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Patent Holder Seeks Sanctions For MLB Over Breach

By **Liz McKenzie**

Law360, New York (July 16, 2009) -- DDB Technologies LLC has asked a court to impose sanctions against Major League Baseball's interactive media division, alleging it disclosed confidential information in violation of a protective order issued in an interactive-technology patent dispute.

The Texas-based intellectual property holding company DDB filed the motion on Wednesday in the U.S. District Court for the Western District of Texas, arguing that MLB Advanced Media had violated a 2005 protective order by disclosing confidential discovery information.

"This was no casual or inadvertent violation," DDB said. "It was calculated, and repeated."

The sanctions motion stems from a February 2005 protective order that prohibited MLBAM and DDB from using the confidential information disclosed in the case for any reason other than the lawsuit and from sharing information with anyone not "qualified" by the protective order.

DDB filed the lawsuit in 2004, arguing that MLBAM was infringing its patents for advanced interactive technology it claimed were crucial to MLBAM's innovative Web site offerings, including gameday simulations of live baseball games, searchable video highlights and statistics trackers for fantasy baseball.

The U.S. Court of Appeals for the Federal Circuit ruled in February 2008 that the district court erred in denying DDB discovery, affirming in part and vacating in part a decision from the U.S. District Court for the Western District of Texas, which had dismissed the case for lack of subject matter jurisdiction.

The district court dismissed the suit for lack of subject matter jurisdiction in May 2006, ruling that DDB failed to join all owners of the patents in the suit and was not able to pursue an infringement action against MLBAM by virtue of its newly acquired interest in those patents, according to court documents.

Several weeks later the court denied DDB's request for discovery, which the Federal Circuit said could have been important for answering key mysteries in the case.

"Given the central relevance of the information sought in discovery, it was an abuse of discretion for the district court to deny DDB jurisdictional discovery, including document and deposition requests," the Federal Circuit judges wrote.

David Barstow, who later formed DDB, and his brother Daniel were named inventors on the patents, but at the time of the inventions' development Barstow was employed by Schlumberger Technology Corp., according to court documents. Barstow's employment agreement at Schlumberger stated that in working for the company all rights to ideas and inventions related to Schlumberger business activities belonged to the company.

DDB claims in Wednesday's motion that MLBAM violated the protective order by communicating with Schlumberger to convince the company that the patents were truly the company's property, not Barstow's, and later used the information to negotiate assigning the patents to MLBAM.

"What is most disturbing is that MLBAM used this confidential information for a purpose outside of this case in an attempt to gain a commercial advantage by obtaining rights in Dr. Barstow's personal inventions. This is exactly the type of conduct the protective order is designed to prevent," DDB said.

It further argues that MLBAM denied DDB the opportunity to present "its side of the story to Schlumberger" — most notably "the fact, left out by MLBAM in its dealings with Schlumberger, that Schlumberger had already told Dr. Barstow that the inventions were his and that Schlumberger had no interest in them."

DDB claims that because of the breach it has been unable to assert its intellectual property rights against MLBAM for more than three years. It also says it wasted unnecessary legal fees since it did not become aware of the assignment until "well after the close of fact discovery."

The motion seeks a denial of MLBAM's currently pending motion to dismiss and an order barring the defendant from using the Schlumberger assignment in the lawsuit, costs and attorneys' fees, a public reprimand of the defendant's counsel, and other relief in addition to the sanctions.

Representatives for MLBAM declined to comment on the motion.

DDB is represented in the matter by Kinne IP Group, McDonnell Boehnen Hulbert & Berghoff LLP, Baniak Pine & Gannon and Winstead PC.

MLBAM is represented by Foley & Lardner LLP, Haynes and Boone LLP and in-house counsel.

The case is DDB Technologies v. MLB Advanced Media, case number 1:04cv00352, in the U.S. District Court for the Western District of Texas.

--Additional reporting by Marius Meland

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