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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

COVANCE, INC.,  
Plaintiff,  
v.  
INCLIN, INC., et al.,  
Defendants.

Case No. [16-cv-00429-YGR](#) (MEJ)  
**DISCOVERY ORDER**  
Re: Dkt. No. 49

**INTRODUCTION**

Pending before the Court is the joint letter brief filed by Defendants InClin, Inc. (“InClin”) and Hope Davies (“Davies”) (collectively, “Defendants”) and Plaintiff Covance, Inc. (“Covance” or “Plaintiff”). The Letter Brief addresses InClin’s Interrogatories to Plaintiff, Set One, Nos. 11 and 23 and Defendants’ Request for Production of Documents, Set One Nos. 6, 8, 42, and 47. Ltr., Dkt. No. 49; *see also* Reqs. & Resps., *id.*, Ex. A, Dkt. No. 49-1. Defendants also request attorneys’ fees and costs they incurred in preparing the Letter Brief. *Id.* at 2. The presiding judge, the Honorable Yvonne Gonzales Rogers, referred this case for discovery to the undersigned judge. Referral Order, Dkt. No. 50. In accordance with the undersigned’s Discovery Standing Order, the parties have met and conferred in person, but have been unable to resolve their disputes. *See* Status Rept., Dkt. No. 59. Now, having considered the parties’ positions, relevant legal authority, and the record in this case, the Court issues the following Order.

**BACKGROUND<sup>1</sup>**

Covance and InClin are competing contract research organizations that provide services to

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<sup>1</sup> The parties did not provide a joint background section in their letter; accordingly, the Court’s background section reflects facts outlined in the parties’ Joint Case Management Statement. *See* Jt. Case Management Stmt. at 1-2, Dkt. No. 34 (providing a joint factual background); *see also* Compl., Dkt. No. 1.

1 the pharmaceutical and biotechnology industries. Davies was employed by Covance from 2007  
2 until her voluntary departure in March 2015. She worked in Covance’s Madison, Wisconsin  
3 office. Davies is now an employee of InClin. This action arises out of Defendants’ alleged  
4 misappropriation of Covance’s trade secrets and other confidential business information. Covance  
5 alleges Davies disclosed its trade secrets and confidential business information to InClin, and  
6 InClin induced Davies, and possibly other former Covance employees, to breach their respective  
7 confidentiality agreements with Covance for InClin’s benefit. Covance contends that despite  
8 promises to fully investigate Covance’s allegations and to return Covance’s trade secrets and  
9 confidential business information, InClin has failed to do so. The Complaint includes claims for  
10 misappropriation of trade secrets in violation of the California Uniform Trade Secrets Act, Cal.  
11 Civ. Code §§ 3246 et seq. (“CUTSA”), breach of contract, breach of confidential relationship,  
12 intentional interference with contractual relationship, and violations of California’s Unfair  
13 Competition Law, Cal. Bus. & Profs. Code §§ 17200, et seq. *See* Compl., Dkt. No. 1.

#### 14 **LEGAL STANDARD**

15 Federal Rule of Civil Procedure 26 provides that a party may obtain discovery “regarding  
16 any nonprivileged matter that is relevant to any party’s claim or defense and proportional to the  
17 needs of the case[.]” Fed. R. Civ. P. 26(b)(1). Factors to consider include “the importance of the  
18 issues at stake in the action, the amount in controversy, the parties’ relative access to relevant  
19 information, the parties’ resources, the importance of the discovery in resolving the issues, and  
20 whether the burden or expense of the proposed discovery outweighs its likely benefit.” *Id.*  
21 Discovery need not be admissible in evidence to be discoverable. *Id.* However, “[t]he parties and  
22 the court have a collective responsibility to consider the proportionality of all discovery and  
23 consider it in resolving discovery disputes.” Fed. R. Civ. P. 26 advisory committee notes (2015  
24 amendments). Thus, there is “a shared responsibility on all the parties to consider the factors  
25 bearing on proportionality before propounding discovery requests, issuing responses and  
26 objections, or raising discovery disputes before the courts.” *Salazar v. McDonald’s Corp.*, 2016  
27 WL 736213, at \*2 (N.D. Cal. Feb. 25, 2016); *Goes Int’l, AB v. Dodur Ltd.*, 2016 WL 427369, at  
28 \*4 (N.D. Cal. Feb. 4, 2016) (citing advisory committee notes for proposition that parties share a

1 “collective responsibility” to consider proportionality and requiring that “[b]oth parties . . . tailor  
2 their efforts to the needs of th[e] case”).

3 Rule 26(c) “confers broad discretion on the trial court to decide when a protective order is  
4 appropriate and what degree of protection is required.” *Seattle Times Co. v. Rhinehart*, 467 U.S.  
5 20, 36 (1984). “The court may, for good cause, issue an order to protect a party or person from  
6 annoyance, embarrassment, oppression, or undue burden or expense,” including by (1) prohibiting  
7 disclosure or discovery; (2) conditioning disclosure or discovery on specified terms; (3)  
8 preventing inquiry into certain matters; or (4) limiting the scope of disclosure or discovery to  
9 certain matters. Fed. R. Civ. P. 26(c)(1).

## 10 DISCUSSION

11 The Court addresses each of the discovery requests below, then Defendants’ request for  
12 costs and attorney’s fees.

### 13 A. Interrogatory 11 and Request for Production 42

14 The Complaint alleges Covance and InClin are “direct competitors” but Defendants  
15 dispute this allegation. Compl. ¶ 11. Consequently, Defendants request the names of Plaintiff’s  
16 customers and all documents “relating to and referencing” the clients serviced by Covance’s  
17 Madison, Wisconsin office during the time Davies worked there (Reqs. & Resps. at 3, 11<sup>2</sup>) “so  
18 that they can compare them to InClin’s own customers” (Ltr. at 1). They contend their requests  
19 are “limited” and only seek the names of customers and no further information about them. *Id.* at  
20 1-2. They also argue the Protective Order (Dkt. No. 39) addresses “[a]ny concerns about  
21 confidentiality[.]” Ltr. at 2.

22 Plaintiff questions the logic of Defendants’ theory and the relevance of this discovery,  
23 noting “under Defendants’ faulty reasoning, Covance and InClin could not possibly be  
24 competitors if Covance’s Madison office has not worked with a customer for which InClin also  
25 worked.” *Id.* at 3. They contend “Defendants’ requests are thus nothing more than an improper  
26 attempt to gain access to Covance’s confidential customer list.” *Id.*

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<sup>2</sup> The Court utilizes the PDF or ECF-assigned page numbers.

1           While neither party provides any case law for their position, the Court agrees with Plaintiff  
2 that Defendants have not demonstrated the relevance of this discovery, particularly where the  
3 potential burden to Plaintiff in exposing its customer lists to Defendants may be significant.  
4 Defendants have not explained how knowing the names of Covance’s customers or obtaining all  
5 documents “relating to or referencing” them helps prove Plaintiff and InClin are not direct  
6 competitors, or how this information is otherwise of particular importance in resolving the issues  
7 in this litigation. Given the potential risk and burden to Plaintiff, and without some more concrete  
8 articulation of relevance by Defendants, the Court denies Defendants’ request to compel Plaintiffs’  
9 response to Interrogatory 11 and Request for Production 42.

10       **B. Interrogatory 23 and Request for Production 47**

11           Plaintiff alleges it has suffered damages as a result of Defendants’ actions. Compl. ¶¶ 39,  
12 48, 53, 60, 65. Defendants argue damages are an element of each of Plaintiff’s claims, but that  
13 Plaintiff has objected to stating and itemizing the alleged damages and to producing documents  
14 relating to damages on the grounds that such discovery is “premature” and its damages  
15 information is confidential. Ltr. at 2.

16           The Court notes that Plaintiff opposed any request to phase discovery prior to mediation,  
17 and the parties did not request to bifurcate issues, claims, or defenses. Jt. Case Management Stmt.  
18 at 4, 6. The Court further notes that factual discovery closes in just over three weeks, and trial is  
19 scheduled to begin in March 2017. *See* Minute Entry, Dkt. No. 35. Under these circumstances, it  
20 is unclear to the Court how damages discovery could be “premature.” The Court grants  
21 Defendants’ request to compel Plaintiff’s response to Interrogatory 23 and Request for Production  
22 47. Plaintiff may qualify its responses as necessary to reflect that it reserves the right to amend its  
23 response based on its analysis of documents produced by Defendants and the testimony of an  
24 expert witness, but it must provide the information currently in its possession.

25       **C. Request for Production 6**

26           In paragraph 16 of the Complaint, Plaintiff alleges Davies had access to a variety of its  
27 confidential information and trade secrets, which “is central to Plaintiff’s competitive advantages  
28 in its industry and is extremely valuable to Plaintiff.” Defendants request Plaintiff produce “[a]ll

1 contribution margins, billing guides, costing guides, marketing information, customer pricing  
2 models or ‘other sensitive and useful customer information,’ to which DAVIES allegedly had  
3 access in her role as a Contract Analyst.” Reqs. & Resps. at 7-8. Defendants contend Plaintiff has  
4 not produced any responsive discovery, withholding documents on the basis that they are  
5 confidential and providing the information is unduly burdensome. Defendants argue they need  
6 this information to determine whether it is, in fact, confidential or protectable as a trade secret.  
7 Ltr. at 2.

8 Plaintiff disagrees with Defendants’ representations, arguing it has produced “all  
9 information, of which it is currently aware, that Davies misappropriated.” Ltr. at 4. Because  
10 Defendants’ request seeks information that Plaintiff does not allege was misappropriated, Plaintiff  
11 argues it is overbroad and unduly burdensome. *Id.* The Court agrees, and denies the request to  
12 compel Plaintiff to respond to Request for Production 6.

13 Should Plaintiff discover additional information that Davies misappropriated and fail to  
14 produce it by the discovery deadline, Defendants may request an order from the presiding judge  
15 prohibiting Plaintiff from using the late-disclosed information to support its claims.

16 **D. Request for Production 8**

17 CUTSA makes unlawful the “misappropriation” of “trade secrets.” Cal. Civ. Code § 3426,  
18 et seq. “Trade secrets” are defined as “information, including a formula, pattern, compilation,  
19 program, device, method, technique, or process, that: (1) Derives independent economic value,  
20 actual or potential, from not being generally known to the public or to other persons who can  
21 obtain economic value from its disclosure or use; and (2) Is the subject of efforts that are  
22 reasonable under the circumstances to maintain its secrecy.” *Id.* § 3426.1(d). Plaintiff bears the  
23 burden of proving the information Defendants misappropriated was a trade secret. *See Language*  
24 *Line Servs., Inc. v. Language Servs. Assocs., Inc.*, 944 F. Supp. 2d 775, 779 (N.D. Cal. 2013) (“A  
25 plaintiff asserting a trade secret misappropriation claim under [CUTSA] bears the burden of  
26 proving each element of the claim as to each trade secret. [Citations.] . . . [A] plaintiff must  
27 ‘demonstrate (1) the plaintiff owned a trade secret . . . .’”).

28 In setting forth its CUTSA claim, Plaintiff alleges it incurred “much effort and expense” in

1 assembling its alleged trade secrets and confidential information. Compl. ¶ 16; *see also id.* ¶ 32  
2 (“Covance’s Trade Secrets derive independent economic value from not being generally known to  
3 the public or to competitors....[; the] Trade Secrets would have substantial value if acquired by any  
4 competitor or third party, as they would allow [them] to obtain the benefits of Covance’s research  
5 and customer pricing models without having to invest the substantial amount of time and  
6 resources that Covance has already invested.”) Defendants contend Plaintiff has refused to  
7 produce any documents supporting or substantiating this “effort and expense,” on the ground the  
8 information is confidential and the request is unduly burdensome, disproportionate and premature.  
9 Ltr. at 2. Plaintiff argues this request is vague, overly broad, and unduly burdensome. *Id.* at 4.

10 Defendants are entitled to challenge one of the elements of Plaintiff’s CUTSA claim: that  
11 the information at issue is a trade secret because Plaintiff has derived independent economic value  
12 from keeping the information from being generally known to others. Defendants, however, do not  
13 need “[a]ll documents which relate to or refer to the ‘effort and expense’ incurred by Covance in  
14 assembling the trade secrets and other confidential information referenced” in the Complaint  
15 (Reqs. & Resps. at 9-10 (emphasis added)) to do so. Defendants are entitled to those documents  
16 Plaintiff will use to establish that the information Plaintiff contends was misappropriated qualifies  
17 as trade secrets under CUTSA. The Court accordingly grants the request to compel in part;  
18 Plaintiff shall produce those documents it contends show Covance incurred effort and expense in  
19 assembling the trade secrets and confidential information. The Court overrules the prematurity  
20 and confidentiality objections: discovery closes this month, and the Stipulated Protective Order  
21 addresses Plaintiff’s confidentiality concerns.

22 **E. Attorneys’ Fees & Costs**

23 The Court, in its discretion, denies Defendants’ request for attorneys’ fees and costs. *See*  
24 Fed. R. Civ. P. 37(a)(C) (“If the motion is granted in part and denied in part, the court *may* . . .  
25 apportion the reasonable expenses for the motion.” (emphasis added)).

26 **CONCLUSION**

27 For the reasons stated above, the Court **GRANTS IN PART** and **DENIES IN PART**  
28 Defendants’ request to compel as stated and **DENIES** Defendants’ request for attorneys’ fees and

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costs. Plaintiff shall produce the information and documents described above within two weeks of the date of this Order.

**IT IS SO ORDERED.**

Dated: October 7, 2016

  
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MARIA-ELENA JAMES  
United States Magistrate Judge