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UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

THOMAS T. AOKI, M.D.,  
an individual, et al.,

No. 2:11-cv-02797-MCE-CKD

Plaintiffs,

v.

**MEMORANDUM AND ORDER**

GREGORY FORD GILBERT, an  
individual; BIONICA, INC., a  
Nevada corporation; et al.,

Defendants.

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Through the present action, Plaintiffs Thomas Aoki, M.D.  
("Aoki"), and Aoki Diabetes Research Institute ("ADRI")  
(collectively, "Plaintiffs") allege a variety of causes of action  
arising around the development, patenting, and licensing of  
therapies intended for the treatment of diabetes. Pending before  
the Court is Plaintiffs' Motion to Disqualify Defendant Gregory  
Gilbert ("Gilbert") and affiliated counsel James L. Brunello  
("Brunello") as counsel for several of Gilbert's co-Defendants.

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1 For the following reasons, Plaintiffs' Motion is DENIED without  
2 prejudice.<sup>1</sup>

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4 **BACKGROUND<sup>2</sup>**

5 **A. Plaintiffs' version of the facts.<sup>3</sup>**

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7 Aoki, a physician licensed to practice in California,  
8 founded ADRI in 1986 to further his research efforts into the  
9 areas of diabetes and metabolism. ADRI also provides some  
10 clinical care using an intravenous insulin therapy called  
11 metabolic activation therapy or MAT® treatment. Aoki is the sole  
12 inventor and developer of, and has received a patent for, that  
13 treatment.

14 During development of the therapy and thereafter Aoki and  
15 ADRI also developed trade secret know-how related to the use and  
16 application of that technology. In addition, Aoki developed  
17 additional treatment-related methods and systems for which he  
18 obtained further patents (collectively, all above patents are  
19 referred to as "the Patents"). Aoki purportedly licensed use of  
20 the Patents to ADRI.

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22 <sup>1</sup> Because oral argument will not be of material  
23 assistance, the Court ordered this matter submitted on the  
briefing. E.D. Cal. R. 230(g).

24 <sup>2</sup> The parties' underlying dispute, and the current Motion,  
25 arise out of a business relationship between Aoki and Gilbert  
26 that dates back to the mid-1980s. Given the long history of the  
parties' relationship, and the lack of clarity as to exactly what  
27 has evolved over the years, the Court recites only the bare  
minimum facts here.

28 <sup>3</sup> Unless otherwise stated, these facts are taken, sometimes  
verbatim, from Plaintiffs' Complaint.

1 According to Aoki, at some point he retained Gilbert, a  
2 California attorney, to act as his personal counsel. At the same  
3 time, Gilbert became engaged in business transactions with Aoki  
4 and set up legal entities, including ADRI, to exploit Aoki's  
5 technology. Gilbert acted as counsel for those legal entities as  
6 well. In fact, Gilbert purportedly drafted nearly every legal  
7 document for both the entities and for Aoki and provided legal  
8 advice to Plaintiffs over the course of many years, until their  
9 relationship dissolved in late 2002 or early 2003.

10 After Plaintiffs' relationship with Gilbert ended, Gilbert  
11 allegedly proceeded to falsely assert that he, or entities with  
12 which he is affiliated, holds all right, title and interest in  
13 the MAT® treatment. More specifically, Gilbert purportedly acted  
14 in concert with the remaining Defendants to set up clinics where  
15 the MAT® treatment is now offered. Gilbert also allegedly made  
16 false and misleading statements to patients or would-be patients  
17 regarding the status and efficacy of the MAT® treatment as well  
18 as regarding available payment options.

19 Plaintiffs thus filed this action bringing claims against  
20 all Defendants for patent infringement, copyright infringement,  
21 trade secret misappropriation, false and misleading advertising,  
22 and unfair competition. In addition, Plaintiffs allege breach of  
23 fiduciary duty and breach of confidential relationship claims  
24 against Defendant Gilbert alone.

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1           When Gilbert responded to the Complaint<sup>4</sup> on behalf of  
2 himself and several of his co-Defendants, Plaintiffs filed their  
3 instant Motion seeking to disqualify him from appearing in this  
4 case.<sup>5</sup> According to Plaintiffs, disqualification is warranted  
5 given "Gilbert's nearly 20-year history as the personal attorney  
6 for Dr. Aoki and general counsel for ADRI, during which he  
7 involved himself in nearly every aspect of the business which is  
8 the subject and foundation of this lawsuit." Motion, 1:9-12.

9           In support of their Motion, Plaintiffs submitted a 2003  
10 email, purportedly drafted by Gilbert, indicating he believed  
11 Aoki had "personally been [his] client for many, many years."<sup>6</sup>  
12 Declaration of Thomas T. Aoki, M.D. ("Aoki Decl."), ¶ 2, Exh. A.  
13 Plaintiffs also provided a declaration, signed under oath in  
14 2004, in which Aoki claimed that:

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16           <sup>4</sup> Defendants filed several Motions to Dismiss and a Motion  
17 for More Definite Statement (ECF Nos. 7-10). Per its  
18 December 29, 2011, Memorandum and Order, the Court vacated the  
19 hearing on those motions pending resolution of Plaintiffs'  
current Motion. For clarity of the Court's docket, those Motions  
are now DENIED without prejudice to being re-filed and re-noticed  
for hearing on the Court's regular civil calendar.

20           <sup>5</sup> Gilbert represents two groups of Defendants. First  
21 Gilbert, along with the firm of Cella Lange & Cella LLP,  
22 represents himself and the "Bionica Defendants," which are  
23 comprised of Bionica Inc., Bionica Int'l, LLC, Trina Health, LLC,  
24 and Trina Health of Newport Beach, LLC. In addition, along with  
25 Brunello, Gilbert represents Defendants Kevin J. Buckman, MD,  
26 Marc R. Rose, MD, Michael R. McCarthy, Melanie J. Kunz, NP,  
MedEdCo, LLC, and Diabetic Innovations, LLC. On its face,  
Plaintiffs' current Motion targets Gilbert's representation of  
the second group of Defendants only. However, by way of their  
requested relief, Plaintiffs really seek to prevent Gilbert from  
acting as counsel for any party. See Motion, 9:14-18.

27           <sup>6</sup> The Court is aware that Defendants object to Plaintiffs'  
28 evidence on a variety of grounds. See ECF No. 46. Given the  
Court's rejection of Plaintiffs' Motion, however, Defendants'  
objections are now overruled as moot.

1 Gilbert served as [his] personal legal counsel,  
2 assisting [him] in various ways, including review of  
3 legal documents, drafting and preparation of legal  
4 documents, legal advice, and representing [him] in  
5 various disputes with other person(s) and entity(ies).

6 Gilbert represented [Aoki] in a dispute with a  
7 Dr. Joseph Silva and another matter involving the  
8 Department of Internal Medicine.

9 Gilbert prepared and filed incorporation documents for  
10 [ADRI], and also became legal counsel for ADRI.

11 Gilbert provided similar legal services to ADRI, as he  
12 had done for [Aoki], reviewing of legal documents,  
13 preparation of necessary legal documents, and provision  
14 of legal advice when applicable.

15 On behalf of ADRI, Gilbert prepared the legal document  
16 for transferring of the MAT license from American  
17 Hospital Supply to ADRI.

18 Id., ¶ 3, Exh. B.

19 Finally, Plaintiffs submitted a partial transcript of  
20 Gilbert's testimony from a June 2004 evidentiary hearing before a  
21 Nevada state court. Id., ¶ 4, Exh. C. Pursuant to that  
22 transcript Gilbert indicated that he "represented Dr. Aoki in  
23 reference to the University of California Davis" and that he had  
24 "worked on every patent [Aoki's] ever had." Id. Gilbert also  
25 noted, however, that he worked in conjunction "with [Aoki's]  
26 counsel" on patents as well. Id.

27 In addition, Gilbert stated in his testimony that he handled  
28 ADRI's "equipment and law and contracts, and all commercial  
29 activity, running the company, hiring the people." Id. Gilbert  
30 also admitted that he prepared ADRI's initial documents, budgets  
31 and operating plan. Id. Essentially, Gilbert testified that he  
32 "did everything on the non-clinical side" of ADRI. Id. Based on  
33 these facts, Plaintiffs believe disqualification is mandated  
34 here.

1           **B.     Gilbert's version of the facts.**<sup>7</sup>

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3           According to Gilbert, he has been involved in the  
4 development of diabetes technologies for more than twenty-five  
5 years, ever since his daughter was diagnosed with Type 1 diabetes  
6 at age 2. At that time, Gilbert was a practicing lawyer and the  
7 Chief Executive Officer ("CEO") of an international innovative  
8 pump manufacturing company. After his daughter's diagnosis,  
9 Gilbert began work on designing an insulin pump for use in the  
10 treatment of diabetes. Due to his increasing diabetes-related  
11 work, Gilbert eventually met Aoki, and the two thereafter  
12 partnered together to develop and commercialize a new approach to  
13 the treatment of diabetes using Aoki's technology and Gilbert's  
14 pumps.

15           Gilbert formed ADRI in approximately 1986 or 1987 and  
16 thereafter served as its Executive Director. After realizing  
17 that fund-raising presented an issue for a non-profit entity,  
18 Gilbert formed a "for profit" company, AMSys, to raise additional  
19 funds. According to Gilbert, at AMSys' formation, Aoki licensed  
20 his technology to that new entity. In the meantime, Gilbert  
21 continued working on pumps through his own affiliated entities,  
22 namely some of the Bionica Defendants. Subsequently, over the  
23 course of many years, Gilbert became the CEO of AMSys and he and  
24 Aoki reverse merged AMSys into a new company.

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27           <sup>7</sup> Unless otherwise stated, these facts are derived, at times  
28 verbatim, from the Declaration of Gregory Ford Gilbert ("Gilbert  
Decl.").

1 Eventually, after that new company experienced difficulties,  
2 Gilbert purchased the license himself via one of his other  
3 entities. All disputes between the parties were purportedly  
4 eventually resolved by execution of a Settlement Agreement and  
5 Release, which Gilbert argues operated to assign him the license  
6 rights in the pertinent technology.

7 According to Gilbert, he did not represent Aoki with respect  
8 to the matters at issue in this lawsuit, which are the various  
9 licenses issued or transferred to him. To the contrary, Gilbert  
10 claims that in relation to each of these proceedings he  
11 represented himself and his own companies. Gilbert thus argues  
12 Plaintiffs have shown no basis for disqualification.

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14 **STANDARD**

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16 In deciding motions for disqualification, the court applies  
17 the relevant state law. In re County of Los Angeles, 223 F.3d  
18 990, 995 (9th Cir. 2000); see also E.D. Cal. Local Rule 180(e)  
19 (adopting California's standards of professional conduct). The  
20 applicable standards of professional responsibility are found in  
21 the Rules of Professional Conduct of the State Bar of California,  
22 which provide, in pertinent part:

23 A member shall not, without the informed written  
24 consent of the client or former client, accept  
25 employment adverse to the client or former client  
26 where, by reason of the representation of the client or  
former client, the member has obtained confidential  
information material to the employment.

27 Cal. Rules Professional Conduct, Rule 3-310(E).

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1 Pursuant to that rule, "[w]here an attorney successively  
2 represents clients with adverse interests, and where the subjects  
3 of the two representations are substantially related, the need to  
4 protect the first client's confidential information requires that  
5 the attorney be disqualified from the second representation."  
6 People ex rel. Dept. of Corporations v. Speedee Oil Change  
7 Systems, Inc., 20 Cal. 4th 1135, 1146 (1999). In this context,  
8 the governing test requires that the "[former] client demonstrate  
9 a 'substantial relationship' between the subjects of the  
10 antecedent and current representations." Flatt v. Superior  
11 Court, 9 Cal. 4th 275, 283 (1994).

12 In applying the "substantial relationship" test, "courts  
13 focus less on the meaning of the words substantial and  
14 relationship and look instead at the practical consequences of  
15 the attorney's representation of the former client." H.F.  
16 Ahmanson & Co. v. Salomon Brothers, Inc., 229 Cal. App. 3d 1445,  
17 1454 (1991). "The courts ask whether confidential information  
18 material to the current dispute would normally have been imparted  
19 to the attorney by virtue of the nature of the former  
20 representation." Id. To this extent, courts should "focus on  
21 the similarities between the two factual situations, the legal  
22 questions posed, and the nature and extent of the attorney's  
23 involvement with the cases." Id. at 1455 (internal citations and  
24 quotations omitted). "As part of its review, the court should  
25 examine the time spent by the attorney on the earlier cases, the  
26 type of work performed, and the attorney's possible exposure to  
27 formulation of policy or strategy." Id.

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1 Throughout its analysis, the Court should nonetheless remain  
2 cognizant that “[a] motion to disqualify counsel is a drastic  
3 measure which courts should hesitate to impose except when of  
4 absolute necessity.” Travelers Casualty and Surety Company of  
5 America v. Claude E. Atkins Enterprises, Inc., 2006 WL 3589746,  
6 \*4 (E.D. Cal.). “A disqualification motion is often tactically  
7 motivated and tends to derail efficient progress of litigation.”  
8 Id. Accordingly, “[t]he party seeking disqualification has a  
9 heavy burden and must satisfy a high standard of proof.” Id.  
10 Ultimately, “[d]isqualification motions are subject to strict  
11 judicial scrutiny given the potential for abuse.” Id.

#### 12 13 **ANALYSIS**

14  
15 Plaintiffs seek to disqualify Gilbert and related counsel  
16 Brunello due to “Gilbert’s nearly 20-year history as the personal  
17 attorney for Dr. Aoki and general counsel for ADRI.” Motion,  
18 1:9-11. Plaintiffs’ Motion fails for several reasons.

19 First, the only evidence Plaintiffs have produced to  
20 demonstrate the existence of a 20-year attorney client  
21 relationship is an almost decade-old e-mail, a declaration  
22 submitted by Aoki in a Nevada state court proceeding and excerpts  
23 of testimony Gilbert gave in another state court proceeding. Most  
24 of the statements included within these documents consist of legal  
25 conclusions, and they all suffer from a variety of additional  
26 flaws as well, not the least of which is that they are aged, lack  
27 foundation, are taken out of context and are comprised primarily  
28 of hearsay. In sum, Plaintiffs’ evidence is weak, at best.

1           Moreover, evidentiary shortcomings aside, while it is clear  
2 that Gilbert did represent ADRI and Aoki each in some capacity at  
3 some time, there is nothing before the Court to indicate Gilbert  
4 represented Plaintiffs with respect to matters having a  
5 substantial relationship to the current dispute. In fact, the  
6 only statements that potentially give the Court any pause in this  
7 regard are those pertaining to Gilbert's work on the Patents.  
8 That being said, it remains unclear exactly what Gilbert's role  
9 was in prosecuting those Patents. Indeed, while Gilbert does not  
10 appear to deny he did patent work for Aoki, it appears to the  
11 Court that Gilbert may have been doing so on his own behalf, or  
12 on behalf of the other companies of which he was a principal, in  
13 furtherance of a joint venture, in which case Plaintiffs'  
14 confidential communications with counsel would not necessarily be  
15 protected. See Cal. Evid. Code 962 ("Where two or more clients  
16 have retained or consulted a lawyer upon a matter of common  
17 interest, none of them...may claim a privilege under this article  
18 as to a communication made in the course of that relationship  
19 when such communication is offered in a civil proceeding between  
20 one of such clients...and another of such clients.").

21           Finally, even if the Court had been provided concrete  
22 evidence that Gilbert represented Plaintiffs alone regarding the  
23 prosecution of those Patents, it does not appear to this Court  
24 that any such prosecution will be at issue in this litigation.  
25 There is no indication in the record that Defendants intend to  
26 challenge the validity of the Patents or Aoki's development of  
27 the underlying technology.

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1 Instead, the issues that will be litigated here arose much later  
2 and involve the validity of subsequent agreements and licenses  
3 purportedly transferring the rights to the Patents to third  
4 parties and then to Gilbert. No facts before the Court indicate  
5 that Gilbert represented either Plaintiff (especially outside of  
6 some sort of joint representation) with respect to these  
7 subsequent transactions.

8       Ultimately, the weak record before the Court, coupled with  
9 the lengthy and contentious history among the parties, leaves the  
10 Court with no immediate way to parse out the facts. The Court is  
11 simply not willing to take such a drastic step as to disqualify  
12 counsel without a much more solid showing that counsel previously  
13 acted as Plaintiffs' attorney and that the course of that former  
14 representation is substantially related to the current  
15 litigation. Stated another way, Plaintiffs are obligated to show  
16 that a substantial relationship between any former and current  
17 representation exists, but at present, they have failed to do so.  
18 Instead, Plaintiffs are asking that the Court speculate as to,  
19 rather than find, the facts. Accordingly, Plaintiffs' Motion is  
20 now DENIED without prejudice.

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1 **CONCLUSION**

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3 For the reasons just stated, Plaintiffs' Motion to  
4 Disqualify Attorneys (ECF No. 41) is DENIED without prejudice.  
5 In addition, for clarity of the Court's docket, the various  
6 pending Motions to Dismiss and the Motion for More Definite  
7 Statement originally filed in December of 2011 (ECF Nos. 7-10)  
8 are DENIED without prejudice as well. Not later than five (5)  
9 days following the date this Memorandum and Order is  
10 electronically filed, Defendants shall either re-notice those  
11 dispositive motions on the Court's regular civil calendar or  
12 otherwise respond to Plaintiffs' Complaint.

13 IT IS SO ORDERED.

14 Dated: June 26, 2012

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17 MORRISON C. ENGLAND, JR.  
18 UNITED STATES DISTRICT JUDGE  
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