

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF
WASHINGTON

Valve Corporation v. Rothschild et al.

Valve Corp. · No. 2:23-cv-01016-JNW · Decided January 28, 2026

SUMMARY

The United States District Court for the Western District of Washington granted in part Defendants’ motion to seal expert reports filed in support of Daubert motions. The Court held that the compelling-reasons standard applied and permitted limited redactions to the Schenk and Al-Salam reports based on confidential financial and litigation-related information. The Court denied sealing of the Gugliuzza report because Defendants failed to demonstrate the required interests, injury, and need for sealing rather than redaction.

CASE DETAILS

COURT	United States District Court for the Western District of Washington
WRITING FOR THE COURT	Jamal N. Whitehead
JURISDICTION	United States District Court for the Western District of Washington
DECIDED	January 28, 2026
DOCKET	2:23-cv-01016-JNW
DISPOSITION	other
PROCEDURAL POSTURE	Defendants moved to maintain three expert reports under seal in connection with their Daubert motions. The court granted the motion in part, allowing limited redactions to two reports and ordering the third report unsealed.
STANDARD OF REVIEW	A party seeking to seal materials filed in connection with matters more than tangentially related to the merits must demonstrate compelling reasons sufficient to outweigh the public's interest in disclosure. The court must balance the public and private interests and require a factual showing of confidential information, identifiable significant harm from disclosure, and the inadequacy of less restrictive alternatives.
PRECEDENTIAL VALUE	Unknown

TOPICS

civil procedure

evidence

expert testimony

daubert standard

commercial litigation

PRACTICE AREAS

civil procedure

evidence

commercial litigation

QUESTIONS PRESENTED

1. What standard governs a motion to seal expert reports filed in connection with Daubert motions related to the claims, defenses, and damages in the case?
2. Whether Valve established compelling reasons for limited redactions to the Schenk and Al-Salam expert reports.
3. Whether Defendants established the required interests, injury, and need for complete sealing of the Gugliuzza expert report.

HOLDINGS

1. The compelling-reasons standard applies because the expert reports are related to the claims, defenses, and damages at issue and the Daubert motions are more than tangentially related to the merits.
2. Valve established compelling reasons for limited redactions to the Schenk and Al-Salam reports.
3. Defendants failed to meet their burden to keep the Gugliuzza report under seal, and the report must be unsealed.

KEY QUOTATIONS

“The Court finds that the compelling interest test applies, as the materials Defendants seek to seal are related to the claims, defenses, and damages at issue here, and so may only be sealed upon a showing that there are compelling reasons sufficient to outweigh the public’s interest in disclosure.” (at 3)

“The proposed redactions are narrow, and Valve and its counsel have identified real harms that would result from public disclosure.” (at 5)

“Absent such a showing, the Court will not permit the report to remain under seal.” (at 6)

FACTUAL BACKGROUND

Defendants filed expert reports from Kimberly J. Schenk, Ramsey M. Al-Salam, Paul R. Gugliuzza, and Dr. Adam Sorini under seal in support of Daubert motions. Valve sought limited redactions to portions of the Schenk and Al-Salam reports containing employee compensation information, the amount paid under a settlement and licensing agreement, legal counsel's negotiated billing rates, and internal staffing and litigation strategy. Defendants designated the Gugliuzza report as confidential and proprietary but submitted no adequate evidentiary showing explaining the interests supporting continued sealing, the injury from disclosure, or why redaction would be insufficient.

PROCEDURAL HISTORY

Defendants filed four Daubert motions challenging proposed testimony from Valve's experts and filed the expert reports under seal. Defendants then moved under Local Civil Rule 5(g) to maintain the Schenk, Al-Salam, and Gugliuzza reports under seal. After reviewing the motion, Valve's response, and the supporting materials, the court applied the compelling-reasons standard and granted the motion only in part.

DISPOSITION

other

CASES CITED

- Ctr. for Auto Safety v. Chrysler Grp., LLC, 809 F.3d 1092, 1101 (9th Cir. 2016)
- In re Midland Nat. Life Ins. Co. Annuity Sales Pracs. Litig., 686 F.3d 1115, 1120 (9th Cir. 2012)
- Kamakana v. City & County of Honolulu, 447 F.3d 1172, 1178 (9th Cir. 2006)
- Foltz v. State Farm Mutual Auto. Ins. Co., 331 F.3d 1122, 1131 (9th Cir. 2003)
- Houserman v. Comtech TeleCommunications Corp., No. 2:19-CV-00644-RAJ, 2021 WL 54766, at *3 (W.D. Wash. Jan. 6, 2021)
- Glob. Equip. Co., Inc. v. Glob. Storage Equip. Mfr. Ltd., No. C25-1269-KKE, 2025 WL 3158080, at *7 (W.D. Wash. Nov. 12, 2025)
- Mahone v. Amazon.com, Inc., No. C22-594 MJP, 2024 WL 278934, at *1 (W.D. Wash. Jan. 25, 2024)

OPINION

1 2 3 4 5 UNITED STATES DISTRICT COURT 6 WESTERN DISTRICT OF WASHINGTON
AT SEATTLE 7 VALVE CORPORATION, CASE NO. 2:23-cv-01016-JNW 8 Plaintiff, ORDER
GRANTING IN PART 9 DEFENDANTS’ MOTION TO SEAL v. 10 ROTHSCCHILD ET AL, 11
Defendants. 12 13 14 This matter comes before the Court on Defendants’ motion to seal. Dkt. No.
15 137.

Having reviewed the motion, Plaintiff Valve Corporation’s response, Dkt. No. 16 154, the relevant
record, and all supporting materials, the Court GRANTS the 17 motion IN PART. 18 1.
BACKGROUND 19 Defendants filed four Daubert motions challenging the proposed testimony
of 20 Valve’s experts Kimberly J. Schenk, Ramsey M. Al-Salam, Paul R. Gugliuzza, and 21 Dr.
Adam Sorini.

Dkt. No. 136. In support of those motions, Defendants filed the 22 experts’ reports under seal. Dkt.
No. 138. Pursuant to Local Civil Rule 5(g), 23 1 Defendants now move to maintain the Schenck,
Al-Salam, and Gugliuzza reports 2 under seal. Dkt. No. 137. 3 2. DISCUSSION 4 The expert
reports at issue contain information designated as confidential by 5 both Valve and Defendants.

Defendants designated the Gugliuzza report as 6 “confidential” and containing “proprietary
information.” See Dkt. No. 137 at 2. Valve 7 has designated the Schenk and Al-Salam reports as
confidential because they 8 contain information about Valve’s finances. See Dkt. No. 154 at 5.

The Court first reviews the relevant legal standard before assessing whether the Parties have met their burden to allow the expert reports to remain under seal. 2.1 Legal standard. The party seeking to keep material filed under seal must meet either the “good cause” or “compelling interest” standard. See *Ctr. for Auto Safety v. Chrysler Grp., LLC*, 809 F.3d 1092, 1101 (9th Cir.

2016). The “compelling interest” test applies when the sealed materials are filed in connection with a motion that is “more than tangentially related to the merits of a case.” *Id.* Meanwhile, the less rigorous “good cause” standard applies to sealed materials filed in support of motions “unrelated to the merits of a case.” *Id.* Valve argues that the “good cause” standard should apply to the materials filed under seal.

See, e.g., Dkt. No. 154 at 5 (“Good cause exists to maintain [the Schenk and Al-Salam reports] under seal.”). Defendants’ motion does not address the relevant standard. See generally Dkt. No. 137. The Court finds that the compelling interest test applies, as the materials Defendants seek to seal are related to the claims, defenses, and damages at issue here, and so may only be sealed upon a showing that there are compelling reasons sufficient to outweigh the public’s interest in disclosure.

See *In re Midland Nat. Life Ins. Co. Annuity Sales Pracs. Litig.*, 686 F.3d 1115, 1120 (9th Cir. 2012) (holding that the compelling reasons standard applies to sealing Daubert motions which pertained to “central issues bearing on defendant’s summary judgment motion.”). Under the “compelling interest” test, the Court must “conscientiously balance[] the competing interests of the public and the party who seeks to keep certain judicial records secret.” *Kamakana v. City & Cnty. of Honolulu*, 447 F.3d 1117, 1178 (9th Cir.

2006) (citation and quotation omitted). The Court may only seal records if its decision is based on “a compelling reason and [it] articulate[s] the factual basis for its ruling, without relying on hypothesis or conjecture.” *Id.* (citation modified). “The burden is on the party requesting a protective order to demonstrate that (1) the material in question is a trade secret or other confidential information within the scope of Rule 26(c), and (2) disclosure would cause an identifiable, significant harm.” *Foltz v. State Farm Mutual Auto.*

Ins. Co., 331 F.3d 1122, 1131 (9th Cir. 2003) (citation and quotation omitted). The Local Rules require the party seeking to keep materials under seal—in this case, both Parties—to show: (1) “the legitimate private or public interests that warrant the relief sought”; (2) “the injury that will result if the relief sought is not granted”; and (3) “why a less restrictive alternative to the relief sought is not sufficient.” Local Civil Rule 5(g)(3)(B).

2.2 Compelling interests support limited redactions to the Schenk and Al-Salam reports. Valve argues that limited portions of the Schenk and Al-Salam reports should be redacted on the

grounds that they “contain financial compensation 4 information for one of Valve’s employees, the amount Valve paid for the 2016 Global 5 Settlement and Licensing Agreement (“GSLA”) with Defendants, and information 6 about Valve’s legal counsel’s negotiated billing rates and its internal staffing and 7 strategy decisions.” Dkt.

No. 154 at 2. In support of this argument, Valve provides 8 the Declaration of Christopher Schenck, in-house counsel at Valve, who states that 9 release of Valve’s financial information “would result in significant competitive and 10 economic harm to Valve.” Dkt. No. 155. Indeed, “[c]ourts have held that information 11 about compensation structures and incentive programs that are not publicly 12 available may be filed under seal because the ‘likelihood of an improper use by 13 competitors’ provides a compelling reason to do so.” *Houerman v. Comtech 14 TeleCommunications Corp.*, No. 2:19-CV-00644-RAJ, 2021 WL 54766, at *3 (W.D.

15 Wash. Jan. 6, 2021) (collecting cases). And Dario Machleidt, Valve’s retained 16 outside counsel, states in his declaration that information regarding his firm’s “time 17 entry descriptions and confidential litigation decisions,” would place his firm at a 18 “competitive disadvantage.” Dkt. No. 156. This, too, is an “accepted... line of 19 reasoning as a ‘compelling’ justification for sealing.” Glob.

Equip. Co., Inc. v. Glob. 20 Storage Equip. Mfr. Ltd., No. C25-1269-KKE, 2025 WL 3158080, at *7 (W.D. Wash. 21 Nov. 12, 2025) (collecting cases). 22 23 1 The proposed redactions are narrow, and Valve and its counsel have 2 identified real harms that would result from public disclosure.

The Court finds this 3 showing sufficient to establish compelling reasons for the limited redactions 4 proposed by Valve. 5 2.3 Defendants do not meet their burden to show why the Gugliuzza report should remain under seal. 6 Defendants designated the Gugliuzza report as confidential due to it 7 “containing proprietary information of Defendants.” Dkt. No. 137 at 2.

As the 8 designating party, Defendants were required to satisfy Local Civil Rule 5(g)(3)(B). 9 But Defendants failed to argue or otherwise demonstrate via affidavit or sworn 10 declaration what legitimate interests they had in maintaining the designated 11 information under seal, how unsealing this information would result in injury, or 12 why sealing the exhibits in their entirety, rather than less-restrictive redactions, 13 was necessary to prevent that injury.

See LCR 5(g)(3)(B). Absent such a showing, 14 the Court will not permit the report to remain under seal. See *Mahone v. 15 Amazon.com, Inc.*, No. C22-594 MJP, 2024 WL 278934, at *1 (W.D. Wash. Jan. 25, 16 2024) (citing LCR 5(g)(3)(B) in denying plaintiff’s motion to seal based on the 17 designator defendants’ failure to file a response).

The Court thus DENIES the 18 motion as to the Gugliuzza Report. 19 20 21 22 23 1 3. CONCLUSION 2 Accordingly, the Court ORDERS the following: 3 1. Defendants’ motion to seal

is GRANTED IN PART. Dkt. No. 137. 4 2. The Clerk is ORDERED to UNSEAL the expert report of Gugliuzza, Dkt. 5 No. 138, while maintaining under seal the unredacted Al-Salam report, 6 Dkt. No. 138-1, and Schenk report, Dkt. No. 138-2. 7 3. Valve is ORDERED to file the Al-Salam and Schenk reports with 8 redactions reflecting those proposed by Valve at Dkt. No. 157. 9 10 Dated this 28th day of January, 2026. 11 A Jamal N. Whitehead 12 United States District Judge 13 14 15 16 17 18 19 20 21 22 23