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7 UNITED STATES DISTRICT COURT
8 SOUTHERN DISTRICT OF CALIFORNIA
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10 DR SYSTEMS, INC., Case No. 08cv669-H (BLM)
11 Plaintiff,)
12 v.) ORDER (1) DENYING DR SYSTEMS'
13 EASTMAN KODAK CO.,) MOTION FOR PROTECTIVE ORDER
14 Defendant.) AND (2) GRANTING IN PART AND
15) DENYING IN KODAK'S MOTION FOR
16) PROTECTIVE ORDER
17) [Doc. Nos. 99, 110]
18)
19 And Related Counter-Claims)
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17 On July 9, 2009, DR Systems, Inc. ("DR Systems") moved this Court
18 for a Protective Order under Federal Rule of Civil Procedure 26(b) to
19 quash Eastman Kodak Company's ("Kodak") deposition notice for Leo
20 Zuckerman, a shareholder and Board member of DR Systems. Doc. No. 99.
21 Similarly, on July 14, 2009, Kodak filed a Motion for Protective Order
22 and Motion to Quash DR Systems' deposition notices for Antonio Perez,
23 Kodak's Chairman and Chief Executive Officer ("CEO"), and Peter Cody,
24 Kodak's in-house Director of Patent Litigation and Vice President. Doc.
25 No. 110. Subsequently, the parties timely opposed and replied to the
26 respective motions. Doc. Nos. 116, 120, 121, 128. The Court took the
27 matters under submission pursuant to Civil Local Rule 7.1(d)(1). Doc.
28 Nos. 101, 108. Having reviewed the briefing submitted, and for the

1 reasons set forth below, DR Systems' motion is **DENIED** and Kodak's motion
2 is **GRANTED IN PART** and **DENIED IN PART**.

3 Background

4 On April 14, 2008, DR Systems filed a Complaint for declaratory
5 judgment, asking the Court to declare Kodak's patent, U.S. Patent No.
6 5,414,811 (hereinafter "the '811 patent"),¹ invalid and to find that DR
7 Systems did not infringe the '811 patent. Doc. No. 1. Kodak
8 previously had mailed DR Systems a warning of possible infringement.
9 Id. On May 7, 2008, Kodak answered and counterclaimed for declarations
10 of the '811 patent's validity and DR Systems' infringement. Doc. No. 9.
11 The current disputes arise from Kodak's Notice of Deposition for Leo
12 Zuckerman, dated June 25, 2009 and DR Systems' Notices of Deposition for
13 Peter Cody and Antonio Perez, both dated July 9, 2009. Doc. Nos. 99,
14 110.

15 Legal Standard

16 **I. Scope of Discovery**

17 The scope of discovery is defined by Federal Rule of Civil
18 Procedure 26(b). Pursuant to that rule, litigants may obtain discovery
19 regarding "any nonprivileged matter that is relevant to any party's
20 claim or defense." Rule 26(b)(1). Relevant information for discovery
21 purposes includes any information "reasonably calculated to lead to the
22 discovery of admissible evidence." Id.

23 District courts enjoy broad discretion both to determine relevancy
24 for discovery purposes, see Hallett v. Morgan, 296 F.3d 732, 751 (9th
25 Cir. 2002), and to limit discovery to prevent its abuse. See Rule
26 26(b)(2) (instructing that courts may limit discovery where it is
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28 ¹The '811 patent concerns technology for displaying digital images. Doc. No. 1.

1 "unreasonably cumulative or duplicative," or obtainable "from some other
2 source that is more convenient, less burdensome, or less expensive," or
3 where its burden or expense "outweighs its likely benefit").

4 **II. Motion for Protective Order**

5 Upon a showing of good cause, the Court "may issue an order to
6 protect a party or person from annoyance, embarrassment, oppression, or
7 undue burden or expense." Rule 26(c). "For good cause to exist, the
8 party seeking protection bears the burden of showing specific prejudice
9 or harm will result if no protective order is granted." Phillips ex
10 rel. Estates of Byrd v. General Motors Corp., 307 F.3d 1206, 1210-11
11 (9th Cir. 2002), citing Beckman Indus., Inc. v. Int'l Ins. Co., 966 F.2d
12 470, 476 (9th Cir. 1992) (holding that "broad allegations of harm,
13 unsubstantiated by specific examples or articulated reasoning, do not
14 satisfy the Rule 26(c) test"); see also Blankenship v. Hearst Corp., 519
15 F.2d 418, 429 (9th Cir. 1975) (Under liberal discovery principles of the
16 federal rules, those opposing discovery are required to carry a heavy
17 burden of showing why discovery should be denied).

18 The court has wide discretion to determine what constitutes a
19 showing of good cause and to fashion a protective order that provides
20 the appropriate degree of protection. Seattle Times Co. v. Rhinehart,
21 467 U.S. 20, 36 (1984). However, courts should not bar a deposition
22 "absent extraordinary circumstances" as such a prohibition would "likely
23 be in error." Salter v. Upjohn Co., 593 F.2d 649, 651 (5th Cir. 1979);
24 see also Blankenship, 519 F.2d at 429; ("A strong showing is required
25 before a party will be denied entirely the right to take a
26 deposition."); United States EEOC v. Caesars Entm't, Inc., 237 F.R.D.
27 428, 432 (D.Nev. 2006) ("As a general rule, courts will not grant
28 protective orders that prohibit the taking of deposition testimony.").

1 **III. Apex Depositions**

2 As discussed above, a party seeking to prevent a deposition carries
3 a heavy burden to show why discovery should be denied. Nevertheless,
4 when a party seeks to take the deposition of an official at the highest
5 level or "apex" of a corporation, the court may exercise its authority
6 under the federal rules to limit discovery. WebSide Story, Inc. v.
7 NetRatings, Inc., 2007 WL 1120567, *2 (S.D. Cal. Apr. 6, 2007);
8 Celerity, Inc. v. Ultra Clean Holdings, Inc., 2007 WL 205067, *3 (N.D.
9 Cal. Jan. 25, 2007) ("Virtually every court that has addressed
10 deposition notices directed at an official at the highest level or
11 "apex" of corporate management has observed that such discovery creates
12 a tremendous potential for abuse or harassment.") (citing Mulvey v.
13 Chrysler Corp., 106 F.R.D. 364 (D.C.R.I. 1985)).

14 In deciding whether to allow an apex deposition, courts often
15 consider: (1) whether the high-level deponent has unique, non-cumulative
16 knowledge of the facts at issue; and (2) whether there are other, less
17 burdensome discovery methods. WebSideStory, 2007 WL 1120567, at *2;
18 Celerity, 2007 WL 205067, at *3. "When a high-level corporate executive
19 lacks unique or superior knowledge of the facts in dispute, courts have
20 found that good cause exists to prohibit the deposition." WebSideStory,
21 2007 WL 1120567, at *2. "However, when a witness has personal knowledge
22 of facts relevant to the lawsuit, even a corporate president or CEO is
23 subject to deposition." Id.

24 **Discussion**

25 **I. DR Systems' Motion for Protective Order**

26 DR Systems asks the Court to prohibit Kodak from deposing Mr. Leo
27 Zuckerman because, as a shareholder and Board member of DR Systems, Mr.
28 Leo Zuckerman is at the "apex" of the corporate management and does not

1 have "unique personal knowledge" of the issues in dispute in this
2 litigation. Doc. No. 100 at 4. DR Systems further argues that any
3 factual information Mr. Leo Zuckerman may possess would duplicate other
4 discovery already obtained by Kodak and/or which could have been
5 obtained through other, less-intrusive methods. Id.; Doc. No. 99 at 2-
6 3. Finally, DR Systems asserts that the deposition notice is designed
7 to harass DR Systems and does not seek relevant facts.² Doc. No. 99
8 at 2-3.

9 Kodak responds that Mr. Leo Zuckerman is "much more than an 'apex'
10 witness - he is a percipient witness and controlling agent for DR on the
11 topic of willful infringement." Doc. No. 118 at 2. Kodak argues that
12 "even as an 'apex deponent' Kodak is entitled to depose Mr. Leo
13 Zuckerman because he has "unique, personal knowledge that can be
14 obtained only from him." Id. at 4. Kodak further argues that such
15 knowledge is directly relevant to the central issues in this case,
16 including willful infringement. Id. Therefore, Kodak asks that it be
17 allowed to proceed with the properly noticed deposition of Mr. Leo
18 Zuckerman. Id. at 6.

19 The Court finds that DR Systems has not met its burden for the
20 issuance of a protective order. First, Kodak has established that Mr.
21 Leo Zuckerman has direct, personal knowledge of facts relevant to this
22 action. During his deposition, Mr. Chip Zuckerman, Mr. Leo Zuckerman's

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24 ²DR Systems also argues that the notice of deposition was improperly served
25 because "litigation counsel for DR Systems is not authorized to accept service of any
26 discovery for Leo Zuckerman." Doc. No. 100 at 2. "Under Rule 30(b)(1), it is well
27 recognized that 'if the corporation is a party, the notice compels it to produce any
28 'officer, director or managing agent' named in the deposition notice. It is not
necessary to subpoena such individual. The corporation risks sanctions-including
default or dismissal-if the designated individual fails to appear.'" Cadent, Ltd. v.
3M Unitek Corp., 232 F.R.D. 625, 628 n.1 (C.D. Cal. 2005). Mr. Leo Zuckerman currently
is one of DR Systems' directors. Doc. No. 100 at 2. As such, the Court finds that
service on DR Systems' counsel was proper and reviews DR Systems' Motion for Protective
Order on its merits.

1 son and DR Systems' Chief Financial Officer, testified that after
2 receiving Kodak's October 2007 letter regarding the '811 Patent, he
3 discussed it with several people, including Mr. Leo Zuckerman. Doc. No.
4 119 (Deposition of Charles Zuckerman at 22-23). While Mr. Chip
5 Zuckerman testified that he "did not go into the detail [sic] of the
6 claims with [Mr.] Leo Zuckerman," he acknowledged that he did discuss it
7 with him and Mr. Leo Zuckerman did not direct him to conduct any
8 investigation into the allegation. Id. at 41. While DR Systems quotes
9 testimony that its Rule 30(b)(6) deponent did not discuss the
10 investigation of Kodak's claims with Mr. Leo Zuckerman (doc. no. 120 at
11 22), it does not contradict Mr. Chip Zuckerman's testimony that a
12 conversation occurred. As such, the Court finds that Mr. Leo Zuckerman
13 has direct, personal knowledge of topics that are relevant to the claims
14 and defenses at issue in this case.

15 DR Systems argues that even if Mr. Leo Zuckerman has such personal
16 knowledge, the desired information can be obtained from "less
17 burdensome" sources. While that may be true for some information, Mr.
18 Chip Zuckerman was unable to provide specific details regarding their
19 conversation and Mr. Leo Zuckerman's response. Moreover, the mere fact
20 that one person testified about a conversation does not make any
21 additional testimony about the conversation repetitive. As one court
22 stated, "[t]he mere fact ... that other witnesses may be able to testify
23 as to what occurred at a particular time or place does not mean that a
24 high level corporate officer's testimony would be 'repetitive.' Indeed,
25 it is not uncommon for different witnesses to an event to have differing
26 recollections of what occurred." First National Mortgage Co. v. Federal
27 Realty Investment Trust, 2007 WL 4170548, *3 (N.D. Cal. 2007).

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1 Second, DR Systems is a small, family-run corporation. While
2 neither party specifies the number of people on DR System's Board of
3 Directors, Mr. Chip Zuckerman testified that Ms. Emma Zuckerman, Leo's
4 wife and Chip's step-mother, is a member of the board, and two of Chip's
5 brothers, Scott and Fred, have served as directors. Doc. No. 119
6 (Declaration of Lisa C. McCurdy at ¶ 5). Kodak has not deposed and is
7 not seeking to depose any of these other family members, nor is it
8 seeking to depose all of the board members. Doc. No. 118 at 3. Rather,
9 Kodak appears to be targeting the individuals it believes possess
10 personal knowledge of relevant facts. Id. Moreover, the Court notes
11 that Kodak has deposed several of DR Systems' employees and managing
12 agents, including two Rule 30(b)(6) witnesses. Doc. No. 99 at 2-3; see
13 First Nat'l Mortgage Co. v. Fed. Realty Inv. Trust, 2007 WL 4170548, *2
14 (N.D. Cal. 2007) (allowing the depositions of high-level executives
15 *after* depositions of lower-level employees suggested that they might
16 have at least some relevant personal knowledge); Google v. Am. Blind &
17 Wallpaper Factory, Inc., 2006 WL 2578277, *3 (N.D. Cal. 2006) (allowing
18 deposition of corporate founder only *after* learning from 30(b)(6)
19 witnesses that he may have relevant first hand information). These
20 facts establish that Kodak's deposition notice is not designed to harass
21 DR Systems, but to elicit personal knowledge from the deponent.

22 Because Kodak has deposed several other witnesses and completed all
23 other discovery, the Court believes Kodak can limit questioning in a
24 manner to avoid unreasonable duplication. See Kelly v. Microsoft Corp.,
25 2008 WL 5000278, *2 (W.D. Wash. Nov. 21, 2008). Indeed, to safeguard
26 against undue burden or repetition, the Court will impose a three hour
27 time limit on the deposition. Id.

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1 Accordingly, the Court finds that DR Systems has not shown that
2 Kodak noticed Mr. Leo Zuckerman's deposition solely to "harass and
3 annoy" DR Systems. Nor has DR Systems demonstrated that an examination
4 of Mr. Leo Zuckerman would be unduly burdensome, cause specific harm, or
5 result in prejudice. Rule 26(c); Rivera v. Nibco, Inc., 364 F.3d 1057,
6 1063 (9th Cir. 2004); Blankenship, 519 F.2d at 429. Accordingly, DR
7 Systems has failed to establish good cause for an order precluding the
8 deposition of Mr. Leo Zuckerman and its motion is **DENIED**.

9 **II. Kodak's Motion for Protective Order**

10 Kodak asks the Court to prohibit DR Systems from deposing Antonio
11 Perez, Kodak's Chairman and CEO, and Peter Cody, Kodak's in-house
12 Director of Patent Litigation and Vice President. Doc. No. 113 at 2.
13 Kodak argues that DR Systems noticed these depositions "solely in an
14 effort to harass Kodak" and "in blatant retaliation against Kodak for
15 having noticed the deposition of Mr. [Leo] Zuckerman." Id. at 4. Kodak
16 further argues that the notices are "procedurally and substantively
17 defective" and therefore should be quashed. Id. The Court will address
18 each deponent below.

19 **a. Antonio Perez**

20 Kodak moves to quash the deposition notice issued to Mr. Perez
21 because, as the Chairman and CEO of a multi-billion dollar company, Mr.
22 Perez is an "apex" deponent who has "no connection to this litigation"
23 or "relevant information of any kind." Id. Kodak asserts that unlike
24 its request to depose Mr. Leo Zuckerman, there is no evidence that Mr.
25 Perez has "percipient knowledge" relevant to this case as Mr. Perez "has
26 not been identified in this litigation by any witness or in any document
27 as having relevant information." Id. at 6.

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1 DR Systems responds that it is entitled to depose Mr. Perez because
2 Kodak "broadened the scope of discovery to uncover this exact same
3 information from DR Systems" when it noticed Mr. Leo Zuckerman's
4 deposition. Doc. No. 125 at 2. DR Systems suggests that Kodak has now
5 made "what is or is not the proper conduct of the principal of an
6 organization regarding claims and allegations of patent infringement" an
7 issue in this case. Id. at 3. Therefore, DR Systems argues that

8 it would be fundamentally unfair and prejudicial to DR Systems
9 if this Court were to allow Kodak to depose the principal
10 shareholder of DR Systems to discover his knowledge and
11 actions related to this matter without allowing DR Systems to
also discover the knowledge and actions of Kodak's principal,
Mr. Perez.

12 Id. In effect, DR Systems' position is that it should be allowed to
13 depose Mr. Perez if Kodak is allowed to depose Mr. Leo Zuckerman because
14 "only through a direct comparison" of Mr. Leo Zuckerman's and Mr.
15 Perez's knowledge and actions would a jury be able to "evaluate whether
16 or not Leo Zuckerman's knowledge and actions were appropriate." Id.

17 Although the scope of discovery is broad, it is not unlimited. As
18 explained above, the Court may act to limit discovery when a party seeks
19 to depose an official at the "apex" of a corporation who lacks "unique
20 or superior knowledge of the facts in dispute." WebSideStory, 2007 WL
21 1120567, at *2. The Court finds this to be the case here. Essentially,
22 DR Systems argues that it is entitled to depose Mr. Perez because Kodak
23 requested to depose Mr. Leo Zuckerman. The Court agrees with Kodak and
24 finds that "[t]his is not a proper ground for requesting a deposition of
25 any witness, let alone of an '[a]pex' witness." Doc. No. 130 at 2.
26 Importantly, DR Systems has not established, nor can the Court discern,
27 what "unique or superior knowledge" Mr. Perez may possess that would be
28 relevant to this case. WebSideStory, 2007 WL 1120567, at *2 ("When a

1 high-level corporate executive lacks unique or superior knowledge of the
2 facts in dispute, courts have found that good cause exists to prohibit
3 the deposition."). Notably, Mr. Zuckerman is a controlling member of a
4 small, family-run corporation, while Mr. Perez is the Chairman and CEO
5 of a multi-billion dollar corporation. Thus, unlike Mr. Leo Zuckerman,
6 Mr. Perez is likely "removed from the daily subjects of the litigation"
7 and therefore lacks direct, personal knowledge of the claims and
8 defenses at issue in this case. Celerity, 2007 WL 205067, at *3 (citing
9 Baine v. General Motors Corp., 141 F.R.D. 332, 334 (M.D. Ala. 1991)). In
10 fact, unlike Mr. Leo Zuckerman, who was identified as having relevant,
11 personal knowledge by DR Systems' CFO, DR Systems has not identified any
12 witness or document indicating that Mr. Perez has personal involvement
13 in, or direct knowledge of, facts at issue in this case.

14 To the extent that DR Systems argues that it is entitled to depose
15 Mr. Perez to assess the companies' respective "reasonableness," its
16 argument is flawed. First, DR Systems has failed to point to a
17 comparable claim or defense where Kodak's conduct or its
18 "reasonableness" is at issue. Second, even if it is at issue, DR
19 Systems has not identified Mr. Perez's involvement in that conduct or
20 what "unique or superior" knowledge he may have regarding that conduct.
21 Therefore, because Mr. Perez lacks direct, personal knowledge of the
22 facts at issue in this case and the Court can discern no legitimate
23 purpose for allowing his deposition to go forward, Kodak's Motion for
24 Protective Order is **GRANTED** and the deposition notice of Mr. Perez is
25 **QUASHED**.

26 **b. Peter Cody**

27 DR Systems also seeks to depose Mr. Cody, Kodak's in-house Director
28 of Patent Litigation and Vice President. Doc. No. 113 at 4. Kodak asks

1 that the deposition notice be quashed because "the only topic identified
2 by DR for deposition concerns the letters sent by [Mr. Cody on behalf of
3 Kodak] to DR in 2007 regarding DR's infringement" and "there is no
4 legitimate reason for DR to notice Mr. Cody's deposition on this topic
5 at this late date in the litigation, and with only five days' notice."
6 Id. Kodak argues that DR Systems has "known about the 2007 letters and
7 their authorship since receipt" and therefore had "numerous prior
8 opportunities to seek information on [this] topic." Id. at 7. Kodak
9 further argues that the fact that DR Systems waited to notice Mr. Cody's
10 deposition until "less than one week before fact discovery was set to
11 close and only after Kodak noticed the deposition of Mr. Zuckerman ...
12 is indicative of the harassing nature of the notice." Id.

13 As DR Systems points out, Kodak does not argue that Mr. Cody does
14 not have direct, personal knowledge or that his deposition would not
15 yield relevant information. Doc. No. 125 at 4. Rather, Kodak takes
16 issue with the short timing of the deposition notice and the fact that
17 it was not issued until July 9, 2009, less than one week before fact
18 discovery was set to close and after Kodak issued a deposition notice
19 for Mr. Leo Zuckerman. Doc. No. 113 at 7-8. The Court finds that
20 although the timing of the noticed deposition is less than ideal, it was
21 not unreasonable in this situation because DR Systems did not realize it
22 would have to depose Mr. Cody until it deposed Terrence O'Toole, a Rule
23 30(b)(6) deponent, on June 24, 2009. Doc. No. 125 at 4. DR Systems
24 sought to depose Mr. O'Toole on the following topics related to its
25 laches and unclean hands defenses: (25) the date when Kodak first
26 learned of the Accused Products; (26) the facts and circumstances
27 relating to Kodak's first knowledge of the Accused Products; (27) the
28 date when Kodak first believed the Accused Products infringe the '811

1 patent; and (28) the facts and circumstances relating to Kodak's first
2 belief that the Accused Products infringe the '811 patent. Id. When DR
3 Systems inquired about these topics, Mr. O'Toole simply directed DR
4 Systems to Mr. Cody's October 2007 letter:

5 Q. Is it Kodak's position that Kodak first became aware of DR
6 Systems' accused products at or around October of 2007?

7 A. So the only information I have that I can relay is this
8 document that's Peter Cody's letter.

9 * * *

10 Q. Other than reviewing the October 2007 letter and speaking
11 to counsel, did you take any effort or make any effort in
12 order to determine when Kodak first learned of DR
Systems' products?

13 A. I don't recall doing anything else.

14 Id. at 5.

15 "Courts generally refuse to allow the immediate deposition of a
16 high level executive, often given the sobriquet 'apex deponent,' before
17 the testimony of lower level employees with more intimate knowledge of
18 the case has been secured." Upjohn, 593 F.2d at 651 (granting
19 protective order for executive where plaintiff had sought to depose the
20 president of the company before deposing lower level executives). Here,
21 before noticing Mr. Cody's deposition, DR Systems attempted to acquire
22 this information from Mr. O'Toole, a lower level Kodak employee.
23 However, Mr. O'Toole was not able to provide the requested information
24 to DR Systems' satisfaction.³ Moreover, both Mr. O'Toole's testimony and
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26 ³In its Reply, Kodak argues that DR already has deposed a Kodak witness, Mr.
27 O'Toole, regarding the letters and therefore, other than to obtain privileged
28 information, there is no need to depose Mr. Cody. Doc. No. 130 at 3. However, as
stated above, "[t]he mere fact ... that other witnesses may be able to testify as to
what occurred at a particular time or place does not mean that a high level corporate
officer's testimony would be 'repetitive.' Indeed, it is not uncommon for different

1 the documentary evidence reveal that Mr. Cody has relevant, first-hand
2 information regarding the defenses at issue in this case. Therefore,
3 the Court finds that DR Systems is entitled to depose Mr. Cody about his
4 non-privileged knowledge of the above-mentioned topics, specifically the
5 letters he authored and sent to DR Systems regarding DR Systems' alleged
6 infringement, including the October 2007 letter. Thus, Kodak's Motion
7 for Protective Order and Motion to Quash Mr. Cody's deposition notice is
8 **DENIED**. However, because the Court limits the deposition to those
9 topics listed above, the Court imposes a three hour time limit on this
10 deposition as well.

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26 witnesses to an event to have differing recollections of what occurred." First
27 National Mortgage Co., 2007 WL 4170548, at *3. Certainly, Mr. O'Toole's knowledge of
28 the letters is not the same as Mr. Cody's, the letters' author. Moreover, to the
extent that DR Systems seeks privileged information, Kodak is free to object during the
deposition.

1 Conclusion

2 For the reasons set forth above, DR Systems' Motion for Protective
3 Order is **DENIED** and Kodak's Motion for Protective Order and Motion to
4 Quash the deposition notices of Mr. Perez and Mr. Cody is **GRANTED IN**
5 **PART** and **DENIED IN PART**. Accordingly, the Court **ORDERS** as follows:

6 (1) DR Systems may not depose Mr. Perez;

7 (2) Kodak may depose Mr. Leo Zuckerman and DR Systems may depose
8 Mr. Cody for no more than three (3) hours each;

9 (3) The depositions must take place within twenty (20) days of
10 this Order at a time and place of the respective deponents' convenience;
11 and

12 (4) The discovery deadline is extended twenty (20) days from the
13 date of this order for the sole purpose of taking these two depositions.

14 **IT IS SO ORDERED.**

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16 DATED: September 14, 2009

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18 BARBARA L. MAJOR
19 United States Magistrate Judge
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