

1 On August 29, 2014, the Court issued a Minute Order, noting that it agreed
2 with Defendants that this dispute was not properly before this Court, as Plaintiff sought
3 de-designation of the documents for use in the pending Canadian proceeding. (Doc.
4 No. 331.) The Court noted that, if Plaintiff sought to de-designate certain documents,
5 Plaintiff must file a motion seeking such de-designation, and include case law to
6 support its position that the dispute is properly before this Court. Id.

7 In compliance with the Court’s Order, on September 5, 2014, Plaintiff filed
8 a Motion to De-Designate Documents for Use in Foreign Proceedings. (Doc. No. 335.)
9 On September 12, 2014, Defendants filed an Opposition to Plaintiff’s Motion. (Doc.
10 No. 341.) On September 15, 2014, Plaintiff filed a Reply in Support of its Motion.
11 (Doc. No. 342.)

12 Plaintiff moves for de-designation of certain deposition testimony and one
13 document produced by Defendants. (Doc. No. 335 at 2.) Specifically, Plaintiff requests
14 that the Court order that the deposition of Karoun Dairies Inc. (“Karoun Canada”) at
15 190:20-199:14; 225:13-20 and 233:5-24, the deposition of Defendant Ara
16 Baghdassarian (“Defendant Baghdassarian”) (June 22, 2011) at 5:14-6:21;
17 225:10-227:2, and the Karoun Canada 2010 financial statement, be stripped of their
18 “Confidential” or “Highly Confidential” designations. Id. at 6. Plaintiff asserts that the
19 Protective Order in place in this action (Doc. Nos. 62-63) affords the parties the right
20 “[a]t any stage of these proceedings” to move this Court for an Order de-designating
21 material improperly marked “Confidential” or “Highly Confidential” without regard to
22 the reason for de-designation. Id. at 2. Defendants maintain their argument that the
23 dispute is not properly before this Court, and assert that the documents at issue are
24 properly designated because their public disclosure could be potentially prejudicial to
25 the business or operations of Karoun Canada. (Doc. No. 341 at 4.)

26 The Court has reviewed Plaintiff’s Motion, Defendants’ Opposition, Plaintiff’s
27 Reply, supporting exhibits, and other relevant documents filed in this action. For the
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1 reasons set forth below, the Court hereby GRANTS Plaintiff's request and ORDERS
2 Defendants to de-designate the specified documents.

3 **II. ARGUMENT**

4 On January 6, 2014, the Canadian Intellectual Property Office ("CIPO") issued
5 an order (the "CIPO Order") in a challenge brought by Plaintiff expunging Karoun
6 Dairies, SAL's ("Karoun Lebanon") registration of the trademark "Karoun" from the
7 Canadian register because the mark had not been used for more than three years. (Doc.
8 No. 335 at 2.) Defendant Baghdassarian appealed that order to a Canadian federal
9 court. Id. In connection with that appeal, Defendant Baghdassarian filed a sworn
10 Declaration (the "Canadian Declaration"), some of which Plaintiff claims is directly
11 contradicted by sworn testimony that Defendant Baghdassarian gave in this action. Id.

12 **A. PLAINTIFF'S ARGUMENT**

13 **1. DISPUTE IS PROPERLY BEFORE THIS COURT**

14 Plaintiff argues that this dispute is clearly before this Court, and is "baffled"
15 by the Court's statement in its August 29, 2014, Minute Order that it is not. (Doc. No.
16 335 at 3.) Plaintiff points out that this Court granted the same type of relief in 2011,
17 when it ordered certain testimony de-designated for use in an Australian proceeding.
18 Id. Additionally, Plaintiff asserts that the governing Protective Order in this case
19 unambiguously gives Plaintiff the right to move the Court for de-designation "[a]t any
20 stage of the proceedings," without regard to the reason for the motion. Id. Finally,
21 Plaintiff argues, the court that issues a protective order has jurisdiction over its
22 enforcement. Id.; citing Westinghouse Elec. Corp. v. Newman & Holzinger, P.C., 992
23 F.2d 932, 934 (9th Cir. 1993).

24 **1. THE INFORMATION AT ISSUE IS NOT CONFIDENTIAL**

25 **a. RAMI'S MARKET TESTIMONY**

26 Plaintiff seeks to de-designate the Rami's Market testimony, which is marked
27 as "Confidential." (Doc. No. 335 at 4.) Plaintiff argues that, at Karoun Canada's
28 deposition, Defendant Baghdassarian testified about an invoice reflecting a sale of

1 certain products to Rami's Market in Toronto that fell through before delivery. Id.
2 citing Deposition of Karoun Dairies Inc. ("Karoun Canada Dep.") at 190:20-199:14.
3 Plaintiff asserts that at Karoun Canada's deposition, Defendant Baghdassarian
4 contradicted his statements in a Canadian Declaration. (Doc. No. 335 at 4.) Plaintiff
5 argues that Defendant Baghdassarian described the Rami's Market transaction at length
6 in the Canadian Declaration, which is a public document, and he also submitted the
7 invoice to the CIPO and the federal court. Thus, Plaintiff contends, Defendant
8 Baghdassarian should not be permitted to hide behind the Protective Order in this action
9 "so as to avoid the consequences of his lies under oath."

10 **b. KAROUN CANADA'S 2010 FINANCIAL STATEMENT**

11 Plaintiff also seeks to de-designate the Karoun Canada deposition at 225:13-20
12 and 233:5-24, which is marked "Confidential." (Doc. No. 335 at 5.) Plaintiff notes that
13 this testimony refers to Karoun Canada's 2010 financial statement. Id. Plaintiff states
14 that the financial statement indicates that Karoun Canada had no sales and made no
15 profits at all after 2008, and re-confirms Defendant Baghdassarian's testimony to the
16 same effect at the Karoun Canada Deposition at 198:12-199:14. Id. However, Plaintiff
17 states that in the Canadian Declaration, Defendant Baghdassarian made general
18 statements in the present tense about how Karoun Canada currently conducts its
19 business. Id.

20 Plaintiff claims that this testimony should not retain its confidential
21 designation because the fact that Karoun Canada has had no sales since 2008 is already
22 in the public record. (Doc. No. 335 at 5.) Plaintiff notes that Paragraph 13 of the CIPO
23 Order states, in pertinent part, "Furthermore, Mr. Baghdassarian concedes that the date
24 a Canadian customer last received cheese bearing the Mark was in February 2008." Id.
25 Moreover, Plaintiff argues that Defendants offer no cogent explanation as to how the
26 fact that Karoun Canada has had no sales or profits for more than six years can
27 reasonably be viewed as potentially prejudicial to its business or operations. Id.

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1 different counsel in Canada, and Plaintiff's issues related to the Canadian action should
2 be litigated in that jurisdiction. Id. Further, Defendants assert that Plaintiff has not
3 provided any case law to persuade this Court to change its mind, and thus, the Court
4 should affirm its decision declining to get involved in matters not properly before it.
5 Id.

6 **2. THE INFORMATION AT ISSUE IS CONFIDENTIAL**

7 Defendants contend that the testimony of Karoun Canada and Defendant
8 Baghdassarian, as well as Karoun Canada's financial statements, were properly
9 designated pursuant to the parties' Protective Order, and therefore, the designations
10 should not be disturbed. (Doc. No. 341 at 4.) Defendants state that Karoun Canada's
11 2010 financial statement contains information related to Karoun Canada's cash assets,
12 long-term debt, shareholder's equity, including share capital and retained earnings,
13 expenses, and net income. Id. They argue that this is exactly the type of sensitive,
14 financial, and commercial information that the parties' Protective Order was put in
15 place to protect. Id. at 4-5.

16 Defendants assert that information related to a non-public business' finances,
17 sales, profits, customers, prospective customers, operations, and successes and failures
18 related to these areas, historical or otherwise, is at a minimum "Confidential," as that
19 information "could be potentially prejudicial to the business or operations of such
20 party." (Doc. No. 331 at 4; citing Protective Order [Doc. No. 62] at ¶ 4a.) Defendants
21 also assert that the identities of customers and prospective customers and historical
22 purchasing, or non-purchasing, information is routinely afforded trade secret protection.
23 Id.; citing Brocade Commc'ns Sys., Inc. v. A10 Networks, Inc., 873 F. Supp. 2d 1192,
24 12-14-15 (N.D. Cal. 2012). Defendants argue that Plaintiff asserts that Karoun Canada
25 is not currently doing any business, but does not explain how that would suddenly make
26 everything Karoun Canada ever did, sales or customer-wise, not "Confidential." Id.

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1 **III. RELEVANT LAW**

2 **A. PROPER COURT TO RULE ON DE-DESIGNATION**

3 The Ninth Circuit “strongly favors access to discovery materials to meet the
4 needs of parties engaged in collateral litigation.” Foltz v. State Farm Mut. Automobile
5 Ins. Co., 331 F.3d 1122, 1131 (9th Cir. 2003). In the Foltz case, the Ninth Circuit
6 addressed when parties other than the original litigants may gain access to materials that
7 a court has placed under protective seal. The Ninth Circuit stated, “Allowing the fruits
8 of one litigation to facilitate preparation in other cases advances the interests of judicial
9 economy by avoiding the wasteful duplication of discovery.” Id. In the context of
10 addressing whether it is appropriate for a district court to modify a protective order to
11 permit confidential materials to be used in a different court proceeding, the Foltz Court
12 stated, “Where reasonable restrictions on collateral disclosure will continue to protect
13 an affected party’s legitimate interests in privacy, a collateral litigant’s request to the
14 issuing court to modify an otherwise proper protective order so that collateral litigants
15 are not precluded from obtaining relevant material should generally be granted.” Id. at
16 1132.

17 **B. CONFIDENTIALITY DESIGNATIONS**

18 In order to constitute a protectable trade secret, the information, which also
19 includes a compilation, must “(1) Derive[] independent economic value, actual or
20 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
22 are reasonable under the circumstances to maintain its secrecy.” Cal. Civ. Code §
23 3426.1(d); SkinMedica, Inc. v. Histogen, Inc., 869 F.Supp.2d 1176, 1192 (S.D. Cal.
24 2012); Religious Tech Ctr. v. Netcom On-Line Commc’n Serv., Inc., 923 F.Supp. 1231,
25 1250-51 (N.D. Cal. 1995). A trade secret requires proof of independent economic value
26 derived from not being generally known. SkinMedica, 869 F.Supp.2d at 1192; citing
27 Cal. Civ.Code § 3426.1(d)(1). Additionally, a trade secret must be a secret to merit
28 legal protection. Id. Generally, information is secret where it is not generally known,

1 and where the owner has taken “efforts that are reasonable under the circumstances to
2 maintain its secrecy.” Cal. Civ.Code § 3426.1(d); see also Courtesy Temp. Serv., Inc.
3 v. Leonel Camacho, 222 Cal.App.3d 1278, 1288, 272 Cal.Rptr. 352 (1990). Reasonable
4 efforts to maintain secrecy have been held to include “advising employees of the
5 existence of a trade secret, limiting access to a trade secret on ‘need to know basis,’ and
6 controlling plant access.” Id. (citing Legis. Comm. Com., 12 West's Ann. Civ.Code §
7 108.)

8 Information which is too generally known to derive value from secrecy is
9 unable to obtain trade secret protection even without disclosure. See, e.g., Designs Art
10 v. NFL Props., Inc., 2000 WL 1919787 at *3 (S.D.Cal. Nov. 27, 2000) (finding that the
11 idea of a tiger for a logo for the Cincinnati Bengals does not merit trade secret
12 protection because the idea of using the subject of a corporate name as a logo for that
13 entity is generally known). In California, “information can be a trade secret even
14 though it is readily ascertainable, so long as it has not yet been ascertained by others in
15 the industry.” ABBA Rubber Co. v. Seaquist, 235 Cal.App.3d 1, 21 (1991). Thus,
16 whether information is secret is “a relative concept and requires a fact-intensive
17 analysis.” Premier Displays & Exhibits v. Cogswell, 2009 WL 8623588 at *3 (C.D.Cal.
18 Dec. 23, 2009) (citing DVD Copy Control Ass'n Inc. v. Bunner, 116 Cal.App.4th 241,
19 251 (2004)).

20 From the general rule governing secrecy, it follows that an unprotected
21 disclosure of the holder’s secret terminates the existence of the trade secret.
22 SkinMedica, 869 F.Supp.2d at 1194; citing Stutz Motor Car v. Reebok Int'l, Ltd., 909
23 F.Supp. 1353, 1359 (C.D.Cal.1995). Even a single public disclosure of information
24 may defeat trade secret protection. See e.g., HiRel Connectors, Inc. v. United States,
25 2006 WL 3618011 at *8–10 (C.D.Cal. Jan. 25, 2006) (finding information was not a
26 protectable trade secret where plaintiff had sent a drawing that disclosed claimed trade
27 secret information to another entity without a non-disclosure agreement).

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1 **IV. DISCUSSION AND RULING**

2 **A. DISPUTE IS PROPERLY BEFORE THIS COURT**

3 Although Defendants argue that the Court has already found that this dispute
4 is not properly before it for resolution, the Court has not yet declined to rule on
5 Plaintiff's request to de-designate documents. The Court Ordered Plaintiff to file a
6 motion seeking de-designation of documents if it sought such an Order. (Doc. No.
7 331.) After reviewing Plaintiff's Motion, Defendants' Opposition, and Plaintiff's
8 Reply, the Court agrees with Plaintiff that the language of the Protective Order entered
9 in this case controls the dispute. See Doc. No. 343 at 2. These documents were
10 designated "Confidential" and "Highly Confidential" pursuant to the Protective Order
11 issued by this Court on May 7, 2010. See Doc. Nos. 62-63. Therefore, the dispute is
12 properly before this Court, and the Court looks to the terms of the governing Protective
13 Order to determine whether the documents at issue are properly designated.

14 **B. PARTIES MAY OBJECT TO A DESIGNATION AT ANY TIME**

15 The Protective Order in this case states that any party may object to a
16 designation of materials as confidential "[a]t any stage of these proceedings." (Doc.
17 No. 62 at 6.) Accordingly, Plaintiff's request for a Court Order to de-designate these
18 documents is timely and appropriate.

19 **C. THE DISPUTED INFORMATION IS NOT CONFIDENTIAL**

20 The burden of proof to maintain the confidentiality of any document is on the
21 party seeking to maintain the confidentiality. In re Roman Catholic Archbishop of
22 Portland in Oregon, 661 F.3d 417, 424 (9th Cir. 2011) ("When the protective order
23 'was a stipulated order and no party ha[s] made a 'good cause' showing,' then 'the
24 burden of proof ... remain[s] with the party seeking protection.'").

25 Here, the burden is on Defendants to demonstrate good cause that the
26 information at issue is confidential. They claim that the testimony and Karoun
27 Canada's 2010 financial statement contains information related to Karoun Canada's
28 cash assets, long-term debt, shareholder's equity, including share capital and retained

1 earnings, expenses, and net income, which is exactly the type of sensitive, financial, and
2 commercial information that the parties' Protective Order was put in place to protect.
3 (Doc. No. 341 at 4-5.) Defendants also claim that disclosure of this information "could
4 be potentially prejudicial to the business or operations" of Karoun Canada. Id. at 4.

5 Plaintiff argues that Defendants' alleged confidential information has been
6 made available to the public through various means. Plaintiff contends that Defendant
7 Baghdassarian described the Rami's Market transaction at length in the Canadian
8 Declaration, which is a public document, and he also submitted the invoice to the CIPO
9 and the federal court. (Doc. No. 335 at 4.) Plaintiff also notes that Paragraph 13 of the
10 CIPO Order states, in pertinent part, "Furthermore, Mr. Baghdassarian concedes that
11 the date a Canadian customer last received cheese bearing the Mark was in February
12 2008." Id. at 5. Additionally, Plaintiff argues that the continued designation of
13 Defendant Baghdassarian's testimony as "Highly Confidential" is unjustified because
14 Defendant Baghdassarian has already put into the public record in the Canadian
15 Declaration that Karoun Lebanon ceased operations years ago, and the fact that Karoun
16 Lebanon has ceased operations is a fact that can be observed by anyone who drives by
17 the shuttered Beirut factory. Id. at 6.

18 The Court finds that the information that Plaintiff seeks to be de-designated
19 would not in any way be prejudicial to Karoun Canada, a business that has not had any
20 sales since 2008. The Court also finds that de-designation of these portions of
21 documents would not reveal trade secret information that would harm Karoun Canada
22 should it ever resume operations. The Court has reviewed the information at issue and
23 finds that the information in these documents should not maintain their designations as
24 "Confidential" and "Highly Confidential." The unprotected disclosure of a trade secret
25 will cause the information to forfeit its trade secret status, since "[i]nformation that is
26 generally known or readily ascertainable through proper means by others ... is not
27 protectable as a trade secret." Religious Tech Ctr., 923 F.Supp. at 1254. Once trade
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1 secrets have been exposed to the public, they cannot later be recalled. In re Remington
2 Arms Co., 952 F.2d 1029, 1033 (8th Cir. 1991).

3 **D. SANCTIONS ARE NOT WARRANTED**

4 Defendant proposes that Plaintiff be sanctioned for disclosing information
5 marked as “Confidential” or “Highly Confidential” to Plaintiff’s Canadian counsel.
6 Defendant proposes that the sanction be denial of Plaintiff’s request to de-designate the
7 materials in question.

8 To resolve this aspect of Defendant’s opposition to de-designation, the Court
9 relies upon the terms of the Protective Order (Doc. No. 62), submitted jointly by the
10 parties and approved by the Court (Doc. No. 63). The relevant paragraphs are 8
11 (Disclosure of “Highly Confidential” material), 9 (Disclosure of “Confidential”
12 material), 14 (Materials must be treated as confidential and handled accordingly until
13 the Court de-designates it), and 15 (Unauthorized or inadvertent disclosure).

14 There is no dispute that the materials in question have been designated by
15 Defendant as “Confidential” or “Highly Confidential.” Consequently, Plaintiff’s
16 handling of this information must comply with paragraphs 8 and 9 of the Protective
17 Order. (Doc. No. 62.) Those two paragraphs specifically provide to whom Plaintiff
18 may disclose the protected materials so marked. Even under a liberal interpretation of
19 paragraphs 8 or 9, Canadian counsel is not one of the individuals falling within the
20 scope of authorized recipients. However, although Canadian counsel is not included
21 within the ambit of authorized recipients in paragraphs 8 or 9, Plaintiff states that
22 Canadian counsel read the Protective Order, agreed to be bound by the Protective
23 Order, and has not shared the material. (Doc. No. 342 at 4.) Accordingly, although it
24 appears that Plaintiff prematurely and without authority disclosed protected material to
25 an unauthorized individual, Plaintiff took the necessary steps to ensure that Canadian
26 counsel complied with the precautions set forth in the Protective Order.

27 Given the Court’s determination that the materials ought to be de-designated,
28 any premature disclosure to Canadian counsel, while a technical violation of the

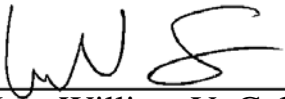
1 Protective Order, is de minimus. Defendant's suggested remedy for such a technical
2 violation is disproportionately severe. Accordingly, Defendant's requested sanction is
3 DENIED.

4 **V. CONCLUSION**

5 The Court has reviewed the Deposition of Karoun Canada at 190:20-199:14;
6 225:13-20 and 233:5-24, the Deposition of Ara Baghdassarian (June 22, 2011) at
7 5:14-6:21; 225:10-227:2, and Deposition Ex. 52, the Karoun Canada 2010 financial
8 statement. The Court hereby ORDERS de-designation of this specific information.
9 Defendants shall de-designate these documents by **October 17, 2014**.

10 IT IS SO ORDERED.

11 DATED: October 14, 2014

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14 Hon. William V. Gallo
U.S. Magistrate Judge

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