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1		HONORABLE JOHN CHUN	
2		NOTED FOR HEARING: FEBRING COUNTY 015 WITHOUT ORAL ARGUMENT	
		CASE NUMBER: 14-2-07669-0 SEA	Α
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8	IN THE SUPERIOR COURT OF	F THE STATE OF WASHINGTON	
9	FOR THE COU	UNTY OF KING	
10	MOVE, INC., a Delaware corporation,	Case No. 14-2-07669-0 SEA	
11	REALSELECT, INC., a Delaware corporation, TOP PRODUCER SYSTEMS	PLAINTIFFS' MOTION TO MODIFY CASE	
12	COMPANY, a British Columbia unlimited	SCHEDULE TO CHANGE TRIAL DATE	
13	liability company, NATIONAL ASSOCIATION OF REALTORS®, an	DUE TO CASE COMPLEXITIES	
14	Illinois non-profit corporation, and REALTORS® INFORMATION		
15	NETWORK, INC., an Illinois corporation,		
16	Plaintiffs,		
17	vs.		
18	ZILLOW, INC., a Washington corporation, and ERROL SAMUELSON, an individual,		
19	Defendants.		
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I. INTRODUCTION

No case that involves 54 motions in the first ten months and still requires dozens of depositions has a chance of going to trial less than four months later. When Plaintiffs Move, Inc. and the National Association of Realtors® (collectively, "Move") filed this case on March 17, 2014, the Court automatically issued a standard Scheduling Order, setting trial less than fourteen months out on May 11, 2015. This case is anything but standard. It is a large commercial and intellectual property dispute between direct competitors that has grown exponentially in volume and complexity over time. While trial is scheduled to begin in a little over three months, and discovery to end in two months, activity in the case is rapidly escalating, not winding up.

The docket highlights the extraordinary work that has gone into the case and informs the large amount of work necessary to properly prepare it for trial. This is truly a bulky, complicated matter. As of January 16, 2015, the Superior Court docket filled 35 pages with 303 entries. There have been two injunction applications, a preliminary injunction order, two motions for reconsideration, a motion to increase the bond amount, a grant of an interlocutory appeal, appellate briefing, an amended complaint, the appointment of a special master, an amended protective order with complex designations, two rounds of briefing regarding a second amended protective order, scores of interrogatories, over 300 document requests, and a large number of discovery motions from all sides. Zillow has produced many of its documents with redactions and embargoed swaths of its production in restrictive confidentiality designations.

Zillow has served a witness list with 112 witnesses, including multiple senior executives at Move and other companies. Lovejoy Dec. ¶ 13. The parties are in the midst of trying to schedule more than three-dozen depositions and complete their review of documents. Party and third-party witnesses reside across a half-dozen states, requiring letters rogatory, commissions, and other judicial processes for some. There will be substantial discovery into Zillow's planned

¹ News Corp. bought Move in December 2014, nine months after the events that triggered this case, but Zillow added the Chairman of News Corp., Rupert Murdoch, to its witness list. Lovejoy Dec. ¶ 13. There is no indication Mr. Murdoch knows anything about the case. His inclusion on the list appears to be an attempt to deflect attention and require delaying motion practice.

1	\$3.9 billion acquisition of Trulia, which Zillow leadership has publicly stated was a sudden
2	"epiphany" in May 2014, but actually followed just after an extraordinary series of events,
3	, Errol Samuelson's sudden departure as Move's Chief
4	Strategy Officer to Zillow, where he received a disproportionate compensation package for his
5	"insights," and Mr. Samuelson's shocking destruction of electronic evidence in the days before
6	and after he left Move for Zillow.
7	Further compounding this thicket, after nine months of litigation, a critical fact was
8	revealed—Mr. Samuelson and others at Zillow likely violated this Court's preliminary injunction
9	within days of it being entered. Zillow belatedly produced
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11	. The after the Court's preliminary injunction
12	became effective and less than two months after the injunction hearing during which Judge Linde
13	advised she was going to issue the injunction, saying she was "
14	." Cock Dec. Ex. C at 15.
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20	. Cock Dec. Ex. B.
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22	Needless to say, (as
23	are thousands of other Zillow-produced documents), and Zillow designated
24	"Outside Attorneys' Eyes Only (Don't show plaintiffs)." Discovery regarding
25	is critical to all aspects of the case, will likely require the Court's assistance to extract
26	from Zillow , and will alone take at
27	least several months to complete.

Plaintiffs respectfully request that the Court continue the trial date until October 26, 2015 and adjust the Scheduling Order accordingly. This is the first such request. The continuance will permit the parties to complete discovery, prepare experts on the complexities at the core of the case (some of which are still developing), and fully prepare for trial. Without new dates, the case will remain in many respects incomplete, to the great prejudice of the plaintiffs.

II. RELIEF REQUESTED

Plaintiffs respectfully request the Court to modify the Civil Case Schedule and continue the trial date until October 26, 2015.

III. EVIDENCE RELIED UPON

This motion is supported by the declarations of Lawrence R. Cock and Jack M. Lovejoy, with exhibits, and other pleadings on file with the Court.

IV. STATEMENT OF ISSUES

Should the Court modify the Civil Case Schedule and continue the trial date until sometime on or after October 26, 2015 and issue a new case schedule?

V. STATEMENT OF FACTS

A. This is a complex dispute between rivals in the online real estate market.

Move employed Errol Samuelson for 13 years, elevating him through the ranks and eventually entrusting him with the "crown jewels" position of Chief Strategy Officer. Mr. Samuelson was the primary steward of Move's strategic partnership with the National Association of Realtors ("NAR") and President of realtor.com, the website owned by NAR and operated by Move. *Id.* Mr. Samuelson was responsible for major strategic projects at Move and its related companies. Berkowitz Dec. ("Berkowitz") ¶¶ 10-27 (Sub. # 11). Mr. Samuelson knew the details of highly valued strategic business plans of both Move and NAR, including plans for mergers and acquisitions, data and technology aggregation, product development, and related initiatives in a highly competitive industry. *Id.* He was responsible for Move's acquisition of ListHub, the service that aggregates data from Multiple Listing Services ("MLSs"), and led Move's team responsible for cultivating these key relationships. *Id.*

1 at 2

with Zillow, Mr. Samuelson suddenly resigned from Move. *Id.* ¶ 33. In his last two days at Move, Mr. Samuelson devoted a substantial amount of time wiping data from electronic devices, deleting emails, copying data to a USB drive, and misusing Move's business license to get the phone company to switch his Move-issued and -owned phone number into his name and onto another device. *Id.*, Ex. 10. A few hours after leaving Move, Mr. Samuelson announced he was joining Zillow as its Chief Industry Development Officer. He did not announce, however, that he had been granted an outsized compensation package for his position (which appears to be payment for Move's confidential and trade secret information)² or that he had improperly, in violation of his fiduciary and other legal obligations to Move, provided information about Move to Zillow and performed tasks for Zillow. *See* Findings of Fact, Conclusions of Law, and Preliminary Injunction ("PI") (Sub. # 203 at FOF 27, 28, and 30). It is apparent to Move that Zillow hired Mr. Samuelson to implement or undermine the confidential strategic business plans of Move and use his detailed knowledge of Move for the benefit of Zillow.

On March 5, 2014, with no customary notice to Move but a large amount of covert planning

B. Move promptly filed suit and this Court entered a preliminary injunction.

Move filed this case on March 17, 2014. After a series of motions, substantial briefing, and oral argument, the Court entered a preliminary injunction on June 30, 2014. Sub. # 203. The Court's Preliminary Injunction was based on a number of factual findings, including: Mr. Samuelson possessed and likely retained Move's trade secrets; he destroyed evidence; he revealed Move's business strategies to Zillow; he copied Move computer data without permission; and he retained a Move computer containing sensitive, confidential, and trade secret information, which he still had not returned to Move at the time the Court made its findings. *Id.* § 1 ¶¶ 11, 16-17, 20-21, 23, and 30. In issuing the injunction, after reviewing written testimony

. Sub 121B, Stenhouse Dec. (sealed), Ex.

² Zillow has stated it hired Mr. Samuelson for his "insights." Sub 203 at FOF 26. For his purported "insights", Zillow gave Mr. Samuelson

discovery, to determine how much Move information was used to develop Zillow's new approach.

2	While Zillow argues none of the information taken by Mr. Samuelson to Zillow could be
3	confidential or trade secret information, over 90% of Zillow's documents have been designated
4	AEO or OCEO, and 70% were designated OCEO. Lovejoy Dec. ¶ 6. Some of these
5	designations may be necessary, but others are not. 4 Necessary or not, the designations slow the
6	analysis of the case considerably because AEO material cannot be shared with the business
7	people who would understand it best, and OCEO material cannot even be shared with in-house
8	counsel. Further slowing Move's development of its case, Zillow has objected to Move showing
9	AEO and OCEO information to its industry expert. Lovejoy Dec. Ex. C. ⁵ Significant time will
10	continue to be devoted to the obstacles presented by the number of documents that have been
11	designated AEO or OCEO.6
12	Many of the documents produced by Zillow, including , are also
13	heavily redacted. The redactions themselves do not indicate their basis and Zillow has not yet
14	completed and produced its privilege log. Lovejoy Dec. ¶ 7. From the case of
15	, it appears Zillow may be using Ms. Philips' dual role as Chief Operations Officer and
16	Chief Legal Officer to cloak business records in privilege. Challenging the redactions and
17	bringing facts to light will likely involve multiple briefs and in camera reviews and cause this
18	case to move at a slower pace than most civil litigation.
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22	⁴ For example, Zillow designated a publicly filed Move 10Q document as AEO. Cock Dec. D.

Zillow)," and (1) "Outside Counsel Eyes Only (Don't show Defendants)." Lovejoy Dec. ¶ 5.

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⁵ Meanwhile, Mr. Samuelson and Zillow have filed several motions asking that confidentiality designations be removed from Move's documents. See Lovejoy Dec. ¶ 3-4.

Zillow acknowledges the complexity caused by the confidential nature of many documents in this case. On January 20, 2015, joining Plaintiffs request to file documents under seal, Zillow wrote: "excerpts of Brad Owens's deposition [] discusses several ongoing business projects and documents that are highly sensitive to Zillow's business operations. Moreover, Plaintiffs' Opposition Brief repeatedly discusses

and other Zillow documents that are just as confidential because they relate to Zillow's competitive strategies and ongoing projects. Zillow keeps this information highly confidential because if revealed to its competitors, including Plaintiffs, it would assist them to compete more effectively against Zillow."

E. Extensive further discovery is required.

1. <u>Document discovery is not complete.</u>

While the Special Master set aspirational deadlines for the production of documents by the parties, document production is unfinished. Hundreds of thousands of documents have been produced. Lovejoy Dec. ¶ 14. But there are still many documents to review, as well as disputes over documents, redactions, and other document related issues which must be addressed by the parties and this Court, as noted above. Motions to compel and ongoing discussions and disputes regarding designations and redactions are also likely to result in the production or re-production of even more documents. Finally, multiple third parties will produce documents, including Trulia and others.

2. <u>Wide-ranging depositions are pending.</u>

Each side initially projected taking approximately 15-20 fact witness depositions, for a total of 30-40 depositions in the case. Lovejoy Dec., Ex. F at 2:36-40. ⁷ Some of the deponents will be high-level executives, making scheduling even more complicated. For example, on October 13, 2014, Move noticed a 30(b)(6) deposition on topics related to Zillow's compliance with the preliminary injunction. Lovejoy Dec. Ex. D. Zillow produced three different witnesses, the last of which did not testify until December 17, 2014. Lovejoy Dec. Ex. E. In addition, many witnesses are out of state. Move is in California. NAR is in Illinois. Other witnesses reside in New York, Virginia, and Florida. It will take a substantial amount of time to coordinate travel, involve local courts as necessary, and complete so many depositions.

3. The has created the need for even more discovery, and may result in additional parties being named in this case.

The Special Master recognized that the ability of the parties to keep to the discovery schedule "may be impacted by discovery and/or evidence not yet submitted." Lovejoy Dec. Ex. F at 2:29-36. Plainly, which had not yet been submitted at the time of the

⁷ Based on Zillow's Disclosure of Primary Witnesses, the plaintiffs anticipate the number of depositions will grow.

1	Scheduling Order, will have a profound impact on discovery. Once the issue of
2	has been resolved, additional discovery will be required to unpack its full significance.
3	For example,
4	. See Cock Dec.,
5	Ex. A.
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7	<i>Id.</i> , Ex. B.
8	Based on recently uncovered evidence, , plaintiffs may seek
9	permission to amend their pleading to add Mr. Beardsley, Ms. Philips, and others as defendants
10	in this action and, if appropriate, bring additional claims, including a claim for aiding and
11	abetting breach of fiduciary duty against the appropriate parties.
12	VI. AUTHORITY AND ARGUMENT
13	A. Good cause exists for continuing the trial date for this complex case.
14	A motion for a continuance shall be granted where there is "good cause," CR 40(d), "subject
15	to such conditions as justice requires," KCLCR 40(e)(2). "[T]he decision to grant or deny a
16	motion for a continuance rests within the sound discretion of the trial court." State v. Downing,
17	151 Wn.2d 265, 272 (2004). A court should grant a continuance to allow "sufficient time to
18	prepare a complex and lengthy case for trial." State v. Johnson, 147 Wn. App. 276, 289 (2008)
19	(citing State v. Campbell, 103 Wn.2d 1, 14-15 (1984)).
20	Trade secrets cases are widely recognized as presenting issues that are considerably more
21	complicated than the average civil dispute. See, e.g., De Long Corp. v. Lucas, 176 F. Supp. 104,
22	110 (D.N.Y. 1959) (case was "more lengthy and complicated because of the claims of both sides
23	that a large part of the relevant documentary material contained trade secrets."); Albion
24	Laboratories, Inc. v. Seroyal Brands, Inc., 1979 U.S. Dist. LEXIS 10031, 7 (N.D. Cal. 1979)
25	("misappropriation of trade secrets involves much more complex determinations than a breach of
26	contract situation."); St. Alphonsus Med. Ctr Nampa, Inc. v. St. Luke's Health Sys., 2013 U.S.

Dist. LEXIS 134402, 7 (D. Idaho Sept. 17, 2013) (the "method" for protecting trade secrets in

the course of litigation is "complicated"). This case is no exception, and the claims at issue extend beyond the trade secrets claims. There are serious questions in this matter relating to Mr. Samuelson's breach of his fiduciary obligations to Move, apparently feeding information to a competitor and orchestrating a harmful exit in violation of fiduciary obligations to Move.

defendants have identified 112 primary witnesses. An appeal and a motion to increase the bond are pending. The preliminary injunction alone has generated significant and ongoing disputes that continue to loom over the conduct of the litigation. The protective order has similarly engendered extensive briefing and continues to make discovery much more complicated than the typical case. The sheer number of AEO and OCEO documents, for example, make it difficult for the plaintiffs to provide relevant evidence to their experts and gain the insight necessary to

the parties are only beginning to address redactions and disputes may arise. The requested extension would serve the interests of justice by providing the parties sufficient time to address

evaluate the nature and extent of the trade secrets in a highly specialized industry. Furthermore,

these and other complexities, which must be resolved before the merits of the case can be assessed and tried properly.

B. All relevant factors weigh in favor of continuing the trial date.

In exercising its discretion to issue a continuance, the Court may consider several factors, including: "the necessity of reasonably prompt disposition of the litigation; the needs of the moving party; the possible prejudice to the adverse party; [and] the prior history of the litigation, including prior continuances granted the moving party." *Balandzich v. Demeroto*, 10 Wn. App. 718, 720 (1974). Each of these factors weighs heavily in favor of a continuance.

- The case will still be disposed on a reasonably prompt schedule. Even with the requested continuance, the case would still be disposed in well under two years, which is imminently reasonable for a case of this complexity.
- <u>Move should be allowed to conduct ample discovery.</u> has opened the door to more discovery and additional allegations against the defendants. There are

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also indications based on recent announcements from Zillow that there may be more evidence of wrongdoing by Mr. Samuelson. The full magnitude of the defendants conduct requires additional detailed and thoughtful discovery. Almost no depositions have taken place, and there is a large amount of discovery to be taken. Defendants listed 112 primary witnesses. It will take some time to resolve parties' disputes over remaining outstanding issues such as privilege, confidentiality redactions, depositions, and other discovery issues. An extension to conduct further discovery is necessary and warranted.

- A continuance will not adversely prejudice Zillow or Mr. Samuelson. The defendants may claim prejudice from a continuance, because certain aspects of the Preliminary Injunction remain in place until this dispute is resolved. The injunction flows from defendants' own conduct. The need for a continuance is an unavoidable result of the nature of this lawsuit, compounded by Mr. Samuelson's early attempts to spoliate evidence, his retention of Move property and information, delays in production of relevant documents, heavy redactions of documents, over-inclusive confidentiality designations, and an enormous witness list. Indeed, as learned from the only thing that has moved at a rapid pace here is the defendants' violation of the preliminary injunction through the subterfuge of having Moreover, Zillow cannot credibly argue that it will be prejudiced by continuing to be enjoined from using stolen information. The Court already found a "substantial likelihood of success," while expressing great concern about the actions of Mr. Samuelson and Zillow. just proves the Court got it right.
- There have not been any prior continuances in this case. When considering a request for continuance, courts typically consider how many prior continuances have been granted. *See Balandzich*, 10 Wn. App. at 720-21. This factor does not weigh against the requesting party where no prior continuance has been granted. *See, e.g., id.* (seventh motion to continue denied); *Rommel v. Torpey*, 180 Wash. App. 1037 (2014) (sixth motion to continue denied); *Harris v. Drake*, 152 Wash. 2d 480, 497, 99 P.3d 872, 880 (2004) (third motion to

continue denied). In this case, there have been no prior continuances, and this factor should not 1 2 weigh against extending the trial date by five months. 3 VII. **CONCLUSION** 4 This Court's recent program of shrinking the standard case schedule is laudable. But one size 5 does not fit all when it comes to litigation. The current standard King County case schedule is 6 too compressed for this case and will result in injustice to Plaintiffs, who bear the burden of 7 proof at trial. The Plaintiffs' request for a modest continuance of the trial until October 26, 2015, 8 will allow not just Plaintiffs, but all parties, the time they need to fully prepare this case for an 9 efficient and fair trial. 10 11 DATED January 23, 2015, at Seattle, Washington. 12 13 s/Jack M. Lovejoy Jack M. Lovejoy, WSBA No. 36962 14 Lawrence R. Cock, WSBA No. 20326 15 Attorneys for Plaintiffs CABLE, LANGENBACH, KINERK & BAUER, LLP 16 1000 Second Avenue, Suite 3500 Seattle, Washington 98104-1048 17 (206) 292-8800 phone (206) 292-0494 facsimile 18 ilovejoy@cablelang.com 19 lrc@cablelang.com 20 21 22 23 24 25 26 27

1	CERTIFICATE OF SERVICE	
2	I hereby certify that on January 23, 2015, I electronically filed the foregoing with the	
3	Clerk of the Court using the Court's CM/ECF System which will send notification of such filing	
5	to those registered to receive electronic notices by email transmission at the email addresses	
6	provided.	
7	CM/ECF Participants:	
8	Clemens H. Barnes Estera Gordon Miller Nash Graham & Dunn LLP	
10	Counsel for Errol Samuelson	
11	Susan E. Foster Kathleen M. O'Sullivan	
12	Katherine G. Galipeau Perkins Coie LLP 1201 Third Avenue, Suite 4900	
13	Seattle, WA 98101-3099 Counsel for Zillow, Inc.	
14	I declare under penalty of perjury that the foregoing is true and correct.	
15	DATED AG ALL WALLS AND AG AGAS	
16	DATED at Seattle, Washington on January 23, 2015.	
17	/s/ Janet Petersen	
18	Janet Petersen, Legal Assistant CABLE, LANGENBACH, KINERK & BAUER, LLP	
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