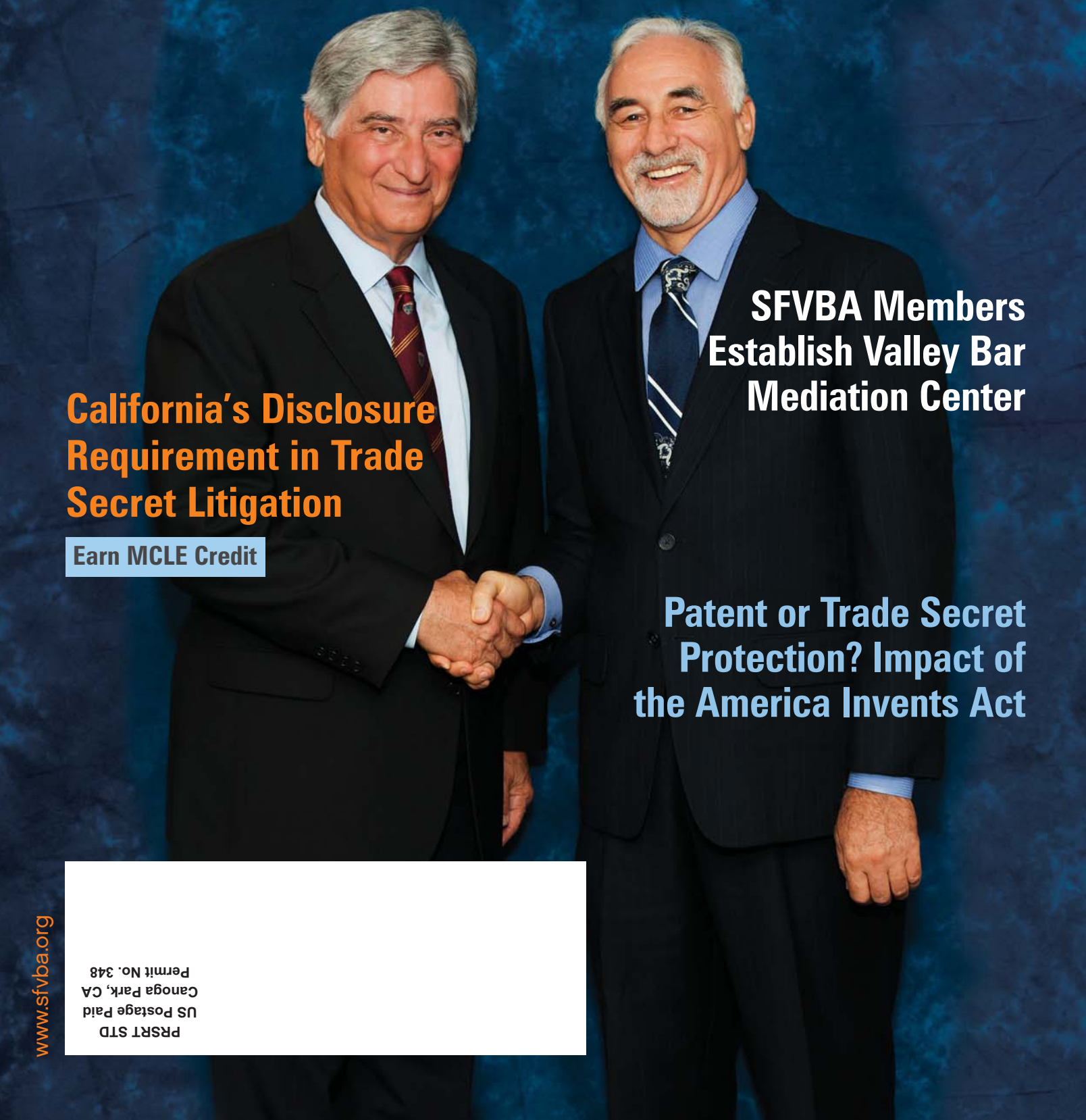
VALLEY LAWYER

OCTOBER 2013 • $4

A Publication of the San Fernando Valley Bar Association



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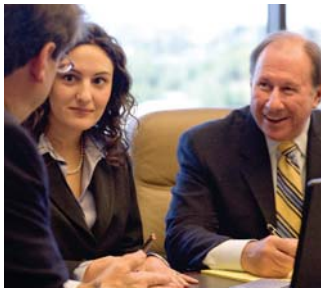

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A Publication of the San Fernando Valley Bar Association

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VALLEY LAWYER

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140.6 Miles to Go Before I Sleep

ADAM D.H. GRANT
SFVBA President
agrant@alpertbarr.com

ROBERT FROST'S FAMOUS poem ends with, "The woods are lovely, dark, and deep, but I have promises to keep, and miles to go before I sleep, and miles to go before I sleep." As I begin my year as President of the San Fernando Valley Bar Association, I can't help but think about how the words speak to two of my passions; the Bar Association and competing in Ironman distance triathlons.

An Ironman distance triathlon is a race that consists of a 2.4 mile swim, immediately followed by a 112 mile bike ride and then finished off with a 26.2 mile run (a marathon), a total of 140.6 miles. Each competitor has 17 hours to complete the race, starting at 7:00 a.m. and finishing by midnight of the same day. As of the date this article is published, I will have engaged in daily workouts for nine months and completed my ninth Ironman.

Having competed in countless triathlons and running events over the past 20 years, I learned that to successfully complete the event, you have to make sure that don't think about the entire event at the same time. You need to break down the event into smaller units and focus only on one unit at a time.

As I enter the water before I swim 2.4 miles, I don't think about the entire swim/bike/run I am about to endure over the next numerous hours. If I allowed my mind to immediately go to the pain I know I will eventually feel at mile 80 of the bike or mile 20 on the run, I would likely not reach even those points in the race. Instead, I focus on the first 100 yds of the swim. I think about my starting position, relaxing my shoulders and looking for open water in the sea of bobbing swim caps and goggles. The gun goes off with a crack and the day begins—I assure myself, "this is just another long training day, except I get to work out with 2,500 of my training buddies all at the same time. . . just another day in which I will push my body to the limit and beyond.

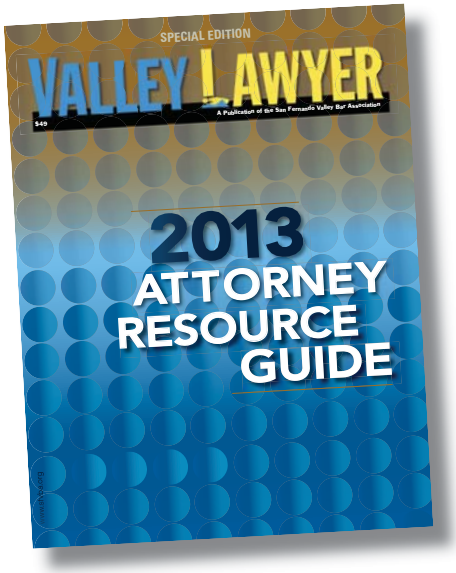
At the beginning of the year as President, I can't let my mind wonder to the entire year of what needs to be done. I will apply the lessons I learned over years of racing in endurance events; take each moment at a time and decide what you need to do next. As I do for each Ironman, consistent preparation is the key I will use to unlock all that this next year has to offer. Over this past year, I carefully listened to the outgoing President, David Gurnick, and watched how he, being the only President to serve two terms, navigated through agendas, meetings and challenges. I attended the American Bar Association leadership conference in March of this year and came away with ideas, insights and a long list of other bar presidents I can turn to for support. Over the past few months, I met with the Bar's staff to reinforce the already existing strong working relationship I have come to enjoy while serving as a Trustee. I met with numerous section chairs to discuss their concerns and aspirations for this next year. Relying upon the consistent preparation, I am now ready to begin the year.

> "Just as I take each mile in an Ironman, I will take each day as the next President of the San Fernando Valley Bar Association. I understand there are "miles to go before I sleep," but that is the challenge–one for which I have prepared and look forward to meeting."

I look forward to many successes during this next year. My year will begin with our board retreat at the Shalom Institute located in the beautiful Santa Monica Mountains. As a child, I attended the camp, served as its president in years past and felt that it would be a wonderful setting to get to know the trustees and the section chairs. My goal for the retreat is to learn about the "back side" of each trustee's business card: who they are and what they do when they are not practicing law. I feel that such insight will foster the trust and acumen essential in making us as productive as possible.

We recently filed the application to establish the Valley Bar Mediation Center, a non-profit organization that will work closely with the SFVBA to establish a mediation program, which will try and fill the void in the Valley left by the lack of the Superior Court's ADR program. I am working very closely with the Probate and Family Law Sections to insure the continuance of the voluntary programs, which place qualified attorney mediators in the courts several days a week to insure the efficient resolutions of countless matters. The Bar's fee arbitration program has been another source of conflict resolution that I feel balances the needs of the Valley lawyers and their clients.

Just as I take each mile in an Ironman, I will take each day as the next President of the San Fernando Valley Bar Association. I understand there are "miles to go before I sleep," but that is the challenge—one for which I have prepared and look forward to meeting.



SFVBA 2013 ATTORNEY RESOURCE GUIDE

The San Fernando Valley Bar Association 2013 Attorney Resource Guide, an annual special edition of *Valley Lawyer*, is a comprehensive lawyer-to-lawyer directory of SFVBA members, their firms, areas of practice, phone numbers and email addresses. The Guide also includes listings of legal support services and expert witnesses.

The 2013 Attorney Resource Guide, featuring **full color** glossy pages, will be distributed in November to over 7,500 attorneys, court personnel, law firms and other businesses in the San Fernando Valley.

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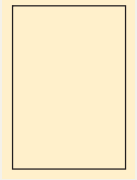

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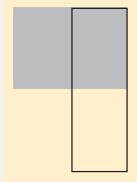

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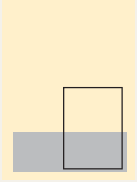

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- PDF (Fonts must be embedded. Cropmarks are not necessary.)
- Illustrator EPS (Fonts must be converted to outlines.)
- Photoshop TIFF or JPEG (300 dpi)

All files must be high resolution (300 dpi). Web graphics are very low resolution and are not recommended.

SPACE AND ARTWORK DEADLINE IS OCTOBER 11, 2013.

Space is limited. Premium positions sold on a first come, first serve basis.
Contact Liz Post at epost@sfvba.org or (818) 227-0490, ext. 101 to reserve your space.

San Fernando Valley Bar Association members in good standing receive **one complimentary specialty listing** in *Valley Lawyer*'s 2013 Attorney Resource Guide. Each listing includes firm/organization, city, phone number, email and website. The listing does not include street address or facsimile number. **An additional listing can be purchased for $49 and three additional listings for $99**. Please choose listing(s) from the categories below.

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- ❑ Bankruptcy
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- ❑ Business Litigation
- ❑ Business Valuations
- ❑ Certified Public Accountants
- ❑ Child Custody Evaluations
- ❑ Civil
- ❑ Civil Litigation
- ❑ Civil Rights
- ❑ Class Actions
- ❑ Collaborative Family Law
- ❑ Collections
- ❑ Commercial Transactions
- ❑ Computer
- ❑ Condominium/Community Association Law
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- ❑ Construction Law
- ❑ Consumer Protection
- ❑ Contracts
- ❑ Copyright
- ❑ Corporate Counsel
- ❑ Corporate Law
- ❑ Court Reporting
- ❑ Creditors' Rights
- ❑ Criminal
- ❑ Dependency
- ❑ Disability
- ❑ Discrimination
- ❑ DMV Hearings
- ❑ DUI
- ❑ Education/Special Education
- ❑ Elder Abuse
- ❑ Elder Law
- ❑ Entertainment
- ❑ Environmental
- ❑ Equine Law
- ❑ ERISA
- ❑ Estate Planning, Wills and Trusts
- ❑ Family Law
- ❑ FDA
- ❑ Financial Management/Services
- ❑ Forensic Accounting
- ❑ Franchise
- ❑ General Practice
- ❑ Healthcare
- ❑ Housing
- ❑ Immigration and Naturalization
- ❑ Insurance Bad Faith
- ❑ Insurance Defense
- ❑ Insurance Law
- ❑ Insurance Litigation
- ❑ Intellectual Property
- ❑ International Law
- ❑ Investigations
- ❑ Juvenile
- ❑ Labor and Employment
- ❑ Land Use
- ❑ Landlord/Tenant
- ❑ Law Student
- ❑ Legal Malpractice
- ❑ Lemon Law
- ❑ Litigation
- ❑ Litigation Support
- ❑ Medical Malpractice
- ❑ Mergers and Acquisitions
- ❑ Non-Profit Organizations
- ❑ Notary
- ❑ Nurse Consultant
- ❑ Paralegal
- ❑ Patent
- ❑ Personal Injury
- ❑ Pro Bono
- ❑ Probate
- ❑ Process Service
- ❑ Product Liability
- ❑ Professional Liability
- ❑ Public Interest
- ❑ Real Property
- ❑ Receiverships
- ❑ Securities
- ❑ Social Security, Social Security Disability and SSI
- ❑ State Bar Certified Specialist: Appellate Law
- ❑ State Bar Certified Specialist: Bankruptcy Law
- ❑ State Bar Certified Specialist: Criminal Law
- ❑ State Bar Certified Specialist: Estate Planning, Trust and Probate Law
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- ❑ State Bar Defense
- ❑ Taxation
- ❑ Torts
- ❑ Trademark
- ❑ Transportation
- ❑ Vocational Rehabilitation
- ❑ Workers' Compensation

Calendar

Probate & Estate Planning Section
Conservatorship and the Hill Street Blues

OCTOBER 8
12:00 NOON
MONTEREY AT ENCINO RESTAURANT

Attorney Susan Jabkowski and Sandy Riley, LASC Retired Supervising Probate Attorney, discuss the pros and cons of conservatorships, including powers granted, costs and the problems created and solved by the process. The seminar also includes an update on the consolidation of the Probate Court. (1 MCLE Hour)

Santa Clarita Valley Bar Association
Employment Law Update

OCTOBER 10
6:00 PM
TOURNAMENT PLAYERS CLUB VALENCIA

This seminar is presented by employment law attorney Brian E. Koegle. To RSVP, contact Sarah at (855) 506-9161 or info@scvbar.org. (1 MCLE Hour)

Taxation Law Section
Exempt Status

OCTOBER 15
12:00 NOON
SFVBA CONFERENCE ROOM

Attorney Marshall Glick discusses the steps practitioners need to take to preserve and protect an organization's exempt status and outline what the possible tax ramifications can be upon losing exempt status. (1 MCLE Hour)

Workers' Compensation Section
Tricks and Trends in Ratings

OCTOBER 16
12:00 NOON
MONTEREY AT ENCINO RESTAURANT

Expert rating specialist Tim Null addresses this important topic. He was a member of the Schedule Revision Committee and co-author of the new permanent disability schedule. (1 MCLE Hour)

Bankruptcy Law Section
Opinions of the Woodland Hills' Bankruptcy Judges

OCTOBER 23
12:00 NOON
SFVBA CONFERENCE ROOM

Our panel of experts outlines the recent significant opinions of the Woodland Hills' bankruptcy judges. (1 MCLE Hour)

Family Law Section
Trial Tech Module 3: Cross Examination

OCTOBER 28
5:30 PM
SPORTSMEN'S LODGE STUDIO CITY

Join us for the third installment of the Family Law Trial Tech series. (You need not have attended the first two!) This interactive workshop guides attendees through the intricacies of cross-examination. (1.5 MCLE Hours)

Employment Law Section
Lawsuits Re: Employment Discrimination

NOVEMBER 6
12:00 PM
SFVBA CONFERENCE ROOM

John Belcher and Jeremy Golan will discuss what plaintiff's counsel looks for in evaluating a case. (1 MCLE Hour)

Family Law Section
Hot Tips

NOVEMBER 25
5:30 PM
MONTEREY AT ENCINO RESTAURANT

Join speaker Gary Weyman for this annual roundup of the do's and don'ts in the Family Law Court. Also note the locale; we are back at Monterey at Encino for this special seminar. (1.5 MCLE Hours)

TEN THE ESQUIRE NETWORK
DAVID L. FLECK, ESQ., FOUNDER

TARZANA NETWORKING MEETING

Hosted by San Fernando Valley Bar Association and Attorney Referral Service of the SFVBA

Moderated by STEVEN R. FOX

Monday, October 14, 2013
5:00 PM TO 7:00 PM
SFVBA Conference Room

The SFVBA hosts a TEN group meeting at its Tarzana office on the second Monday of each month.

The San Fernando Valley Bar Association is a State Bar of California MCLE approved provider. Visit www.sfvba.org for seminar pricing and to register online, or contact Linda Temkin at (818) 227-0490, ext. 105 or events@sfvba.org. Pricing discounted for active SFVBA members and early registration.

Valley Lawyer Charity Auction

IRMA MEJIA
Publications & Social Media Manager
editor@sfvba.org

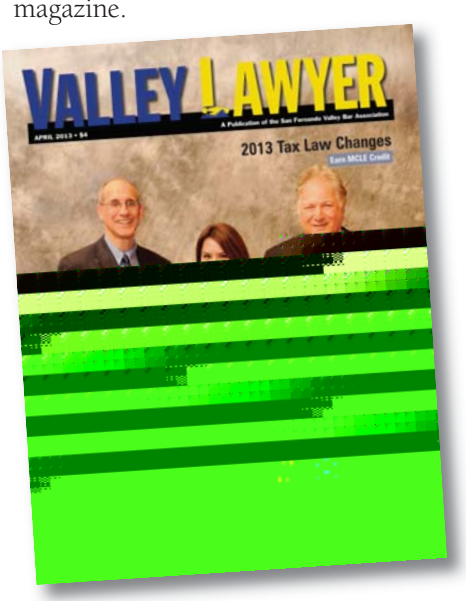
THE COVER OF THE APRIL issue of *Valley Lawyer* elicited a lot of responses from our readers. Most comments referred to the sizeable donation made by the Attorney Referral Service to the Valley Community Legal Foundation which was featured on the cover. Surprising number of comments were inquiries into the possibility of individual members being featured on the cover, similar to how the SFVBA President, SFVBA Director of Public Services and VCLF President were featured.

We were surprised that many members were interested in being cover models. Some even jokingly asked how large a contribution was required to make it on the cover. This joke got the *Valley Lawyer* team thinking: Could we use our cover as a fundraising tool for a local charity?

The covers of *Valley Lawyer* have traditionally featured images related to that month's editorial content. For example, the articles in this year's May issue focused on family law and the corresponding cover art featured a family of chess pieces. These types of covers are great for exploring the themes of our monthly issues, but they don't typically generate the response that the photo of our Bar leaders provoked.

I consider this publication a vital tool for member engagement. Members may use it to showcase your expertise, impart knowledge, learn about upcoming seminars, view pictures of colleagues at social events and learn about each other's accomplishments.

In that vein, we decided to feature more members on the cover in ways that help readers understand the bigger picture of your accomplishments and interests. We started this trend with the September cover featuring SFVBA President Adam Grant and his trusted bicycle. The current issue features two dedicated Bar leaders and local mediators, attorney member Myer Sankary and associate member Milan Slama, on the cover. Upcoming issues will continue to feature members whose work is profiled in the magazine.



Our December cover will be particularly special. We decided to turn what started as a joke into a serious fundraiser. *Valley Lawyer* will offer our cover to the highest bidding lawyer or law office. The winning lawyer or law office will also be featured in an article about public service.

All proceeds from the auction will be donated to the Valley Community Legal Foundation, the 501(c)(3) charitable arm of the SFVBA. The VCLF provides scholarships to local law students and grants to law-related programs such as Haven Hills, a shelter for survivors of domestic violence, and Comfort for Kids, Inc., which provides emotional support to children in dependency court.

The silent auction will begin October 15 and end October 20. Bids should be submitted to editor@sfvba.org. Only current members are eligible to win the auction. If bidding as a firm, please ensure the firm is a member. An email will be sent to remind members of the auction and provide more detailed rules.

Through this auction, we hope to provide members with a way to promote your own charitable interests while also supporting a respected local foundation that supports important legal programs. It is another way of making *Valley Lawyer* more engaging and reflective of members' own interests. I look forward to your participation.

By David L. Fleck and Carol L. Newman

SFVBA Teams with The Esquire Network

THE SFVBA IS TEAMING WITH THE Esquire Network (TEN), a local networking organization that creates networking events exclusively for lawyers. With a blend of mixer-style meetings and monthly group meetings, TEN creates networking environments that suit most attorneys' sensibilities.

The Bar and TEN are a natural combination because each offers benefits to its members that the other one does not. The Bar offers, among other things, many varied kinds of professional education, *Valley Lawyer*, the Mandatory Fee Arbitration Program, Attorney Referral Service, special events such as Judges' Night and Administrative Professionals Day, and committee memberships which give SFVBA members the ability to influence policy on a local and statewide level.

The Bar does have quarterly complimentary mixers, but not an organized and consistent networking component designed to help members develop business. TEN offers that networking component at a high level. Many find that much of their business comes from other lawyers. TEN will give SFVBA members the ability to meet other lawyers at their level—30 or 40 at a time—all around the metropolitan area, almost any day of the month.

The Bar will host a TEN group meeting at its Tarzana office on the second Monday of each month, beginning October 14, 2013, at 5:00 p.m. The meetings will be moderated by long-time SFVBA member Steven R. Fox. TEN has offered to provide valuable networking opportunities to SFVBA members at a reduced price for an annual membership fee of $300—a 33% discount from the regular price of $450 per year.

SFVBA members Dave Fleck and Marty Rudoy, founding partners at the Sherman Oaks law firm of Rudoy Fleck, started TEN just over a year ago. As members of a networking organization for all businesspeople, they decided, on a whim, to host a breakfast meeting solely for lawyers. At that first meeting in April 2012, more than 40 attorneys squeezed into the Rudoy Fleck conference room and, after receiving very positive feedback from the guests, Dave and Marty created TEN. As of September 2013, TEN hosts more than 24 meetings exclusively for attorneys every month, eight of which are in the San Fernando Valley.

At a typical TEN group meeting, every attendee is given 30 to 45 seconds to concisely describe his or her law practice in a manner that will create a "hook" or brand by which the others will remember him or her. Then the moderators either lead the group through a relevant substantive discussion (i.e., what marketing techniques work best? How to avoid involuntary pro bono work?), or set up a short networking exercise (e.g., spend ten minutes getting to know your neighbor's hobbies, passions, educational history, etc.), or introduce a guest speaker.

> "The SFVBA is breaking with tradition and partnering with an innovative networking organization to provide its members with the networking opportunities they need."

At the end of the meeting, the guests split up into small groups of three or four to schedule follow-up meetings over breakfast, lunch or cocktails. As stated by Reid Hoffman, entrepreneur, venture capitalist, and author: "[I]t's the people who already have strong trust relationships with you, who know you're dedicated, smart, a team player, who can help you." It is at the small group meetings that the real networking takes place because the lawyers get to know each other personally and often become friends.

Unlike other networking organization, annual membership in TEN gets attorneys automatic access to all meetings. This means that a member could theoretically attend 300 meetings during a year's membership. Of course, this is unlikely. Fleck and Rudoy recommend that members select two to four meetings that they attend regularly so that 40 to 100 other lawyers will really get to know them well. Then they also might choose to visit other meetings on occasion.

In TEN, members do not have a home group; rather, they can attend any and all meetings as long as there is space available. Most of the conference rooms are large enough that space is rarely an issue.

Why Go to Networking Meetings?

For some time now the internet and social media have dominated the discussion about law firm marketing. What is the best SEO firm for lawyers? What is SEO? Should lawyers write blogs or create videos? How can lawyers use Twitter to get new clients? Will a lawyer gain a following on LinkedIn? Can a lawyer just depend on his or her internet presence to generate business? Amazon.com already lists 32 books that will be published in 2014 about social media marketing.

The benefits of new technology are too often overstated. Most lawyers still say that they get their best clients as referrals from people they know. People who know and trust a lawyer will refer clients to him or her. This indicates that the tried and true method of marketing—building personal relationships—remains the best form of marketing. Networking organizations foster the right environment to help attorneys build those networks. Rather than waiting for referrals from people an attorney happens to know, why not intentionally create an inner circle of referral sources?

Referrals are a primary reason to engage in strategic networking, but there are other reasons too. The personal connections that are created provide collateral benefits. Here are the top seven reasons to network.

Generating Referrals

"Networking has increased the number of referrals I receive. And networking with attorneys has increased the quality of the referrals," says Steven R. Fox, bankruptcy attorney and leader of TEN Tarzana.

Don't attorneys commonly refer cases out to other attorneys? And haven't some of an attorney's best clients come initially as referrals from other attorneys? Many attorneys would answer both questions affirmatively. By networking with their peers, lawyers can create an inner circle of referral sources. These are other attorneys who know your area of practice and trust you. They will refer clients to you if they know you and believe you are the right person for the job.

Attorneys should also network with non-attorneys to generate referrals. Depending on the practice, there might be trade events where attorneys could meet potential clients or other people who know potential clients. Certain practice niches may receive referrals from other professionals such as accountants.

The key to all networking opportunities is developing personal relationships with potential referral sources. Networking efforts should be focused on this goal.

Creating Opportunities

At a networking group or mixer, one might make a new contact who grew up on the same side of town, or even on

the same street, and a bond and rapport will immediately form. If both lawyers have children of the same age, the opportunity arises to do social activities together. Business ventures arise from these types of relationships. Partnerships are formed. Lecturing opportunities can be discovered, and so on.

Doors are opened by learning about people as they learn about you. In fact, some expert networkers assiduously avoid talking about business the first time they meet someone new. In that way, they put the personal relationship above the business relationship. The personal relationship can then be converted into a business relationship by following up. By nurturing these new personal relationships, future opportunities arise.

One way to create more opportunities is to pay referral fees. Other ways to do it are occasional phone calls, emails and holiday cards. It is important to reciprocate referred business as often as possible. In fact, referring business to someone else first creates an opportunity. If a lawyer becomes known as someone who can refer business to others, he or she becomes more valuable to them.

Some people seem to be so lucky that opportunities appear to just fall into their laps. But luck is really opportunity that one recognizes. Carpe opportunitas! But don't wait for life to deliver opportunities to your doorstep. Create them.

Forming Connections

Making connections is easy today. People have over 60,000 Twitter followers, over 5,000 LinkedIn connections, and over 500 Facebook friends. Quantity provides a certain value, but it is the quality and character of the connections that makes the difference. An extensive internet and social media presence may generate numerous leads and new contacts. However, individuals will likely need a thorough screening process.

By contrast, friends and good acquaintances will have a thorough understanding of one's practice and expertise. In a sense, they will pre-screen referrals for an attorney. If the referring source is a lawyer, the pre-screening process will be even more effective.

Networking isn't entirely about business. It can be pleasurable as well. With some exceptions, lawyers tend to enjoy socializing with each other for many reasons. Lawyers share the experiences of law school, the bar exam, and challenging clients. Attorneys speak the same lingo. And, lawyers tend to be outspoken, blunt, and forthright while at the same time being thick-skinned. In other words, attorneys can speak their minds around each other and nobody gets their feathers ruffled. In this setting, both personal and business connections thrive.

Fine-Tuning Your Brand

Networking helps lawyers develop their brand. Placing themselves in a mixer or networking group forces them to answer the question "What do I do?" in a concise and memorable manner. At any one networking event, a lawyer may get to test his or her answer anywhere from five to 25 times and observe the effect on the listener. With each new person, one can fine-tune his or her description based on prior reactions.

Once a lawyer knows his or her brand, he or she can take that message and broadcast it elsewhere. Clients need to know that brand, so the lawyer might create marketing materials to distribute. A lawyer can also create an internet presence built around the brand. If engaging in print advertising, what is learned through networking will help create more effective ads. Networking enables a lawyer to extensively market-test a brand before spending a lot of money broadcasting it to the public.

Increasing Your Confidence

Every time attorneys network, they have the opportunity to deliver commercials about themselves. These commercials—elevator pitches—are designed to tell people great things. If one networks regularly, one will talk about how great one is, in a tactful and modest way, of course, over and over again.

Unlike "Daily Affirmation" with Stuart Smalley on Saturday Night Live, in this case one talks about real accomplishments. As a result, people really do think you are good enough and smart enough, and (after a great elevator pitch) they really do like you.

Feeling Satisfaction from Helping Others

The nature of referral development requires one to give in order to get. By giving referrals, a lawyer establishes his or her brand as a person who is worthy of referrals; he or she solidifies who they are in the person that is referred; and the person that is referred spreads the lawyer's name to additional potential referral sources. Giving has the practical effect of driving more referrals to oneself.

Giving referrals also generates a sense of satisfaction because one has helped somebody else. Actually, with each referral a lawyer helps two people—the person that is referred and the client. In one recent study, after answering a life satisfaction survey, one group was asked to perform a daily act of kindness every day for ten days, while the control group received no instructions. After the ten days elapsed, both groups took the survey again. The group performing the daily act of kindness experienced a significant boost in happiness, whereas the control group experienced no change. This result is not surprising.

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Receiving Advice

By developing an inner circle of referral sources, a lawyer creates a virtual law firm around him or herself. This is not a luxury, but a necessity. The law is thick with detail. Arcane procedural issues can trip up even the best attorney. For this reason, it is critical to know other attorneys who have had their own experiences. By tapping into their knowledge and allowing them to tap into one's own, each person can more effectively represent their clients.

This is especially true for new lawyers who were taught almost nothing about the practice of law while in law school. They have a steep learning curve ahead of them, and it takes at least seven years of practice before a lawyer begins to feel truly competent in what he or she is doing. New lawyers must cultivate mentoring relationships with seasoned veterans. But even seasoned lawyers need colleagues whom they can trust. Networking gives them that opportunity.

Taking the next step

Lawyers need to develop relationships with other lawyers, but some bar associations have historically been focused more effectively on providing educational and charitable opportunities for their members than on facilitating business development programs. A few lawyers may not realize they should be building networks, while others have sought out networking organizations to help them expand their inner circle. The SFVBA is breaking with tradition and partnering with an innovative networking organization to provide its members with the networking opportunities they need.

Networking organizations create opportunities for businesspeople to meet each other. Some organizations stop there and simply provide mixers, which are a great way to meet a lot of people. The shortcoming of mixers is that they require the attendee to make the effort to follow up and get to know his or her new contacts on a deeper level. Most people are too distracted by their work and their personal commitments to make the effort needed to solidify those relationships or to move beyond mere introductions.

Other organizations, particularly TEN, provide a method which makes it easy for their members to get to know each other better. These organizations create personal relationships which foster the trust necessary to give and receive referrals.

Law firm marketing is an art, not a science. There are no hard and fast rules for effective marketing because the techniques used must vary according to the type of law practiced and the personality of the lawyer. However, in-person networking can form an effective core for all business development strategies.

The SFVBA encourages its members to consider joining TEN to expand their networks. By the same token, TEN encourages its members who are not already SFVBA members to consider joining the bar association to take advantage of its many opportunities to expand their business, including joining the Attorney Referral Service and attending its many section meetings.

OPIP: When Is It Lawful to Use Other People's Intellectual Property?

By David Gurnick and Tal Grinblat

"BUSINESSES OFTEN THINK COMPETITION unfair, but federal law encourages wholesale copying, the better to drive down prices. Consumers rather than producers are the objects of the law's solicitude."[1]

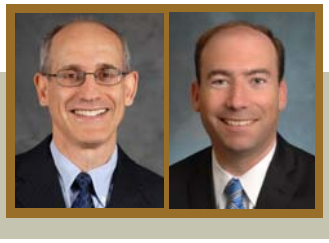
Like other types of property, intellectual property, though intangible, can be owned. A premise of intellectual property, like other property, is that by owning it one can control its use to the exclusion of others. But in the field of intellectual property it is often permissible to make use of property created and owned by others, even without their permission.

Most intellectual property can be divided into a few categories but the various types of intellectual property are seemingly endless. Here are a few kinds of intellectual property that people create, which others often want to copy and/or use:

- Copyrights, including architectural drawings, cartoons, databases, films and movies, graphic designs, drawings, printed music, recorded music, printed lyrics, recorded lyrics, narrative/textual writings, photographs, poetry, software, books and articles, and website content
- Trade secrets, including customer lists, secret product recipes, identities of suppliers, upcoming marketing plans, customer evaluations, and inventory mix
- Trademarks and trade dress, including distinctive product appearance, packaging, design, color, and layout, logos, slogans, and trademark sounds, words and phrases
- Patents, including an infinite variety of useful inventions and design patents
- Other types of intellectual property including data, internet domain names, personality rights, persona, and name and likeness

The law provides methods and procedures to protect one's exclusive right to use and control the use of each kind of property. Copyrights are registered with the Library of Congress and federal law prohibits copying someone else's copyrighted work.[2] Trademarks are registered in the U.S. Patent & Trademark Office.

Federal law and the laws of all states prohibit infringement of someone else's registered or unregistered trademark.[3] Patents are also issued by the U.S. Patent



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Office and federal law grants the patent owner the right to exclude others from practicing an invention embodied in a U.S. Patent.[4] Trade secrets are not registered with any government agency. They are kept secret by the owner. Laws in all 50 states prohibit unauthorized use and copying of someone else's valid trade secret.[5]

Legal Theories Permitting Use of OPIP (Other People's Intellectual Property)

Despite all the protections granted to intellectual property owners, several theories permit and even encourage people to lawfully use intellectual property created by others.

Public Domain

One basis to use intellectual property created by others arises if the property is in the public domain. Property in the public domain is not protectable. The public owns these works, rather than an individual author or artist. Anyone is free to use a public domain work without obtaining permission and without giving credit. There are several ways that a work can enter the public domain.

Someone's creation may be a type of work that no intellectual property law protects. For example, a book, magazine or website may present a common food recipe, including ingredients and preparation instructions. Disclosure of the recipe means it is not a secret. Being common, the recipe does not qualify for patent protection. It lacks enough creativity to qualify for copyright protection.[6] The recipe is in the public domain. Anyone is free to copy and use it.

A work may have once enjoyed protection for a term of years established by law. For example, in the early 1900s, copyrights lasted initially for 28 years and could be renewed. Today, for many works, the copyright term is life of the author plus 70 years. Utility patents now last 20 years from the filing date of the application. Design patents last 14 years from the date of issuance. After these durations end (or if the owner fails to pay periodic maintenance fees), the property is in the public domain.

Currently, any creative work (books, photos, plays, music, and all other forms of expression) published before 1923 is in the public domain and no longer protected by copyright. These works are free for anyone to use or copy. Copyright protection has also ended for many works first published after 1923 (for example, if not timely renewed). At the Internet Archive website, one can access millions of books.[7] No special software is needed. The contents of any such books that were published before 1923, including their text, any images, and any other aspects, may be copied freely. It is not even necessary to credit the author.[8]

Today, any utility patent that was first applied for more than 20 years ago, has expired and the contents of those patents are publicly available for anyone to use.[9]

Trade secrets may be lawfully used and discovered by others. Lawful reverse engineering is permissible and even encouraged. Thus, it is permissible for grocery stores to sell generic versions of perfumes, mouthwashes, cereals and other products. The generic manufacturers have deconstructed and analyzed the originals to create their own versions. Through chemical processes (and aided by the ingredients listed on the original manufacturer's packaging), they have determined the product components and preparation protocols to match the textures, tastes and smells as closely as they can to make a generic version of the original. The generics often are not perfect matches (no one has quite figured out how to exactly replicate Coca-Cola) but they come close. This is permissible reverse-engineering.

A creator or owner can deliberately place a work in the public domain. A Google search for the phrase "this work is dedicated to the public domain" yields numerous websites containing images, sounds and other content, which the creators affirmatively contributed to the public, for all to freely use. Wikimedia Commons is an example of such a site, containing millions of media files donated to be freely usable.[10]

Another type of work that is in the public domain are publications of the United States government. Under federal law, "Copyright protection . . . is not available for any work of the United States Government, but the United States Government is not precluded from receiving and holding copyrights transferred to it by assignment, bequest, or otherwise."[11]

Fair Use

Another legal rule permitting use of other people's intellectual property is the "fair use" doctrine.[12] Under this rule, people are permitted to make use of or reference copyright-protected works created or owned by others. The contours of this doctrine are continuing to evolve; but courts look at four main factors to assess if someone's use or copying of someone else's copyrighted work is permissible as a "fair use:"

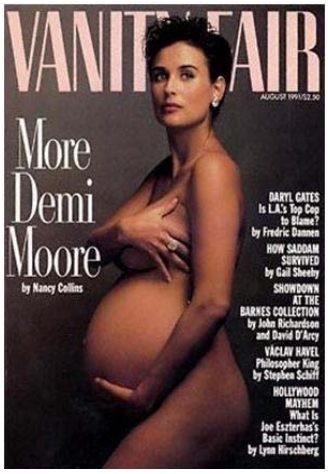
- The purpose and character of the use, including whether the use is for commercial or nonprofit educational purposes
- The nature of the copyrighted work that is being used by someone else. For example, greater leeway is permitted to use or reference someone else's factual work. Creative works like literature, receive greater protection.
- The amount and substantiality of the portion of the work used in relation to the copyrighted work as a whole. The less of the original used, the more likely the use will be considered fair use.
- The effect of the use on the potential market for, or value of, the copyrighted work. Where a secondary user's use has little or no effect on the commercial market for the original work, the use is more likely to be permitted as fair use.

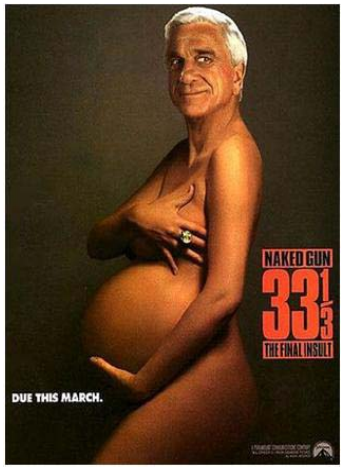
News reports, book and film reviews, scholarly works such as reports, critiques and analysis, parodies, and satires, are categories of works that often involve use, display or copying someone else's copyrighted work. As one example, the co-authors of this article believe the doctrine of fair use permits the presentation of images below, to analyze and illustrate the points discussed far more effectively than could

be done without presenting the images. The images are presented for educational purposes, not to supplant the original use. Each is reduced in size from their original. This article will have no effect on the commercial market for the original works.

A news report of an incident at a museum may include a photograph of someone's copyrighted work at the museum. Book or film reviews and critiques typically include excerpts from the material being reviewed. Parodies and satires borrow extensively from someone else's work, using humor, irony or other techniques to change the original, while still keeping it recognizable, to make an important social commentary or criticism.[13]

In 1991, this photo of pregnant Demi Moore, taken by photographer Annie Leibovitz, appeared on the cover of Vanity Fair magazine. In 1994, Paramount Studios parodied the image in an advertisement, featuring comic actor Leslie Nielsen, to promote its film Naked Gun 33 1/3. The Second Circuit held that Paramount's obvious copying of the Leibovitz photo was a parody, and thus a permissible fair use of the original.[14]





Similarly, the Fourth Circuit held that a doggy chew toy called "Chewy Vuiton" parodied and was thus a fair use that did not infringe the distinctive design and famous brand name on handbags made by Louis Vuitton.[15]

Fair use has broader applications than just parody and criticism. Courts are likely to allow usages of other people's works where the later work changes the original, adds new information, new aesthetics, new insights and understandings. This year, the Ninth Circuit ruled that the band Green Day had not infringed a distinctive original "scream" image created by artist Derek Seltzer. The original image had been licensed on t-shirts and displayed in many different contexts.

A photographer and set designer made a photo the image from a worn poster on a brick wall in the Hollywood area. The designer altered the image by changing its color, adding some markings and a spray-painted red cross. The designer included the altered version in a four-minute music video that ran in the background of 70 Green Day concerts in 2009. The Ninth Circuit ruled the later usage was transformative, providing new insights, new aesthetics and was therefore a permitted fair use of the original.[16]

License

An additional source of rights to use intellectual property created by others is use under license. One can seek express permission to make use of works, trademarks, secrets or patented inventions owned by others. Sometimes permission is freely granted. The following permission appears on a Disney fan's website authorizing others to reproduce contents of the website, particularly photos that appear therein:

> The whole point of this site was to provide a resource for those who can't get to the parks in person. As such, anyone is welcome to use any of my photographs provided you give credit to me as the photographer. I've encountered my photos being posted to various Yahoo! clubs without permission, and found them on sites without credit. Is asking too much to ask?[17]

The terms and conditions of the license are that the user must give credit to the photographer.

In the trademark context, a particularly interesting possibility for the use of intellectual property created by others consists of using trademarks that have become generic. Some well-known words in today's vocabulary were once registered trademarks.

"Aspirin" was originally a trademark for one company's brand of a pain reliever (acetylsalicylic acid).[18] The word "brassier," or its diminutive form, "bra" was originally one company's brand name for a woman's bust supporter.[19] "Bundt cake,"[20] "cellophane,"[21]"dry ice," originally a brand name for frozen carbon dioxide,[22] "escalator," originally a

trademark for one company's brand of moving staircase,[23] "thermos," originally a trademark for an insulated bottle[24] and "cola" are prominent examples of brands that were lost as trademarks because the words became generic for the product, rather than identifiers of a particular brand of product.[25]

Words are not the only kinds of trademarks that can be lost as generic. The image of walking fingers as a trademark for telephone directories was lost due to genericness in *Bellsouth Corp. v. Data National Corp*.[26] The court held that this logo mark became generic because the owner let others use it. Gummy candy in the shape of a fish and the product design of black colored compacts for cosmetics have also been declared by courts to have become generic.[27]

Today, some words are at risk of becoming generic and therefore available for use by anyone. Band-Aid, Kleenex and Xerox are examples. If someone asks for a band-aid and is happy to receive any adhesive strip to cover a wound, if someone asks for a kleenex, meaning they are in need of any facial tissue, or if someone who wants a photocopy requests a xerox, then these words do not signify a particular brand but have become generic because they refer to anyone's brand of a common product.

Similarly, the word "google" is at risk of becoming a common verb, meaning to conduct a search for websites using any internet search engine (rather than the originator's desired meaning, which is to identify their particular search engine). Where a trademark has become the common word for a category of goods, there is potential that the word may be used by anyone, because it no longer identifies a particular brand of such goods or services.

By definition, intellectual property, such as copyrights, trademarks, trade secrets, and patents can be owned. Ownership normally means the exclusive right to use and exclude others from using such property. But under the law, to encourage innovation, there are numerous legitimate bases and circumstances that permit people to make use of other people's intellectual property.

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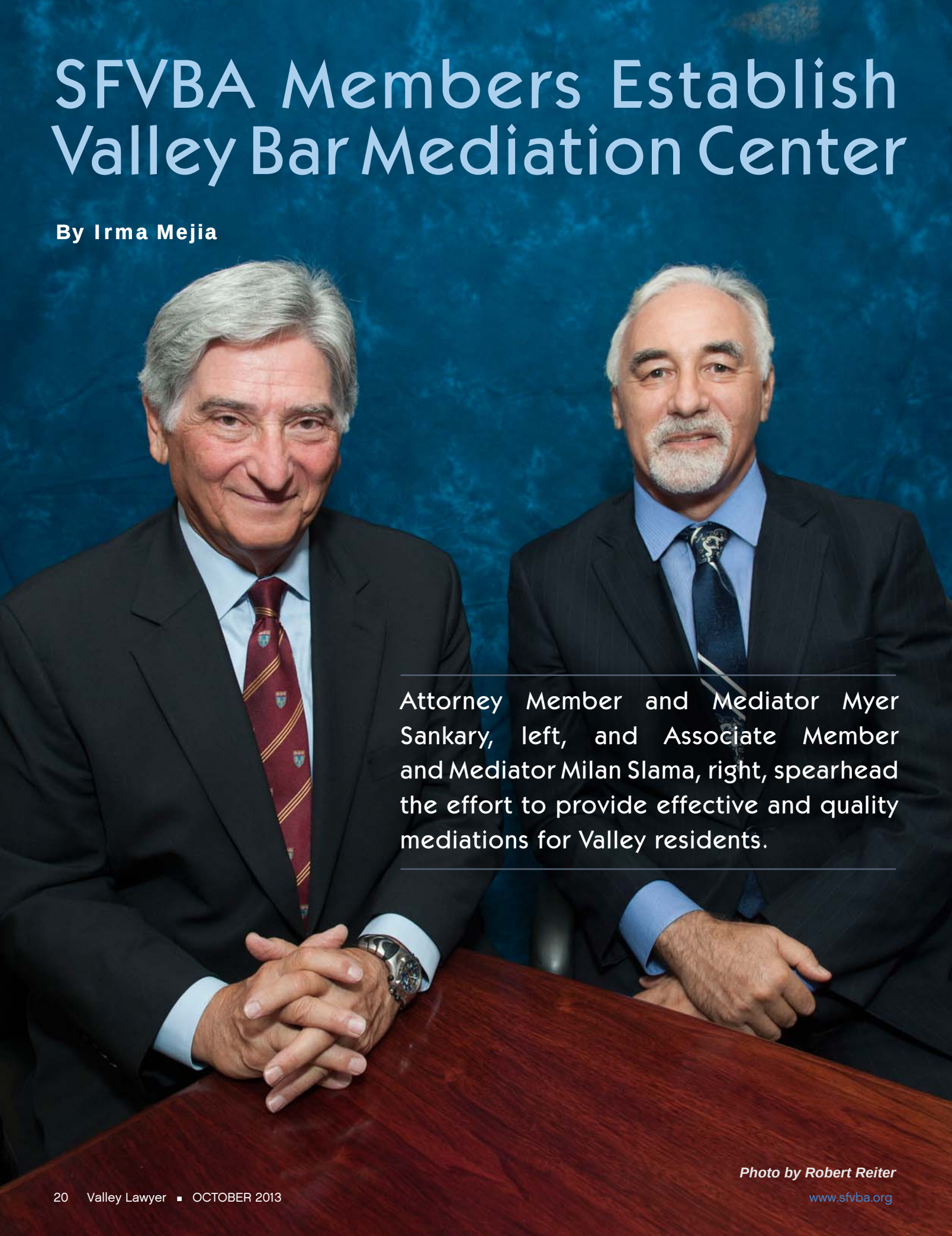
[1] *Bretford Mfg., Inc. v. Smith System Mfg. Corp.* 419 F.3d 576 (7th Cir. 2005)
[2] 17 U.S.C. Sec. 501.
[3] 15 U.S.C. Sec. 1125.
[4] 35 U.S.C. Sec. 154.
[5] *See e.g.*, Cal. Civ. Code Sec. 3426.1(b) (defining "misappropriation").
[6] *Publications Intern., Ltd. v. Meredith Corp.* 88 F.3d 473, 482 (7th Cir. 1996) (regarding yogurt recipes which did not contain even a bare modicum of creative expression needed for copyright protection).
[7] See www.archive.org.
[8] *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003).
[9] All patents can be accessed at the U.S. Patent & Trademark Office website, www.USPTO.gov.
[10] See www.commons.wikimedia.org.
[11] 17 U.S.C. Sec. 105. This contrasts with publications of state governments, which may own copyrights. Think of publications of a state university. For example, the University of California has a website on its copyright policies: http://copyright.universityofcalifornia.edu/systemwide/ucpolicies.html.
[12] 17 U.S.C. Sec. 107.
[13] *Campbell v. Acuff-Rose Music, Inc.* 510 U.S. 569, 581 n.15 (1994) (defining parody as requiring the "use of some elements of a prior author's composition to create a new one that, at least in part, comments on that author's works" and satire as "a work 'in which prevalent follies or vices are assailed with ridicule'… or are 'attacked through irony, derision or wit.'").
[14] *Leibovitz v. Paramount Pictures Corp.* 137 F.2d 109 (2d Cir. 1998).
[15] *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC* 507 F.3d 252 (4th Cir. 2007).
[16] *Seltzer v. Green Day, Inc.* ___ F.3d ___ 2013 WL 4007803 (9th Cir. Aug. 7, 2013).
[17] Huffman, Allen, DisneyFans.com, http://www.disneyfans.com/copyright.htm (last visited September 12, 2013).
[18] Bayer Co. v. United Drug Co. (S.D.N.Y. 1921) 272 F. 505.
[19] Charles R. De Bevoise Co. V. H & W Co (N.J. Ch. 1905) 60 A. 407.
[20] In Re Northland Aluminum Products (Fed. Cir. 1985) 777 F.2d 1556.
[21] *DuPont Cellophane Co v. Waxed Products Co.* (2d Cir. 1936) 85 F.2d 75.
[22] *Dry Ice Corp. v. Louisiana Dry Ice Corp.* (5th Cir. 1932) 54 F.2d 882.
[23] *Haughton Elevator Co. v. Seeberger* (Comm. Patents 1950) 85 U.S.P.Q. 80.
[24] *King Seely Thermos Co. v Aladdin Industries, Inc.* 321 F.2d 577 (2d Cir. 1963).
[25] *Dixi-Cola Laboratories, Inc. v. Coca Cola* (4th Cir. 1941) 117 F.2d 352; *Coca Cola v. Standard Bottling Co.* (10th Cir. 1943) 138 F.2d 788.
[26] Bellsouth Corp. v. Data National Corp (Fed. Cir. 1995) 60 F.3d 1565, 1568, 1570.
[27] *Leaf, AB v. Promotion in Motion, Inc.* (S.D.N.Y. 2003) 287 F.Supp.2d 355, 364-365; *Mana Prods., Inc. v. Columbia Cosmetics Mfg., Inc.*, (2d Cir. 1977) 65 F.3d 1063, 1070.

SFVBA Members Establish Valley Bar Mediation Center

By Irma Mejia



Attorney Member and Mediator Myer Sankary, left, and Associate Member and Mediator Milan Slama, right, spearhead the effort to provide effective and quality mediations for Valley residents.

Photo by Robert Reiter

THE BUDGET CUTS IMPOSED ON THE STATE'S court system have profoundly impacted public access to courts and speedy dispute resolution. In February, *Valley Lawyer* explored the immediate effects of the economic crisis on the court system with a review of the Los Angeles Superior Court's restructuring plan. Since then, another significant change to the courts has been implemented: dismantling of the Alternative Dispute Resolution (ADR) Program.

In March of this year, the Superior Court announced its ADR Program would be shuttered by June 28. The end of the program was a direct effect of the budget cuts.[1] For more than twenty years, the program, which was the largest of its kind in the country, helped settle thousands of cases before trial.[2] In the fiscal year 2011-2012 alone, the program successfully closed 12,906 cases.[3]

The loss of a program of this size and efficiency leaves a significant void. The number of cases waiting to be litigated continues to rise and local courtroom dockets are increasingly overburdened. Modest means litigants, who previously benefitted from free or low-cost mediation services, now face longer and more expensive litigation or higher-cost private mediation services. Disputes that could quickly be resolved through mediation are now worsening the court's backlog, which is also contending with closures of ten courthouses.

Recognizing the grave need left by the ADR Program's absence, SFVBA members have taken the initiative to establish what they hope will be a suitable replacement. Associate Member and mediator Milan Slama and Attorney Member and mediator Myer Sankary teamed up to design and implement a viable option for litigants who seek speedy, efficient and economical resolution to their disputes.

"When I learned of the Program's closure, I knew it would have a detrimental effect on the community," says Slama. "I approached [then SFVBA President] David Gurnick with the idea of establishing a Bar-sponsored program to help offset the effects of the Program's loss."

With the Bar President's encouragement, Slama approached Myer Sankary, Chair of the SFVBA Mandatory Fee Arbitration Program. Sankary agreed that action by the Bar was necessary and agreed to help lead the effort. As Sankary explains, "Mediation plays a critical role in our legal system, primarily to relieve the burden on the court system but also to provide a cost-effective and time-saving means of resolving disputes. Closure of the ADR Program is a disaster for litigants and denies access to justice."

Together they are working to bring their vision of an SFVBA-sponsored, independent, non-profit mediation program to reality in the form of the Valley Bar Mediation Center.

Legal Community Support

In May, the two designed a survey to gauge support for the program among Valley attorneys. Survey responders were overwhelmingly positive, with ninety-five percent expressing support for the project. Individual comments referred to the proposed program as "essential," "vital," and "invaluable." Several responders who served on the court's ADR panel volunteered to serve on the Bar's panel. The overarching message from survey responders was that mediation is a crucial option for many litigants and the Bar is in a good position to pick up where the court's program left off.

More than three-fourths of responders indicated they would be inclined to use such a program, with most indicating they prefer a staff-administered program to be paid for by the parties. The majority of responders also indicated they used the court's ADR program in the past.

"The overwhelming positive response from the survey gave us the impetus to seek approval from the SFVBA Board of Trustees to proceed with the formation of an independent non-profit organization that would be sponsored by the Bar," explains Sankary.

Leading the Project

Slama and Sankary are both knowledgeable, committed leaders with many years of experience as mediators. They are properly equipped with the communication and consensus-building skills needed to lead the ambitious project.

Milan Slama's interest in mediation stems from his experience growing up amidst national turmoil in former Czechoslovakia. "I witnessed a lot of tension in the country, a lot of conflict which was never resolved in the way I hoped it would be," he explains. "This experience was simmering at the bottom of my soul. At the time I was unaware that a venue like mediation existed."

Slama studied mathematics and eventually moved to the United States to escape the political unrest in his home country. "Coming from that particular regime, the issues of justice and fairness were very important to me," he says.

While working in the corporate world as a systems analyst, Slama discovered he had a talent for conflict resolution. He observed that disputes between coworkers were more easily resolved with the assistance of a neutral third-party. Slama decided to nurture this talent and attained a degree in philosophy with an emphasis in communication theory and human condition issues from California State University Los Angeles. "Philosophy taught me not only the rigor of thinking but also receptiveness to diverse perspectives and how to reconcile them by searching for common solutions," explains Slama "This training was very useful in mediations."

He gained mediation experience through several programs and agencies, including the Los Angeles City Attorney's Office, the Equal Employment Opportunity Commission, and Pepperdine University. Having mediated over 600 cases, Slama's extensive work has led to several accolades, including recognition from the California State Senate and the Los Angeles Superior Court, which named

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> The Center intends to provide the public with a reliable panel of mediator professionals, complete with a quality control system."

him "Top Mediator" in 2010 and "Outstanding Volunteer" in 2011.

Myer Sankary's interest in mediation stemmed from his exposure to leading scholars in the field during his time at Harvard Law School. He was an early follower of Roger Fisher, one of the first proponents of negotiation theory and practice. He continued to follow the early development of mediation in the 1990s and trained at Pepperdine University. In 1996, he arranged for and accompanied two Pepperdine professors to present a mediation program to Palestinians and Israelis at the Peace Community of Neve Shalom in Israel, where they witnessed an outbreak of violence in Jerusalem. "That experience solidified my commitment to mediation as a way to solve difficult conflicts," says Sankary.

His first job as an attorney was with the Wyman, Bautzer law firm in Beverly Hills, where he learned a variety of areas of law, including probate, estate planning, securities, corporate acquisitions, personal injury, and family law. In 1971 he set up his own practice, focusing his work on estate planning, probate, real estate, and business transactions and litigation. "In my law practice, I always tried to find creative solutions to resolving conflict in an effort to avoid litigation," says Sankary.

For over 15 years, Sankary mediated hundreds of cases pro bono for the county courts. In 2008, he became a full-time mediator with ADR Services, Inc. To date, he has mediated over 1,000 cases and consistently brings over 90% of his cases to settlement.

Sankary is widely recognized as an excellent mediator and leader in the field. He received a Lifetime Achievement Award from the ABA's Solo and General Practice Committee as well as an Outstanding Achievement Award from the State Bar of California's Solo and Small Firm Section. Since 2007, the Section has also named an annual award after Sankary. The Myer J. Sankary Lawyer of the Year Award is given to "an individual who has exercised notable leadership or shown a contribution to the development of greater justice in a field of law."[4]

Developing Ideas and Plan of Action

Slama and Sankary have assembled a working team of Bar leaders and non-profit experts, including SFVBA President Adam Grant, Past President David Gurnick, CSUN Instructor Dr. Jack Goetz, and non-profit administrator Deanna Armbruster. The team has developed clear vision: to operate the Valley Bar Mediation Center as an independent non-profit mediation program with flexibility to establish its own policies and governing rules, and to elevate mediation to a higher level of professional service than what currently exists.

Dr. Goetz is the Academic Lead for CSUN's Program in Mediation and Conflict Resolution and has been an

outspoken advocate for changing the field of mediation into a formalized profession. For his individual contributions to the legal community, the Los Angeles Superior Court ADR department named him "Volunteer of the Year" last year. His expertise in a professionalized approach to mediator training will inform the Valley Bar Mediation Center's professional standards and required qualifications for mediators.

With rigorous standards, the Valley Bar Mediation Center seeks to become a trusted source for parties in need of a mediator. Parties will no longer have to rely on higher-priced referrals or search large online listings. The Center intends to provide the public with a reliable panel of qualified and experienced mediator professionals, complete with a quality control system. Mediators will meet continuing legal education requirements and maintain high ethical standards, while parties will be able to offer honest feedback through customer satisfaction surveys.

Another goal for the Center is to provide qualified mediators at below-market rates for Valley residents who are traditionally underserved by the legal market, particularly limited jurisdiction cases and parties in pro per. Unlike the court ADR Program, the Center will have no pro bono requirement. "We want the best mediators possible to serve, be respected and paid for their excellent work," says Sankary. The reasoning is that required fees, even nominal ones, will ensure the parties are engaged and invested in the success of the resolution process.

Sankary wants to make clear that the Center is not intended to encroach on services of private mediation panels. "The Center's services will aim at the sector of the community that cannot afford the higher-priced programs," he explains. "We also envision that the standards and procedures we use will become the standard for professional certification throughout the industry."

The overall goals for the Center may be well-established but there are still a few crucial steps left for the Center to become operational. The Center's Articles of Incorporation have been filed with and accepted by the California Secretary of State. The team has adopted by-laws, appointed its initial board of directors and officers, and is filing its application for federal tax exemption as a non-profit organization.

The Center's success also depends on the team's ability to secure funding. "We are at a crucial juncture," says Slama. The team is communicating with potential donors, foundations and other bar associations to acquire the initial round of funding. That seed money will help establish the Center's website, data management systems, marketing plans and program administrators. Slama is optimistic, "Once people learn about what we aim to accomplish and the serious need that exists in the community for affordable, quality mediation services, they will be very interested and eager to support our program."

[1] Los Angeles Superior Court, Public Information Office, News Release, "Los Angeles Superior Court Eliminates Alternative Dispute Resolution Services," March 6, 2013, https://www.lasuperiorcourt.org/courtnews/Uploads/142013322161455NEWSRELEASEADR3-6-13.pdf.

[2] *Id.*

[3] Rodriguez, Monica, "Los Angeles County Superior Court system will close its Alternative Dispute Resolution Services," March 6, 2013, *Inland Valley Daily Bulletin*, http://www.dailybulletin.com/general-news/20130307/los-angeles-county-superior-court-system-will-close-its-alternative-dispute-resolution-services.

[4] *The Myer J. Sankary Lawyer of the Year Award*, State Bar of California, 2010, http://solo.calbar.ca.gov/SoloandSmallFirm/MyerJSankaryAward.aspx (last visited September 17, 2013).

California's Disclosure Requirement in Trade Secret Litigation

By Thomas M. Morrow

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A party asserting a claim of trade secret misappropriation under California law is required by statute to describe the trade secrets at issue with "reasonable particularity" before that party is permitted to take discovery relating to the misappropriation claim.[1] This is unique in that while other states' laws may require disclosure of the asserted trade secrets early in a suit, only California expressly conditions the trade secret holder's right to take discovery on the service of such disclosure.[2]

THE SEEDS FOR THE REASONABLE particularity requirement were sown by a 1968 decision of the California Court of Appeal for the Second District. *Diodes, Inc. v. Franzen* involved a lawsuit brought by a semiconductor manufacturer against its former president and vice president, accusing them of taking with them the company's trade secrets when they decamped to form a competing entity. The defendants' demurrers to the original, second amended and third amended complaints were sustained by the trial court on the basis that the plaintiff had failed to plead facts establishing that it owned a protectable trade secret. After the third such failure, the trial court dismissed the trade secrets claim.[3]

On appeal, the *Diodes* court made clear that while a trade secret plaintiff need not "spell out the details of the trade secret" in its public filings, thereby destroying the confidential nature of the secret, such plaintiff could not merely rely on conclusory allegations of a "secret process," and must allege facts that, if proven, ultimately would establish the existence of a trade secret. In dicta, the appellate court suggested such showing should be made before discovery began:

> Before a defendant is compelled to respond to a complaint based upon claimed misappropriation or misuse of a trade secret and to embark on discovery which may be both prolonged and expensive, the complainant should describe the subject matter of the trade secret with sufficient particularity to separate it from matters of general knowledge in the trade or of special knowledge of those persons who are skilled in the trade, and to permit the defendant to ascertain at least the boundaries within which the secret lies.[4]

Taking as an example a claim of misappropriation of a secret manufacturing process, the Court of Appeal stated that such plaintiff should identify the end product made through such process, along with sufficient data about the process to give reasonable notice to the trial court and the defendant "of the issues which must be met at the time of trial and to provide reasonable guidance in ascertaining the scope of appropriate discovery." Because the plaintiff's third amended complaint contained only "circumlocution and innuendoes" about the manufacturing process at issue, alleging nothing more specific than "a hint that it had something to do with the manufacture of diodes," the trial court's dismissal of the claim was affirmed.

Legislature's Codification of *Diodes* as Cal. Code. Civ. P. 2019.210

When in 1984 the state legislature enacted California's Uniform Trade Secrets Act (CUTSA), Cal. Civ. Code §§3426 *et seq*, the State Bar recommended codifying the foregoing dicta from Diodes. A memorandum circulated among the legislature before CUTSA's passage amplified the concerns animating the dicta in *Diodes*. The memorandum highlighted the potential for a plaintiff to misuse the legal process by filing a trade secret suit for the improper purpose of harassing or driving out of business a competitor by subjecting the competitor to expensive litigation. As the legislature saw it:

> For example, where a plaintiff's employee quits and opens a competing business, a plaintiff often files a lawsuit for trade secret misappropriation which states that the defendant took and is using the plaintiff's trade secrets, but does not identify the trade secrets. The plaintiff can then embark upon extensive discovery which the new business is ill equipped to afford. Furthermore, by not informing the defendant with any degree of specificity as to what the alleged trade secrets are, defendant may be forced to disclose its own business or trade secrets, even though those matters may be irrelevant, and the defendant may not learn the exact nature of the supposedly misappropriated trade secrets until the eve of trial.[5]

Thus, four purposes are served by the reasonable particularity requirement. First, it incentivizes the trade secret plaintiff to thoroughly investigate its claims—and consequently, define the boundaries of the trade secret to be asserted—before filing suit. Second, and relatedly, it burdens a plaintiff who aims to use the discovery process less to prove a valid misappropriation case but more to obtain the trade secrets of its competitor, the defendant. Third, a plaintiff's compliance with the requirement helps the trial court ascertain the scope of reasonable discovery for the case, and better determine whether a plaintiff's discovery requests (where challenged) fall within that scope. Fourth, it helps defendants by giving them a fixed target to aim at, rather than permitting the scope of the plaintiff's asserted trade secrets to amount to a moving target throughout the case until trial.[6] The latter two goals have been deemed by the Second District Court of Appeals to be the most important.[7] The reasonable particularity requirement was ultimately codified as Section 2019.210 of the Code of Civil Procedure.

As one would expect, the majority of challenges raised under Section 2019.210 are made at the outset of the case, with discovery poised to begin. Challenges have been raised in a variety of ways. Defendants have invoked the statute by, among other things, moving for a protective order staying trade-secret-related discovery, a motion for more definite statement, and a motion to compel disclosure.

Standards a Trade Secret Plaintiff Must Meet to Satisfy Section 2019.210

To comply with Section 2019.210 and be entitled to begin discovery relating to a trade secret misappropriation claim (and any other differently styled claims that nonetheless are rooted in the same factual premise of trade secret theft),[8] a plaintiff must, after entry of a suitable protective order,[9] serve on the opposing party a written designation of each trade secret being asserted. The designation must provide "sufficient particularity to limit the permissible scope of discovery by distinguishing the trade secrets from matters of general knowledge in the trade or of special knowledge of those persons skilled in the trade."[10] The designation is not

a pleading, but courts have commented that "it functions like one" because it is used to limit the scope of discovery comparable to the way that the bounds of permissible discovery often are determined based on the scope of the allegations in a complaint.[11]

Whether or not a plaintiff's designation provides "sufficient particularity" will always be a case by case determination. "[T]he law is flexible enough for the referee or the trial court to achieve a just result depending on the facts, law, and equities of the situation."[12] However, courts have identified some limits on how precise a plaintiff's designation must be. The plaintiff is not required "to define every minute detail of its claimed trade secret" at the beginning of the case, nor must the designation be so specific as to permit a merits ruling by the trial court or discovery referee as to plaintiff's claim to possess trade secrets.[13] "Absolute precision" is not required, merely "reasonable particularity," which means only that the plaintiff's designation of its trade secrets must be "reasonable, i.e., fair, proper, just and rational under all of the circumstances . . . allow[ing] the trial court to control the scope of subsequent discovery, protect all parties' proprietary information, and allow them a fair opportunity to prepare and present their best case or defense at a trial on the merits."[14]

Three decisions from the California Court of Appeals are instructive.

Advanced Modular Sputtering v. Superior Court (2005)

In *Advanced Modular Sputtering, Inc. v. Superior Court*, the Second District Court of Appeal vacated a trial court's determination that a plaintiff's trade secret designation lacked the requisite particularity, which had barred the plaintiff from conducting discovery as to its misappropriation claim. The technology at issue in the 2005 case involved depositing thin films of material onto substrates such as silicon wafers, useful for semiconductor manufacturing. The plaintiff had supplied three successive trade secret designations, each of which was objected to by the defendant (relying on expert witness declarations). The plaintiff responded with its own expert designations, attesting that the trade secrets were adequately described, and that the subject matter of the trade secrets was not generally known by those of skill in the art. Nonetheless, the discovery referee appointed by the trial court rejected the designations as lacking "meaningful particularity."

On appeal, the referee's view was deemed "rather stingy" by the Second District Court of Appeal. As the appellate court saw it, the plaintiff had identified eight distinct trade secrets and explained its contention that the trade secrets were distinguishable over the knowledge of those of skill in the art. The reviewing court also discussed the disagreement between the experts as to the adequacy of the designations, and opined that the plaintiff was not required to convince the defendant's experts; what mattered more was that the plaintiff's experts vouching for the sufficiency of the designation were credible and could declare that they were capable of understanding the designation and distinguishing the trade secrets from the knowledge already existing in the art.

In such cases, the *Advanced Modular* court held, the designation generally should be deemed acceptable and discovery permitted to proceed. "Our discovery statutes are designed to ascertain the truth, not suppress it. Any doubt about discovery is to be resolved in favor of disclosure."[15]

Brescia v. Angelin (2009)

Four years later, the Second District Court of Appeal returned to the topic in *Brescia v. Angelin*, and reached a similar result, but refined the understanding of its *Advanced Modular* decision.

Brescia was a decidedly lower-tech case than its predecessor; *Brescia* concerned pudding formulas (albeit high-protein, lower-carbohydrate formulas) and manufacturing methods. The plaintiff submitted a single-page designation for the pudding formula that provided both a list of the 15 specific ingredients in the pudding, along with their corresponding concentration, and a list of the 15 ingredients by their brand name along with the identity of the supplier of each. For the manufacturing process, the plaintiff submitted a single-page designation that described each step in the mixing, testing and code marking of the pudding product. Unimpressed, the defendants objected to the designations as inadequate for failing to distinguish the alleged trade secrets over the knowledge generally possessed by those of skill in the commercial food science field.

The trial court agreed with the defendants. Noting the emphasis the *Advanced Modular* decision had placed on the trade secret designation's capability of distinguishing the trade secret over the general knowledge in the field, the trial court in *Brescia* saw the pudding plaintiff's designation as "doomed to failure, because there's no attempt even to commence to describe why this formula is unique and not known to others. It's just a formula [and] a cooking or manufacturing process of many steps. Some of which . . . are actually fairly familiar…."[16]

On appeal following a stipulated dismissal of the plaintiff's claim, the Second District Court of Appeal reversed. Addressing the extent to which a trade secret designation must distinguish the alleged trade secret from the knowledge generally possessed by skilled persons, the reviewing court held that this turned on "the nature of the alleged secret and the technology in which it arises," most importantly, whether the designation (1) permitted the defendant to determine whether, and in what way, the alleged secret could be distinguished from the general knowledge possessed in the art, and (2) permitted the trial court to decide upon a suitable scope of discovery.

> Absent a showing that the details alone, without further explanation, are inadequate to permit the defendant to discern the boundaries of the trade secret so as to prepare available defenses, or to permit the court to understand the identification so as to craft discovery, the trade secret claimant need not particularize how

the alleged secret differs from matters already known to skilled persons in the field. Further, consistent with precedent, the trade secret designation is to be liberally construed, and reasonable doubts regarding its adequacy are to be resolved in favor allowing discovery to go forward.[17]

Perlan Therapeutics v. Superior Court (2009)

Later the same year, the Fourth District Court of Appeal considered the question in *Perlan Therapeutics v. Superior Court*, and reached a different result, upholding the trial court's determination—in a close case—that the plaintiff's trade secret designation was insufficiently particular. Perlan, a nasal spray manufacturer, sued its former officers who had left the company to form a competing entity. Perlan's amended Section 2019.210 disclosure was challenged on the grounds that, though it contained highly technical language in places, it was on balance "a non-committal collection of loosely worded conclusory allegations …."

Defendants further challenged the disclosure's lack of an explanation for how the various compounds and processes mentioned in the disclosure were used in the plaintiff's alleged trade secrets. And the defendants particularly were concerned about language that appeared to be serving a placeholder function—"all related research, development advancements, improvements, and processes related thereto." The trial court sided with the defendants, holding that Perlan appeared to be suing over several trade secrets, without having clearly identified all of them.[18]

On appeal, the Fourth District Court of Appeal concluded that Perlan could have, but refused to, provide a more specific description of at least one of its alleged trade secrets. It also decided that Perlan possessed only three trade secrets, but was trying to reserve the right to unilaterally amend its trade secret designation to cover claims it might develop as discovery in the suit progressed.

The reviewing court pointed out the specific pitfalls it deemed the trial courts in *Advanced Modular* (improperly weighing competing expert declarations, escalating the discovery dispute into a miniature trial on the merits) and *Brescia* (requiring a distinction over publicly available knowledge, despite the fact that the secret had been described with precision) fell into.

Ultimately, the appellate court upheld the trial court's determination. "Perlan is not entitled to include broad, catch-all language as a tactic to preserve an unrestricted, unilateral right to subsequently amend its trade secret statement."[19] Nor was it "entitled to hide its trade secrets in plain sight by including surplusage and voluminous attachments" in its Section 2019.210 disclosure.[20] Because these characteristics of Perlan's disclosure created vagueness, the appellate court held that the trial court had not abused its discretion in deciding that the disclosure failed to satisfy Section 2019.210.[21]

Lessons of *Advanced Modular, Brescia* and *Perlan Therapeutics*

The trio of decisions from the California Court of Appeals helpfully presents two Section 2019.210 designations that were sufficient and one that was not. Two of the cases involved highly technical subject matter, one did not. One case presented the ultimate in conciseness (two single-page disclosures, one for each trade secret), while another suffered from surplusage, catch-all language, and excessive reference to voluminous attachments. Thus, these three cases show how California courts treat a variety of factors that are important to a Section 2019.210 determination.

Perlan reminds that the appellate courts review for abuse of discretion. Though the Section 2019.210 designation in that case was flawed, the appellate court's opinion permits the inference that a different trial court, reviewing a comparable designation, could have found it acceptable. *Perlan* held that the trial court was not required to accept the proffered designation, and that its decision not to accept it was, on balance, not an abuse of discretion. But attorneys encountering comparable disclosures will know that it was a close call, and their trial court may find that on balance, a comparable disclosure will be acceptable.

Perlan's specific criticism of "catch-all language" and a failure to enumerate the specific, discrete trade secrets being asserted amount to good precedent for defendants who encounter such language in an opponent's Section 2019.210 designation. The opinion strengthens a defendant's argument that such language forecasts an intent to expand the trade secret claims once discovery opens, and should not be permitted.[22]

Brescia extols the virtues of conciseness. Given the low-tech nature of the trade secrets at issue, the two total pages of disclosure provided all the information needed to understand the boundaries of the trade secrets at issue. Brescia shows that the object of a Section 2019.210 challenge is not to reach a determination of whether or not the plaintiff has a protectable trade secret or meritorious claim, but rather, to stake out the boundaries of such claim, even where it may be apparent that the claim cannot be distinguished from the knowledge commonly possessed by those of skill in the art. In such circumstance, the defendant may take advantage of this by demonstrating that the alleged secret was in fact commonly known, but this will be done at the summary judgment stage rather than the outset of discovery.

Advanced Modular's liberal view of Section 2019.210 is cheering for trade secret plaintiffs. The decision's reminder that "discovery statutes are designed to ascertain the truth, not suppress it [and that any] doubt about discovery is to be resolved in favor of disclosure" are useful weapons for plaintiffs in cases where the propriety of a Section 2019.210 designation is a close call.

Applying Section 2019.210 to Other Claims Sharing the Same Premise of Misappropriation

Where multiple causes of action are found in a complaint alongside a claim of trade secret misappropriation, and some or all the other causes of action share the same factual premise of misappropriation by the defendant, courts have applied Section 2019.210 to those claims, and required a reasonably particular disclosure of the trade secrets at issue before permitting the plaintiff to begin discovery as to all claims sharing the misappropriation premise—not solely the trade secret claim itself. This result stems from a close reading of the statute, and the fact that it is not "cause of action specific," as the *Advanced Modular* court put it, deciding that "[w]here, as here, every cause of action is factually dependent on the misappropriation allegation, discovery [as to all of plaintiff's claims] can commence only after the allegedly misappropriated trade secrets have been identified with reasonable particularity as required by 2019.210."[23] Similarly, in *Neothermia Corp. v. Rubicor Medical, Inc.*, the U.S. District Court for the Northern District of California found Section 2019.210 applicable "not only to theft of trade secrets but also to disclosure of [trade] secrets in violation of a nondisclosure agreement."[24]

A recent decision by the same court, however, held that it matters whether the claim required a showing of trade secrets, or merely confidential information. *Tessera, Inc. v. Adv. Micro Devices, Inc.*, distinguished *Neothermia* because "in that case, the plaintiff asserted that the defendant had wrongfully disclosed its trade secrets in violation of a nondisclosure agreement,"[25] whereas in *Tessera*, the contract breach claim could be made out by showing that confidential material—but not necessarily trade secret material—was disclosed without permission. Thus, "trade secrets" were not at issue in the contract breach claim, and as such, Section 2019.210 did not apply.[26]

Some Do, Some Don't—Uneven Application in Federal Court

Federal courts have not uniformly decided whether Section 2019.210, as a state rule of civil procedure, may be used in federal court. Early decisions assumed its applicability without deciding the issue. And in the 1999 decision styled *Computer Economics, Inc. v. Gartner Group, Inc.*, the U.S. District Court for the Southern District of California held that the statute did apply, because it prevented forum shopping between California federal and state courts.[27]

A few years later, in *Excelligence Learning Corp. v. Oriental Trading Co., Inc.*, the Northern District of California determined that Section 2019.210 was not binding, but applied it anyway given the absence of a parallel trade secret discovery provision in the Federal Rules of Civil Procedure.[28] But in 2007, the Eastern District of California decision, *Funcat Leisure Craft, Inc., v. Johnson Outdoors, Inc.*, declined to apply it, finding that it conflicted with Rule 26 of the Federal Rules of Civil Procedure.[29] Other decisions from the Eastern District followed the *Funcat Leisure* analysis, and a Southern District decision, *Hilderman v. Enea TekSci, Inc.* did too.[30]

In 2010, a decision from the Northern District of California, *Interserve, Inc. v. Fusion Garage PTE, Ltd.*, took a different approach, and applied §2019.210 as a case management tool to a claim for misappropriation of business ideas. "As a matter of case management, this court generally requires a party claiming misappropriation of trade secrets to adequately identify those trade secrets before conducting discovery into its opponents' proprietary information."[31]

More recently, in the past year, the *Gabriel Technologies Corp. v. Qualcomm, Inc.* decision from the Southern District of California and the *Social Apps, LLC v. Zynga, Inc.* decision from the Northern District of California performed the Erie analysis, and decided they could properly apply §2019.210 in a diversity case in federal court.

The *Gabriel Technologies* court held that the statute "does not conflict with a federal rule, is a substantive state law and even if that were questionable, which it is not, its non-application would result in undesirable forum shopping."[32] The *Zynga* court also decided to apply it, deciding that "Section 2019.210 does not conflict with any Federal Rule of Civil Procedure but rather assists the court and parties in defining the appropriate scope of discovery."[33]

Section 2019.210 in Perspective

Section 2019.210 is a rule that must be understood by everyone litigating trade secret claims under California law. Its application always turns on the facts of the case, and the content of the trade secret designation. However, the clarity of the statute, the legislative history, and the applicable case law provide a degree of guidance and certainty.

Plaintiffs should make a good faith effort to provide a designation that assists the court in ascertaining suitable limits for discovery, and that under the circumstances, gives the defendant reasonable notice as to the scope of the trade secrets being asserted. A plaintiff need not provide a disclosure so specific that it puts its trade secrets at risk. For example, where a plaintiff believes the defendant is improperly using the plaintiff's trade secrets, but without understanding exactly how they are to be used, such plaintiff need not give away the necessary information in the Section 2019.210 designation. Rather, the disclosure merely need be reasonable under the circumstances.

For defendants, Section 2019.210 is useful to pinpoint the specifics of the trade secret being asserted. The defendant will want to use the discovery period to develop evidence of the knowledge commonly held by those in the art, and this is more successfully done when the target being aimed at—the plaintiff's description of its trade secret—is fixed rather than moving.

Defendants also use Section 2019.210 to ensure that reasonable limits are applied to discovery. It is well for defendants to remember that Section 2019.210 is merely focused on ascertaining the boundaries of the trade secret, without determining whether such trade secret can support a meritorious claim. However, defendants can take heart in noting that a plaintiff's struggles to make the requisite trade secrets identification may alert the court to a potential problem, and may incentivize the court to hear a merits motion earlier than it otherwise would.

For example, in *Art of Living Foundation v. Does 1-10*, the plaintiff's struggles to make the requisite showing left the trial court unimpressed. It issued an opinion asserting that the opportunity to file a second amended trade secret disclosure was the plaintiff's last chance to amend its trade secret designations with particularity. If the plaintiff still could not adequately identify its trade secrets, the defendants were invited to move for summary judgment on the plaintiff's claim, and the court would not entertain a Rule 56d motion from the plaintiff on the issue.[34] Thus, though Section 2019.210 is not a vehicle by which to directly challenge the merits of a plaintiff's trade secrets claim, it can in certain cases be used to hasten such challenge down the road.

[1] This requirement can be found at Cal. Code Civ. P. §2019.210. The statutory provision reads in pertinent part: "In any action alleging the misappropriation of a trade secret under the Uniform Trade Secrets Act . . . before commencing discovery relating to the trade secret, the party alleging the misappropriation shall identify the trade secret with reasonable particularity subject to any orders that may be appropriate under Section 3426.5 of the Civil Code." Cal. Code Civ. P. §2019.210. The statute has been described as "clear and requiring little if any interpretation and construction." *Advanced Modular Sputtering, Inc. v. Superior Court*, 132 Cal. App. 4th 826, 834 (2005).

[2] See *Computer Economics, Inc. v. Gartner Group*, 50 F.Supp.2d 980, 984 n.3 (S.D. Cal. 1999) ("Although over 42 states have adopted some variant of the Uniform Trade Secrets Act, California appears to be the only state with a statutory rule that postpones discovery pending a plaintiff's identification of its trade secrets."). Only the plaintiff's ability to proceed with discovery is affected by Section 2019.210. "Although plaintiff cannot commence discovery until [the requisite] description is provided, *defendant's right to proceed with discovery is not affected*." *Resonance Technology*, 2008 WL 4330288, *4 (C.D. Cal. 2008) (orig. emph.).

[3] *Diodes, Inc. v. Franzen*, 260 Cal. App.2d 244, 250 (1968).

[4] *Diodes*, 260 Cal. App.2d at 253.

[5] The legislative history of the reasonable particularity requirement, initially codified at Cal. Code Civ. P. §2036.2, then at §2019(d), now at §2019.210, is concisely traced by Computer Economics, 50 F.Supp.2d at 984-85.

[6] See *Computer Economics*, 50 F.Supp.2d at 985.

[7] *Brescia v. Angelin*, 172 Cal. App. 4th 133, 149 (2009).

[8] *Advanced Modular Sputtering*, 132 Cal. App. 4th at 834; *Neothermia Corp. v. Rubicor Medical, Inc.*, 345 F.Supp.2d 1042, 1043 (N.D. Cal. 2004).

[9] The plaintiff's logical entitlement to a protective order and various other remedies to protect the confidentiality of the trade secrets to be disclosed is made express by the last clause of §2019.210, clarifying that the identification of trade secrets is "subject to any orders that may be appropriate under Section 3426.5 of the Civil Code," which pertain to protective orders, in camera reviews and sealing of court docs. Cal. Code Civ. P. §2019.210; *Advanced Modular Sputtering*, 132 Cal. App. 4th at 835.

[10] *Advanced Modular Sputtering*, 132 Cal. App. 4th at 835.

[11] *Id.*

[12] *Id.*

[13] *Id.* at 835-36; *see also Brescia*, 172 Cal. App. 4th at 149 ("The statute . . . does not create a procedural device to litigate the ultimate merits of the case—that is, to determine as a matter of law on the basis of evidence presented whether the trade secret actually exists . . . . [S]ection 2019.210 [is not] a substitute for a summary judgment motion or a trial.").

[14] *Id.* at 835-36.

[15] *Id.* at 835-37.

[16] *Brescia*, 172 Cal. App. 4th at 139-142.

[17] *Id.* at 143.

[18] *Perlan Therapeutics, Inc. v. Superior Court*, 178 Cal. App. 4th 1333, 1340-42 (2009).

[19] *Perlan Therapeutics*, 178 Cal. App. 4th at 1350.

[20] *Id.*

[21] *Id.* at 1352.

[22] *Social Apps, LLC v. Zynga, Inc.,* 2012 WL 2203063, *4-5 (N.D. Cal. 2012) also is helpful as an example of what will and won't fly as far as the substance of the disclosure. The *Zynga* court granted the defendant's motion to compel a further trade secret disclosure, and required the plaintiff to make the amended disclosure without reserving the right to amend, and that any further amendment made be made only upon showing good cause to the Court.

[23] *Advanced Modular Sputtering*, 132 Cal. App. 4th at 834-35 ("By its own express terms, section 2019.210 is not 'cause of action' specific. Rather, it refers to any 'action,' i.e., the entire lawsuit, 'alleging misappropriation of a trade secret."), citing Neothermia Corp., 345 F.Supp.2d at 1043.

[24] *Neothermia Corp.,* 345 F.Supp.2d at 1043-44 (noting the definition of misappropriation in Cal Civ Code 3426.1(b)(2)(B)(ii)).

[25] *Tessera*, 2013 WL 210897, *2 (N.D. Cal. 2013).

[26] *Id.*

[27] *Computer Economics*, 50 F.Supp.2d at 992.

[28] *Excelligence Learning Corp. v. Oriental Trading Co., Inc.*, 2004 WL 2452834 (N.D. Cal. 2004).

[29] *Funcat Leisure Craft, Inc.*, 2007 WL 273949 (E.D. Cal. 2007).

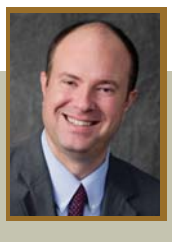
[30] *Hilderman v. Enea TekSci, Inc.*, 2010 WL 143440, *2-3 (S.D. Cal. 2010) (following Funcat) ("The Court finds that §2019.210 conflicts with Fed. R. Civ. P. 26…. If Section 2019.210 is applied and the plaintiff fails to make an adequate disclosure by the Rule 26(f) conference, the plaintiff is barred from engaging in discovery on his trade secret claims even though he would otherwise be permitted to do so under the Federal Rules. . . . Accordingly, the Court holds that §2019.210 does not apply to federal actions.")

[31] *Interserve, Inc.,* 2010 WL 1445553, *3 (N.D. Cal. 2010).

[32] *Gabriel Technologies Corp. v. Qualcomm, Inc.*, 2012 WL 849167, *4 (S.D. Cal. 2012).

[33] *Social Apps*, 2012 WL 2203063 at *1-2.

[34] *Art of Living Foundation v. Does 1-10*, 2012 WL 1565281, *22-23 (N.D. Cal. 2012).



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Test No. 60

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1. The California Uniform Trade Secret Act (CUTSA) can be found at California Civil Code section 3426 *et seq.*
   ❑ True ❑ False

2. CCP Section 2019.210 provides that a party alleging trade secret misappropriation bears the burden of identifying its trade secret with exacting specificity.
   ❑ True ❑ False

3. CCP Section 2019.210 was part of CUTSA from its enactment in 1984.
   ❑ True ❑ False

4. Where a party alleging trade secret misappropriation fails to serve a designation that sufficiently identifies its trade secret, the consequence is that its recoverable damages may be reduced.
   ❑ True ❑ False

5. The identification of a party's trade secrets must be made in the court filing that asserts the misappropriation claim.
   ❑ True ❑ False

6. A challenge to a party's identification of its trade secret may be made by a motion for protective order.
   ❑ True ❑ False

7. A challenge to a party's identification of its trade secret must be made within the first thirty days after discovery formally opens, or the challenge is waived.
   ❑ True ❑ False

8. CCP Section 2019.210's impact upon discovery is not limited to the party asserting trade secret misappropriation; it also impacts when discovery may be commenced by the party defending against the misappropriation claim.
   ❑ True ❑ False

9. Section 2019.210 also creates a procedural device that permits a court to determine, as a matter of law, whether a trade secret actually exists.
   ❑ True ❑ False

10. *Diodes, Inc. v. Franzen* is the California Supreme Court's latest decision on CCP Section 2019.210.
    ❑ True ❑ False

11. The determination whether a trade secret has been sufficiently identified is determined with respect to the facts of a particular case, not a bright-line rule.
    ❑ True ❑ False

12. The "reasonable particularity" requirement has been held to apply to claims for unauthorized disclosure of trade secrets in violation of a nondisclosure agreement.
    ❑ True ❑ False

13. No state other than California expressly conditions a plaintiff's right to discovery in support of a trade secret misappropriation claim on the sufficiency of the plaintiff's description of the trade secret.
    ❑ True ❑ False

14. Before determining whether Section 2019.210 applies in federal court, federal judges test whether the subject matter of the trade secrets is "sufficiently high tech" to merit applying the statute.
    ❑ True ❑ False

15. Though federal courts have disagreed about the ultimate decision whether to apply Section 2019.210, they do not dispute that the statute conflicts with Federal Rule of Civil Procedure 26.
    ❑ True ❑ False

16. An important, emerging trend in federal court is the increasing frequency with which federal courts are making a determination on the merits of the trade secret claim at the initial Section 2019.210 hearing.
    ❑ True ❑ False

17. A plaintiff may insist on the entry of a protective order before serving a Section 2019.210 designation.
    ❑ True ❑ False

18. Section 2019.210 is sufficiently vague, with the potential to be construed so differently, that it has been described as "having something for everyone, whether a plaintiff or defendant."
    ❑ True ❑ False

19. A plaintiff may file its Section 2019.210 designation under seal with the court.
    ❑ True ❑ False

20. A single-page description of a single trade secret is per se inadequate under Section 2019.210.
    ❑ True ❑ False

MCLE Answer Sheet No. 60

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1. Accurately complete this form.
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Each question only has one answer.

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2.	❑ True	❑ False
3.	❑ True	❑ False
4.	❑ True	❑ False
5.	❑ True	❑ False
6.	❑ True	❑ False
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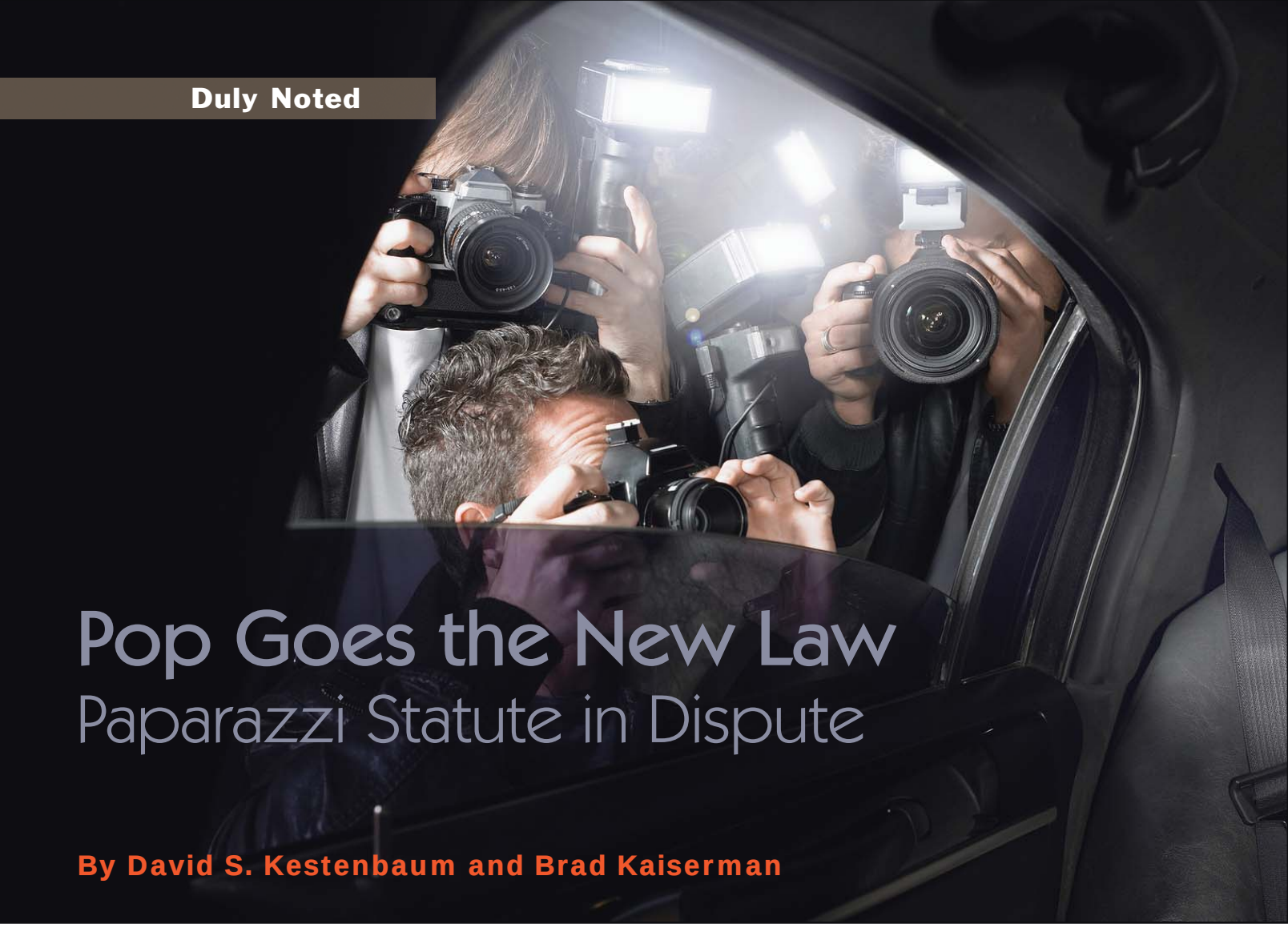
19.	❑ True	❑ False
20.	❑ True	❑ False



Pop Goes the New Law

Paparazzi Statute in Dispute

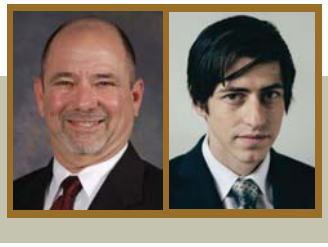
By David S. Kestenbaum and Brad Kaiserman

SINCE THE INCEPTION OF the camera, people have been fascinated by the lives of celebrities. Early newspapers created the initial demand showing photos of actors accused of crimes, often sensationalizing the story to gain readers. As technology progressed, the photos—now digital and often from smartphones—were used by tabloid publications, like People magazine, and on television shows, with TMZ being the prime example of consumers' thirst for seeing celebrities caught in compromising situations. In fact, celebrities have used their own publicity agents to alert photographers as to where they would be so they could be photographed and their names kept in the news.

After the tragic death of Princess Diana in 1997, the paparazzi were demonized, even though the crash that took her life was the result of her driver being under the influence of alcohol. In Los Angeles, after several stars were confronted by paparazzi, their entertainment lawyers lobbied the state legislature to pass a new civil law and a new criminal law to try to curtail photographers. In 2010, California enacted AB 2479, commonly referred to as the anti-paparazzi law, which, among making other changes to the California Code, added Vehicle Code §40008. Vehicle Code §40008(a) states that:

> "Notwithstanding any other provision of law, except as otherwise provided in subdivision (c), any person who violates Section 21701, 21703, or 23103, with the intent to capture any type of visual image, sound recording, or other physical impression of another person for a commercial purpose, is guilty of a misdemeanor and not an infraction and shall be punished by imprisonment in a county jail for not more than six months and by a fine of not more than two thousand five hundred dollars ($2,500)."

In effect, the statute raised the maximum penalty for reckless driving



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(Vehicle Code §23103) from 90 days to six months jail and from a fine of $1,000 to a fine of $2,500. These increased penalties only apply to those seeking to document someone, either through a video or sound recording. As was noted by the legislative commentary, "this bill is primarily an effort to curb the often aggressive tactics used by paparazzi to capture images and recordings of celebrities and their families in order to satiate a public that clamors for the intimate details of the lives of Hollywood stars."[1] While these laws are certain to be used primarily in Los Angeles (unless there are celebs hiding out in Modesto that we don't know about), they still must pass constitutional muster.

For two years this statute went unused until on July 6, 2012, a silver Fisker Karma, a high-end luxury sports car, being driven by pop star Justin Bieber, raced past traffic in Los Angeles at speeds over 100 miles per hour. Following behind him were members of the paparazzi. The Los Angeles City Attorney's Office subsequently filed a complaint against Paul Raef, alleging that he was one of the paparazzi recklessly driving in pursuit of Mr. Bieber, in violation of Vehicle Code §40008(a). Mr. Bieber, meanwhile, received only a speeding citation.

On August 24, 2012, a demurrer to the two charges of Vehicle Code §40008 violations was filed, arguing that newsgathering is a protected First Amendment activity, as established in *Branzburg v. Hayes* (1972) 408 U.S. 665 and *Nicholson v. McClatchy Newspapers* (1986) 177 Cal.App.3d 509. The demurrer argued that the statute violated the First Amendment on the following grounds: (1) the statute unconstitutionally singled out the press for a special penalty, pursuant to *Minneapolis Star & Tribune Co. v. Minnesota Commissioner of Revenue* (1983) 460 U.S. 575; (2) the statute unconstitutionally discriminated between for-profit press and non-profit press; and (3) the statute was unconstitutionally vague, particularly as to whether the statute applied to an individual whose only intention is to engage in an act of photography or recording after arriving at a location.

In *Minneapolis Star*, the Minnesota legislature had imposed a "use tax" on paper and ink products that were used in publications. The U.S. Supreme Court held that the tax violated the First Amendment by creating a tax that applied only to certain publications rather than applying a general sales and use tax to publications. No justification existed for only taxing the paper and ink used in the publications. In *Cohen v. Cowles Media Co.* (1991) 501 U.S. 663, the Supreme Court again differentiated between "generally applicable laws [that] do not offend the First Amendment simply because their enforcement against the press has incidental effects on its ability to gather and report the news" and laws that, on the other hand, "target or single out the press." As First Amendment protections apply to all stages of the newsgathering process (see *Anderson v. City of Hermosa Beach* (9th Cir. 2010) 621 F.3d 1051), any law that without sufficient justification singles out the press for an increase penalty, even during the newsgathering function of the press, violates the First Amendment.

> "The First Amendment is in the Bill of Rights to protect everyone–the everyday citizen as well as the reviled paparazzi who quench the public's thirst for these photos."

It was further argued in the demurrer that the statute unconstitutionally discriminated between for profit and not for profit press since the Supreme Court recently made clear in the controversial decision *Citizens United v. Federal Election Commission* (2010) 130 S. Ct. 876 that First Amendment protections apply equally regardless of the speaker, including whether or not the source is a corporation.

Additionally, it was argued in the demurrer that the statute was vague, as it did not make clear whether the statute applied to an individual whose only intention is to engage in an act of photography or recording after arriving at a location or whether the statute applied solely to those intending to engage in an act of photography or recording while still driving.

In the City Attorney's Opposition to the Demurrer, filed on October 12, 2012, the City Attorney stated, in response to the vagueness issue that was raised, that the statute does indeed apply to individuals who only intend to take a photo or make a recording after arriving at a location. The plaintiffs argued in its Reply, filed on November 9, 2012, that the statute was overbroad in penalizing an intention to take a photo or make a recording after arriving at a location. If an individual was caught driving recklessly on the way to work and that individual worked in film, music, radio, photography, commercials, or audio engineering, or any job that involves capturing images, sound recordings and physical impressions, then this statute would apply.

On November 14, 2012, after an hour and a half of oral argument, Los Angeles Superior Court Judge Thomas Rubinson in Van Nuys ruled as follows: First, he held that the statute did regulate First Amendment activity (as opposed to mere physical conduct as the City Attorney's Office had argued). Second, he held that the statute was content neutral, and therefore intermediate scrutiny applied. Third, he held that the statute failed to satisfy intermediate scrutiny as it did not serve its purported interests in a sufficiently narrow way.

While it was clear the statute was intended to address paparazzi, Judge Rubinson found that the statute to be overinclusive as it covered many other situations involving First Amendment activity, including a "portrait photographer…[who] has an appointment to take a family portrait for the holiday pictures and he's late and … he's driving crazy on the

freeways, extremely recklessly" or a "wedding photographer, same situation" or a "music producer who is late for a recording session" or "a press member who's driving recklessly to go cover a political event for broadcast on the evening news."[2]

While there is no doubt that all of the above-described individuals should be penalized for driving recklessly, there is no reason why they should deserve a higher penalty than someone who's driving crazily on the freeway for other reasons, like trying to make it on time to watch the start of a basketball game.

After determining that the statute covered a much larger area of First Amendment activity than just paparazzi snapping photos on the freeway, Judge Rubinson granted the demurrer. The case is now making its way through the appellate process as the City Attorney's Office filed a Petition for a Writ of Mandate.

In one previous case that reached the California Supreme Court, and which the City Attorney's Office cites, the California Supreme Court stated:

> "Although…the First Amendment does not immunize the press from liability for torts or crimes committed in an effort to gather news [Citations], the constitutional protection of the press does reflect the strong societal interest in effective and complete reporting of events, an interest that may—as a matter of tort law—justify an intrusion that would otherwise be considered offensive. While refusing to recognize a broad privilege in newsgathering against application of generally applicable laws, the United States Supreme Court has also observed that 'without some protection for seeking out the news, freedom of the press could be eviscerated.'"[3]

Whereas the California Supreme Court has previously stated that the societal interest in newsgathering may "justify an intrusion that would otherwise be considered offensive,"[4] the statute at issue here, Vehicle Code §40008, actually does the opposite and adds an extra penalty when an offense is committed in the act of newsgathering.

While the case makes its way through the appellate process, the legislature continues to try to fashion new laws limiting the ability to take photos of the children of celebrities. While the concerns are understandable, the legislature should focus its efforts on privacy laws, harassment laws, and trespassing laws, rather than laws that infringe on the rights of the press. The First Amendment is in the Bill of Rights to protect everyone—the everyday citizen as well as the reviled paparazzi who quench the thirst of the public for these photos. It remains a core principle of democracy, and allowing that to be violated, even in the name of a just cause, only paves the way for further violations.

The opinions stated are the author's only and do not purport to represent opinions of the SFVBA. Alternative views and comments are also welcome and will be considered for publishing in Valley Lawyer.

[1] Assemb. Judiciary Comm., B. Analysis, Assemb. B. 2479, 2009-2010 Leg., Reg. Sess., at 5, page 2, (Cal. August. 30, 2010).
[2] *People v. Raef*, Case No. 2VY03020-01, Rep. Tr. (Nov. 14, 2012) at 30, 38.
[3] *Shulman v. Group W. Productions* (1998) 18 Cal. 4th 200, 230-242, quoting *Branzburg, supra*, 408 U.S. at 681.
[4] *Ibid.*

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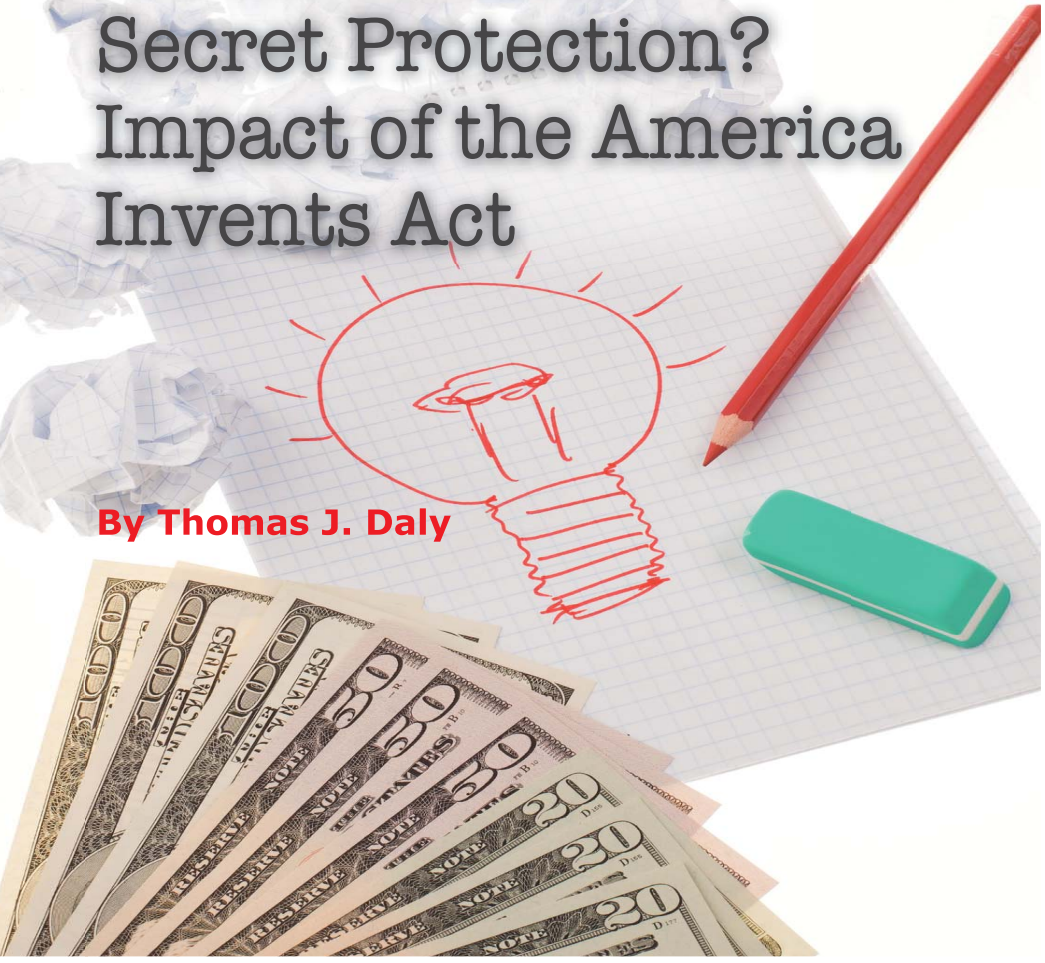
Patent or Trade Secret Protection? Impact of the America Invents Act



By Thomas J. Daly

DEVELOPERS OF NEW products, processes, apparatus or systems have had to determine whether to protect those developments primarily through a patent or a trade secret approach. Recent amendments to the patent laws flowing from the Leahy-Smith America Invents Act[1] have introduced new considerations into this determination.

Selecting patent protection or trade secret protection can depend upon a number of factors. These factors can be grouped into the following categories: eligibility, applicability, timing issues, cost concerns, and enforcement concerns. The recent amendments to the patent laws have had an impact on factors in each of these categories.

Eligibility

To be eligible for patent protection, a development must be both new and unobvious.[2] The standard for trade secret protection normally is not as high; it is usually enough that something be not "generally known to the public or to other persons who can obtain economic value from its disclosure or use" for trade secret protection to be available.[3] Patentability is also limited to subject matter that can be considered a "process, machine, manufacture or composition of matter."[4] Thus, for example, customer lists cannot be patented but may be part of a trade secret. Accordingly, it has always been more difficult to establish that a development is eligible for patent protection rather than trade secret protection.

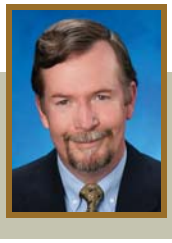
Recent amendments to the definition of "new" in patent laws have made it even more difficult to establish patentability. If a development is "in public use, on sale, or otherwise available to the public" anywhere in the world "before the effective filing date of the claimed invention," patentability can be barred.[5] These activities used to have to occur within the United States to bar patentability.

This expansion of what can be considered in determining patentability has also added to the information that can be considered in determining whether something is obvious.[6] As a result of this amendment, fewer developments may even be eligible for patent protection, potentially leaving trade secret protection as a remaining option. This is particularly true in industries where there is extensive activity in other countries.

Applicability

As noted above, only certain types of developments are even eligible for patent protection. There are also practical considerations that must be weighed. Trade secret protection relies upon the ability to keep a development confidential. It is normally required that at least reasonable efforts under the circumstances be made to maintain its secrecy for trade secret protection to apply.[7]

Only "improper means" used to discover a trade secret will normally be considered actionable misappropriation of a trade secret.[8] Thus, developments that are easily reverse engineered or readily ascertainable from products or compositions sold to the public are typically not suitable subject matter for trade secret protection. For this reason, trade secret protection is normally used for methods, processes, apparatus or systems that are practiced or operated under the control of the trade secret owner and that leave no "footprint" on any product or composition yielded by the method, process, apparatus or system used.



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Yet, these types of methods, processes, apparatus and systems, if new and unobvious, may also be eligible for patent protection. It is therefore often timing, cost and enforcement issues that will play a deciding role in which form of protection is adopted.

Section 18 of the Leahy-Smith America Invents Act established a transitional program for covered business method patents.[9] Under this program, those sued for infringement of a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administrations, or management of a financial product or service may petition to have the U.S. Patent and Trademark Office (PTO) review anew the patentability of the claims.[10] While the program is presently set to end after eight years and is limited to patent claims directed to a "financial product or service," the PTO has indicated that "financial product or service" should be interpreted broadly.[11] Moreover, legislative efforts are being made to make the program permanent and to expand it to a broader range of patents.[12]

The practical effect of this program is to make it more difficult and expensive to enforce certain types of patents. The program is presently limited to methods and apparatus concerned with financial products or services, but it may be expanded to a broader range of methods and apparatus. Thus, in precisely that area where trade secret protection is a suitable option—internally practiced and operated methods and apparatus—the patent laws have been, or may be, amended to make patent protection less attractive.

Timing Issues

Trade secret protection is essentially available at the outset of a development. As long as the development meets the criteria of deriving independent economic value from not being generally known, and reasonable efforts under the circumstances to maintain secrecy have been put in place, affirmative trade secret protection is available. On the other hand, affirmative patent protection is not really available until a patent is issued.

It is presently taking several years for a patent application to be examined by the PTO and a patent issued. The recent amendments to the patent laws do not seem likely to shorten the time required for examination. Indeed, the broader scope of prior activities that can bar patentability and the heightened focus on "business method" patents seems more likely to further slow the examination process.

For developments with a short economic life cycle, patent protection may take too long to obtain for it to serve as a viable option. The relatively immediate availability of trade secret protection may make it a more attractive option for such developments. Of course, some developments that can be kept secret early in their lifetime will eventually become known to the public.

For these types of developments, owners often look to combine early trade secret protection with later patent protection. That is, they maintain secrecy during the early stages of a development and then file for patent protection just before their commercial activities would otherwise bar the pursuit of patent protection. However, this dual protection strategy may not be as practical in view of the recent amendments.

The United States will now award a patent to the first inventor to file a patent application for a development.[13] No longer can a developer rely upon being the first to invent to establish priority over someone who also was an independent inventor but was faster to file a patent application. This first-inventor-to-file system encourages a race to the PTO. As a result, developers will need to decide early on whether to pursue patent protection.

Waiting to file while relying on trade secret protection may result in a loss of any patent rights. However, the recent amendments have also expanded the defense available to prior commercial users of developments that later become patented by others.[14] This lowers the downside risk of opting for trade secret protection by providing a defense to later patents that others might receive.

Cost Concerns

The incremental additional cost for protecting a new trade secret can often be minimal. If a trade secret owner already has in place contractual forms and security features designed to keep its proprietary information confidential, one more trade secret to protect will not significantly increase security costs. Of course, the initial cost to put contractual forms and security features in place can be a significant expense.

The cost to have a patent application prepared, filed, and examined can be a significant expense. It would normally be more than the incremental additional cost to protect one more trade secret, but less than the cost to put the contractual and security infrastructure in place to reasonably protect a first time trade secret. The recent amendments to the patent laws are unlikely to change this relative level of expense for the two different approaches to protection. However, for the reasons noted above, the cost to have certain types of patent applications examined is likely to increase.

On the plus side, the recent amendments have introduced a lower fee structure for certain inventors who qualify as micro entities. Inventors with limited income and with less than four previously filed patent applications can take advantage of a 75% reduction in PTO fees.[15] Institutions of higher education can also take advantage of this lower fee structure.[16]

Enforcement Concerns

Patent protection is created by federal statute. Appeals in patent cases are heard by a single appellate court. Thus, patent law is fairly uniform in its application throughout the United States. Patent infringement jurisdiction is limited to federal courts, which have not been hit as hard by budget constraints as some state court systems. Defining the scope of patent protection is relatively straight forward, particularly since it was decided that the meaning of patent claims was to be determined as a matter of law by a judge.[17]

The recent amendments to the patent laws have introduced additional post-grant review procedures.[18] These are aimed at reducing overall litigation costs by eliminating dubious patents at an early stage through an administrative proceeding. It remains to be seen whether this goal of overall cost reduction is achieved. However, it does seem likely that pursuing meritorious patent claims will be further delayed and made more expensive as a result of these added procedures.

Trade secret protection is created by state statutes or common law. Efforts have been made at uniformity but trade secret laws are going to be somewhat different in language and application from state to state. Most trade secret litigation will have to be pursued in state courts, where recent budget constraints may cause delay and additional cost to the litigants.

Defining a trade secret can be a difficult proposition. The requirements for a trade secret are more amorphous than those for patentability. This makes it easier to assert that something is a trade secret but also more difficult to prove. Even so, trade secret litigation is generally less expensive than patent litigation. However, the remedies available in patent litigation are generally better than those available for trade secret misappropriation.

In spite of its name, the Leahy-Smith America Invents Act seems to shift the balance somewhat in favor of trade secret protection as the approach to use for certain types of developments. However, both patent protection and trade secret protection still have their advantages and disadvantages that may make one the approach of choice in a particular situation.

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[1] *Leahy-Smith America Invents Act, Pub. L.* No. 112-29, 125 Stat. 284 (2011).
[2] 35 U.S.C. §§102 & 103.
[3] See, e.g., California Uniform Trade Secrets Act, Cal. Civ. Code § 3426.1(d)(1).
[4] 35 U.S.C. §101.
[5] See 35 U.S.C. §102.
[6] See 35 U.S.C. §103.
[7] See, e.g., Cal. Civ. Code §3426.1(d)(2).
[8] See, e.g., Cal. Civ. Code §3426.1(a) & (b).
[9] 125 Stat. 284 at §18 (2011).
[10] Id.
[11] See FAQs, Question CBMR 3030, available at http://www.uspto.gov/aia_implementation/faqs_covered_business_method.jsp.
[12] Patent Quality Improvement Act of 2013, S. 866; Stopping Offensive Use of Patents Act, H.R. 2766.
[13] See 35 U.S.C. §102.
[14] 35 U.S.C. §273.
[15] See 35 U.S.C. §123.
[16] Id.
[17] *Markman v. Westview Instruments, Inc.*, 517 U.S. 370,372 (1996).
[18] 35 U.S.C. §§321-329.

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Includes green fees, cart, tee gifts, beverages, continental breakfast, luncheon and awards reception and dinner.

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* All sponsors receive recognition on the VCLF website, in *Valley Lawyer* magazine and acknowledgment at awards dinner.

What's Your Name?

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SOMETIMES IN TODAY'S FAST-paced world of technology and faceless communication, all it takes is the inquisitive nature of a 2-year-old to remind us that we are human, and that we still need to interact in a face-to-face world.

My almost 3-year-old is incredibly curious about the world around her. She asks a lot of questions and her current favorite (as any parent can relate to) is "why?" Her second favorite lately has been to ask everyone (and I mean, everyone) what their name is. From the pizza delivery lady to the man in the McDonald's drive-thru, to the contractor tearing drywall out of the garage, she brazenly marches up and asks their names. Often the individual is surprised and then smiles. Just as often, they tell her their name and then ask for her name in return (which of course, she supplies).

For some, this might be a cringe-worthy moment, embarrassment crawling over their skin at the idea of a child so forward, asking the name of someone you might not care to interact with. However, for many of us this could be a lesson in returning to the simpler times, when people greeted each other with a smile, a nod or tip of the hat, a hello and sometimes even a handshake. Perhaps in today's current state of road rage, a smile or pleasant hello would go a long way towards quelling hostility.

I grew up in a small town and recall walking down the sidewalk with my father. Someone we passed said "hello" and he returned the greeting. As we continued in the opposite direction, I asked my father who that person was. When he said that he did not know, I asked why he had said "hello" if he did not know him (recalling that as children, we were taught never to talk to strangers). His reply was that it was polite to return the greeting. While running on the paseos in Valencia recently, I was reminded of that conversation. With almost every runner I passed, I was greeted with a "good morning" or "hello," a nod or even a wave. As cliché as it might sound, it made the run just that much easier.

Consider this the next time you find yourself walking down the street to lunch. Do people look up and smile as you pass? Are you greeted by people with a "hello" or "have a nice day"? Or do those you pass generally turn their heads to avoid making eye contact? Are they intently looking at their phones (or talking on them), in order to avoid interacting with anyone? Do you smile or say anything to those that you pass, or do you have your phone out, disconnected from the world around you?

What about at the courthouse? As you walk the halls to and from your hearings, do you look up to take in those around you or do you walk purposefully towards your destination, avoiding any eye contact? As attorneys, we often travel the world around us with our game face on, especially in court. Never knowing where your next client might find you, do you try to project an outward appearance of approachability and accessibility and even go so far as to encourage conversation with those around you?

I am sure that some might argue that they simply do not have the time to engage every person they encounter on a daily basis in conversation. Others might mention that they exchange pleasantries while carrying out their errands and that is sufficient, even if they do not ask the person's name (although in many cases, the individual might be wearing a name tag). You would be amazed by how many in the service industry are surprised when I respond to their "how are you today" with a "fine, thank you. How are you?" They are so used to not getting a response that they are surprised (and sometimes thank me for asking) when someone does respond and ask.

So the next time you find yourself at a counter or interacting with a service provider, say "hello" and ask how their day is going. Perhaps even ask their name and introduce yourself. In the end, you might brighten their day and possibly yours as well.

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