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

GERAWAN FARMING, INC.,

Plaintiff,

vs.

PRIMA BELLA PRODUCE, INC.,

Defendant.

Case No. 1:10-cv-00148 LJO JLT

ORDER GRANTING IN PART AND DENYING IN PART PLAINTIFF’S MOTION TO QUASH SUBPOENAS, OR IN THE ALTERNATIVE, FOR A PROTECTIVE ORDER

(Doc. 50)

_____ /
Pending before the Court is Plaintiff Gerawan Farming, Inc.’s motion to quash two subpoenas served on non-party Gallina, Inc. by Defendant Prima Bella Produce, Inc., or for, in the alternative, a protective order. The parties have filed a joint statement regarding the discovery dispute in accordance with Local Rule 251. The parties have also appeared before the Court for hearing on this matter. Upon consideration of the parties’ submitted papers, the parties’ arguments at hearing, and the record in this case, the Court **GRANTS IN PART** and **DENIES IN PART** the pending motion.

I. BACKGROUND

This is an action for trademark infringement, trademark dilution, trademark cancellation, and unfair competition. Plaintiff seeks to recover damages and injunctive relief for infringements on its “PRIMA” trademarks (United States Trademark Registration Nos. 1,441,378 and 3,592,505), which are used in the distribution of fresh produce. (Doc. 13.) Defendant contests Plaintiff’s allegations and brings a counterclaim to cancel United States Trademark Registration Nos. 1,441,378, 3,592,505, and 1,585,993. (Doc. 21.)

1 On April 8, 2011, Defendant served a subpoena (“first subpoena”) on non-party Gallina at its
2 Rancho Cordova office.¹ (Doc. 69 at ¶ 2.) The first subpoena demanded that the following documents
3 be produced by April 18, 2011:

4 Gerwan Farming’s audited financial statements; communications to lenders; and any
5 working papers relating to or referring to branding, marketing, advertising, strategic
6 planning, business loans and litigation from 1991 to the present.

6 (Id., Ex. A.)

7 On April 11, 2011, the first subpoena was received by Gallina’s Roseville office, which is the
8 location of Gallina’s relationship partner for Plaintiff’s account. (Id. at ¶ 2.) Two days later, Plaintiff
9 served objections to the first subpoena on Defendant. (Id. at ¶ 4.) Also, on or around April 15, 2011,
10 Gallina served objections to the first subpoena on Defendant. (Id. at ¶ 5.) Nevertheless, on April 25,
11 Gallina received a second subpoena from Defendant. (Doc. 68 at 12.) The second subpoena requested
12 the same documents as those requested by the first subpoena and demanded their production by April
13 26, 2011. (Doc. 69, Ex. D.)

14 Plaintiff filed the instant motion on April 18, 2011. (Doc. 50.) Therein, Plaintiff argues that the
15 first subpoena is unduly burdensome, seeks disclosure of privileged or confidential material, and does
16 not afford Gallina a reasonable time to respond. (Id. at 3-10.) On May 9, 2011, the parties submitted
17 a joint statement regarding the discovery dispute in accordance with Local Rule 251. (Doc. 68.) In the
18 joint statement, Plaintiff reiterates the arguments it makes in its April 18, 2011 motion and appears to
19 expand its objections to include the second subpoena. (Id. at 15-24.) Defendant, on the other hand,
20 maintains that the documents it seeks are relevant to its defense and counterclaim, and the documents
21 are neither confidential nor privileged. (Id. at 24-36.)

22 On May 16, 2011, the parties appeared before the Court for hearing on this matter.

23 **II. LEGAL STANDARDS**

24 Federal Rule of Civil Procedure 45 sets forth the obligations of the parties upon issuance of a
25 subpoena. Pursuant to Rule 45(c)(1), a party issuing a subpoena “must take reasonable steps to avoid
26 imposing undue burden or expense on a person subject to the subpoena.” Fed. R. Civ. P. 45(c)(1). To
27 this end, the court must quash or modify a subpoena that “(i) fails to allow reasonable time to comply

28 ¹ Gallina is Plaintiff’s accountant. (See Doc. 50 at 3.)

1 . . . ; (iii) requires disclosure of privileged or other protected matter, if no exception or waiver applies;
2 or (iv) subjects a person to undue burden.” Fed. R. Civ. P. 45(c)(3)(A). In addition, the court may quash
3 or modify a subpoena if it requires a person to disclose “a trade secret or other confidential research,
4 development, or commercial information” Fed. R. Civ. P. 45(c)(3)(B).

5 Federal Rule of Civil Procedure 26 provides the scope and the limits of discovery. Pursuant to
6 Rule 26(b)(1), “[p]arties may obtain discovery regarding any non-privileged matter that is relevant.”
7 Fed. R. Civ. P. 26(b)(1). “Relevant information need not be admissible at the trial if the discovery
8 appears reasonably calculated to lead to the discovery of admissible evidence.” *Id.* Nevertheless, the
9 breadth of discovery is tempered by the court’s power to issue, upon showing of good cause, “an order
10 to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense.”
11 Fed. R. Civ. P. 26(c)(1).

12 **III. DISCUSSION**

13 **A. The First Subpoena**

14 As indicated above, Plaintiff moves this Court to quash the first subpoena, or in the alternative,
15 issue a protective order because it (1) poses an undue burden on Gallina as a non-party; (2) requests
16 privileged and/or confidential materials; and (3) does not afford Gallina a reasonable time to respond.
17 The Court evaluates each concern below.

18 **1. Undue Burden**

19 In determining whether a subpoena poses an undue burden, courts generally weigh the burden
20 to the subpoenaed party against the value of the information to the serving party. Moon v. SCP Pool
21 Corp., 232 F.R.D. 633, 637 (C.D. Cal. 2005). This typically requires a court to consider “such factors
22 as relevance, the need of the party for the documents, the breadth of the document request, the time
23 period covered by [the request], the particularity with which the documents are described and the burden
24 imposed.” *Id.* (quoting Travelers Indem. Co. v. Metropolitan Life Insur. Co., 228 F.R.D. 111, 113 (D.
25 Conn. 2005)). The burden of persuasion falls on the party who moves to quash the subpoena pursuant
26 to Rule 45(c)(3)(A). Moon, 232 F.R.D. at 637.

27 Defendant contends that the documents it seeks are pertinent to the issue of remedies and are
28 relevant in determining whether Plaintiff’s trademark is famous, whether the trademark is strong and

1 valuable, and whether the trademark has secondary meaning. (Doc. 68 at 26, 28-30.) In particular,
2 Defendant maintains that Plaintiff’s audited financial statements may provide insight on advertising
3 expenses, brand value, and goodwill. (Id. at 26.) Defendant also argues that communications between
4 Gallina and Plaintiff’s lenders could provide information on the value of Plaintiff’s intangible assets.
5 (Id. at 28.) As to the time frame of the document request, Defendant asserts that Plaintiff itself made
6 that the relevant period when it alleged in the amended complaint that its trademarks were in use “as
7 early as the 1970s” and “became famous before 2002.” (Id. at 26.) Lastly, Defendant contends that it
8 must obtain all this information from Gallina because Plaintiff’s discovery responses have so far been
9 inadequate. (Id. at 31-34.)

10 Plaintiff counters that the first subpoena is “not only wildly overbroad, irrelevant, and unduly
11 burdensome,” but it is also “downright harassing.” (Id. at 16.) First, Plaintiff argues that most of the
12 requested documents do not exist. (Id. at 17, 21.) Second, Plaintiff asserts that even if the requested
13 documents do exist, the information that they would provide is irrelevant to this case. (Id. at 17-21.)
14 Plaintiff emphasizes that it is not seeking actual damages in the form of lost sales, and therefore there
15 is no need to discover information on Plaintiff’s financial status. (Id. at 17-20.) Plaintiff also stresses
16 that it is mere speculation that the requested documents will shed any light on the strength of Plaintiff’s
17 trademarks. (Id. at 18.) Third, as to the time frame of the document request, Plaintiff maintains that
18 there is no reason to seek documents dating back as far as 1991. (Id. at 16.) Lastly, Plaintiff contends
19 that it has already provided Defendant with financial information, and to the extent Defendant believes
20 that the information is insufficient, Defendant should have resolved the matter with Plaintiff rather than
21 harass Gallina who is not a party to this action. (Id. at 22-23.)

22 Upon consideration of the parties’ arguments, the Court finds that Plaintiff’s audited financial
23 statements are, at least in part, discoverable in this action. Defendant asserts laches as one of its
24 affirmative defenses. In determining whether laches bars recovery in a trademark infringement action,
25 the Ninth Circuit has identified six factors for a court to consider: “(1) [the] *strength and value of the*
26 *trademark rights asserted*; (2) [the] plaintiff’s diligence in enforcing [the] mark; (3) harm to senior user
27 if relief is denied; (4) good faith ignorance by junior user; (5) competition between senior and junior
28 users; and (6) extent of harm suffered by junior user because of senior user’s delay.” Tillamook Country

1 Smoker, Inc. v. Tillamook County Creamery Ass'n, 465 F.3d 1102, 1108 (9th Cir. 2006) (quoting E-
2 Systems, Inc. v. Monitek, Inc., 720 F.2d 604, 607 (9th Cir. 1983)) (emphasis added). Thus, focusing on
3 the first factor, the Court finds Defendant's request for a portion of the audited financial statements,
4 though not their entirety, to be reasonably calculated to lead to the discovery of admissible evidence. In
5 particular, any information contained in Plaintiff's audited financial statements regarding gross sales,
6 advertising/marketing, brand value and goodwill could shed light on the strength and value of Plaintiff's
7 trademarks, which as noted above, is a critical component of Defendant's laches defense.

8 Against this showing of need, Plaintiff has not demonstrated that the burden of producing these
9 documents outweighs Defendant's need. Plaintiff argues that it has already provided Defendant with
10 information regarding its sales and advertising expenses, and therefore it is duplicative to seek these
11 documents from a non-party. As a general matter, the Court agrees that there is a preference for parties
12 to obtain discovery from each other before burdening non-parties with discovery requests.² See, e.g.,
13 Haworth, Inc., Herman Miller, Inc., 998 F.2d 975, 978 (D.C. Cir. 1993) (affirming order requiring the
14 parties to obtain discovery from each other before burdening non-parties). However, here, Defendant
15 argues, and the Court agrees, that there is a particular need for Plaintiff's *audited* financial statements.
16 The information provided by Plaintiff regarding its sales and advertising expenses, among other things,
17 was created by Plaintiff itself for the purpose of this litigation. Moreover, the information was never
18 independently audited. Therefore, in addition to shedding light on the strength and value of Plaintiff's
19 trademarks, Plaintiff's audited financial statements are needed to verify the financial information that
20 Plaintiff has provided Defendant.

21 The Court also notes that in all likelihood, Plaintiff's audited financial statement are readily
22 accessible to Gallina. It seems unlikely that Gallina, who after all is Plaintiff's accountant, would incur
23 much burden in producing these documents, and Plaintiff has not shown anything that would lead the
24 Court to believe otherwise. Thus, because Plaintiff has not persuaded the Court that the production of
25 Plaintiff's audited financial statements is irrelevant, duplicative, or otherwise unduly burdensome, the
26 Court will not quash this particular request.

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² The deadline for non-expert discovery was set for April 29, 2011 and is now closed. (Doc. 34.)

1 (Doc. 68 at 23-24.) In particular, Plaintiff expresses concern regarding documents that may be subject
2 to attorney-client privilege or the work product doctrine. (Id. at 23.) Plaintiff also expresses concern
3 over the release of confidential financial information.

4 In light of the Court's decision to quash Defendant's request for any working papers relating to
5 litigation, Plaintiff's concern over privilege appears to have been adequately addressed. To the extent
6 Plaintiff expresses anxiety regarding the release of confidential information contained in its audited
7 financial statements, Plaintiff's concern appears to be well-founded. The Court will limit disclosure of
8 Plaintiff's audited financial statement to the following issues: gross sales, advertising/marketing, brand
9 value and goodwill. All other information, SHALL be redacted.

10 **3. Reasonable Time to Respond**

11 Plaintiff argues that the first subpoena afforded Gallina only six business days to respond to the
12 document request, which is an unreasonable amount of time. (Doc. 68 at 24.) Plaintiff also notes that
13 the request was made during the tax season, and therefore Gallina was likely busy at the time. (Id.) It
14 appears, however, that Gallina contacted Defendant, at some point, and the two came to an agreement
15 that Gallina would have until April 25, 2011 to respond.³ (Id. at 14.) This gave Gallina at least fourteen
16 days to either produce the requested documents or to object, which is exactly what Gallina did on April
17 15, 2011. In light of this, the Court declines to quash the first subpoena on this ground. The Court will,
18 however, provide a new deadline by which Gallina shall comply with the first subpoena, as modified by
19 this order.

20 **B. The Second Subpoena**

21 The Court will quash the second subpoena. Not only does the second subpoena fail to afford
22 Gallina a reasonable time to respond, but it also is duplicative of the first subpoena. The Court struggles
23 to understand the purpose of the second subpoena and reminds Defendant of its duty to avoid causing
24 undue burdens on subpoenaed parties. See Fed. R. Civ. P. 45(c)(1).

25 **IV. CONCLUSION**

26 In accordance with the above, it is **HEREBY ORDERED** that Plaintiff's April 18, 2011 motion
27 to quash, or in the alternative, for a protective order (Doc. 50) is **GRANTED IN PART** and **DENIED**

28 ³ Plaintiff, evidently, was not notified of this extension of time. (Doc. 68 at 12.)

1 **IN PART** as follows:

2 1. The first subpoena is modified. Gallina is commanded to produce Plaintiff's audited
3 financial statements from 1997 to the present. In doing so, Gallina need only disclose
4 information contained in the financial statements regarding gross sales,
5 advertising/marketing, brand value and goodwill. All other information contained in the
6 audited financial statements **SHALL** be redacted. Gallina **SHALL** produce these
7 documents by June 3, 2011.

8 2. Defendant's request for Gallina's communications to Plaintiff's lenders and for working
9 papers relating to or referring to branding, marketing, advertising, strategic planning,
10 business loans and litigation is **QUASHED**.

11 3. The second subpoena, dated April 21, 2011, is **QUASHED**.

12 IT IS SO ORDERED.

13 Dated: May 18, 2011

/s/ Jennifer L. Thurston
UNITED STATES MAGISTRATE JUDGE

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