

1 XAVIER BECERRA, State Bar No. 118517
 Attorney General of California
 2 PAUL STEIN, State Bar No. 184956
 Supervising Deputy Attorney General
 3 SARAH E. KURTZ, State Bar No. 99881
 Deputy Attorney General
 4 JONATHAN M. EISENBERG, State Bar No. 184162
 Deputy Attorney General
 5 AMIE L. MEDLEY, State Bar No. 266586
 Deputy Attorney General
 6 P. PATTY LI, State Bar No. 266937
 Deputy Attorney General
 7 455 Golden Gate Avenue, Suite 11000
 San Francisco, CA 94102-7004
 8 Telephone: (415) 510-3817
 Fax: (415) 703-1234
 9 E-mail: Patty.Li@doj.ca.gov
Attorneys for Defendants The State of California,
 10 *Governor Edmund G. Brown Jr., and Attorney*
General Xavier Becerra

11 [Additional counsel listed on subsequent page]

12 IN THE UNITED STATES DISTRICT COURT
 13 FOR THE EASTERN DISTRICT OF CALIFORNIA
 14

15 **THE UNITED STATES OF AMERICA,**
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 Plaintiff,
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 v.
 18
 19 **THE STATE OF CALIFORNIA, et al.,**
 20
 Defendants.

2:18-cv-02660-JAM-DB
2:18-cv-02684-JAM-DB

**STIPULATION REGARDING
 TEMPORARY STAY OF LITIGATION
 AND AGREEMENT NOT TO ENFORCE
 SENATE BILL 822**

Judge: The Hon. John A. Mendez
Actions Filed: Sept. 30, 2018; Oct. 3, 2018

21 **AMERICAN CABLE ASSOCIATION, et al.,**
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 Plaintiffs,
 23
 v.
 24 **XAVIER BECERRA, in his official capacity**
as Attorney General of California,
 25
 Defendant.
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1 [Additional Counsel]

2 JOSEPH H. HUNT
Assistant Attorney General Civil Division
3 MCGREGOR SCOTT
United States Attorney
4 BRINTON LUCAS
Counsel to the Assistant Attorney General
5 JAMES J. GILLIGAN
Acting Director, Federal Programs Branch
6 JACQUELINE COLEMAN SNEAD
Assistant Branch Director, Federal Programs
7 Branch
DAVID SHELLDY
8 Civil Chief, Assistant United States Attorney
JOSEPH BORSON (Va. Bar No. 85519)
9 KEVIN SNELL (NY Bar)
Trial Attorneys
10 U.S. Department of Justice
Civil Division, Federal Programs Branch
11 1100 L St. NW
Washington, DC 20530
12 Telephone: (202) 305-0924
Fax: (202) 616-8460
13 E-mail: Kevin.Snell@usdoj.gov

14 *Attorneys for the United States*

15 Scott H. Angstreich (admitted pro hac vice)
16 Brendan J. Crimmins (admitted pro hac vice)
Rachel Proctor May (admitted pro hac vice)
17 KELLOGG, HANSEN, TODD, FIGEL, &
FREDERICK, P.L.L.C.
18 1615 M Street NW, Suite 400
Washington, DC 20036
19 (202) 326-7900
sangstreich@kellogghansen.com
20 bcrimmins@kellogghansen.com
rmay@kellogghansen.com

21 *Attorneys for Plaintiffs CTIA – The Wireless*
22 *Association and USTelecom – The Broadband*
23 *Association*

Marc R. Lewis (CA SBN 233306)
LEWIS & LLEWELLYN LLP
505 Montgomery Street, Suite 1300
San Francisco, CA 94111
(415) 800-0591
mlewis@lewisllewellyn.com

Attorney for Plaintiffs American Cable
Association, CTIA – The Wireless
Association, NCTA – The Internet &
Television Association, and USTelecom – The
Broadband Association

Matthew A. Brill (admitted pro hac vice)
Matthew T. Murchison (admitted pro hac
vice)
Adam J. Tuetken (admitted pro hac vice)
LATHAM & WATKINS LLP
555 Eleventh Street NW, Suite 1000
Washington, DC 20004
(202) 637-2200
matthew.brill@lw.com
matthew.murchison@lw.com
adam.tuetken@lw.com

Attorneys for Plaintiff NCTA – The Internet &
Television Association

Jeffrey A. Lamken*
MOLOLAMKEN LLP
The Watergate, Suite 600
600 New Hampshire Ave., NW
Washington, DC 20037
(202) 556-2000
jlamken@mololamken.com

Attorney for Plaintiff American Cable
Association

**Pro hac vice* motion to be filed

1 Plaintiffs the United States of America, American Cable Association, CTIA – The
2 Wireless Association, NCTA – The Internet & Television Association, and USTelecom – The
3 Broadband Association (collectively, “Plaintiffs”), and Defendants the State of California,
4 Governor Edmund G. Brown Jr., and Attorney General Xavier Becerra (“Defendants,” and
5 collectively with Plaintiffs, the “Parties”), by and through their respective counsel, hereby
6 stipulate and agree as follows:

7 **WHEREAS**, in January 2018 the Federal Communications Commission (“FCC”)
8 released an order governing the provision of broadband Internet access services. *Restoring*
9 *Internet Freedom*, Declaratory Ruling, Report and Order, and Order, 33 FCC Rcd 311 (2018)
10 (“FCC Order”).

11 **WHEREAS**, the FCC took several actions, including: (1) reclassifying broadband
12 Internet access services as “information services” within the meaning of the Communications Act
13 of 1934, as amended by the Telecommunications Act of 1996, FCC Order ¶¶ 20-161; (2)
14 repealing certain of the FCC’s rules governing the conduct of Internet service providers, *id.*
15 ¶¶ 239-296; and (3) determining that “we should exercise our authority to preempt any state or
16 local requirements that are inconsistent with the federal deregulatory approach we adopt today,”
17 *id.* ¶ 195.

18 **WHEREAS**, with respect to preemption, the FCC Order states “[w]e conclude that
19 regulation of broadband Internet access service should be governed principally by a uniform set
20 of federal regulations, rather than by a patchwork that includes separate state and local
21 requirements.” *Id.* ¶ 194.

22 **WHEREAS**, the FCC determined to preempt “any state or local measures that would
23 effectively impose rules or requirements that we have repealed or decided to refrain from
24 imposing in this order or that would impose more stringent requirements for any aspect of
25 broadband service that we address in this order.” *Id.* ¶ 196.

26 **WHEREAS**, a coalition of 22 states, including the State of California, filed a petition for
27 review of the FCC Order in the United States Court of Appeals for the D.C. Circuit. *Mozilla*
28 *Corp. v. FCC*, Nos. 18-1051 *et al.* (D.C. Cir.).

1 **WHEREAS**, the State of California and other petitioners contend the FCC lacked
2 authority to preempt state and local measures as set forth in the FCC Order, and have urged the
3 D.C. Circuit to vacate that portion of the order, among others.

4 **WHEREAS**, proceedings in the D.C. Circuit are still pending, and oral argument has been
5 scheduled for February 1, 2019.

6 **WHEREAS**, on September 30, 2018, California enacted Senate Bill 822, the California
7 Internet Consumer Protection and Net Neutrality Act of 2018 (“Senate Bill 822”), which is
8 scheduled to take effect on January 1, 2019.

9 **WHEREAS**, Senate Bill 822 contains a legislative finding that “[a]lmost every sector of
10 California’s economy, democracy, and society is dependent on the open and neutral Internet.”
11 Cal. Stats. 2018, ch. 976, Sec. 1(a)(2).

12 **WHEREAS**, Senate Bill 822 states that, in order to promote “an open and neutral
13 Internet,” *id.*, Sec. 1(a)(1), Senate Bill 822 prohibits Internet service providers, as defined, from
14 engaging in certain activities, including blocking, throttling, zero rating, and paid prioritization,
15 *id.*, Sec. 2 (adding new Cal. Civ. Code §§ 3101, 3102).

16 **WHEREAS**, on September 30, 2018, the United States filed an action against the State of
17 California, Governor Edmund G. Brown Jr., and Attorney General Xavier Becerra in the United
18 States District Court for the Eastern District of California, alleging that Senate Bill 822 is
19 preempted by the FCC Order, and is therefore void under the Supremacy Clause of the United
20 States Constitution. *United States v. California*, No. 2:18-cv-02660-JAM-DB.

21 **WHEREAS**, on October 3, 2018, four industry associations representing the interests of
22 broadband Internet access service providers (“Association Plaintiffs”) filed a separate action
23 against Attorney General Xavier Becerra in the Eastern District of California, alleging that Senate
24 Bill 822 is preempted by the FCC Order, and that it also conflicts with the federal
25 Communications Act of 1934, as amended by the Telecommunications Act of 1996, and violates
26 the dormant Commerce Clause. *American Cable Association v. Becerra*, No. 2:18-cv-02684-
27 JAM-DB.

28 **WHEREAS**, the two actions challenging Senate Bill 822 have been related before the

1 Hon. Judge John. A. Mendez. *United States v. California*, No. 2:18-cv-02660, ECF No. 7;
2 *American Cable Association v. Becerra*, No. 2:18-cv-2684-JAM-DB, ECF No. 12.

3 **WHEREAS**, both sets of plaintiffs have filed a motion for a preliminary injunction,
4 further briefing on the motions is pending, and a hearing on the motions has been set for
5 November 28, 2018. *United States v. California*, No. 2:18-cv-02660, ECF No. 11; *American*
6 *Cable Association v. Becerra*, No. 2:18-cv-2684-JAM-DB, ECF No. 24.

7 **WHEREAS**, both sets of plaintiffs contend that, under the Hobbs Act, 47 U.S.C.
8 § 402(a), 28 U.S.C. § 2342(1), the district court must presume the validity of the FCC Order,
9 including but not limited to the FCC's determination to preempt state and local net neutrality
10 requirements, including but not limited to Senate Bill 822.

11 **WHEREAS**, the Association Plaintiffs contend that various findings and determinations
12 in the FCC Order establish that Senate Bill 822 is preempted by the Communications Act of
13 1934, as amended by the Telecommunications Act of 1996, and violates the dormant Commerce
14 Clause.

15 **WHEREAS**, although Defendants maintain that Senate Bill 822 is constitutional, and do
16 not concede any liability, the Hobbs Act has been construed by the United States Court of
17 Appeals for the Ninth Circuit to mean that: (1) a federal district court must presume the validity
18 of a final FCC order until its validity has been finally determined by a federal appeals court; (2)
19 the Hobbs Act precludes district courts from considering an affirmative defense to the extent such
20 defense is based on a challenge to the validity of a final FCC order. *Wilson v. A.H. Belo Corp.*,
21 83 F.3d 393 (9th Cir. 1996); *United States v. Dunifer*, 219 F.3d 1004 (9th Cir. 2004).

22 **WHEREAS**, under controlling authority in the Ninth Circuit, the Hobbs Act precludes the
23 district court in these related actions from determining the validity of the FCC's decision to
24 preempt state and local net neutrality requirements, including but not limited to Senate Bill 822.

25 **WHEREAS**, Plaintiffs rely extensively on the FCC Order—both in support of their
26 substantive claims and their motions for preliminary relief—and, as a result, the decision in
27 *Mozilla Corp. v. FCC*, Nos. 18-1051 *et al.* (D.C. Cir.), will significantly shape the scope and
28 conduct of these related actions depending on whether the FCC Order is ultimately upheld or

1 vacated in whole or in part.

2 **WHEREAS**, the Parties wish to avoid a waste of judicial and party resources, and believe
3 that these related actions should therefore be stayed pending resolution of proceedings in *Mozilla*
4 *Corp. v. FCC*, Nos. 18-1051 *et al.* (D.C. Cir.).

5 **WHEREAS**, this Court has authority under *Landis v. N. Am. Co.*, 299 U.S. 248 (1936), to
6 enter a stay of proceedings as part of its power to control its own docket, and is empowered to
7 enter a stay of proceedings based on the circumstances here.

8 **NOW THEREFORE**, in consideration of the foregoing, the Parties further stipulate and
9 agree as follows:

10 1. Further proceedings in both *United States v. California*, No. 2:18-cv-02660-JAM-DB,
11 and *American Cable Association v. Becerra*, No. 2:18-cv-2684-JAM-DB, shall be stayed until the
12 later of the following: (a) the D.C. Circuit issues its opinion in the petitions for review of the FCC
13 Order currently pending in *Mozilla Corp. v. FCC*, Nos. 18-1051 *et al.* (D.C. Cir.) and the period
14 for seeking further review from the D.C. Circuit and the U.S. Supreme Court has expired; or (b) a
15 final decision has been issued by the D.C. Circuit or the U.S. Supreme Court in response to any
16 petition for rehearing or certiorari, either denying such petition or issuing a final decision.

17 2. Unless all Parties agree to an alternative disposition, Defendants shall not take any
18 action to enforce, or direct the enforcement of, Senate Bill 822 in any respect, including through
19 participation in any private action seeking to enforce Senate Bill 822. This period of non-
20 enforcement shall run until 30 days after the later of: (1) the expiration of the stay, or (2) a
21 decision has been rendered on any renewed motion for preliminary injunctive relief that Plaintiffs
22 may file within 30 days after the expiration of the stay. Defendants shall not take any future
23 actions to enforce Senate Bill 822 based upon conduct occurring during the period in which
24 Defendants have agreed to not enforce Senate Bill 822.

25 3. Plaintiffs hereby withdraw their motions for a preliminary injunction without
26 prejudice to their refileing at a future date (*United States v. California*, No. 2:18-cv-02660-JAM-
27 DB, ECF No. 2; *American Cable Association v. Becerra*, No. 2:18-cv-2684-JAM-DB, ECF
28 No. 3).

1 **IT IS SO STIPULATED AND AGREED.**

2 Dated: October 26, 2018

3 Scott H. Angstreich (admitted pro hac vice)
4 Brendan J. Crimmins (admitted pro hac vice)
5 Rachel Proctor May (admitted pro hac vice)
6 KELLOGG, HANSEN, TODD,
7 FIGEL & FREDERICK, P.L.L.C.
8 1615 M Street NW, Suite 400
9 Washington, DC 20036
10 (202) 326-7900
11 sangstreich@kelloggghansen.com
12 bcrimmins@kelloggghansen.com
13 rmay@kelloggghansen.com

14 *Attorneys for Plaintiffs CTIA – The Wireless*
15 *Association and USTelecom – The*
16 *Broadband Association*

17 Jeffrey A. Lamken*
18 MOLOLAMKEN LLP
19 The Watergate, Suite 600
20 600 New Hampshire Ave., NW
21 Washington, DC 20037
22 (202) 556-2000
23 jlamken@mololamken.com

24 *Attorney for Plaintiff American Cable*
25 *Association*

/s/ Marc. R. Lewis

Marc R. Lewis (CA SBN 233306)
LEWIS & LLEWELLYN LLP
505 Montgomery Street, Suite 1300
San Francisco, CA 94111
(415) 800-0591
mlewis@lewisllewellyn.com

Attorney for Plaintiffs American Cable
Association, CTIA – The Wireless
Association, NCTA – The Internet &
Television Association, and USTelecom –
The Broadband Association

Matthew A. Brill (admitted pro hac vice)
Matthew T. Murchison (admitted pro hac
vice)

Adam J. Tuetken (admitted pro hac vice)
LATHAM & WATKINS LLP
555 Eleventh Street NW, Suite 1000
Washington, DC 20004
(202) 637-2200
matthew.brill@lw.com
matthew.murchison@lw.com
adam.tuetken@lw.com

Attorneys for Plaintiff NCTA – The Internet
& Television Association

**Pro hac vice* motion to be filed

1 Dated: October 26, 2018

XAVIER BECERRA
Attorney General of California
PAUL STEIN
Supervising Deputy Attorney General
SARAH E. KURTZ
Deputy Attorney General
JONATHAN M. EISENBERG
Deputy Attorney General
AMIE L. MEDLEY
Deputy Attorney General

2
3
4
5
6
7
8 /s/ P. Patty Li

9 P. PATTY LI
Deputy Attorney General
Attorneys for Defendants The State of
California, Governor Edmund G. Brown Jr.,
and Attorney General Xavier Becerra

10
11
12
13 Dated: October 26, 2018

14 JOSEPH H. HUNT
Assistant Attorney General Civil Division
MCGREGOR SCOTT
United States Attorney
BRINTON LUCAS
Counsel to the Assistant Attorney General
JAMES J. GILLIGAN
Acting Director, Federal Programs Branch
JACQUELINE COLEMAN SNEAD
Assistant Branch Director, Federal Programs
Branch
DAVID SHELEDY
Civil Chief, Assistant United States Attorney
JOSEPH BORSON

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16
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18
19
20
21
22 /s/ Kevin Snell

23 KEVIN SNELL
Trial Attorney
Attorneys for the United States

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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF CALIFORNIA

THE UNITED STATES OF AMERICA,
Plaintiff,

v.

THE STATE OF CALIFORNIA, et al.,
Defendants.

2:18-cv-02660-JAM-DB
2:18-cv-02684-JAM-DB

**[PROPOSED] ORDER REGARDING
TEMPORARY STAY OF LITIGATION
AND AGREEMENT NOT TO ENFORCE
SENATE BILL 822**

Judge: The Hon. John A. Mendez
Actions Filed: Sept. 30, 2018; Oct. 3, 2018

AMERICAN CABLE ASSOCIATION, et al.,
Plaintiffs,

v.

**XAVIER BECERRA, in his official capacity
as Attorney General of California,**
Defendant.

The Court has determined that *United States v. California*, No. 2:18-cv-2660-JAM-DB, and *American Cable Association v. Becerra*, No. 2:18-cv-2684-JAM-DB, are related within the meaning of Local Rule 123 and has entered Related Case Orders in each case (ECF Nos. 7 and 12, respectively). Plaintiffs in both actions have filed motions for a preliminary injunction (No. 2:18-cv-2660-JAM-DB, ECF No. 2; No. 2:18-cv-2684-JAM-DB, ECF No. 3). The parties in both actions, Plaintiffs the United States of America, American Cable Association, CTIA – The

1 Wireless Association, NCTA – The Internet & Television Association, and USTelecom – The
2 Broadband Association (collectively, “Plaintiffs”), and Defendants the State of California,
3 Governor Edmund G. Brown Jr., and Attorney General Xavier Becerra (“Defendants”), submitted
4 a Stipulation Regarding Temporary Stay of Litigation and Agreement Not to Enforce Senate Bill
5 822. In connection with a stipulated stay of proceedings, Defendants have agreed that they shall
6 not take any action to enforce, or direct the enforcement of, Senate Bill 822 in any respect,
7 including through participation in any private action seeking to enforce Senate Bill 822.

8 Defendants have agreed that this period of non-enforcement shall run until 30 days after the later
9 of: (1) the expiration of the stay, or (2) a decision has been rendered on any renewed motion for
10 preliminary injunctive relief that Plaintiffs may file within 30 days after the expiration of the stay.

11 Defendants have further agreed to not take any future actions to enforce Senate Bill 822 based
12 upon conduct occurring during the period in which Defendants have agreed to not enforce Senate
13 Bill 822. Having considered the stipulation, and good cause appearing, the Court orders as
14 follows:

15 1. Further proceedings in both *United States v. California*, No. 2:18-cv-02660-JAM-DB,
16 and *American Cable Association v. Becerra*, No. 2:18-cv-2684-JAM-DB, shall be stayed until the
17 later of the following: (a) the D.C. Circuit issues its opinion in the petitions for review currently
18 pending in *Mozilla Corp. v. FCC*, Nos. 18-1051 *et al.* (D.C. Cir.) and the period for seeking
19 further review from the D.C. Circuit and the U.S. Supreme Court has expired; or (b) a final
20 decision has been issued by the D.C. Circuit or the U.S. Supreme Court in response to any
21 petition for rehearing or certiorari, either denying such petition or issuing a final decision.

22 2. Plaintiffs’ motions for a preliminary injunction (*United States v. California*, No. 2:18-
23 cv-02660-JAM-DB, ECF No. 2; *American Cable Association v. Becerra*, No. 2:18-cv-2684-
24 JAM-DB, ECF No. 3) have been withdrawn without prejudice to their refile at a future date.
25 The hearing on the motions, previously set for November 28, 2018 at 10:00 a.m., is taken off
26 calendar.

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IT IS SO ORDERED:

Dated: _____

Hon. John A. Mendez