

**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

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 9 reviews the relevant legal standard before assessing whether the Parties have met
10 their burden to allow the expert reports to remain under seal. 11 2.1 Legal standard. The party
seeking to keep material filed under seal must meet either the 12 “good cause” or “compelling
interest” standard. See *Ctr. for Auto Safety v. Chrysler* 13 *Grp., LLC*, 809 F.3d 1092, 1101 (9th
Cir.

2016). The “compelling interest” test 14 applies when the sealed materials are filed in connection
with a motion that is 15 “more than tangentially related to the merits of a case.” *Id.* Meanwhile,
the less 16 rigorous “good cause” standard applies to sealed materials filed in support of 17
motions “unrelated to the merits of a case.” *Id.* 18 Valve argues that the “good cause” standard
should apply to the materials 19 filed under seal.

See, e.g., Dkt. No. 154 at 5 (“Good cause exists to maintain [the 20 Schenk and Al-Salam reports] under seal.”). Defendants’ motion does not address 21 the relevant standard. See generally Dkt. No. 137. 22 23 1 The Court finds that the compelling interest test applies, as the materials 2 Defendants seek to seal are related to the claims, defenses, and damages at issue 3 here, and so may only be sealed upon a showing that there are compelling reasons 4 sufficient to outweigh the public’s interest in disclosure.

See *In re Midland Nat. Life 5 Ins. Co. Annuity Sales Pracs. Litig.*, 686 F.3d 1115, 1120 (9th Cir. 2012) (holding 6 that the compelling reasons standard applies to sealing Daubert motions which 7 pertained to “central issues bearing on defendant’s summary judgment motion.”). 8 Under the “compelling interest” test, the Court must “conscientiously 9 balance[] the competing interests of the public and the party who seeks to keep 10 certain judicial records secret.” *Kamakana v. City & Cnty. of Honolulu*, 447 F.3d 11 1172, 1178 (9th Cir.

2006) (citation and quotation omitted). The Court may only seal 12 records if its decision is based on “a compelling reason and [it] articulate[s] the 13 factual basis for its ruling, without relying on hypothesis or conjecture.” *Id.* (citation 14 modified). “The burden is on the party requesting a protective order to demonstrate 15 that (1) the material in question is a trade secret or other confidential information 16 within the scope of Rule 26(c), and (2) disclosure would cause an identifiable, 17 significant harm.” *Foltz v. State Farm Mutual Auto.*

Ins. Co., 331 F.3d 1122, 1131 18 (9th Cir. 2003) (citation and quotation omitted). The Local Rules require the party 19 seeking to keep materials under seal—in this case, both Parties—to show: (1) “the 20 legitimate private or public interests that warrant the relief sought”; (2) “the injury 21 that will result if the relief sought is not granted”; and (3) “why a less restrictive 22 alternative to the relief sought is not sufficient.” Local Civil Rule 5(g)(3)(B).

23 1 2.2 Compelling interests support limited redactions to the Schenk and Al-Salam reports. 2 Valve argues that limited portions of the Schenk and Al-Salam reports 3 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.” *Houserman 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