the court held that it was within its power to issue a protective order to limit disclosure to third parties of confidential information obtained by the Division through the production of documents in response to a CID. The Aluminum opinion was followed by the Second Circuit in United States v. GAF Corporation.[158]

c. Discovery/Protective Orders During Proceedings[159]

Once a case is filed, the use of CID material in that case will typically be governed by a protective order issued by the court in which the suit is pending. Whenever a civil action is commenced based on information obtained by CID, the defendants in that action may invoke their

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[156] Giving such notice should only be agreed to with parties that agree not to seek declaratory relief.

[157] 444 F. Supp. 1342 (D.D.C. 1978).

[158] 596 F.2d 10 (2d Cir. 1979). Accord Finnell v. United States Dep't of Justice, 535 F. Supp. 410, 413 (D. Kan. 1982).

[159] See also infra Chapter IV, Section C.

full discovery rights under the Federal Rules of Civil Procedure and obtain CID information gathered in the investigation that is relevant to their defense.[160] During pre-trial discovery, parties will typically request that some or all of this material be provided either voluntary or by compulsory process. In the past, when some producers of CID materials have sought to prevent disclosure of their material in litigation, the Division has taken the position that they are discoverable.

Although defendants have the right to discover any CID materials obtained by the Division during the investigation that resulted in the civil litigation to which they are a party--subject to any limitations on discovery provided by the Federal Rules of Civil Procedure and any court-imposed protective order--defendants may also attempt to discover CID materials obtained by the Division during the course of other investigations. The Division's position with respect to a discovery request for CID materials from another investigation is that CID confidentiality continues to apply to such materials, and they are not subject to discovery, unless: (1) the materials being sought have been made public during the course of prior litigation before a court or Federal administrative or regulatory agency, (2) the litigant seeking discovery has the consent of the person who produced the CID materials to the disclosure, or (3) the Division has used such materials during the course of the instant pre-trial investigation or intends to make use of them at trial.[161]

The Division's position on the reasonableness of protective orders is guided by balancing the public interest in conducting litigation in the open to the greatest extent possible[162] against the harm to competition from having competitively sensitive information disclosed to competitors. Staffs should also keep in mind that the disclosure of third party confidential business information obtained through CIDs may cause third party CID recipients to be less cooperative with the Division in the future.

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[160] The House Report on the 1976 amendments to the ACPA noted that the defendants will thus be able fully to protect their rights at trial by interrogating, cross-examining, and impeaching CID witnesses. The House Report also noted that the scope of civil discovery is not unlimited and that the court has broad discretion under the Federal Rules to set limits and conditions on discovery, typically by issuing a protective order. See H.R. Rep. No. 94-1343, at 2610 (1976).

[161] Use during the investigation means more than simply perusing the materials to determine whether they are relevant; they must be put to some more direct use during the pretrial stage. The Division essentially adheres to the position adopted by Judge Greene in United States. v. AT&T Co., 86 F.R.D. 603, 647-48 (D.D.C. 1979), concerning the discoverability of CID materials produced in other investigations.

[162] See 15 U.S.C. § 30; 28 C.F.R. § 50.9.

Typical protective order provisions:

1. provide both litigating and third parties with the opportunity to designate material as confidential if they have not already done so;

2. require parties to restrict their use of any confidential information they have obtained to the preparation and trial of the pending action;

3. restrict access to confidential material and information to the Division, the parties' outside counsel, and certain consultants, denying access by the defendants' business personnel to competitively sensitive documents from competitors;

4. require any court submission that contains confidential information or material to be placed under seal, with properly redacted copies available to the public; and

5. require that the producing party be given an opportunity to request in camera treatment before disclosure any confidential material or information at trial.

Regardless of whether the Division has filed a case, CID deposition transcripts may be discoverable from the deponent by a third party,[163] and antitrust investigators should so inform a deponent who is concerned about confidentiality. A Division attorney who has sufficient concern about keeping the information in a deposition from the subject of the investigation may want to consider withholding the copy of the transcript from the witness. See supra Section E.3.c(vi).

[163] In re NASDAQ Market-Makers Antitrust Litig., 929 F. Supp. 723, 727 (S.D.N.Y. 1996); In re Air Passenger Computer Reservation Sys. Antitrust Litig., 116 F.R.D. 390, 393 (C.D. Cal. 1986). Although the issue is not settled, the government may be able to assert a qualified privilege over such materials. See McCray v. Illinois, 386 U.S. 300, 309-11 (1967) (citing Vogel v. Gruaz, 110 U.S. 311 (1884)) and Three Crown Ltd. Partnership v. Salomon Bros., Inc., 1993 Trade Cas. (CCH) ¶ 70,320, at 70,665 (S.D.N.Y. 1993).