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U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

BY: RMC

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

MEDICINOVA, INC., a Delaware
corporation,

Plaintiff,

v.

GENZYME CORPORATION, a
Massachusetts corporation,

Defendant.

Case No.: 14cv2513-JLS(KSC)

**ORDER RE MOTION FOR RELIEF
ARISING FROM VIOLATION OF
THE [STIPULATED] PROTECTIVE
ORDER [Doc. No. 60];**

**ORDER RE JOINT MOTION FOR
DETERMINATION OF DISCOVERY
DISPUTE (RE PLAINTIFF'S
REQUEST FOR SUBSTITUION OF
AN EXPERT) [Doc. No. 67]**

Before the Court are: (1) defendant's Motion for Relief Arising from Violation of the [Stipulated] Protective Order [Doc. No. 60], along with plaintiff's Opposition thereto and defendant's Reply [Doc. Nos. 62, 63]; and (2) the parties' Joint Motion for Determination of Discovery Dispute re plaintiff's request for an order allowing substitution of an expert [Doc. No. 67]. For the reasons outlined below, the Court finds that defendant's Motion for Relief Arising from Violation of the [Stipulated] Protective Order must be GRANTED in part and DENIED in part. [Doc. No. 60.] The Court also finds that plaintiff's request for an order allowing substitution of an expert must be GRANTED. [Doc. No. 67.]

1 **Background**

2 Plaintiff's First Amended Complaint includes causes of action against defendant
3 for breach of contract and breach of the covenant of good faith and fair dealing. [Doc.
4 No. 13, at p. 1.] Both of these causes of action are based on defendant's alleged breach
5 of a written Assignment Agreement dated December 19, 2005 between defendant and
6 Avigen, Inc. [Doc. No. 13, at pp. 1-6.] "On or about December 18, 2009, Avigen, Inc.
7 merged with [plaintiff]. As a result, [plaintiff] assumed all rights under the Assignment
8 Agreement. . . ." [Doc. No. 13, at p. 3.]

9 Under the Assignment Agreement, plaintiff acquired "certain gene therapy
10 intellectual property and gene therapy research and developmental programs." [Doc.
11 No. 13, at p. 2.] In return, plaintiff is entitled to "certain milestone payments" based on
12 the development of products that use the acquired intellectual property and technology.
13 [Doc. No. 13, at p. 3.] "[A] milestone payment is due under the Assignment Agreement
14 when the first patient is dosed or treated in a Phase I clinical study with a product that is
15 covered by a claim of one of the Gene Therapy Patents issued in certain major markets,
16 including the United States. . . ." [Doc. No. 13, at p. 3.] Specifically at issue in the First
17 Amended Complaint are: (1) an AAV vector technology, which provides "a mechanism
18 for transferring genes into a targeted set of cells within a patient in order to potentially
19 treat a variety of diseases" [Doc. No. 13, at p. 3]; and (2) the '237 Patent and other
20 related patents. [Doc. No. 13, at pp. 3-4.] According to the First Amended Complaint,
21 certain claims in the '237 patent cover the AAV vector technology. [Doc. No. 13, at
22 p.4.]

23 The First Amended Complaint alleges that defendant advised plaintiff in March
24 2014 that it "was currently conducting a Phase 1 clinical trial of a gene therapy
25 product . . . named AAV-sFLT" and that all patients in the clinical trial "had already
26 been dosed with AAV-sFLT." [Doc. No. 13, at p. 3.] However, defendant did not
27 provide plaintiff "with any of the technical details of its AAV-sFLT technology" and
28

1 failed to make the \$1,000,000 milestone payment under the Assignment Agreement.
2 [Doc. No. 13, at p. 4.]

3 The First Amended Complaint also states as follows: “To date, [defendant] has
4 never provided [plaintiff] with any of the underlying records or documentation
5 concerning AAV-SFLT or its clinical trial, and [plaintiff] does not independently have
6 access to such records and documentation. Until [plaintiff] obtains access to these
7 records and documentation, [plaintiff] cannot fully assess whether any additional Gene
8 Therapy Patents in the Assignment Agreement were breached by [defendant] during the
9 AAV-sFLT clinical trial.” [Doc. No. 13, at p. 4.]

10 Discussion

11 I. Defendant’s Motion for Relief Arising re Protective Order Violation.

12 A. Background.

13 On January 31, 2017, a stipulated Protective Order was entered in this case to
14 facilitate the exchange of confidential documents and information between the parties.
15 [Doc. No. 42.] The Protective Order states in part as follows:

16 **II. DESIGNATION AND TREATMENT OF PROTECTED** 17 **MATERIALS**

18 6. Unless otherwise ordered by the Court or permitted in writing
19 by the Designating Party, the Receiving Party may disclose any information
20 or item designated ‘Confidential’ only to ‘Qualified Persons,’ who are
21 defined to consist solely of:

22 * * * *

23 e. Experts (as defined in this Stipulated Protective Order) of
24 the Receiving Party who have been approved in accordance with Section III,
25 below, and their administrative support staff, if any, to whom disclosure is
26 reasonably necessary for this litigation and who have signed the
27 ‘Acknowledgement and Agreement to Be Bound by Protective Order’
28 (Exhibit A);

* * * *

21. All Disclosure or Discovery Materials shall be used solely for
the purpose of this litigation. Except by consent of the Producing Party or

1 order of the Court, such discovery materials shall not be used by any Party
2 other than the Producing Party for any outside purpose, including, without
3 limitation, any outside business or outside commercial purpose.

4 * * * *

5 **III. EXPERTS AND CONSULTANTS**

6 1. The right of any independent expert to receive any
7 ‘Confidential’ or ‘Highly Confidential’ information will be subject to the
8 advance approval of such expert by the producing party or by permission of
9 the Court. The party seeking approval of an independent expert must
10 provide the producing party with the name and *curriculum vitae* of the
11 proposed independent expert, and an executed copy of the form attached
12 hereto as Exhibit A, in advance of providing any ‘Confidential’ or ‘Highly
13 Confidential’ information of the producing part to the expert. Any objection
14 by the producing party to an independent expert receiving ‘Confidential’ or
15 ‘Highly Confidential’ information must be made in writing within seven (7)
16 days following receipt of the identification of the proposed expert.
‘Confidential’ or ‘Highly Confidential’ information may be disclosed to an
independent expert if the seven (7) day period has passed and no objection
has been made. The approval of independent experts must not be
unreasonably withheld.

17 [Doc. No. 42, at pp. 6-7; 13-14.]

18 The Protective Order defines “Expert” as follows: “a person with specialized
19 knowledge or experience in a matter pertinent to the litigation who has been retained by a
20 Party or its Counsel to serve as an expert witness or as a consultant in this action and who
21 has been approved to receive Protected Material in accordance with Section III”

22 [Doc. No. 42, at p. 4.]

23 Exhibit A to the Protective Order is a form entitled Acknowledgement and
24 Agreement to be Bound by the Protective Order (the Acknowledgment). [Doc. No. 42, at
25 p. 15.] The Acknowledgment reads in part as follows:

26 I . . . declare under penalty of perjury that I have read in its entirety
27 and understand the Stipulated Protective Order

1 I agree to comply with and to be bound by all of the terms of the
2 Stipulated Protective Order, and I understand and acknowledge that failure
3 to so comply could expose me to sanctions and punishment in the nature of
4 contempt of court.

5 I will not utilize any stamped confidential document or other
6 information subject to the Protective Order for any purpose other than this
7 litigation. I further affirm that I will not reveal the confidential information
8 to, nor discuss it with, anyone, except in accordance with the terms of the
9 Protective Order.

10 I further agree to submit to the jurisdiction of the United States
11 District Court for the Southern District of California for the purpose of
12 enforcing the terms of this Stipulated Protective Order, even if such
13 enforcement proceedings occur after termination of this action.

14 [Doc. No. 42, at p. 15.]

15 On June 30, 2017, plaintiff designated Dr. Anthony Davies (Dr. Davies) as an
16 expert witness in accordance with the Court's Scheduling Order. [Doc. No. 62, at p. 5.]
17 Later, on August 14, 2017, as provided in the Scheduling Order, plaintiff served
18 defendant with an expert report prepared by Dr. Davies. A copy of Dr. Davies'
19 *curriculum vitae* was included as an exhibit to his expert report. At this time, defendant
20 realized that plaintiff had not complied with the Protective Order, because Dr. Davies'
21 expert report indicated he had reviewed defendant's confidential and/or highly
22 confidential information, but defendant had not previously received a signed
23 Acknowledgement from Dr. Davies or a copy of his *curriculum vitae*. [Doc. No. 60-1, at
24 pp. 6-7; Doc. No. 62, at p. 5.] Based on the information provided in this *curriculum*
25 *vitae*, defendant believes that Dr. Davies is a "competitor and a consultant to other
26 companies in the same field as [defendant]." [Doc. No. 60-1, at pp. 7-8.] As a result,
27 defendant represents that it would have objected to allowing Dr. Davies to have access to
28 its confidential information and would have "demanded" more information from plaintiff
to "assess in detail the potential conflict and harm." [Doc. No. 60-1, at pp. 13-14.]

1 On August 15, 2017, defendant sent a letter to plaintiff demanding that defendant
2 retrieve any confidential documents provided to Dr. Davies and instruct Dr. Davies to
3 stop any further work on the case. [Doc. Nos. 60-4, at p. 3; 62, at pp. 5-6; 62-1, at p. 8.]
4 Defendant also demanded a list of any person or entity who had received consulting or
5 other services from Dr. Davies since January 1, 2016 (“Dr. Davies’ client list”) and an
6 executed copy of the Acknowledgment to the Protective Order, along with a certification
7 as to when the form was signed. In addition, defendant threatened to move for sanctions
8 and/or disqualification of Dr. Davies. [Doc. Nos. 62, at p. 6; 62-1, at pp. 8-9.]

9 The next day, on August 16, 2017, plaintiff responded to defendant’s letter and
10 enclosed “[a] copy of Dr. Davies’ signed acknowledgement and agreement to be bound
11 by the protective order.” [Doc. No. 60-9, at p. 2.] Plaintiff’s response letter also includes
12 assurances that Dr. Davies understood his obligations under the Protective Order and had
13 not disclosed or disseminated any confidential documents to anyone. [Doc. No. 60-9, at
14 p. 2.] On the other hand, plaintiff’s August 16, 2017 letter does not specifically address
15 plaintiff’s request to review Dr. Davies’ client list. [Doc. No. 61-1, at pp. 10-11.]

16 Defendant claims plaintiff’s August 16, 2017 letter confirms that “Dr. Davies
17 never executed [the Acknowledgment] . . . to the Protective Order prior to his review and
18 preparation of his expert report.” [Doc. No. 60-1, at p. 8.] Plaintiff concedes that it
19 inadvertently failed to have Dr. Davies sign the Acknowledgment before he prepared his
20 expert report. However, Dr. Davies did sign the Acknowledgment as soon as this error
21 was brought to plaintiff’s attention. The record also indicates that plaintiff did not
22 provide defendant with a copy of Dr. Davies’ *curriculum vitae* in a timely manner as
23 required by the Protective Order. This, in turn, prevented defendant from exercising its
24 right under the Protective Order to object to the disclosure of its confidential documents
25 to Dr. Davies. [See, e.g., Doc. No. 62, at pp. 7, 12, 15; Doc. No. 62-1, at pp. 2-3; Doc.
26 No. 60-9, at pp. 2-3; Doc. No. 67, at p. 4.] At a minimum, defendant represents that it
27 would have requested more information from plaintiff about Dr. Davies’ work activities
28 in order to assess any potential conflict or risk of harm. [Doc. No. 60-1, at p. 14.]

1 On August 18, 2017, the parties met and conferred by telephone and defendant
2 again demanded access to Dr. Davies' client list. [Doc. No. 62-1, at p. 4.] Plaintiff
3 advised defendant that it would only be able to provide a full client list for Dr. Davies if it
4 was designated "Highly Confidential—Attorneys' Eyes Only." [Doc. Nos. 62, at p. 7;
5 62-1, at p. 4.] According to plaintiff, Dr. Davies needed to protect the identity of some of
6 his clients "due to specific contractual arrangements." [Doc. No. 62-1, at p. 4.]
7 Defendant "flatly refused" this offer, because the "Highly Confidential—Attorneys' Eyes
8 Only" designation would preclude its in-house counsel from reviewing Dr. Davies' client
9 list. [Doc. Nos. 62, at p. 12; 62-1, at p. 4; 63, at p. 6.] For some unexplained reason,
10 defendant's position is that plaintiff's offer to make Dr. Davies' client list available to
11 outside counsel only "would not be useful." [Doc. Nos. 63, at p. 6; 63-1, at p. 3.]

12 Under the circumstances, plaintiff offered to withdraw its designation of
13 Dr. Davies and substitute a second expert, Dr. Scott R. Burger (Dr. Burger), if defendant
14 would agree to extend the deadlines for completing expert discovery. [Doc. No. 62, at
15 p. 8.] Plaintiff's counsel believed defense counsel was in agreement with this proposal.
16 [Doc. Nos. 62, at p. 8; 62-1, at p. 4.] As a result, plaintiff provided defendant with
17 Dr. Burger's *curriculum vitae* and an executed copy of the Acknowledgment. [Doc. No.
18 62, at p. 8.]

19 Defendant responded that it would not agree to the proposed substitution of
20 Dr. Burger and was still in the process of evaluating Dr. Davies. Once again, defendant
21 demanded a copy of Dr. Burger's client list and refused to agree to extend the time for
22 completing expert discovery. [Doc. No. 62, at p. 9.] Defendant also refused to allow
23 Dr. Burger to have access to any of its confidential documents. [Doc. No. 62, at p. 9.]
24 Therefore, Dr. Burger prepared an expert report based on publicly available information,
25 and plaintiff served defendant with Dr. Burger's report on August 31, 2017 in order to
26 comply with the deadline in the Second Amended Scheduling Order. [Doc. Nos. 62, at
27 pp. 9; 57 at p. 1.] On the same day, and apparently without warning to defendant,
28

1 plaintiff filed and served its Motion for Relief Arising from a Violation of the Protective
2 Order.¹ [Doc. No. 62, at p. 9; Doc. No. 60.]

3 After serving defendant with Dr. Burger's expert report, plaintiff instructed
4 Dr. Davies to destroy or return all of defendant's confidential documents, including any
5 notes he made while reviewing these documents. At the time plaintiff filed its
6 Opposition to defendant's Motion, this process was underway but had not yet been
7 completed. [Doc. No. 62, at p. 9.]

8 **B. Standards for Imposing Monetary and Other Sanctions.**

9 As noted above, defendant threatened to seek disqualification of Dr. Davies as an
10 expert in this case. Defendant's refusal to allow plaintiff to substitute Dr. Burger in place
11 of Dr. Davies suggests that defendant may also seek disqualification of Dr. Burger.
12 Preliminarily, the Court notes that "[d]isqualification [of an expert] is a drastic measure
13 that courts should impose only hesitantly, reluctantly, and rarely." *Hewlett-Packard Co.*
14 *v. EMC Corp.*, 330 F.Supp.2d 1087, 1092 (N.D. Cal. 2004). A motion for
15 disqualification of an expert typically involves a concern about the expert's prior
16 relationship with an opposing party. *See, e.g., Wang Laboratories, Inc. v. CFR*
17 *Associates, Inc.*, 125 F.R.D. 10 (1989) (barring plaintiff's former employee from acting
18 as defendant's expert as to software developed during his employment by plaintiff under
19 a confidentiality agreement). Here, defendant's concern is the potential for misuse of
20 confidential information or trade secrets by a possible competitor. Ordinarily, the
21 procedures set forth in a stipulated Protective Order, such as the one in this case, are
22 enough to protect the parties' confidentiality concerns in this regard. *Leadership Studies,*
23 *Inc. v. Blanchard Training & Dev., Inc.*, No. 15CV1831-WQH(KSC), 2017 WL
24 2819847, at *9 (S.D. Cal. June 28, 2017), citing *A. Farber & Partners, Inc. v. Garber,*
25

26
27 ¹ Rather than a surprise motion, Chambers' Rules require the parties to submit
28 disputes involving discovery matters in the form of a joint motion. *See Chambers'*
Rule V.

1 234 F.R.D. 186, 191 (C.D. Cal. 2006). However, the Court can also enter a protective
2 order under Federal Rule of Civil Procedure 26(c)(1)(G) to prohibit disclosure of
3 confidential commercial information or trade secrets. Fed.R.Civ.P 26(c)(1)(G). When a
4 party seeks a protective order to preclude disclosure of confidential information to
5 prevent potential misuse by a competitor, the Court must balance conflicting interests. In
6 this case, the Court would have balanced the risk of disclosure to an expert who might
7 qualify as a competitor against the risk that protecting defendant's confidential
8 information would impair plaintiff's prosecution of its claims. *See e.g., Brown Bag*
9 *Software v. Symantec Corp.*, 960 F.2d 1465, 1470 (9th Cir. 1992).

10 As plaintiff points out in its Opposition, it would be unfair if "competitor" could be
11 defined so broadly in a narrow field, such as gene therapy, that it would threaten to
12 disqualify anyone competent or experienced enough to express an opinion. In addition,
13 as noted above, the agreed upon Protective Order in this case states that "[t]he approval
14 of independent experts must not be unreasonably withheld." [Doc. No. 42, at p. 14.]

15 To determine whether any such expert could be precluded by a protective order
16 from reviewing defendant's confidential information, it would be necessary for the Court
17 "to examine factually all the risks and safeguards" to determine whether the expert
18 "could lock-up secrets in his mind, safe from inadvertent disclosure . . . once he had read
19 the documents." *Id.* at 1471. *See, e.g., Isis Pharmaceuticals, Inc. v. Santaris Pharma A/S*
20 *Corp.*, No. 11cv2214-GPC(KSC), 2013 WL 3367575 (S.D. Cal. July 1, 2013). Although
21 defendant objected to both Dr. Davies and Dr. Burger, demanded that Dr. Davies stop
22 any work on the case, threatened to seek disqualification of Dr. Davies, and prohibited
23 Dr. Burger from reviewing any of its confidential documents, defendant's Motion for
24 Relief only seeks monetary and other sanctions for a violation of the [Stipulated]
25 Protective Order governing the exchange of confidential information between the parties.
26 Defendant's Motion for Relief does not request a protective order under Federal Rule
27 26(c)(1)(G) precluding Dr. Davies or Dr. Burger from working on the case based on the
28 potential for misuse of its confidential information.

1 Federal Rule of Civil Procedure 37(b)(2) states in part as follows: “If a party . . .
2 fails to provide or permit discovery, . . . the court where the action is pending may issue
3 further just orders.” Fed.R.Civ.P. 37(b)(2). In addition, Rule 37(b)(2)(C) states that a
4 court “must order” a “disobedient party . . . to pay the reasonable expenses, including
5 attorney’s fees, caused by the failure, unless the failure was substantially justified or
6 other circumstances make an award of expenses unjust.” Fed.R.Civ.P. 37(b)(2)(C). In
7 addition, Federal Rule of Civil Procedure 16(f) states as follows: “On motion or on its
8 own, the court may issue any just orders, including those authorized by Rule
9 37(b)(2)(A)(ii)-(vii), if a party or its attorney: . . . (C) fails to obey a scheduling or other
10 pretrial order.” Fed.R.Civ.P. 16(f)(C).

11 District Courts also “have the inherent power to sanction a lawyer for a ‘full range
12 of litigation abuses.’” *Evon v. Law Offices of Sidney Mickell*, 688 F.3d 1015, 1035 (9th
13 Cir. 2012). “[A] district court may levy sanctions pursuant to its inherent power for
14 ‘willful disobedience of a court order . . . or when the losing party has acted in bad faith,
15 vexatiously, wantonly, or for oppressive reasons.’” *Id.* at 1035, quoting *Fink v. Gomez*,
16 239 F.3d 989, 991-993 (9th Cir. 2001). “[A] ‘willful’ violation of a court order does not
17 require proof of mental intent such as bad faith or an improper motive, but rather, it is
18 enough that a party acted deliberately.” *Evon*, 688 F.3d at 1035. The Ninth Circuit in
19 *Evon* upheld monetary sanctions against an attorney who sought and obtained a
20 protective order requiring him to seal and redact his client’s confidential documents
21 before filing them, but then made a “deliberate” choice not to comply with the protective
22 order when he realized compliance “would cause him additional time and work.” *Id.* at
23 1035.

24 In support of its Motion, defendant cites two unpublished decisions involving
25 protective order violations. First, in *Allergan, Inc. v. Sandoz, Inc.*, 2011 WL 2563238
26 (E.D. Texas June 28, 2011), a stipulated protective order required the parties to provide
27 written notice and an opportunity to object before disclosing confidential information to
28 an expert or consultant. The defendants disclosed 9 of 10 experts in accordance with the

1 protective order but failed to disclose a tenth expert who previously served as plaintiff's
2 consultant. The "inadvertent oversight" was discovered at a late stage of the case when
3 the defendants served the plaintiff with the expert's report. *Id.* at 1. An extension of time
4 to complete expert discovery was not feasible. *Id.* at 2. Citing Rule 37, the District Court
5 concluded that the defendant's violation of the protective order was a "discovery abuse."
6 *Id.* at 3. To prevent prejudice to the plaintiff, the District Court issued an order striking
7 the expert's report and precluding the expert from testifying at trial. However, the
8 District Court declined to impose any monetary sanctions, as they would not deter future
9 "inadvertent" conduct or cure any prejudice caused by defendants' conduct. *Id.* at 2-3.

10 Second, in *Life Technologies Corp. v. Biosearch Technologies, Inc.*, 2012 WL
11 16000393 (N.D. Cal. May 7, 2012), a patent case, the plaintiff produced confidential
12 "inventor notebooks of the patent-in-suit" to the defendant pursuant to a local rule stating
13 that disclosure of confidential information was limited to each party's outside counsel.
14 The inventor notebooks were marked "Outside Attorneys' Eyes Only." *Id.* at 1. Despite
15 the local rule and the clear designation, counsel e-mailed the inventor notebooks to the
16 defendant's chief executive officer (CEO). The CEO downloaded the notebooks, saved
17 them on a thumb drive, printed them, and placed the printed copies in binders. He also
18 sent excerpts of the notebooks to other employees, who, in turn, sent them to other
19 employees and a testifying expert witness. *Id.* at 1-2. When defense counsel realized the
20 mistake, he instructed the CEO to destroy all copies, but did not inform plaintiff of the
21 improper disclosure. The parties then entered into a protective order requiring immediate
22 notice of all pertinent facts in the event that confidential materials were disseminated to
23 unauthorized recipients. Plaintiff eventually discovered the improper disclosure and filed
24 a motion for sanctions alleging that the defendant violated the local rule and the
25 protective order. *Id.* at 2-5. Citing Rules 37(b) and 16(f) and noting that a showing of
26 willfulness or bad faith was not required, the District Court partially granted the motion
27 for sanctions. As a sanction, the District Court barred the attorney who made the
28 improper disclosure from further access to plaintiff's confidential documents. The

1 District Court also imposed monetary sanctions against the defendant to cover attorney's
2 fees and costs incurred by plaintiff to prepare the motion for sanctions and to investigate
3 the unauthorized disclosure. *Id.* at 11-13 n.7.

4 **C. Defendant's Request for Monetary Sanctions.**

5 In its Motion for Relief, defendant claims that monetary and other sanctions are
6 appropriate under the circumstances, because plaintiff violated/"ignored" the Protective
7 Order in an "egregious way" and, as a result, it "has been irreparably harmed" by
8 Dr. Davies' review of its confidential and/or highly confidential information. [Doc. No.
9 60-1, at p. 4, 13.] In support of its position, defendant submitted a Declaration by a
10 senior patent counsel who states that defendant "could be harmed" by Dr. Davies' review
11 of its confidential information. [Doc. No. 60-2, at pp. 3-4.] According to the
12 Declaration, publicly available information indicates that Dr. Davies is the CEO of a
13 company that works in the same gene therapy field as defendant, and the clinical focus of
14 his company's work appears to "significantly overlap" with the issues in this litigation.
15 [Doc. No. 60-2, at pp. 3-4.] The Declaration further states that allowing Dr. Davies
16 access to its confidential information, which includes its "proprietary methods" and its
17 most guarded and valuable trade secrets," "could be harmful to [defendant's] competitive
18 position in the market place." [Doc. No. 60-2, at p. 3-4.] Defendant wants the Court to
19 impose monetary sanctions against plaintiff under Federal Rule of Civil Procedure 37 to
20 cover the fees and costs incurred in "investigating" the violation of the Protective Order
21 and pursuing its Motion for Relief. [Doc. No. 60-1, at p. 16.]

22 Defendant believes that monetary sanctions against plaintiff are particularly
23 appropriate, because it was deprived of the opportunity provided in the Protective Order
24 to object to allowing Dr. Davies access to its confidential materials. If plaintiff complied
25 with the Protective Order, defendant claims it would have objected to allowing
26 Dr. Davies to have access to its confidential materials and would have demanded more
27 information about Dr. Davies' work activities so that it could better assess the potential
28 conflict and potential harm to its business interests. [Doc. No. 60-1, at pp. 13-14.]

1 Plaintiff argues that defendant's Motion for Relief should be denied, because
2 plaintiff's counsel has taken all possible steps to address defendant's concerns about its
3 premature disclosure of confidential documents to Dr. Davies and defendant has not been
4 harmed by the disclosure. In addition, plaintiff disputes defendant's contention that
5 Dr. Davies is a competitor and argues that defendant's Motion for Relief was filed for
6 purposes of "gamesmanship" and "to gain some type of strategic advantage" rather than
7 to resolve a genuine dispute. [Doc. No. 62, at pp. 14, 19.]

8 Based on a review of the parties' moving, opposing, and reply papers, it is this
9 Court's view that it would not be appropriate to impose monetary sanctions against
10 plaintiff to cover any costs defendant incurred in "investigating" the Protective Order
11 violation and preparing the Motion for Relief. First, the Court cannot agree with
12 defendant's contention that plaintiff violated or "ignored" the Protective Order in an
13 "egregious way." [Doc. No. 60-1, at pp. 4, 13.] Rather, the record indicates that the
14 subject disclosure was inadvertent and not egregious. Nor is there anything in the record
15 beyond speculation to support defendant's assertion that it "has been irreparably harmed"
16 because confidential documents were disclosed to Dr. Davies. [Doc. No. 60-1, at pp. 4,
17 13.] Albeit after the fact, Dr. Davies did sign the Acknowledgment form agreeing to be
18 bound by the terms of the Protective Order. There is nothing to indicate there is any risk
19 that Dr. Davies would violate that Protective Order simply because he is involved in the
20 same gene therapy field and may have some involvement in a competitive entity.

21 Second, it is obvious from the record that plaintiff has been cooperative and has
22 made every effort to address, correct, and alleviate any risk of harm that could have
23 resulted from the inadvertent violation of the Protective Order without the Court's
24 intervention. When the error was discovered, plaintiff's counsel immediately took a
25 number of steps in a good faith effort to resolve the situation and to address any
26 objections defendant had to Dr. Davies' participation in the case as an expert with access
27 to confidential information. Most notably, plaintiff's counsel promptly sent defense
28 counsel an Acknowledgement signed by Dr. Davies indicating he agreed to be bound by

1 the terms of the Protective Order. In addition, plaintiff's counsel reassured defense
2 counsel that Dr. Davies had at all times understood the confidential nature of the
3 documents disclosed to him and did not disseminate them to anyone.

4 Third, when the above-cited acts of good faith were not enough to satisfy
5 defendant, plaintiff's counsel made an undoubtedly costly decision to withdraw its
6 preferred expert, Dr. Davies, and to retain and designate a new expert, Dr. Burger. It is
7 apparent that this decision was made not only because of the inadvertent violation of the
8 Protective Order but also because defendant strongly objected to Dr. Davies based on his
9 apparent connections to the same gene therapy field that is involved in the parties' instant
10 dispute. In this regard, defendant's letter to plaintiff on August 15, 2017 demanded that
11 Dr. Davies stop any further work on the case. Defendant also threatened to seek
12 sanctions and/or disqualification of Dr. Davies. Under these circumstances and the case
13 law cited by the parties indicating that a possible sanction for this type of violation of a
14 Protective Order could include an order striking the expert's report, it is understandable
15 that plaintiff's counsel decided to withdraw Dr. Davies as an expert and to start fresh by
16 replacing Dr. Davies with Dr. Burger. In other words, plaintiff has already imposed the
17 most proportional and fair sanction on itself without the Court's intervention, so the
18 Court will not now impose an additional monetary sanction on plaintiff just because
19 defendant felt compelled to file a Motion to see if it could exact an even greater penalty.

20 Fourth, the Court is unconvinced by defendant's new argument, made for the first
21 time in its Reply, that the Court should only consider plaintiff's replacement of
22 Dr. Davies with Dr. Burger as a "proposed 'remedy' to the situation," because this
23 replacement has the potential to "double the harm" to defendant. [Doc. No. 63, at p. 6.]
24 Despite its previous, strong objection to Dr. Davies, which essentially forced plaintiff to
25 withdraw him as an expert, defendant now contends that replacing Dr. Davies with Dr.
26 Burger would result in the disclosure of its confidential commercial information to two
27 third party experts instead of one, thereby increasing the risk of disclosure. [Doc. No. 63,
28 at p. 6.] Defendant further states in its Reply that, "subject to the outcome of

1 [defendant's] review of Dr. Davies' gene therapy client information (which [defendant]
2 has asked the Court to order), Dr. Davies *may well be the best option in a bad situation*
3 that [plaintiff] has caused." [Doc. No. 63, at p. 6 (emphasis added).] As noted above,
4 defendant also demanded access to Dr. Burger's client list at the same time it was seeking
5 to block him from acting as plaintiff's expert [Doc. No. 62, at p. 9], and there is nothing
6 to indicate this demand has been withdrawn. In addition, defendant noticed the
7 depositions of both Dr. Davies and Dr. Burger. [Doc. No. 63-1, at p. 2.] Under these
8 circumstances, it appears that plaintiff may be correct in its assertion that defendant's
9 ulterior motive in filing its Motion for Relief may not be to resolve a dispute resulting
10 from an inadvertent and harmless violation of the Protective Order, but to gain some
11 strategic advantage, such as controlling plaintiff's choice of expert.

12 Finally, plaintiff also made defendant a reasonable offer to produce Dr. Davies'
13 client list on an "attorney's eyes only" basis, but defendant refused the offer without a
14 viable explanation, choosing instead to file its Motion for Relief. Plaintiff represented in
15 its Opposition and in a supporting Declaration that it had offered to disclose Dr. Davies'
16 client list on an "attorney's eyes only" basis, explaining that "specific contractual
17 arrangements" required Dr. Davies to protect the identity of certain clients. [Doc. No. 62,
18 at p. 7; Doc. No. 62-1, at p. 4.] With no explanation whatsoever, defendant "did not
19 accept this proposal." [Doc. No. 63-1, at p. 2.] In its Reply, defendant states only that
20 providing this information to outside counsel only "would not be useful to allow
21 [defendant] to assess the harm. . . ." [Doc. No. 63, at p. 6.] Without more, it is simply
22 untenable that outside counsel would be incapable of reviewing Dr. Davies' client list
23 with comparative information from defendant's inside counsel to determine whether there
24 is any real potential for harm or any real basis to object to Dr. Davies as plaintiff's expert.
25 [Doc. Nos. 63, at p. 6; 63-1, at p. 3.] In this Court's view, defendant's position borders
26 on a violation of the provision of the Protective Order which states that "[t]he approval of
27 independent experts must not be unreasonably withheld." [Doc. No. 42, at p. 14.]
28 Accordingly, under the circumstances presented, the Court finds that an award of

1 monetary sanctions against plaintiff would be unjust. As a result, the Court finds that
2 defendant's Motion for Relief must be DENIED to the extent it seeks monetary sanctions
3 against plaintiff.

4 **D. Defendant's Request for Other Orders.**

5 Defendant requests that the Court impose a list of other "sanctions" against
6 plaintiff. Specifically, defendant wants the Court to order plaintiff to: (1) retrieve any
7 confidential documents it provided to Dr. Davies; (2) require Dr. Davies to disclose his
8 client list; and (3) preclude Dr. Davies from using defendant's confidential information in
9 any way. [Doc. No. 60-1, at p. 15.]

10 Defendant's request for an order precluding Dr. Davies from using defendant's
11 confidential information in any way is unnecessary. Dr. Davies has already signed the
12 Acknowledgment form agreeing to be bound by the Protective Order. The
13 Acknowledgment and Protective Order already precludes Dr. Davies from using
14 defendant's confidential information in any way and provides defendant with a remedy in
15 the event an authorized use of its confidential information does occur.

16 Defendant's request for an order requiring Dr. Davies to disclose his client list is
17 also unnecessary. It is the Court's understanding that Dr. Davies is no longer acting as an
18 expert witness or consultant in this case, and, as noted above, he has agreed to be bound
19 by the terms of the Protective Order. The Court has no reason to even suspect that
20 Dr. Davies would violate the Protective Order simply because he has some involvement
21 in the same gene therapy field as defendant. In addition, plaintiff made a reasonable offer
22 to provide this information on an attorney's eyes only basis, but defendant refused the
23 offer.

24 Defendant's request for an order requiring plaintiff to retrieve any confidential
25 documents it provided to Dr. Davies is reasonable under the circumstances. Although
26 plaintiff's counsel represented in the Opposition that he contacted Dr. Davies and asked
27 him to destroy or return all of defendant's documents, including any notes he made based
28 on his review of the documents, this process was not completed at the time the parties'

1 papers were filed. As a result, the record is unclear. Accordingly, the Court finds that
2 defendant's Motion for Relief must be GRANTED to the extent it seeks confirmation
3 from plaintiff that Dr. Davies destroyed or returned all of defendant's confidential
4 documents and information.

5 **II. Plaintiff's Request to Compel Substitution of Dr. Burger.**

6 In a Joint Motion for Determination of Discovery Dispute filed after defendant's
7 Motion for Relief [Doc. No. 67], plaintiff seeks an order compelling defendant to approve
8 Dr. Burger's involvement in this case as an expert in place of Dr. Davies. [Doc. No. 67,
9 at pp. 1-10.] In reaching a determination on the parties' Joint Motion, the Court has also
10 considered the information outlined above that was submitted in connection with
11 defendant's related Motion for Relief. As mentioned above in connection with
12 defendant's prior Motion for Relief and in the parties' Joint Motion [Doc. Nos. 60, 67],
13 defendant's main objection to the substitution of Dr. Burger in place of Dr. Davies is that
14 it has not had an opportunity to review Dr. Burger's client information. [Doc. No. 67, at
15 pp. 10-21.]

16 Based on the foregoing, and for good cause shown, the Court finds that plaintiff's
17 request must be GRANTED and that Dr. Burger must be permitted to substitute into the
18 case as plaintiff's expert in place of Dr. Davies. However, the Court also finds that
19 plaintiff should be required to provide defendant with Dr. Burger's client list for any
20 consulting work he has done in the gene therapy field from January 1, 2016 through the
21 present. As part of his client list, Dr. Burger must also reveal whether he previously
22 completed any consulting or other work for Avigen, Inc. [See Doc. No. 13, at pp. 2-3.]
23 With the exception of any consulting work he completed for Avigen, Inc, plaintiff may
24 provide Dr. Burger's client list to defendant on an "attorney's eyes only" basis.

25 If defendant does not object in writing within seven (7) days following receipt of
26 Dr. Burger's client list, plaintiff may permit Dr. Burger to review defendant's
27 confidential and/or highly confidential documents or information. As stated in the
28 Protective Order, "[t]he approval of independent experts must not be unreasonably

1 withheld.” [Doc. No. 42, at p. 13-14.] Dr. Burger may not be denied access to
2 defendant’s confidential and/or highly confidential documents or information solely
3 because he is involved in the same or similar gene therapy field as defendant and/or
4 because he has done consulting work with a competitor of defendant.

5 Both parties have also requested attorney’s fees and costs in connection with the
6 filing of the Joint Motion, but for the reasons outlined in Section I, the Court finds that
7 imposing monetary sanctions against either party would be unjust. Accordingly, the
8 Court finds that the parties’ requests for monetary sanctions must be DENIED.

9 **Conclusion**

10 Under the circumstances presented, IT IS HEREBY ORDERED that:

11 1. Defendant’s Motion for Relief Arising from Violation of the Protective
12 Order is GRANTED in part and DENIED in part. [Doc. No. 60.]

13 2. Defendant’s request for an order compelling Dr. Davies to disclose his client
14 list and precluding Dr. Davies from using any of defendant’s confidential information is
15 DENIED as unnecessary. Dr. Davies is no longer acting as plaintiff’s expert in this case
16 and has signed the Acknowledgment form indicating he has agreed to be bound by the
17 terms of the Protective Order.

18 3. Defendant’s request for an order requiring Dr. Davies to return or destroy
19 any of defendant’s confidential documents or information in his possession is
20 GRANTED. Although plaintiff’s Opposition to defendant’s Motion states that
21 Dr. Davies was directed to destroy or return all of defendant’s documents and any notes
22 he made while reviewing the documents, this process was incomplete as of the date
23 plaintiff’s Opposition was filed. Defendant is entitled to reassurance that this process
24 was completed. Therefore, **no later than January 19, 2018**, plaintiff’s counsel shall
25 provide defendant’s counsel with a declaration by Dr. Davies under penalty of perjury
26 stating that all of defendant’s confidential documents and information that he received in
27 connection with this case, including any notes he made based on the information
28 contained therein, have either been destroyed or returned to plaintiff’s counsel. Dr.

1 Davies' declaration shall include an explanation as to what steps have been taken to
2 ensure that he no longer possesses or has access to any of defendant's confidential
3 documents or information.

4 4. Plaintiff's request for an order allowing Dr. Burger to substitute into the case
5 as an expert is GRANTED. [Doc. No. 67.]

6 5. No later than January 26, 2018, plaintiff shall provide defendant with
7 Dr. Burger's client list for any consulting work he performed in the gene therapy field
8 from January 1, 2016 through the present on an "attorney's eyes only" basis pursuant to
9 the Protective Order. As part of the client list, Dr. Burger shall state whether he
10 previously completed any consulting or other work for Avigen, Inc. [See Doc. No. 13, at
11 pp. 2-3.]

12 6. The parties' respective requests for monetary sanctions are DENIED,
13 because the Court finds based on the record as presented that an award of monetary
14 sanctions against either party would be unjust.

15 IT IS SO ORDERED.

16 Dated: January 5, 2018



Hon. Karen S. Crawford
United States Magistrate Judge