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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

IN RE  
Application of AIS GMBH AACHEN  
INNOVATIVE SOLUTIONS & ABIOMED  
EUROPE GMBH, Petitioners, For an Order  
Pursuant to 28 U.S.C. § 1782 to Take  
Discovery for Use in Foreign Proceedings,  
Pursuant to the Federal Rules of Civil  
Procedure, of Respondent Thoratec LLC

Case No. [5:16-mc-80094-EJD](#)

**ORDER DENYING MOTION FOR  
RELIEF FROM NONDISPOSITIVE  
PRETRIAL ORDER OF MAGISTRATE  
JUDGE**

Re: Dkt. No. 52

In this miscellaneous action filed pursuant to 28 U.S.C. § 1782, Petitioners AIS GmbH Aachen Innovative Solutions and Abiomed Europe GmbH (“Petitioners”) sought to obtain discovery from Respondent Thoratec LLC (“Respondent”) for use in foreign proceedings. Petitioners’ application was granted by the assigned magistrate judge, and all of Respondent’s objections to producing discovery were eventually overruled.

Respondent now moves for relief from the magistrate judge’s rulings. Dkt. No. 52. Having carefully considered the relevant pleadings and the parties’ arguments, this court finds no basis to disturb the orders authorizing discovery and compelling production. Thus, Respondent’s motion will be denied for the reasons explained below.

**I. FACTUAL AND PROCEDURAL BACKGROUND**

Petitioners are German companies which focus on developing technologies designed to

1 assist or replace the human heart. On May 4, 2016, Petitioners applied ex parte for an order  
2 pursuant to § 1782 for leave to serve a subpoena on Respondent, which company also operates in  
3 the field of cardiac support systems and maintains a principal place of business in Pleasanton,  
4 California. Dkt. No. 1. Petitioners' application was referred to Magistrate Judge Howard R.  
5 Lloyd. N.D. Cal. Gen. Order No. 44(E)(3).

6 According to their application, Petitioners sought to obtain discovery related to patent  
7 infringement proceedings in Germany, filed by Petitioners against Respondent and Thoratec  
8 Europe Limited. The patents-in-suit in that action are European Patents 2 047 872 B1, 2 234 658  
9 B1, and 1 651 290, and German Patent DE 103 36 902, both of which are directed to intracardiac  
10 blood pumps that can support the natural pumping function of the heart. Petitioners allege in the  
11 German proceedings that Respondent's HeartMate PHP percutaneous heart pump infringes certain  
12 claims of their patents. Respondent denies those allegations and contends the HeartMate PHP  
13 does not practice all of the limitations of the patents-in-suit.

14 As to the subpoena itself, it required Respondent to produce a Rule 30(b)(6) witness for  
15 deposition and produce for inspection samples of the HeartMate PHP along with technical  
16 information describing the product. Petitioners represented in their § 1782 application that this  
17 information could not be obtained in Germany, at least partially due to the fact that Respondent  
18 had not begun commercial distribution of the product in Europe.

19 After informally learning of the Petitioners' application, Respondent submitted a letter to  
20 Judge Lloyd requesting an order vacating the § 1782 proceeding to allow the parties to confer.  
21 Dkt. No. 14. Petitioners submitted a letter in response. Dkt. No. 15. Judge Lloyd ultimately  
22 granted Petitioners' application on July 1, 2016. Dkt. No. 16. He found Petitioners had satisfied  
23 the requirements of § 1782, observed that applications such as these are typically considered on an  
24 ex parte basis, and explained that Respondent could respond to the subpoena once served or move  
25 to quash it. Judge Lloyd also ordered "in the event discovery disputes arise, the parties shall  
26 comply with the undersigned's Standing Order re Civil Discovery Disputes, which (among other  
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1 things) requires the submission of a joint discovery letter brief, rather than a noticed motion.”

2 On July 18, 2016, Respondent filed a motion to disqualify the attorneys representing  
3 Petitioners at the time, and moved to stay discovery pending resolution of that motion. Dkt. Nos.  
4 19, 20. Petitioners retained new counsel to replace their original attorneys on August 2, 2016, and  
5 Respondent withdrew its motion to stay. Dkt. Nos. 22, 27. Judge Lloyd eventually determined  
6 the motion to disqualify was moot in light of the substitution of counsel. Dkt. No. 48.

7 After the motion to stay was withdrawn, the parties proceeded to file a series of pleadings  
8 documenting their discovery disputes. They are summarized as follows:

- 9 • In the first report (Dkt. No. 44), the parties disputed whether Respondent must  
10 produce samples of the HeartMate PHP in response to the subpoena. Petitioners  
11 argued the court had already determined the appropriateness of its request;  
12 Respondent argued Petitioners were circumventing German discovery procedures  
13 and imposing an undue burden on Respondent.
- 14 • In the second report (Dkt. No. 45), the parties disputed whether a production of  
15 samples should be made subject to a protective order and, if so, what those terms  
16 should be. Respondent sought imposition of a protective order limiting access to  
17 in-house counsel, specifically excluding access to Petitioners’ former counsel, and  
18 imposing a patent prosecution bar; Petitioners argued against a protective order  
19 because the HeartMate PHP was already available for sale in Europe.
- 20 • In the third report (Dkt. No. 46), the parties disputed the impact of a suspension of  
21 the German patent infringement proceedings. Respondent stated that between  
22 courts in the United Kingdom and Germany, all asserted claims of the patents-in-  
23 suit were determined invalid, and the German infringement proceedings were  
24 ordered stayed pending appeal. Based on that, Respondent argued the statutory  
25 basis for discovery had been eliminated. For their part, Petitioners emphasized the  
26 stay imposed in the German infringement proceedings was only temporary, and  
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1                   that the lack of a final resolution meant the discovery sought could still be used in  
2                   those proceedings.

- 3                   • In the fourth report (Dkt. No. 47), the parties disputed whether a pause in clinical  
4                   trials related to the HeartMate PHP affected Petitioners’ discovery request.  
5                   Petitioner argued that with HeartMate PHPs “sitting unused,” producing samples  
6                   would not harm or negatively impact clinical trials; Respondent disagreed and  
7                   claimed producing discovery would disrupt its investigation into the malfunction of  
8                   one HeartMate PHP.

9                   Judge Lloyd issued a written ruling addressing the four discovery reports on April 21,  
10                  2017. Dkt. No. 49. In essence, and without repeating his reasoning, Judge Lloyd overruled all of  
11                  Respondent’s objections to producing samples of the HeartMate PHP to Petitioners, entered a  
12                  protective order in conjunction with the second joint report, and ordered Respondent to turn over  
13                  to Petitioners three HeartMate PHP devices with other relevant materials within ten days.

14                  In early May, Respondent made four filings in response to the Judge Lloyd’s order: (1) the  
15                  instant motion for relief (Dkt. No. 52); (2) an administrative motion to stay the discovery orders  
16                  pending resolution of the motion for relief (Dkt. No. 53); (3) a mandamus petition in the Ninth  
17                  Circuit (Dkt. No. 54); and (4) an emergency motion to stay the discovery orders in the Ninth  
18                  Circuit.

19                  On May 8, 2017, the Ninth Circuit temporarily stayed the discovery orders, and thereafter  
20                  issued an order staying the proceedings pending disposition of the motion for relief and further  
21                  order of that court. Dkt. No. 56.

22                  This action was referred to the undersigned on May 19, 2017 (Dkt. No. 60), and the court  
23                  ordered Petitioners to file an opposition to the motion for relief. Dkt. No. 61. Petitioners did so.  
24                  Dkt. No. 62.

25                  **II. LEGAL STANDARD**

26                  Subject to some limitations not relevant here, any nondispositive pretrial matter before the  
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1 district court may be referred to a magistrate judge for determination. 28 U.S.C. § 636(b)(1)(A).  
2 Once rendered, the decision of the magistrate judge may only be reconsidered by the district court  
3 where the order is “clearly erroneous” or “contrary to law.” Id.; Fed. R. Civ. P. 72(a). This  
4 standard is not easily satisfied because it affords the magistrate judge significant deference.  
5 United States v. Abonce-Barrera, 257 F.3d 959, 969 (9th Cir. 2001) (“[T]he text of the Magistrates  
6 Act suggests that the magistrate judge’s decision in such nondispositive matters is entitled to great  
7 deference by the district court.”). Indeed, “the reviewing court may not simply substitute its  
8 judgment for that of the deciding court.” Grimes v. City & Cty. of S.F., 951 F.2d 236, 241 (9th  
9 Cir. 1991).

10 “The ‘clearly erroneous’ standard applies to factual findings and discretionary decisions  
11 made in connection with non-dispositive pretrial discovery matters.” F.D.I.C. v. Fid. & Deposit  
12 Co. of Maryland, 196 F.R.D. 375, 378 (S.D. Cal. 2000). “A finding is ‘clearly erroneous’ when  
13 although there is evidence to support it, the reviewing court, after reviewing the entire evidence, is  
14 left with the definite and firm conviction that a mistake has been committed.” United States v.  
15 U.S. Gypsum Co., 333 U.S. 364, 395 (1948).

16 The legal conclusions of a magistrate judge are subjected to a “contrary to law” standard,  
17 which amounts to de novo review. Perry v. Schwarzenegger, 268 F.R.D. 344, 348 (N.D. Cal.  
18 2010). “A decision is ‘contrary to law’ if it applies an incorrect legal standard or fails to consider  
19 an element of the applicable standard.” Na Pali Haweo Cmty. Ass’n v. Grande, 252 F.R.D. 672,  
20 674 (D. Haw. 2008).

### 21 **III. DISCUSSION**

22 Respondent challenge is twofold. First, it takes issue with the procedure by which the  
23 litigation occurred before Judge Lloyd. Second, it argues Judge Lloyd misapplied the factors  
24 relevant to a determination under § 1782. Neither of these arguments is successful under the  
25 deferential standard this court must apply.

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**A. The Procedure**

Respondent argues it was denied a fair opportunity to respond to Petitioners' § 1782 application because it was "prohibited" from submitting any evidence. Respondent contends that as a result, Judge Lloyd decided the matter on an incomplete record. This argument is belied by the record, and is unpersuasive.

Here, the record reveals that Judge Lloyd, after specifically contemplating Respondent's letter request for a meet and confer, found it was appropriate to rule on Petitioners' § 1782 application without receiving additional briefing or ordering the parties to confer on the issue. Dkt. No. 16. In the order, Judge Lloyd noted that § 1782 applications are "typically brought on an ex parte basis," and that Respondent could "either participate in the discovery or to move to quash it." In another portion of the same order, Judge Lloyd again emphasized his ruling was without prejudice to Respondent's ability to move to quash the subpoena, and indicated that any discovery disputes should comply with the limits described in his standing order.

Under these circumstances, Judge Lloyd's decision to treat this proceeding no differently than similar actions was not clearly erroneous. Generally, court management decisions are discretionary. See Amarel v. Connell, 102 F.3d 1494, 1513 (9th Cir. 1996). As Judge Lloyd aptly observed, "§ 1782 petitions are frequently reviewed on an ex parte basis." In re Macquarie Bank Ltd., No. 2:14-cv-0797-GMN-NJK, 2014 WL 7706908, at \*1, 2014 U.S. Dist. LEXIS 181626 (D. Nev. June 4, 2014). And this court has previously found an ex parte application "is an acceptable method for seeking discovery pursuant to § 1782." In re Roebers, No. C12-80145 MISC RS (LB), 2012 WL 2862122, at \*2, LEXIS (N.D. Cal. July 11, 2012) (Beeler, J.); accord In re Republic of Ecuador, No. C-10-80225 MISC CRB (EMC), 2010 WL 3702427, at \*2, 2012 U.S. Dist. LEXIS 97008 (N.D. Cal. Sept. 15, 2010) (Chen, J.). This is so because witnesses, even after § 1782 discovery is granted, "can and have raised objections and exercised their due process rights by motions to quash the subpoenas." In re Letters Rogatory from Tokyo Dist., Tokyo, Japan, 539 F.2d 1216, 1219 (9th Cir. 1976). In other words, subpoenaed parties are afforded sufficient process subsequent to the judicial authorization of discovery; there is no legal requirement they be

1 permitted to participate beforehand.

2           Though Respondent was notified - twice in one order - that it could exercise its ability to  
3 move to quash the subpoena once authorized, it did not do so. Instead, it chose a different path: to  
4 raise disputes over its *response* to the subpoena, which Judge Lloyd informed the parties were  
5 subject to the restrictions on briefing mandated by his standing order. Respondent cannot now  
6 complain that the consequences of its choice were clearly erroneous as a denial of due process  
7 when additional opportunity to present its defense was plainly made available but declined.

8           Moreover, the court does not share Respondent's contention it was denied the ability to  
9 submit evidence. Again, Respondent could have filed a motion to quash with evidence attached,  
10 but did not. Additionally, Respondent never asked for leave to submit evidence with any of the  
11 discovery reports. The footnote Respondent cites for the contention that it did is better described  
12 as a complaint, not an affirmative request; if anything, the content of the footnote merely left it to  
13 the court to determine whether it required additional information to render a decision. Dkt. No.  
14 44, at p. 9, n. 10.<sup>1</sup> That the court did not believe additional evidence was necessary in response to  
15 Respondent's offer is not the equivalent of a denial of a particular request for leave to submit  
16 additional information.

17           In sum, Respondent's protestation of error due to an incomplete record is unfounded.  
18 Respondent has not shown the ex parte procedure was clearly erroneous, or identified any  
19 restrictions imposed by the court which denied it a fair opportunity to put on a defense.  
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22 <sup>1</sup> The footnote states:

23           Petitioners had the opportunity to submit 341 pages of argument and  
24 attachments in support of their proposed discovery. Dkts. 1-3. On  
25 the other hand, Thoratec is not permitted to submit evidentiary  
26 exhibits or declarations in support of its position. Standing Order at  
27 ¶ 2(D)(iv). If the Court desires further information on the issues of  
evidence in support of its position.

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**B. The § 1782 Decision**

Respondent believes Judge Lloyd failed to consider and apply the factors relevant to a request for discovery under § 1782 when he authorized Petitioners to serve the subpoena. This argument fares no better than the preceding one.

As an initial matter, it appears Respondent has forfeited any objection to the order embodying Judge Lloyd’s consideration of the appropriateness of § 1782 discovery, filed on July 1, 2016. Pursuant to Federal Rule of Civil Procedure 72(a), objections to a nondispositive pretrial order of a magistrate judgment must be submitted within 14 days after being served with the order. The rule makes clear that “[a] party may not assign as error a defect in the order not timely objected to.” Fed. R. Civ. P. 72(a). Furthermore, “a party who fails to file timely objections to a magistrate judge’s nondispositive order with the district judge to whom the case is assigned forfeits its right to appellate review of that order.” Simpson v. Lear Astronics Corp., 77 F.3d 1170, 1174 (9th Cir. 1996).

The July 1st order specifies that Respondent’s counsel was electronically notified of the court’s ruling. This form of notice constituted service of the order on Respondent according to this district’s local rules. See Civ. L.R. 5-1(h)(3). Based on that service date, a timely objection or motion for relief from the July 1st order should have been submitted no later than July 15, 2016. No such pleading was filed. Accordingly, any objection to Judge Lloyd’s decision to authorize the subpoena cannot be raised now.

But even if that issue is still up for review, Respondent has not convincingly demonstrated that Judge Lloyd’s decision was “clearly erroneous” or “contrary to law.” When considering a request for discovery under § 1782, the district court should weigh four non-exclusive factors: (1) whether the “person from whom discovery is sought is a participant” in the foreign case; (2) the nature and character of the foreign proceeding, and whether the foreign court is receptive to judicial assistance from the United States; (3) whether the discovery request is an attempt to avoid foreign evidence-gathering restrictions; and (4) whether the discovery request is “unduly intrusive or burdensome.” Intel Corp. v. Advanced Micro Devices, Inc., 542 U.S. 241, 264-66 (2004). The



1 court is not required, however, “to address explicitly every factor or argument.” Akebia  
2 Therapeutics, Inc. v. FibroGen, Inc., 793 F.3d 1108, 1112 (9th Cir. 2015). Furthermore, a  
3 decision to authorize discovery under § 1782 is subject to the court’s “broad discretion.” Four  
4 Pillars Enters. Co., Ltd. v. Avery Dennison Corp., 308 F.3d 1075, 1078 (9th Cir. 2002).

5 Here, Judge Lloyd stated in the July 1st order that he considered Petitioner’s application  
6 and supporting papers and found the requirements of § 1782 satisfied. Because the memorandum  
7 filed in support of Petitioner’s application included a detailed discussion of the four Intel factors  
8 (Dkt. No. 2), and because Judge Lloyd reviewed that document in reaching a decision, this court  
9 cannot find the order contrary to law for failure to apply a correct legal standard or to consider a  
10 relevant factor. The fact that Judge Lloyd did not explicitly address each Intel factor is of no  
11 moment.

12 Nor does this court have a “firm conviction” that Judge Lloyd misapplied the Intel factors.  
13 Petitioner explained, as relevant to the each factor, that (1) it could not compel Respondent to  
14 produce discovery through the German patent infringement proceedings, (2) the German courts do  
15 not preclude the admission of evidence obtained through § 1782, (3) it was not seeking to  
16 circumvent German discovery procedures, and (4) the subpoena was narrowly tailored to  
17 documents and testimony directly relevant to its German infringement claims. Crediting  
18 Petitioner’s arguments, granting the § 1782 application was not an abuse of the court’s broad  
19 discretion. Though it appears Respondent would have argued the factors differently had it moved  
20 to quash the subpoena, its latent disagreement with the court’s analysis does not render the  
21 decision clearly erroneous.

22 Respondent’s other arguments are similarly unpersuasive. It relies heavily on another  
23 ruling from this district, In re King.com Ltd., No. 16-mc-80070-JCS, 2016 WL 4364286, 2016  
24 U.S. Dist. LEXIS 109433 (N.D. Cal. Aug. 16, 2016), for the proposition that Judge Lloyd should  
25 have denied discovery because the German proceedings were stayed. But in making this  
26 argument, Respondent overlooks the distinct procedural stage in which it notified the court of the  
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1 stay. This information was presented through a *discovery dispute*, not within a motion to quash or  
2 as a motion for reconsideration of the order granting the § 1782 application. By that time, Judge  
3 Lloyd had already authorized the discovery after weighing the Intel factors at a time when the  
4 German infringement proceedings were not stayed, and he found they favored the requested  
5 discovery. Moreover, there was no indication the length of the stay in Germany would last for as  
6 long as the one at issue in King.com. Thus, King.com has little persuasive value in light of these  
7 important factual differences.<sup>2</sup>

8 Respondent also contends Judge Lloyd failed to appreciate its shifting explanation of  
9 burden. Respondent argued in the first joint report that providing three samples of the HeartMate  
10 PHP would mean “forgoing or delaying treatment” for three patients and “potential disruption to  
11 obtaining clinical data necessary for regulatory approval.” It later argued in the fourth joint report  
12 that, though the clinical trials had been suspended because one device had malfunctioned, *all*  
13 HeartMate PHP devices were needed to determine why the one device had failed. Judge Lloyd  
14 rejected these unadorned representations, and this court concurs with the rejection. Regardless of  
15 any evidence Respondent believes the court should have received, Respondent never explained  
16 why producing a small number of HeartMate PHP devices to Petitioner - just three - was unduly  
17 burdensome or intrusive under Intel. As a matter of common sense, the production of three  
18 devices simply does not meet that standard.

19 For these reasons, Judge Lloyd’s consideration of the factors relevant to a § 1782  
20 application was not clearly erroneous or contrary to law.

21 **IV. ORDER**

22 The motion for relief from nondispositive pretrial order of magistrate judge (Dkt. No. 52)  
23 is DENIED.

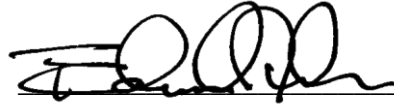
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25 <sup>2</sup> In any event, the court observes that § 1782 does not require that a foreign proceeding be in  
26 active litigation for discovery to be authorized. See Intel, 542 U.S. at 243 (“The ‘proceeding’ for  
27 which discovery is sought under § 1782(a) must be within reasonable contemplation, but need not  
be ‘pending’ or ‘imminent.’”). In light of this guidance, Judge Lloyd’s determination that  
discovery should still proceed notwithstanding the German stay was not clearly erroneous.

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Because a stay has been imposed until further order of the Ninth Circuit, Respondent's request for a similar order from this court is DENIED AS MOOT.

**IT IS SO ORDERED.**

Dated: July 21, 2017



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EDWARD J. DAVILA  
United States District Judge