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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

BARCO N.V., a Belgian corporation,

Plaintiff,

v.

TECHNOLOGY PROPERTIES LTD., PATRIOT SCIENTIFIC CORP., and ALLIACENSE LTD.,

Defendants.

Case No. 5:08-cv-05398 JF

CHARLES H. MOORE'S NOTICE OF MOTION AND MOTION TO DISQUALIFY BAKER & MCKENZIE AND TO INTERVENE FOR THAT LIMITED PURPOSE; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF

Date: February 25, 2011
Time: 9:00 a.m.
Courtroom: 3
Judge: Hon. Jeremy Fogel

NOTICE OF MOTION AND MOTION

TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

PLEASE TAKE NOTICE that on February 25, 2011, at 9:00 a.m., or as soon thereafter as counsel may be heard, before the Honorable Jeremy Fogel of the United States District Court, Northern District of California, located at 280 First Street, San Jose, California, Charles H. Moore will, and hereby does, move (1) to disqualify the law firm of Baker & McKenzie LLP ("B&M") and its attorneys from representing plaintiff Barco, N.V. and (2) to intervene for the limited purpose of pursuing the motion to disqualify.

The Court should enter an order preventing B&M from continuing to take positions adverse to its former client, Mr. Moore, on same subject of its former representation of him. Such an order should include disqualification of B&M from representing the plaintiff in this action, Barco, N.V. B&M previously represented Mr. Moore with regard to commercialization of technology he co-invented and that is covered by the patents-in-suit; in doing so, B&M received Mr. Moore's confidential information on the very subject as to which B&M now is acting adversely to him. In representing Barco in this action, B&M is seeking to invalidate those same patents-in-suit and defeat claims that Barco infringes those patents. If Barco succeeds, Mr. Moore's economic interest in the patents-in-suit, including his interest in royalties from licensing the patents, will be destroyed or at least severely damaged. By representing Barco in this action, B&M has breached and continues to breach at least its duties of loyalty and confidentiality to its former client, Mr. Moore. The Court therefore should issue an order finding that B&M is breaching its duties of loyalty and confidentiality to Mr. Moore, requiring that B&M not be adverse to Mr. Moore on the subject of its former representation of him, and disqualifying all attorneys affiliated with B&M from representing Barco in attacking Mr. Moore's inventions, including in the present action. The Court also should grant Mr. Moore's motion to intervene for the limited purpose of pursuing the instant motion to disqualify.

This motion is based on this Notice of Motion and Motion to Disqualify Baker & McKenzie and to Intervene, Memorandum of Points and Authorities in Support Thereof, the Declarations of Charles H. Moore and Kenneth H. Prochnow in Support of Motion to Disqualify Baker & McKenzie and to Intervene, any argument of counsel, the pleadings and other papers on file in this and related actions, and any evidence presented at the hearing on this motion.

DATED: January 10, 2011 CHILES AND PROCHNOW, LLP

By: *s/Kenneth H. Prochnow*
Kenneth H. Prochnow
Attorneys for Intervenor CHARLES H. MOORE

Table of Contents

Table of Authorities

Federal Cases

State Cases

Other Authorities

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION AND SUMMARY OF ARGUMENT

Mr. Moore moves to intervene in this action for the limited purpose of requesting the disqualification of B&M and its attorneys from representing the plaintiff, Barco, N.V., in this litigation. Mr. Moore is an inventor of the patents-in-suit, which cover microprocessor technology. B&M formerly represented Mr. Moore in regard to commercializing and developing the technology covered by those same patents. B&M now has switched sides, advocating on behalf of Barco for invalidation of the patents-in-suit and for a ruling that Barco does not infringe them. This representation by B&M is adverse to Mr. Moore because he retains an economic interest in the patents-in-suit. That interest will be damaged severely if his former counsel succeed in this lawsuit, by impairing his ability to earn money through licensing the patents, using the invention in products, and participating in any damages recovery from Barco.

B&M is violating its duties of confidentiality and loyalty to Mr. Moore by representing Barco in this litigation. B&M's past and current representations involve substantially the same subject matter: the commercial use of microprocessor technology co-invented by Mr. Moore. Under California law, the Court must presume that all of B&M's attorneys had or have access to Mr. Moore's confidential information. *Flatt v. Superior Court*, 9 Cal. 4th 275, 283 (1994). Because of the substantial relationship between the subjects of the two representations, B&M could use such information in the current litigation to harm Mr. Moore's interests. Furthermore, California case law requires imputation of the conflict-of-interest to the entire B&M firm. The Court therefore should grant Mr. Moore's motion to intervene for the limited purpose of bringing this motion and his motion to disqualify B&M and its attorneys from further representing Barco in this matter.

II. FACTUAL BACKGROUND

Since at least 1989, Mr. Moore has been working to develop and commercialize the technology covered by the patents-in-suit, both through creation of products that practice the patents and by licensing the patents to third parties. (Decl. of C.H. Moore in Supp. of Mot. to Disqualify B&M and to Intervene ("Moore Decl.") ¶ 7.) Mr. Moore and Russell H. Fish, III were

named as co-inventors in a patent application filed in 1989 that led to the eventual issuance of several patents covering novel architectures and clocking mechanisms critical to the efficient and high-speed performance of today's microprocessors. (*Id.*) Three of these patents are at issue in the current litigation, *i.e.*, U.S. Patent Nos. 5,809,336 ("the '336 patent," issued Sept. 15, 1998), 5,440,749 ("the '749 patent," issued Aug. 8, 1995), and 5,530,890 ("the '890 patent," issued June 25, 1996). (Compl. ¶ 1, Dkt. 1; Answer & First Am. Countercls. to Compl. For Declaratory J. 8 (Count III), Dkt. 40.) Each patent identifies Messrs. Moore and Fish as co-inventors. (Moore Decl. ¶ 3)

In August 1990, B&M began representing Mr. Moore in his efforts to commercialize and develop his technology. (*Id.* ¶ 5, and Ex. A.) The law firm memorialized the subject matter of the representation in an August 24, 1990 engagement agreement signed by a B&M partner and by Mr. Moore: **"Our services will include representation and advice with respect to your [Mr. Moore's] development and commercialization of your technology."** (*Id.*, Ex. A (**emphasis** added).)[1] That technology includes the very same inventions covered by the patents at issue in the current litigation. (*Id.* ¶ 7.) Mr. Moore provided B&M with his confidential information and opinions concerning development and commercialization of the technology, including in which areas and products it would be valuable and how it could be reduced to practice in particular applications. (*Id.* ¶ 5.)

Mr. Moore continues to hold an economic interest in the patents-in-suit. Defendant Technology Properties Ltd. ("TPL"), which presently holds interests in those and related patents, has been developing and commercializing them. (*Id.* ¶¶ 8–9.) All those patents are collectively called the Moore Microprocessor Portfolio ("MMP"). (*Id.* ¶ 2.) To date, over 80 leading technology companies have purchased commercial licenses to the MMP patents. (*Id.* ¶ 8.) Mr. Moore is entitled to receive a portion of any licensing or commercialization revenue generated by the MMP patents. (*Id.* ¶ 9) He also is entitled to a portion of any damages award paid by Barco. (*Id.* ¶ 9.)

[1] B&M suggests now that its client actually was "Computer Cowboys," a name that appears under Mr. Moore's in the inside address of the letter constituting the engagement agreement. The letter however, refers to Mr. Moore as the client, does not elsewhere mention Computer Cowboys, and is executed by Mr. Moore without any notation that he did so on behalf of Computer Cowboys. (Moore Decl. ¶ 6; and Ex. A.)

B&M is leading a charge to reduce the value of Mr. Moore's economic interest in the patents-in-suit. Plaintiff Barco, N.V., represented by B&M, filed the present declaratory-judgment action seeking to prove that the MMP patents at issue in this case are invalid and that Barco does not infringe them. (Compl. cover page & ¶ 1; Pl. Barco's Answer to Defs.' Affirm. Defenses & Countercls. 2–3.) Mr. Moore did not consent to B&M representing Barco. (Moore Decl. ¶ 10.)

In fact, Mr. Moore only learned that his former counsel, B&M, was representing a party adverse to him in this litigation when he was served with a subpoena demanding his deposition. (*Id.* ¶ 11.) When Mr. Moore realized that B&M attorneys were representing a party in this litigation, he searched for and provided a copy of his B&M engagement letter to his attorney, Kenneth H. Prochnow. (*Id.* ¶ 11.) Mr. Prochnow promptly informed B&M of the prior representation and apparent conflict at the first opportunity, prior to the start of Mr. Moore's deposition, and expressly reserved Mr. Moore's rights with respect to the issue on the record. (Decl. of K.H. Prochnow in Supp. of Mot. to Disqualify B&M and to Intervene ("Prochnow Decl.") ¶ 10, Ex. A.) With Mr. Moore reserving all rights in the matter, a B&M attorney conducted an examination of Mr. Moore on Barco's behalf on the next day (November 4, 2010).

On November 23, 2010, after further investigation, Mr. Moore formally demanded that B&M withdraw from this matter. (*Id.* ¶ 12 & Ex. 1 thereto.) B&M refused. (*Id.* ¶ 13 & Ex 2.)

III. ARGUMENT

A. Federal Courts Routinely Grant Motions to Intervene For the Purpose Of Seeking Disqualification Of the Would-Be Intervenors' Past Counsel

To promote the efficiency and consistency of resolving related issues in a single proceeding, federal courts regularly grant motions to intervene under Federal Rule of Civil Procedure 24 so that the intervenor can stop attorneys from violating ethnical obligations owed to the intervenor. *Cf. Sec. Ins. Co. v. Schipporeit, Inc.*, 69 F.3d 1377, 1381 (7th Cir. 1995) ("Perhaps the most obvious benefits of intervention in general are the efficiency and consistency that result from resolving related issues in a single proceeding."). In particular, courts routinely grant motions to intervene for the limited purpose of adjudicating a motion to disqualify counsel. *See,*

e.g., *Med. Diagnostic Imaging, PLLC v. CareCore Na't, LLC*, 542 F. Supp. 2d 296, 305 (S.D.N.Y. 2008) (granting intervention partly to facilitate Court's "obligation to protect" the "integrity of the adversarial process" by adjudicating the motion to disqualify); *see also Cole Mech. Corp. v. Nat'l Grange Mut. Ins. Co.*, No. 06 CIV 2875 (LAK)(HBP), 2007 WL 2593000, at *4, 7 (S.D.N.Y. Sept. 7, 2007) (granting motion to intervene and to disqualify counsel); *Emmis Operating Co. v. CBS Radio, Inc.*, 480 F .Supp. 2d 1111, 1113 (S.D. Ind. 2007) (allowing intervention in order to move for disqualification); *Enzo Biochem, Inc. v. Applera Corp.*, 468 F. Supp. 2d 359, 360 (D. Conn. 2007) (granting motion to intervene for purposes of considering motion to disqualify); *Ledwig v. Cuprum S.A.*, No. SA-03-CA-542-RF, 2004 WL 573650, at *2–4 (W.D. Tex. Jan. 28, 2004) (granting motion to intervene and granting defendant's motion to disqualify firm based on substantial relationship between former and current representations of client); *Oxford Sys., Inc. v. Cellpro, Inc.*, 45 F. Supp. 2d 1055, 1058–60, 1067 (W.D. Wash. 1999), (granting motion for permissive intervention for the sole purpose of moving to disqualify a law firm that had represented the intervenor in other matters and also granting the motion to disqualify); *GA TX/Airlog Co. v. Evergreen Int'l Airlines, Inc.*, 8 F. Supp. 2d 1182, 1182 (N.D. Cal. 1998) (granting motion to intervene and disqualifying firm), *vacating as moot*, 192 F.3d 1304, 1308 (9th Cir. 1999).

B. <u>The Court Should Grant Mr. Moore's Motion to Disqualify B&M Because the Firm Is Breaching Its Duties Of Confidentiality and Loyalty to Mr. Moore</u>.

As this Court has recently observed, "The right to disqualify counsel is a discretionary exercise of the trial court's inherent powers." *Fujitsu Limited v. Belkin International, Inc.*, 2010 U.S. Dist. Lexis 138407, Lexis slip opinion p.3, quoting *Certain Underwriters at Lloyd's London v. Argonaut, Ins. Co.*, 264 F.Supp.2d 914, 918 (N.D. Cal. 2003). To be sure, a motion to disqualify is disfavored. *Fujitsu Limited*, Ibid. P. 4 & cases cited.

"Nevertheless, 'the paramount concern must be the preservation of public trust in the scrupulous administration of justice and in the integrity of the bar.'…'Consequently, the recognizably important right to choose one's counsel must yield to the ethical considerations that

embody the moral principles of the judicial process.'" *Fujitsu Limited, supra*., Ibid. at p.4, quoting *State Farm Mut. Auto Ins. Co. v. Federal Ins. Co.*, 72 Cal.App.4th 1422, 1428 (1999).

In *Fujitsu Limited*, this Court [Hon. Lucy H. Koh] disqualified the Baker Botts firm in a patent matter, negating the firm's representation of plaintiff Fujitsu stretching back over **eight years** (from 2002 through 2010). *Fujitsu Limited, supra*, Lexis slip op. at p. 2. In 2010, Baker Botts agreed to represent defendant Netgear Inc.; the firm then determined that it wished to represent its earlier client Fujitsu against current client Netgear in a patent infringement lawsuit. Netgear declined permission, although it had waived conflicts in lesser matters. When Baker Botts refused to withdraw from its adverse representation of plaintiff Fujitsu against defendant Netgear, Netgear moved to disqualify the firm.

Judge Koh granted defendant Netgear's motion to disqualify, finding that the law firm had violated the duty of loyalty it owed to its client Netgear. The rationale behind Judge Koh's ruling was the California rule that "in all but a few instances, the rule of disqualification in simultaneous representation cases is a *per se* or absolute one." *Flatt v. Superior Court*, 9 Cal.4th 275, 284 (1994), quoted in *Fujitsu Limited* at Lexis slip op., p. 4 (also citing *People ex rel. Dept of Corporations v. SpeeDee Oil*, 20 Cal.4th 1135, 1147 (1999)).

Although our case is not one of simultaneous representation by B&M, the disqualification ordered by Judge Koh is also the appropriate response to the conflict evident here. The work that B&M is now performing for Barco, and the aim of its representation, could not be more adverse to Mr. Moore and the interests in the patents that he owns, and overlaps with the subject matter of B&M's past representation of Mr. Moore in exploiting and commercializing those self-same patents. B&M here violates its duties of loyalty and confidentiality by accepting employment adverse to former clients without their consent, if B&M attorneys have client secrets that are material to the later engagements. Cal. Rule of Professional Conduct 3-310(E). A former client can establish that an attorney violated these duties simply by showing adversity and a "substantial relationship" between the subjects of the current and former engagements. *Flatt*, 9 Cal. 4th at 283. Here, adversity is undisputed because B&M is helping Barco to try to destroy the value of the patents. Furthermore, the subjects of the two representations are identical: commercial

exploitation of the now-patented technology. Given that "substantial relationship," the original B&M attorneys are *presumed* to have confidential information of Mr. Moore's that is useful now to Barco. *Id.*; *H.F. Ahmanson & Co. v. Salomon Bros.*, 229 Cal. App. 3d 1445, 1452–53 (1991) (actual proof that confidential information was acquired is not required); *Trone v. Smith*, 621 F.2d 994, 999 (9th Cir. 1980) (presumption is proper because inquiry into whether confidential information actually obtained would "requir[e] the very disclosure the rule is intended to protect. … It is the possibility of the breach of confidence, not the fact of the breach, that triggers disqualification."). Disqualification of the original B&M attorneys therefore is mandatory; "indeed, the disqualification extends vicariously to the entire firm." *Flatt*, 9 Cal. 4th at 283. Mr. Moore therefore respectfully requests that the Court disqualify B&M and its attorneys, thus preventing their continuing breach of duties to Mr. Moore. *See Adric v. California*, 55 F. Supp. 2d 1056, 1062 (C.D. Cal. 1999) (*citing Trone*, 621 F.2d at 999) (district courts have responsibility to police attorneys' conduct).

1. **B&M's Current Representation of Barco Is Adverse to Mr. Moore.**

Plaintiff Barco is here directly opposed to the interests of Mr. Moore and his patents; Barco's position and contentions require B&M's disqualification. Plaintiff Barco would here invalidate the patents-in-suit. If those patents are invalidated, Mr. Moore's interest in the MMP Portfolio will be substantially diminished, TPL will not be able to continue licensing the affected patents to technology companies, and Mr. Moore will lose his interest in the licensing proceeds that TPL owes to him. Anyone would then be free to practice the invention without a license. Invalidating the patents also would reduce the value of any product made by TPL that uses the technology. Here, Mr. Moore requires exactly the opposite result: patent validity. A holding of patent validity is central to Mr. Moore's economic interest in the patents and in the licensing revenue stream that TPL is to generate from them and pay over in part to Mr. Moore. He has a contract with TPL that entitles him to a portion of revenue TPL earns from licensing the patents-in-suit. If TPL is unable to license the patents, Mr. Moore's income from the licensing program would drop, conceivably by millions of dollars. In addition to invalidating Mr. Moore's patents, Barco seeks to prove that its accused products do not practice the patents, and thus avoid paying

TPL and Mr. Moore damages. Mr. Moore, by contrast, here relies upon TPL to prove Barco's infringement because his contract with TPL entitles him to a portion of any infringement damages payment. Although B&M is aware of this adversity, it refused Mr. Moore's request that it withdraw from this case.[2]

2. **There Is At Least a Substantial Relationship Between the Subject Of This Case and the Subject Of B&M's Past Representation Of Mr. Moore.**

B&M's former representation of Mr. Moore to commercialize and develop the technology is substantially related to its present representation of Barco, in which it seeks to prevent commercialization of Mr. Moore's inventions. All that Mr. Moore must show to prove a substantial relationship is that the "factual contexts of the two representations are similar or related." *Trone*, 621 F.2d at 998. The similarities between the legal questions posed by the two matters is also significant. *H. F. Ahmanson & Co.*, 229 Cal. App. 3d at 1455. If there is a "reasonable probability that confidences were disclosed" in the first representation which "could be used against the [former] client in later, adverse representation, a substantial relation between the two cases is presumed." *Trone*, 621 F.2d at 998. A court's disqualification inquiry should focus on the "practical consequences" of the law firm's representation of former client, including whether "confidential information material to the current dispute would normally have been imparted to the attorney by virtue of the nature of the former representation." *H. F. Ahmanson & Co.*, 229 Cal. App. 3d at 1454. A significant lapse of time between the representations does not eliminate the substantial relationship between the two representations at issue. *See Brand v. 20th Century Ins. Co./21st Century Ins. Co.*, 124 Cal. App. 4th 594, 607 (2004) (12-year lapse not sufficient to "neutralize" earlier representation).

Here, as part of B&M's representation of Mr. Moore, Mr. Moore provided B&M with confidential information and opinions regarding development and commercialization of the technology now represented by the patents-in-suit. In particular, he provided them his confidential opinions regarding areas and products in which this technology would be valuable

[2] Adversity can exist irrespective of whether the former client is party to the current litigation. *Metro-Goldwyn-Mayer, Inc. v. Tracinda Corp.*, 36 Cal. App. 4th 1832, 1843–44 (1995).

and how it could be reduced to practice in particular applications. He also may have shared his opinions regarding potential vulnerabilities in the technology which could affect the value or marketability of the anticipated patents. B&M might now use all or some of that information to fashion arguments to invalidate the same patents it previously worked with Mr. Moore to enhance. That confidential information is directly relevant to the validity, infringement, and damages issues that are in dispute in this litigation.

Furthermore, in the November 4, 2010, deposition of Mr. Moore, B&M examined Mr. Moore on the very issues about which he gave the firm's attorneys his confidential insights, to serve plaintiff Barco's present, adverse interest in eliciting information that might damage Mr. Moore's patents and their validity. *See Thomas v. Mun. Court of Antelope Valley Judicial Dist. of Cal.*, 878 F.2d 285, 289–90 (9th Cir. 1989) (noting conflict-of-interest in attorney cross-examining former client about confidential matters). Prior to that deposition, Mr. Moore's current counsel, Mr. Prochnow, had advised B&M lawyers of the conflict of interest and advised that they lacked Mr. Moore's consent to proceed against him, and that his willingness to proceed in a previously arranged multi-party, multi-case deposition would not constitute a waiver of the firm's conflict or of Mr. Moore's rights. B&M lawyers have conducted an adverse examination of Mr. Moore on the patents they were earlier engaged to advance, now seeking information to use in service of invalidation. They presumably will advance the deposition testimony they elicited against him. The same conflict of interest will arise again should they continue their adverse examination of him at trial. It is intolerable that B&M, having been provided information by Mr. Moore in confidence concerning his patents and their use and commercialization, is now positioned to use that confidential information on Barco's behalf to harm Mr. Moore's interests in the patents-in-suit.

3. **The B&M Firm, Not Only Its Individual Attorneys, Must Be Disqualified.**

Because confidential information possessed by the B&M attorneys who personally worked on Mr. Moore's behalf may have been shared with other members of the firm and still may be accessible to them, the entire firm should be disqualified. *See Trone*, 621 F.2d at 999. "Once the attorney is found to be disqualified, both the attorney and the attorney's firm are

disqualified …." *Id.* The imputation of the conflict to the whole law firm is based on the "rationale that attorneys, working together and practicing law in a professional association, share each other's, and their clients', confidential information." *City & Cnty. of S.F. v. Cobra Solutions, Inc.*, 38 Cal. 4th 839, 848 (2006) (internal quotation marks omitted). Courts therefore impose a presumption that attorneys in the same firm "share access to privileged and confidential matters" and, therefore, "the disqualification of one attorney extends vicariously to the entire firm." *People ex rel. Dep't of Corps. v. SpeeDee Oil Change Sys., Inc.*, 20 Cal. 4th 1135, 1153 (1999).

Even if the individual lawyers who represented Mr. Moore have left B&M, the firm still should be disqualified because California law requires that all of B&M's lawyers be presumed to have received and to have continuing access to Mr. Moore's confidences. B&M told Mr. Moore in November that Susan H. Nycum, the B&M attorney who signed the engagement agreement with him, left B&M in 2001. This fact does not change the result. B&M and Barco bear the burden of showing that they did not obtain and do not have access to any of Mr. Moore's confidential information. *Farhang v. Indian Inst. of Tech., Kharagpur*, No. C-08-02658 RMW, 2010 WL 199706, at *1 (N.D. Cal. Jan. 13, 2010) (Whyte, J.) (requiring law firm to rebut presumption that attorneys were vicariously tainted); *accord Goldberg v. Warner/Chappell Music, Inc.*, 125 Cal. App. 4th 752, 760 (2005) (lawyer must "show that there was no *opportunity* for confidential information to be divulged"); *cf. Kirk v. First Am. Title Ins. Co.*, 183 Cal. App. 4th 776, 801 (2010) (describing rebuttable presumption of imputed conflict). They cannot satisfy that burden merely by asserting that Ms. Nycum does not work at B&M. Her departure says nothing about which other attorneys worked on Mr. Moore's behalf, with whom his confidences were shared, and which attorneys had and have access to those records. B&M has not asserted that it tried to protect Mr. Moore's confidences by erecting an ethical wall. Furthermore, at least one of Barco's current lawyers, Tod L. Gamlen, is from the same office of B&M as Ms. Nycum: the firm's Palo Alto branch. For all these reasons, the Court must impute the conflict-of-interest to all of B&M, including the attorneys working for Barco in this litigation.

IV. CONCLUSION

For the reasons and on the authorities stated above, the Court should (a) grant Mr. Moore's motion to intervene in this action for the limited purpose of pursuing this motion to disqualify his former lawyers from working adversely to him on the same subject matter issue, and (b) issue an order disqualifying B&M and its attorneys from representing Plaintiff Barco in this litigation.

DATED: January 10, 2011

CHILES AND PROCHNOW, LLP

By: *s/Kenneth H. Prochnow*
Kenneth H. Prochnow
Attorneys for Intervenor CHARLES H. MOORE