2021-1568 (LEAD), -1569, -1570, -1571, -1573 (MEMBER CASES)

United States Court of Appeals for the Federal Circuit

UNILOC USA, INC., UNILOC LUXEMBOURG S.A.,

Plaintiffs-Appellants,

UNILOC 2017 LLC,

Plaintiff,

v.

APPLE INC.,

Defendant-Appellee,

ELECTRONIC FRONTIER FOUNDATION,

Intervenor-Appellee

Appeals from the United States District Court for the Northern District of California Case Nos. 3:18-cv-00358-WHA, 3:18-cv-00360-WHA, 3:18-cv-00363-WHA, 3:18-cv-00365-WHA, and 3:18-cv-00572-WHA Judge William H. Alsup

CORRECTED OPENING BRIEF FOR DEFENDANT-APPELLEE APPLE INC.

MICHAEL T. PIEJA
ALAN E. LITTMANN
DOUG J. WINNARD
GOLDMAN ISMAIL TOMASELLI
BRENNAN & BAUM LLP
200 South Wacker Dr., 22nd Floor
Chicago, IL 60606
Tel: (312) 681-6000
Counsel for Defendant-Appellee Apple Inc.

MAY 13, 2021

AMENDED CERTIFICATE OF INTEREST

Counsel for Defendant-Appellee Apple Inc. certifies the following:

1. The full name of every party represented by me in this case is: Apple Inc.

2. The name of the real party in interest represented by me is: None.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party represented by me are: None.

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter an appearance in this case) are: Harry Lee Gillam of Gillam & Smith, LLP (former); Melissa R. Smith of Gillam & Smith, LLP (former); Kenneth Baum of Goldman Ismail Tomaselli Brennan & Baum LLP; Jennifer Greenblatt of Goldman Ismail Tomaselli Brennan & Baum LLP; Andrew J. Rima of Goldman Ismail Tomaselli Brennan & Baum LLP; Emma C. Ross of Goldman Ismail

Tomaselli Brennan & Baum LLP; Lauren Abendshien of Goldman Ismail Tomaselli Brennan & Baum LLP (former).

5. The title and number of any case known to me to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal: None.

6. Information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6): None.

May 13, 2021

/s/ Doug J. Winnard
Doug J. Winnard

Attorney for Defendant-Appellee Apple Inc.

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Cases

STATEMENT OF RELATED CASES

Apple is aware of the following previous and pending appeals before this Court involving the same or related civil actions:

Uniloc USA, Inc. v. Apple Inc., 18-2094, 784 F. App'x 763 (Fed. Cir. Aug. 30, 2019) (Hughes, J. joined by Prost, CJ. & Plager, J.);

Uniloc USA, Inc. v. HTC America, Inc., No. 18-2185, 776 F. App'x 704 (Fed. Cir. Aug. 30, 2019) (Hughes, J. joined by Prost, CJ. & Plager, J.);

Uniloc USA, Inc. v. Apple Inc., Nos. 19-1922, 19-1923, 19-1925, 19-1926, 964 F.3d 1351 (Fed. Cir. July 9, 2020) (Mayer, J. joined by Prost, CJ. & Taranto, J.);

Uniloc 2017 LLC v. Apple Inc., No. 20-1038 (Fed. Cir.);

Uniloc 2017 LLC v. Apple Inc., Nos. 20-1228, -1229 (Fed. Cir.);

Apple Inc. v. Uniloc 2017 LLC, Nos. 20-1575, -1638 (Fed. Cir.);

Uniloc 2017 LLC v. Unified Patents, LLC, Nos. 20-1666, -1667 (Fed. Cir.);

Uniloc 2017 LLC v. Apple Inc., Nos. 20-1729, -1730 (Fed. Cir.) (Moore, J. joined by Reyna & Stoll, JJ.);

Uniloc 2017 LLC v. Google LLC, Nos. 21-1498, 21-1500, 21-1501, 21-1502, 21-1503, 21-1504, 21-1505, 21-1506, 21-1507, 21-1508, 21-1509 (Fed. Cir.); and

Uniloc USA, Inc. v. Motorola Mobility LLC, No. 21-1555 (Fed. Cir.).

Apple is also aware of the following cases that will directly affect or be directly affected by the Court's decision in this appeal:

Uniloc USA, Inc. et al. v. Apple Inc., Case No. 3:18-cv-00358 (N.D. Cal.);

Uniloc USA, Inc. et al. v. Apple Inc., Case No. 3:18-cv-00360 (N.D. Cal.); *Uniloc USA, Inc. et al. v. Apple Inc.*, Case No. 3:18-cv-00363 (N.D. Cal.); *Uniloc USA, Inc. et al. v. Apple Inc.*, Case No. 3:18-cv-00365 (N.D. Cal.); and *Uniloc USA, Inc. et al. v. Apple Inc.*, Case No. 3:18-cv-00572 (N.D. Cal.).

I. STATEMENT OF THE ISSUES

(1) Whether the district court erred in evaluating whether the confidential terms of patent licenses should be sealed by focusing on the public's general interest in learning about patent valuation and future license negotiations, rather than the public's interest in understanding the specific judicial proceedings at issue, and

(2) Whether the district court erred by refusing to seal confidential licensing information of third parties, where several third parties provided declarations articulating the competitive harm they would face if their royalty-payment terms were unsealed, and where no terms of the individual patent licenses were necessary to understanding the district court's resolution of the underlying motion or its reasoning.

II. STATEMENT OF THE CASE

This is Uniloc's second appeal regarding the sealing of documents in several related cases between the parties, *Uniloc 2017 LLC et al. v. Apple Inc.*, Nos. 3:18-cv-00360, -00363, -00365 & -00572-WHA (N.D. Cal.).[1] In the first appeal, Uniloc attempted to defend requests to seal matters of public record, such as quotations of this Court's opinions and a list of patent cases Uniloc had filed. *Uniloc 2017 LLC v. Apple, Inc.*, 964 F.3d 1351, 1355 (Fed. Cir. 2020) ("the First Sealing Appeal"). The district court correctly applied its local rules to reject these requests in their entirety, and to reject Uniloc's request for reconsideration. This Court affirmed the district court's rulings in nearly all respects. *Id.* at 1363.

This Court also held, however, that the district court needed to conduct a more detailed analysis of whether confidential licensing information of certain third-party licensees to Uniloc's patents should be sealed. *Id.* at 1363–64. As to this subset of information, this Court

[1] A fifth related case is also at issue, *Uniloc USA Inc. et al. v. Apple Inc.*, No. 3:18-cv-00358-WHA (N.D. Cal.). This case was dismissed and appealed prior to the motions giving rise to the previous sealing appeal, but was later remanded to the district court.

remanded for the district court to "make particularized determinations as to whether and, if so, to what extent, the materials of each of these parties should be made public." *Id.* at 1364. The present appeal is narrowly directed to this third-party licensing information.

A. Following Remand, The Parties Agree To Unseal All Uniloc And Fortress Documents At Issue

Following this Court's remand, the parties discussed how to proceed with placing documents into the public record. One threshold issue, raised by the Court in its remand order, was whether Uniloc's financier, Fortress Credit Co. LLC (together with its related entities, "Fortress"), should be considered a third party or a "Uniloc-related entity" for purposes of sealing. *Id.* at 1364 n.8. Apple argued to Uniloc that because Fortress was "so closely aligned" with Uniloc, the Fortress materials at issue in the First Sealing Appeal should be unsealed for the same reasons as Uniloc's. *Id.*; (Appx659.) Uniloc and Fortress elected not to contest this issue and agreed to place all Uniloc-Fortress material into the public record. (Appx650-651.) The parties' agreement resulted in Uniloc moving to unseal nearly all information at issue in the First Sealing Appeal. (*See* Appx651-657, Appx661-664.)

The only information remaining for the district court to address was that of true third parties, specifically the confidential terms of their patent licenses with Uniloc. As to this category of information, Uniloc proposed to seal or redact documents or statements that revealed those license terms. (Appx651-657.) Consistent with its position before this Court during the First Sealing Appeal, Apple agreed that the details of these licenses, including licensees' names, amounts paid, and dates, were sealable. (Appx650); *Uniloc 2017*, 964 F.3d at 1364 n. 9.

Uniloc subsequently moved to unseal all information except for these third-party licensing terms. (Appx676, Appx681-682.) To support continued sealing of the third-party information, Uniloc presented a declaration from its counsel, Aaron Jacobs, along with numerous declarations that Uniloc and third parties had previously submitted in support of sealing the same information. (Appx701, Appx762, Appx807-837.)

B. Apple Files A Motion To Dismiss For Lack Of Subject-Matter Jurisdiction Based On Uniloc's Constitutional Standing

Around the same time that Uniloc filed a motion to revise the sealing of records, Apple moved to dismiss one of the five related cases

at issue here for lack of constitutional standing. (Appx66.) Specifically, Apple argued that Uniloc had granted Fortress, its lender, an unfettered right to sublicense Uniloc's patents, limited only by a promise from Fortress not to use the license unless there was an "Event of Default." (*See* Appx892, Appx897, Appx902-903.) Apple further argued that the agreements between Uniloc and Fortress defined an "Event of Default" to include Uniloc's failure to generate $20 million in licensing revenue over a particular timeframe. (Appx897.) It was undisputed that Uniloc had generated only $14 million in licensing revenue over that timeframe. (*Id.*) From this, Apple argued that an Event of Default occurred and was never cured, vesting in Fortress an unfettered right to license any party—including Apple—and depriving Uniloc of the exclusionary rights needed for constitutional standing. The district court agreed and granted the motion. (Appx903.[2])

Importantly, Apple's motion relied solely on the aggregate total of Uniloc's licensing revenue. Neither party cited any information within, or specific to, any individual third-party license. Nor did the district

[2] This order on the merits is on appeal in Appeal No. 2021-1572 (Fed. Cir.).

court's order on the merits cite any individual license or suggest that the court performed any calculation of the total licensing revenue based on the terms of the individual licenses. (*See* Appx897 ("Our facts are uncontested. On March 31, 2017, the Unilocs had only gathered $14 million in revenue over the previous year.").)

C. Uniloc And Fortress Request To Seal An Internal Fortress Investment Memorandum

In connection with its motion to dismiss, Apple submitted evidence that was produced subject to a protective order in the related cases. (Appx1.) This evidence included the same table of Uniloc's licensees at issue in the First Sealing Appeal, references to the information in that table, and an internal Fortress memorandum that was not previously produced or presented in the First Sealing Appeal. (*See* Appx619, Appx623-624.)

Pursuant to the district court's local rules, Uniloc and Fortress submitted a declaration from Aaron Jacobs to support the sealing of this information. (Appx619 (the "Jacobs Declaration").) As stated in the Jacobs Declaration, Mr. Jacobs is counsel for Uniloc. (Appx620.) Although not explicitly stated in the declaration, Mr. Jacobs also

represents Fortress in connection with the production of Fortress documents in various litigations between Uniloc and Apple.

The Jacobs Declaration explained that the Fortress investment memorandum contained sensitive information that reflected Fortress's proprietary investment criteria, the disclosure of which would harm Fortress's future negotiations with Uniloc or other investment targets. (Appx623-624.) Such information was never shared outside of Fortress, including with Uniloc. (Appx623.) The declaration also explained that the memorandum contained a table that reflected the same third-party information at issue in the First Sealing Appeal and requested that it be sealed for the same reasons. (Appx624.)

D. The Electronic Frontier Foundation Moves To Intervene And The District Court Holds A Hearing

After Apple filed its motion to dismiss, the Electronic Frontier Foundation ("EFF") moved to intervene to challenge the sealing of documents, as it had in connection with the First Sealing Appeal. (Appx626.) On December 17, 2020, the district court held a hearing on the motions to seal. (Appx924.) At the hearing, the district court granted EFF's motion and permitted it to argue in favor of unsealing. (Appx936.)

For its part, Apple confirmed that it was taking the same position that it took before this Court during the First Sealing Appeal, i.e., information regarding licensing and pricing can be sealable. (Appx935.) This was also the same position Apple had expressed to Uniloc following remand, prior to the district court's ruling on the merits of Apple's motion. (Appx650.)

E. The District Court Denies Uniloc's And Fortress's Sealing Requests In Full

On December 22, 2020, the district court issued an opinion denying Uniloc's requests to seal in their entirety. (Appx30.) In doing so, the district court determined that all third-party licensing information and the Fortress investment memorandum would be disclosed to the public. (Appx36.)

As to third-party licensing information, the district court first outlined its belief that "[t]he public has every right to account for . . . anyone holding even a slice of the public grant." (Appx34.) It further stated that "patent licenses carry unique considerations" that bolster the public's right of access. (*Id.*) In particular, the district court stated that the public has "an interest in inspecting the valuation of the patent rights" reflected in Uniloc's licenses. (*Id.*) It then suggested that

disclosure of confidential patent licensing terms would facilitate "up-front cost evaluations of potentially infringing conduct," "driv[e] license values to a more accurate representation of the technological value of the patent," and help "inform reasonable royalties in other courts." (*Id.*) The district court did not cite any authority to suggest that these factors were relevant to the public interest analysis.

The district court also determined that "the dates and dollar amounts involved in Uniloc's patent licenses 'go to the heart of' the primary dispute, that of Uniloc's standing (or lack of) to sue." (Appx34 (quoting *Ctr. for Auto Safety v. Chrysler Grp., LLC*, 809 F.3d 1092, 1098 (9th Cir. 2016)).) It found that "[r]eview of the parties' and the Court's calculation of Uniloc's actual monetization requires public access to the underlying amounts and dates of Uniloc's patent licenses." (Appx35.) The district court then ordered that the licensing information, including the identity of the licensees, be unsealed in full. (*Id.*)

As to the Fortress investment memorandum, the district court found that Fortress did not comply with Local Rule 79-5(e)(1) of the Northern District of California because ***Uniloc*** filed the declaration, but the rule required Fortress to file the declaration as the "Designating

Party" seeking to seal the memorandum. (*Id.*) Solely on this basis, the district court denied the request to seal. (*Id.*)

III. SUMMARY OF ARGUMENT

This Court should reverse because the district court erred in refusing to seal confidential licensing information of third parties. As numerous third parties explained, the disclosure of this information would harm their competitive positions and subject them to harassment from other patent assertion entities. On the other hand, the specifics of these third-party licenses had no bearing on, and would not help the public understand, the district court's decision on the merits. This is because the court's decision turned only on the ***total*** amount of Uniloc's revenue ($14 million), not on the details of any individual license.

The first time around, the district court acted well within its discretion to deny Uniloc's initial, broad sealing requests. As this Court found, "Uniloc's original sealing request was grossly excessive and its flouting of Local Rule 79-5 particularly flagrant." *Uniloc 2017*, 964 F.3d at 1361. Thus, this Court "conclude[d] that there was no abuse of discretion in its decision to deny Uniloc's requests to seal its

purportedly confidential information and that of its related entities." *Id.* at 1363.

This Court, however, made clear that a separate analysis was required for patent licensing information of Uniloc's third-party licensees. *Id.* at 1364. As to this narrower set of information, the district court "failed to make findings sufficient to allow [this Court] to adequately assess whether it properly balanced the public's right of access against the interests of the third parties in shielding their financial and licensing information from public view." *Id.*[3] On remand, the only issue for the district court was to balance the public interest in seeing this information against the harm to third parties from disclosure. In conducting this balancing, the district court erred in several respects.

First, the district court suggested that "patent licenses carry unique considerations" such that they should be subject to greater scrutiny than any other type of trade secret. (Appx34 (distinguishing *Apple Inc. v. Samsung Elecs. Co.*, 727 F.3d 1214, 1225–26 (Fed. Cir.

[3] Although Apple supported the district court's enforcement of its local rules in the First Sealing Appeal, Apple also stated that this third-party information is sealable. *Uniloc 2017*, 964 F.3d at 1364 n. 9.

2013) and *In re Elec. Arts, Inc.*, 298 F. App'x 568 (9th Cir. 2008)).) The district court's disparate treatment of patent licensing information is contrary to law. Neither this Court nor the Ninth Circuit has held that a party seeking to seal confidential pricing and royalty terms of patent licenses carries a higher burden than for a party seeking to seal any other license or other kind of confidential information. The consistent practice in the Northern District of California to seal patent licensing information without subjecting it to special scrutiny reinforces this view. (*See* Br. 30–34 (collecting cases).)

Second, the district court improperly weighed "public interest" factors beyond the public's interest in the administration of justice and the public's ability to understand the issues in the case and the reasoning behind the district court's orders. In particular, the district court pointed to the public's interest in knowing the "valuation of [] patent rights" and of having more information when making "up-front cost evaluations of potentially infringing conduct" as reasons to unseal. (Appx34.) But these perceived advantages from disclosure of confidential patent licensing information—assuming they exist at all—cannot support the unsealing of trade secrets as a matter of law.

Samsung, 727 F.3d at 1226 ("Shareholders' interests in determining financial risks and consumers' interests in manufacturing and pricing decisions simply are not relevant to the balancing test."). If anything, the district court's observation that disclosure could have downstream commercial effects proves the harm that parties may suffer if the terms of their licenses were revealed to all, including to competitors and patent assertion entities. *See id.*

Third, the district court incorrectly concluded that the details of the third-party licenses went to the "heart" of the dispute on the merits. (Appx34 (citation and internal quotation marks omitted).) Apple's underlying motion to dismiss for lack of constitutional standing did not turn on information specific to any individual third party's license. Rather, Apple's motion was predicated on the aggregate total of Uniloc's licensing revenue over a one-year period. Uniloc stipulated to that total ($14 million) and placed it in the public record. This total was never in dispute. The public thus had all the information needed to understand the basis for Apple's motion and the district court's ruling on it. Unsealing the confidential terms of each individual license would risk

harming these third parties' ability to negotiate future patent licenses without furthering the public's understanding of the judicial process.

Fourth, the district court improperly unsealed the entirety of the Fortress investment memorandum. The district court denied the request to seal the memorandum solely on the procedural grounds that the supporting declaration was filed by Uniloc, not by Fortress. (Appx35.) However, one page of that memorandum consisted solely of confidential third-party licensing information. (Appx616.) As this Court held in the First Sealing Appeal, these third parties should not suffer from the procedural errors of Uniloc and Fortress. Thus, at least the third-party information should have remained sealed.

IV. ARGUMENT

This appeal involves the standard for sealing court records, not substantive issues of patent law; thus, Ninth Circuit law applies. *Uniloc 2017*, 964 F.3d at 1357. "In the Ninth Circuit, a district court's decision to seal or unseal court records is reviewed for abuse of discretion." *Id.* (citing *Ctr. for Auto Safety*, 809 F.3d at 1096). "A district court abuses its discretion if it 'bases its decision on an erroneous legal standard or clearly erroneous findings of fact.'" *Samsung*, 727 F.3d at 1221 (quoting

Earth Island Inst. v. Carlton, 626 F.3d 462, 468 (9th Cir. 2010)). A district court also abuses its discretion if the reviewing court 'has a definite and firm conviction that the court below committed a clear error of judgment in the conclusion it reached upon a weighing of the relevant factors.'" *Samsung*, 727 F.3d at 1221 (quoting *Smith v. Jackson*, 84 F.3d 1213, 1221 (9th Cir. 1996)).

"[T]he [] right to inspect and copy judicial records is not absolute . . . ." *Nixon v. Warner Commc'ns, Inc.*, 435 U.S. 589, 598 (1978). Sealing may be appropriate to keep records from being used "as sources of business information that might harm a litigant's competitive standing." *Id.* In the Ninth Circuit, "compelling reasons" are needed to seal judicial records related to a dispositive motion. *Kamakana v. City & Cty. of Honolulu*, 447 F.3d 1172, 1179 (9th Cir. 2006). Such compelling reasons include preventing the release of trade secrets. *Id.*; *see In re Elec. Arts*, 298 F. App'x at 569 (finding "compelling reasons" to seal "the pricing terms, royalty rates, and guaranteed minimum payment terms found in [a] Licensing Agreement").

A. The District Court Abused Its Discretion In Denying The Motion To Seal Third Party Licensing Information

In its order unsealing the confidential terms of dozens of third-party licenses, the district court committed three errors.

1. The District Court Committed An Error Of Law By Applying Heightened Scrutiny To Patent Licenses

The district court's stated reason for revealing the patent-licensing information of third parties is that "[t]he public has every right to account for all its tenants, all its sub-tenants, and (more broadly) anyone holding even a slice of the public grant." (Appx34.) The district court also noted that "patent licenses carry unique considerations." (*Id.*) Based on its presumption that patents are uniquely matters of public right, the district court appears to have assumed that patent licenses either could not qualify as sealable trade secrets, or else were subject to greater scrutiny than other trade secrets or confidential licenses. In either case, the district court committed an error of law.

First, patent-licensing information can clearly rise to the level of a trade secret. This Court's order in the First Sealing Appeal proves as much. If patent licenses were always open to inspection, this Court would have had no need to remand with instructions to "balance[] the

public's right of access against the interests of the third parties in shielding their financial and licensing information from public view." *Uniloc 2017*, 964 F.3d at 1364.

Second, even if the district court recognized that patent licenses could qualify for sealing, it erroneously applied heightened scrutiny to requests to seal information about such licenses. In particular, the district court distinguished case law from this Court and the Ninth Circuit regarding the sealing of "image licensing or product financial information" on the grounds that "patent licenses carry unique considerations." (Appx34 (distinguishing *Samsung*, 727 F.3d at 1225–26 and *In re Elect. Arts*, 298 F. App'x at 568).) The district court then recited the considerations that, in its mind, made requests to seal patent licenses different from requests to seal any other kind of trade secret. (Appx34.)

Notably, the district court did not cite any law that supports treating patent licenses differently. And this Court has never held that the burden to seal patent licensing information is higher than it is for any other type of trade secret. To the contrary, this Court applies the law of the regional circuit to questions of sealing precisely because the

standard for sealing is not unique to patent licenses. *Uniloc 2017*, 964 at 1357; *Samsung*, 727 F.3d at 1221. As noted above, this Court's remand order makes clear that the district court was to apply the same balancing test as it would for any other information that is sought to be sealed. *Uniloc 2017*, 964 F.3d at 1364. The district court did not do so.

Ultimately, the district court's belief that patent licenses "carry unique considerations" (Appx34) appears to have led it to apply a higher standard to patent licenses than the standard articulated by the Ninth Circuit and this Court. Because the law does not treat requests to seal patent licensing information differently than other trade secrets, the district court erred by citing "unique considerations" to patent licenses in analyzing the requests to seal.

2. The District Court Committed An Error Of Law By Weighing Factors Beyond The Public's Understanding Of The Judicial Process

The district court made a second error of law when weighing irrelevant factors as part of analyzing the "public interest." Without citing authority, the district court suggested a series of hypothetical benefits that could come from disclosing confidential patent licensing terms. (Appx34.) These included the public's interest in "inspecting the

valuation" of patents, "offering up-front cost evaluations of potentially infringing conduct," and "inform[ing] reasonable royalties in other courts." (*Id.*) But none of these considerations is relevant to the sealing analysis, and the court erred by relying on them.

"The presumption in favor of public access to court documents is based on 'promoting the public's understanding of the judicial process and of significant public events.'" *Samsung*, 727 F.3d at 1226 (quoting *Valley Broad. Co. v. U.S. Dist. Court for Dist. of Nev.*, 798 F.2d 1289, 1294 (9th Cir. 1986)). In other words, the purpose of public access to judicial materials is to help the public understand, evaluate, and have confidence in ***events occurring in the judicial system***. In contrast, commercial interests in the information to be sealed, such as "[s]hareholders' interests in determining financial risks and consumers' interests in manufacturing and pricing decisions," are not relevant. *Samsung*, 727 F.3d at 1226.

Here, the district court's "public interest" considerations are based on its predictions about how disclosure of patent licenses would lead to a more efficient market for patent licensing. (Appx34.) This is precisely the type of general consumer or commercial interest that this Court

found to be irrelevant in *Samsung*. In fact, just as in *Samsung*, the district court's assumption that disclosure would affect licensing activity in the marketplace "further underscores the potential harm that [the third parties] could face if their detailed financial information becomes public." 727 F.3d at 1226. The reason that the third parties here have an interest in maintaining the agreed-upon confidentiality of their licensing terms is precisely so that others cannot use this information against them in the market. The district court thus erred as a matter of law by citing the commercial implications of disclosure as a reason to disclose the confidential trade secrets of third parties, rather than as a reason to seal them.

3. The District Court Committed An Error Of Fact By Finding That Irrelevant Details Of Individual Third-Party Licenses Went To The "Heart" Of The Dispute

In addition to citing an erroneous legal standard, the district court relied on an erroneous finding of fact. The district court found it "conclusive" on the sealing issue that "the dates and dollar amounts involved in Uniloc's patent licenses 'go to the heart of' the primary dispute." (Appx34 (citation omitted).) This finding was in error.

Contrary to the district court's characterization, the parties' standing dispute did not turn on the details of any third-party license or on how to calculate Uniloc's monetization revenue. Rather, the heart of the dispute was a legal issue based on undisputed facts in the public record. (Appx897 ("Our facts are uncontested.").) The material facts were:

> (1) Uniloc granted Fortress a license to Uniloc's patents;
>
> (2) Fortress's license included an unfettered right to grant sublicenses to any party if an "Event of Default" occurred;
>
> (3) An "Event of Default" would occur if Uniloc failed to generate at least $20 million in revenue over a specified period of time; and
>
> (4) Uniloc generated only $14 million over that period, triggering an Event of Default.

(Appx892, Appx897.) All of these uncontested facts and contractual provisions were in the public record. (*Id.*) The public thus had access to all the information central to the district court's decision.

Although the public already knew that Uniloc's total monetization was $14 million, the district court suggested that the public had the right to review "the Court's calculation of Uniloc's actual monetization." (Appx35.) But the district court did not discuss or appear to perform any calculation of Uniloc's aggregate licensing revenue. Instead, Uniloc

conceded that the total licensing revenue was $14 million, substantially less than the $20 million it was required to generate. (Br. 46.) Because this fact was uncontested, the public had no need to see each individual license to confirm Uniloc's total revenue. (Appx897.)

Nor did it matter to Apple's motion which third party paid Uniloc which amount. While the public may have been curious about the details of each individual license, those details were "not central to a decision on the merits." *Samsung*, 727 F.3d at 1228. The only licensing terms that were central to the district court's decision were the provisions in the agreements between Uniloc and Fortress, and all relevant provisions of those agreements were placed in the public record. (*See* Appx892 (public order on the merits containing the key provisions).) The public thus had access to the total revenue figure and every relevant contractual provision at issue. That is all the information necessary to understand the basis for Apple's motion and the district court's resolution of it. No further unsealing was warranted. (*See* Appx762-772, Appx807-837.)

4. At Minimum, Wholly Irrelevant Licensing Information Should Remain Sealed

As stated above, the only licensing information of public interest here was the $14 million that Uniloc generated in the aggregate, a figure that was already public and never in dispute. However, to the extent the public is determined to have an interest in viewing the terms of the underlying licenses, that interest is limited in scope. At most, that interest could extend only to the amounts and dates of the licenses within the relevant timeframe of April 1, 2016 to March 31, 2017.

Licenses dated outside of that timeframe are irrelevant to the district court's decision on the merits. Those licenses do not contribute to the calculation of the $14 million figure; disclosure of their terms would not further the public interest in understanding the issues in any way. *See Samsung*, 727 F.3d at 1228 ("[D]ata concerning Apple's customers outside of the United States would not assist the public's understanding of Apple's damages in the United States—the only damages at issue in this case."). Thus, at a minimum, the identities, dates, and amounts for licenses outside of the April 1, 2016 to March 31, 2017 timeframe should remain sealed.

Further, for licenses within the relevant timeframe, the licensing amounts and dates are the only information that could be relevant; the ***identity*** of the third parties would not be a matter of public interest. Knowing ***which*** third party paid what amount has no bearing on verifying that Uniloc generated $14 million in the aggregate. The district court appeared to recognize as much, focusing its attention on "public access to the underlying ***amounts*** and ***dates*** of Uniloc's patent licenses," not the identity of the licensees. (Appx35 (emphasis added).) Thus, even if the dates and amounts of those licenses are to be disclosed, the identities of the licensees should remain under seal.

B. The District Court Incorrectly Refused To Seal Third-Party Licensing Information Contained Within Fortress's Internal Investment Memorandum

With respect to the Fortress investment memorandum, the district court took a different tack. Rather than address the substance of the sealing issue, the court resolved it on procedural grounds. In particular, the court rejected the Jacobs Declaration as non-compliant with its local rules because it was not filed by Fortress as the "Designating Party" pursuant to N.D. Cal. Local Rule 79-5(e)(1). (Appx35.) Based solely on this perceived non-compliance with its local

rules, the district court ordered the ***entirety*** of the Fortress memorandum unsealed. (*Id.*) This was error for two reasons.

First, any procedural failings of Uniloc and Fortress cannot justify unsealing the information of third parties. As this Court stated in the First Sealing Appeal, "such third parties were not responsible for Uniloc's [violation of the local rules]" and therefore their information should not be unsealed on that basis. *Uniloc 2017*, 964 F.3d at 1363–64. For the reasons stated above, this information should remain sealed because the interests of those third parties outweigh the public's interest in seeing individual licensing details that had no effect on the district court's decision.

Second, the district court appeared to discount or disregard the Jacobs Declaration as "hearsay." (Appx35.) To the extent the district court believed that counsel cannot provide evidence to support sealing, the district court erred.[4] Courts in the Northern District of California

[4] The district court also appeared to reject the declaration because it was filed by Uniloc. (Appx35.) However, Mr. Jacobs, along with his co-counsel James Foster of the law firm of Prince Lobel Tye LLP, also represented Fortress in connection with discovery materials produced in the various litigations between Uniloc and Apple, including the investment memorandum. (Br. 61.)

routinely accept declarations of counsel as evidence in support of motions to seal. (*See, e.g.*, Appx963-967, Appx1038-1041.) And here, Mr. Jacobs was a logical declarant because he could speak to the sensitive nature of both Fortress's investment analysis and the third-party licensing information nested within it. Mr. Jacobs spoke to both Fortress and dozens of third parties in assembling evidence to support their requests to seal their sensitive information. (*See* Appx702-703, Appx764-772, Appx621-623.) No public interest would be served in ignoring declarations in support of requests to seal from attorneys with knowledge of the relevant facts, and no caselaw supports that result. Thus, the Jacobs Declaration should not have been rejected as a "hearsay" declaration simply because it came from counsel.

V. CONCLUSION AND STATEMENT OF RELIEF SOUGHT

This Court should reverse the district court's denial of the motions to seal and remand with instructions to seal the third-party patent licensing information.

Dated: May 13, 2021

Respectfully submitted,

/s/ Doug J. Winnard

MICHAEL T. PIEJA
ALAN E. LITTMANN
DOUG J. WINNARD
GOLDMAN ISMAIL TOMASELLI
BRENNAN & BAUM L.L.P.
22 South Wacker Dr., 22nd Floor
Chicago, Illinois 60606
Telephone: (312) 681-6000
Facsimile: (312) 881-5191
mpieja@goldmanismail.com
alittmann@goldmanismail.com
dwinnard@goldmanismail.com

Counsel for Defendant-Appellee Apple Inc.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATIONS

Case Number: 2021-1568, -1569, -1570, -1571, -1573

Short Case Caption: Uniloc USA, Inc. v. Apple Inc.

Instructions: When computing a word, line, or page count, you may exclude any items listed as exempted under Fed. R. App. P. 5(c), Fed. R. App. P. 21(d), Fed. R. App. P. 27(d)(2), Fed. R. App. P. 32(f), or Fed. Cir. R. 32(b)(2).

The foregoing filing complies with the relevant type-volume limitation of the Federal Rules of Appellate Procedure and Federal Circuit Rules because it meets one of the following:

☑ the filing has been prepared using a proportionally-spaced typeface and includes 4,930 words.

☐ the filing has been prepared using a monospaced typeface and includes _____ lines of text.

☐ the filing contains _____ pages / _____ words / _____ lines of text, which does not exceed the maximum authorized by this court's order (ECF No. _____).

Date: 05/13/2021

Signature: /s/ Doug J. Winnard

Name: Doug J. Winnard