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UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION  
WASHINGTON D.C.

In the Matter of

UNION OIL COMPANY OF CALIFORNIA,  
a corporation.

Docket No. 9305

**DECLARATION OF C.O. STRATHMAN IN SUPPORT OF UNOCAL'S MOTION FOR  
IN CAMERA TREATMENT OF CONFIDENTIAL BUSINESS DOCUMENTS THAT  
COMPLAINT COUNSEL IDENTIFY AS POTENTIAL HEARING EXHIBITS**

I, CHARLES O. STRATHMAN, declare as follows:

1. I am the Vice President, Law, of Respondent Union Oil Company of California ("Unocal").
2. I submit this declaration in support of Unocal's motion for *in camera* treatment of certain documents that have been identified by Complaint Counsel as potential hearing exhibits. I am familiar with the documents attached as Exhibits 1 - 81 to this declaration.
3. Rather than address each document separately, we have divided the documents Unocal believes deserve *in camera* protection into seven categories. Given Unocal's substantial interest in protecting the confidentiality of these documents, which contain confidential licensing and other commercially sensitive information, I am available to appear at a hearing to address any questions that the court may have relating to the contents of these documents.
4. Each of the Exhibits 1 - 81 contain highly-sensitive, non-public information that fall into

the following categories: A) Patent Licensing Agreements; B) License Royalty Calculations, Schedules and Strategies; C) Confidential Communications With Licensees and Potential Licensees Including for the Purpose of Settlement; D) Internal Company Policies; E) Financial and Tax information; F) Documents Related to Unocal/Tosco Sale; and G) Confidential Deposition Testimony.

**A. Patent License Agreements**

5. Exhibits 1 - 9 are

CX2018  
CX2019  
CX2017  
CX2013  
CX2011  
CX2009  
CX2014  
CX2012  
CX2020

6. These documents contain extremely sensitive commercial, financial and trade secret information pertaining to licensing.

**B. License Royalty Calculations, Schedules and Strategies**

7. Exhibits 10 - 27 are license royalty calculations and schedules:

CX1271

CX2193

CX2194

CX2195

CX2196

CX2197

CX2198

CX2199

CX2200

CX0684

CX0683

CX0707

CX0531

CX0532

CX0497

CX0458

CX0466

CX2207

8. These documents contain highly sensitive information regarding licensing, but more specifically, price and cost analysis, including Unocal's internal calculations. Access to this information within Unocal is limited to a "need to know" basis. Furthermore, Unocal's calculations and schedules are viable today, are currently relied upon and will

be relied upon in the future by Unocal in conducting its business. These terms and strategies are commercially sensitive and disclosure would provide an unfair advantage to competitors and potential competitors. If this information were disclosed to a competitor, the competitor would be able to exact immediate harm to Unocal in the marketplace because it would know precisely the royalty rates and schedules Unocal has employed in the past, as well as currently. It could then use this knowledge to exploit Unocal's position. Unocal never consented to the public disclosure of this information either in connection with this proceeding or elsewhere. Furthermore, it would not be possible for Unocal's competitors to determine this information from any source other than Unocal.

**C. Confidential Communications with Licensees and Potential Licensees Including for the Purpose of Settlement**

9. Exhibits 28 - 41 are documents containing communications between Unocal, their licensees and potential licensees, including for the purpose of settlement:

CX2016  
CX2022  
CX2021  
CX0473  
CX0535

CX0533

CX0443  
CX0444

CX0528

CX2007

CX2010

CX2008

CX2015

CX2025

10. These documents include non-public, confidential correspondence and documents between Unocal and its potential and current licensees containing extremely sensitive commercial, financial and trade secret information pertaining to licensing and potential settlement of the Unocal v. Arco litigation. Great measures have been taken to protect the confidentiality of the information contained in these documents, as well as the documents themselves. Maintaining the competitive sensitivity and the value of such information is material to Unocal's future success in its licensing efforts. The disclosure of such information would reveal to competitors Unocal's negotiating and marketing strategies with regard to licensing and afford competitors an unfair business advantage. Disclosure of settlement information would prejudice Unocal and would jeopardize future settlement negotiations with the refiners. Unocal never consented to the publication of these communications either in connection with this proceeding or elsewhere. To the extent that any of these documents have been disclosed to third parties, Unocal has first secured promises of confidentiality.

**D. Internal Company Policies**

11. Exhibits 42 - 58 are confidential internal company policies:

CX1626 Unocal Regular Board Meeting Minutes-May 22, 1995;

CX1617 Unocal Regular Board Meeting Minutes-Dec. 8, 1997;

CX1618 Unocal Regular Board Meeting Minutes-Sept. 28, 1998;

CX1619 Unocal Regular Board Meeting Minutes-May 22, 2000;

CX1620 Unocal Regular Board Meeting Minutes-March 27, 2001;

CX0607 Memo to Board from Williamson & Ling re: News Releases;  
CX0714 Intellectual Property Policy;  
CX0578 Memo from Sleeman re: Electronic Mail Policy;  
CX0429 Electronic Mail Guidelines;  
CX0524 Electronic Mail Policy;  
CX0536 Electronic Mail Policy;  
CX0538 E-mail guidelines revised to include cleaning out folders;  
CX0437 Information Retention Guidelines;  
CX0438 Records Retention Guidelines;  
CX0445 Records Retention Guidelines;  
CX0420 Records Management Policy; and  
CX0537 Records Management Policy.

12. These policies reveal important details and provide insight into how Unocal functions as a successful business. It includes information regarding business strategies, risk analyses and products in development and/or in the pipeline. This information is not voluntarily revealed to any third party, nor is it available to the public. To the extent these documents have been disclosed to third parties, Unocal has first secured promises of confidentiality. Maintaining the confidentiality value of such information is critical to Unocal's success in its future business efforts. The value of the information to Unocal is tremendous and would provide an unfair advantage to its competitors who have not expended the financial, human, and temporal resources to produce the information contained in the documents and/or who have no right to the internal business dealings, plannings and strategies of Unocal. In addition, the documents contain detailed data relating to Unocal's intellectual property, e-mail and document retention policies, etc.—information that would be harmful if disclosed to the public, and more importantly, to Unocal's competitors. Unocal never consented to the public disclosure of these internal documents either in connection with this proceeding or elsewhere.

**E. Financial and Tax Information**

13. Exhibits 59 - 68 are documents containing confidential financial and/or tax information:

CX0545 Working Paper: 1998 tax return information summary and project outline;  
CX0563 Working Paper: Litigation Expenses-RFG;  
CX0564 Working Paper: E-mail from Jordan Weiss;  
CX0566 Working Paper: Press Releases;  
CX0433 Working Paper: Beach's story on RFG patents;  
CX0421 Working Paper: New patents with broader application;  
CX0442 Working Paper: Unocal Court cases timeline;  
CX0529 CA impact of the patent case;  
CX0468 Working Paper: Preliminary tax planning ideas and conclusion; and  
CX0471 Forwarded E-mail from Douglas Miller to Clark Re: RFG Structuring.

14. The information contained in these documents is not publicly available. The documents contain financial terms, with respect to, among other things, licensing arrangements. In addition, these documents reveal the negotiating positions and tax strategies of Unocal. Great measures have been taken to protect the confidentiality of the information contained in these documents, as well as the documents themselves. Disclosure of such information would create an unfair competitive advantage to Unocal outsiders. Unocal never consented to their being publicly disclosed either in connection with this proceeding or elsewhere.

**F. Documents Related to the Unocal/Tosco Sale**

15. Exhibits 69 - 70 are documents related to the Unocal/Tosco sale:

CX0422 Sales and Purchase Agreement for 76 Products Company Between Unocal and Tosco Corp. Dec. 14, 1996; and  
CX2023 Unocal Intellectual Property Agreement.

16. These documents contain confidential terms of a purchase agreement between Unocal and Tosco including specific licensing terms. This information is confidential and

neither Unocal nor Tosco has disclosed this information to a third party, nor made it available to the public. Disclosure of such information would create an unfair competitive advantage to Unocal outsiders, and impair Unocal's ability to do business with competitors in the future. This information has no relevance to the current proceeding against Unocal, and these documents should not be published at any time.

**G. Confidential Deposition Testimony**

17. Exhibits 71 - 81 are portions of deposition testimony that Unocal has previously identified as confidential pursuant to the Protective Order in this proceeding:

John Jenkins Deposition (July 30, 2003):  
pp. 36-37

Charles Strathman Deposition (April 22, 2003):  
Volume 1: pp. 8:17 - 47:10; pp. 48:19 - 103:6; pp. 105:19 - 116:10; pp. 118:6 - 119:13; pp. 121:5 - 184:16; Volume 2: pp. 40:21 - 43:8

Steven Light Deposition (April 25, 2003):  
pp. 13:5 - 14:16; pp. 25:16 - 26:15; p. 38: 17- 21; pp. 46:13 - 52:8; pp. 63:4 - 64:8

Gregory Wirzbicki Deposition (June 4, 2003):  
pp. 8:22 - 10:9

Charles Strathman Deposition (June 6, 2003):  
pp. 91:22 - 93:9; pp. 94:22 - 96:15; pp. 99:19 - 115:12; pp. 117:10 - 124:2; pp. 130:5 - 132:10; pp. 161:13 - 162:8

Michael Thacher Deposition ( June 10, 2003):  
pp. 84:4 - 91:7

Peter Jessup Deposition (June 11, 2003):  
pp. 131:7 - 132:17

Dennis Lamb Deposition (June 13, 2003):  
p. 7:16-23; p. 22:9-20; p. 23:2-23

William Barry Lane Deposition (June 18, 2003):  
p. 49:1-10

Susan Thurman Deposition (June 23, 2003):  
pp. 11:19 - 12:13; pp. 18:17 - 19:13; pp. 21:14 - 22:16

Neil Schmale Deposition (June 27, 2003):  
p. 6:1-2; pp. 77:3 - 78:21; pp. 81:24 - 82:17



18. This deposition testimony contains confidential information revealing Unocal's licensing and marketing strategies, calculations of licensing fees and royalty rates, as well as identifying confidential licensees and potential licensees. All of this information has never been voluntarily distributed or otherwise made known outside of Unocal.
19. I am informed that counsel for Unocal has notified the FTC that the following documents are privileged and Unocal has asked for their return:
- CX0727  
CX0565
20. In the event these documents are not deemed to be privileged they should be treated as confidential licensing and tax documents.
21. I am informed and believe that the information contained in Exhibits 1 - 81 has never been voluntarily distributed or otherwise made known outside of Unocal. Furthermore, with the exception of Unocal's internal company policies, e.g., e-mail, document retention, etc., distribution of the foregoing documents is extremely limited within Unocal and only designated individuals with a "need to know" designation have access to these documents.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 9th day of October, 2003.

Signature on File with Commission  
CHARLES O. STRATHMAN