

IN THE UNITED STATES DISTRICT COURT
 FOR THE NORTHERN DISTRICT OF TEXAS
 FORT WORTH DIVISION

AMERICAN AIRLINES, INC.,)	
)	
Plaintiff,)	
)	
vs.)	
)	
SABRE, INC., a Delaware corporation;)	
SABRE HOLDINGS CORPORATION, a)	
Delaware corporation and SABRE TRAVEL)	
INTERNATIONAL LTD., a foreign)	
corporation, d/b/a SABRE TRAVEL)	
NETWORK;)	
)	
TRAVELPORT LIMITED, a foreign)	
corporation, and TRAVELPORT, LP, a)	Civil Action No. 4:11-cv-00244-Y
Delaware limited partnership, d/b/a)	
TRAVELPORT;)	
)	
and)	
)	
ORBITZ WORLDWIDE, LLC,)	
a Delaware limited liability company,)	
d/b/a ORBITZ,)	
)	
Defendants.)	

**APPENDIX OF EXHIBITS TO
 TRAVELPORT’S MOTION TO STAY DISCOVERY PENDING A DECISION
 ON TRAVELPORT’S RULE 12(b)(6) MOTION TO DISMISS
PLAINTIFF’S AMENDED COMPLAINT**

Travelport Appendix Exhibit (TP APX __)	Description	Page(s)
1	True and Correct Copy of Letter from Michelle Hartmann to Walker Friedman, April 27, 2011, attaching AA’s “Non Exhaustive List of Document Preservation Categories”	6-10

2	True and Correct Copy of Letter from Richard A. Rothman to Walker Friedman, et.al., May 13, 2011	11-12
3	True and Correct Copy of Letter from Richard A. Rothman to Walker Friedman, et al., June 10, 2011	13-15
4	True and Correct Copy of Press Release, Galileo International and American Airlines Sign New Five-Year, Full Content Distribution Agreements, <i>available at</i> http://travelport.mediaroom.com/index.php?s=43&item=208	16
5	<i>Carter v. Ozoeneh</i> , CIVIL CASE NO. 3:08cv614, 2009 U.S. Dist. LEXIS 45679 (W.D.N.C. May 14, 2009)	17-19
6	<i>Coss v. Playtex Prods., LLC</i> , 2009 WL 1455358 (N.D. Ill. May 21, 2009)	20-24
7	<i>Dowdy & Dowdy Partnership v. Arbitron, Inc.</i> , 2010 U.S. Dist. LEXIS 108798 (S.D. Miss. 2010)	25-27
8	<i>DSM Desotech Inc. v. 3D Sys. Corp.</i> , 2008 U.S. Dist. LEXIS 87473 (N.D. Ill. 2008)	28-33
9	<i>Ford Motor Co. v. U.S. Auto Club</i> , 2008 U.S. Dist. LEXIS 34240 (N.D. Tex. 2008)	34-35
10	<i>In re Graphics Processing Units Antitrust Litig.</i> , 2007 U.S. Dist. LEXIS 57982 (N.D. Cal. 2007)	36-43
11	<i>McLafferty v. Deutsche Lufthansa A.G.</i> , 2008 U.S. Dist. LEXIS 81627 (E.D. Pa. 2008)	44-46
12	<i>Momenta Pharmaceuticals, Inc. v. TEVA Pharmaceuticals Indus.</i> , 2011 U.S. Dist. LEXIS 18562 (D. Mass. 2011)	47-49
13	<i>Nowell v. Coastal Bend Surgery Ctr.</i> , 2011 U.S. Dist. LEXIS 10005 (S.D. Tex. 2011)	50-58
14	<i>Philadelphia Newspapers, Inc. v. Gannett Satellite Info. Network, Inc.</i> , 1998 U.S. Dist. LEXIS 10511 (E.D. Pa. 1998)	59-62

15	<i>Rio Grande Royalty Co. v. Energy Transfer Partners, L.P.</i> , 2008 U.S. Dist. LEXIS 112721 (S.D. Tex. 2008)	63-64
16	<i>Von Drake v. NBC</i> , 2004 U.S. Dist. LEXIS 25090 (N.D. Tex. 2004)	65-66

Dated: June 27, 2011

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on the 27th day of June, 2011, I electronically filed the foregoing document with the clerk of the court for the U.S. District Court, Northern District of Texas, Fort Worth Division, using the electronic case filing system of the court. The electronic case filing system sent a “Notice of Electronic Filing” to the attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means.

/s/ Walker C. Friedman

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April 27, 2011

VIA E-MAIL

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Re: *American Airlines, Inc. v. Travelport Ltd., et al.*, Case 4:11-cv-00244-Y (N.D. Tex.)

Dear Mr. Friedman,

We are co-counsel to American Airlines, Inc. ("AA") in the above lawsuit. In that lawsuit, AA alleges that defendants Travelport Limited and Travelport, LP (collectively "Travelport"), and defendant Orbitz Worldwide, LLC ("Orbitz"), have violated the federal antitrust laws, specifically Sections 1 and 2 of the Sherman Act, 15 U.S.C. §§ 1, 2, as well as Texas law.

We trust and assume that Travelport has taken appropriate steps to ensure that all documents in its possession, custody or control—whether in paper or electronic form—that are potentially relevant to this case are being preserved. For example, AA assumes that a written document preservation notice has been distributed within, and implemented by, Travelport, as well as by its affiliates and owners, including The Blackstone Group and/or entities or funds affiliated with The Blackstone Group.

In order to ensure that there is no misunderstanding later, we have attached a non-exhaustive list of document preservation categories that we believe will be responsive to forthcoming discovery requests and will need to be produced in this litigation. This list is subject to, and without waiver of, AA's right to supplement, modify, or amend these categories based on subsequent events and discussions between the parties, as well as to seek discovery concerning all the allegations in the complaint.

As our co-counsel Bill Bogle explained, AA sees no reason why discovery should not move forward expeditiously in this matter. Accordingly, while the attached list is not a formal document request, the list should apprise Travelport of the categories of documents AA will be seeking and thereby enable Travelport to be in a position to produce its documents expeditiously once document production begins. Additionally, as explained by Mr. Bogle in his letter to you, upon entry of a protective order (a draft of which Mr. Bogle is providing to you contemporaneously and which is based on the version that was previously agreed to in the Cook County litigation), we ask you to agree that the discovery produced in

Walker Friedman, Esq.
April 27, 2011
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that case should be deemed produced pursuant to formal discovery here. We look forward to hearing from you on that issue and the form of protective order.

Sincerely,



Michelle Hartmann

Non-Exhaustive List of Document Preservation Categories

These categories are based on American Airline's ("AA's") pending Complaint. Unless specified otherwise, the relevant period for each category is from April 12, 2007 to the present:

A. Market Definition, Market/Monopoly Power, Competition, and Barriers to Entry

1. All documents¹ regarding Travelport's and Orbitz' market shares, actual or potential competition, actual or potential competitors, markets, potential for sales growth or expansion into product or geographic markets, barriers to entry, including, but not limited to:
 - strategic, marketing, or annual plans;
 - the ability of Travelport travel agent subscribers to switch from Travelport to Sabre or Amadeus; and
 - the number and percentage of Travelport travel agent subscribers that have switched from Travelport to Sabre or Amadeus.
2. All documents regarding Travelport's Universal Application Programming Interface (uAPI).

B. AA's Direct Connect Initiative

1. All documents regarding AA Direct Connect, including, but not limited to:
 - internal documents;
 - public statements or communications;
 - documents prepared for, or used during, trade association or other industry events;
 - documents exchanged between Travelport and/or Orbitz and any Third Party, including internal correspondence regarding such exchanges; and
 - documents exchanged between Travelport and Orbitz, including internal correspondence regarding such exchanges.
2. All documents regarding Travelport's and/or Orbitz' views, strategies, communications, or assessment concerning any alternative channels for distributing airline flight and fare information to travel agents, including, but not limited to, web-based and direct connect alternatives.

C. Travelport's Agreements With AA and Other Airlines

1. All documents regarding the booking fees Travelport has charged to AA and other airlines since 2003, including, but not limited to, Travelport's financial statements, booking fee increases by Travelport and the reasons for any such increases, as well as Travelport's costs for operating its GDSs and any research and development.

¹ The term "documents" has the same meaning as "documents or electronically stored information" set forth in Federal Rule of Civil Procedure 34(a)(1)(A).

2. All documents regarding the most favored nation clauses or full content provisions in Travelport's contracts with AA and other airlines, including, but not limited to, any external or internal communications regarding those provisions.
3. All documents regarding the termination dates in Travelport's contracts with AA and other airlines, including, but not limited to, any external or internal communications regarding those dates.
4. All documents regarding the negotiation of a new agreement between Travelport and AA to replace the expiring Preferred Fares Amendment with Galileo and Content Agreement with Worldspan.

D. Travelport's Agreements With Its Travel Agencies

1. Travelport's contracts with actual or potential Travelport travel agent subscribers, including, but not limited to:
 - all documents regarding incentive payment provisions, exclusivity provisions, and penalty or shortfall provisions; and
 - any external or internal correspondence regarding those provisions.

E. Travelport's Relationship With Orbitz

1. All documents regarding the Subscriber Services Agreement between Orbitz and Travelport, including, but not limited to, the negotiation of Orbitz' obligation to use Travelport exclusively as its GDS provider for North American air travel bookings.

F. Agreements Between Travelport And Applications Developers

1. All documents regarding Travelport's and Orbitz' actual or potential licenses or agreements with current or former applications developers including, but not limited to, Farelogix.

G. AA's Decision To Terminate Its Relationship With Orbitz

1. All documents regarding Travelport's responses to AA's decision to terminate its relationship with Orbitz on November 1, 2010, including, but not limited to, document relating to:
 - doubling fees Travelport charged AA for bookings made by Travelport travel agent subscribers;
 - adding the Booking Source Premium to AA's fares;
 - Travelport's payments to Orbitz associated with Orbitz' refusal to adopt AA Direct Connect; and
 - documents relating to any and all alternative responses that Travelport considered.
2. All communications concerning AA's decision to terminate its relationship with Orbitz, including, but not limited to, Travelport's communications with Orbitz and/or Travelport travel agent subscribers, and internal communications regarding such exchanges or

concerning Travelport's actual or potential responses to AA's decision to terminate its relationship with Orbitz.

3. All communications between Travelport and/or Orbitz or any Third Party² regarding *Travelport v. American Airlines*, Case No. 2010CH-48028 (Cook Cty., Ill.), including any internal correspondence regarding such exchanges.

H. Industry Deregulation

1. All documents prepared by or for Travelport and/or Orbitz regarding actual, proposed, or contemplated regulation or rule-making by the U.S. Department of Transportation since 2003, including, but not limited to, presentations or submissions made to the U.S. Department of Transportation by Travelport and/or Orbitz.
2. All documents prepared by or for Travelport and/or Orbitz regarding comments by the U.S. Department of Justice Antitrust Division in connection with actual, proposed, or contemplated regulation or rule-making by the U.S. Department of Transportation since 2003, including, but not limited to, presentations or submissions made to the U.S. Department of Justice Antitrust Division by Travelport and/or Orbitz.
3. All documents prepared by or for Travelport and/or Orbitz regarding actual, proposed, or contemplated legislation by the U.S. Congress regarding the fare, flight, and availability information provided by AA and other airlines to Travelport, Sabre, and Amadeus, including, but not limited to, testimony or comments submitted by Travelport and/or Orbitz.

² The term "Third Party" is defined as broadly as possible as any party other than plaintiff, Travelport and Orbitz, including, but not limited to, other airlines, Sabre, Amadeus, then-Worldspan, Expedia, Priceline, vegas.com, actual or potential Travelport Subscribers, Farelogix, American Society of Travel Agents, Business Travel Coalition, National Business Travel Coalition, Consumer Travel Alliance, Interactive Travel Services Association, Open Allies for Airfare Transparency, Kevin Mitchell, American Express Travel Company, and Carlson Wagonlit Travel.

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May 13, 2011

VIA E-MAIL

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Re: American Airlines, Inc. v. Travelport Ltd., et al., Case 4:11-cv-00244-Y (N.D. Tex.)

Gentlemen:

Two important amendments to underlying agreements between American and Travelport are scheduled to expire in just a few months. Specifically, the Preferred Fares Amendment (the "PFA Amendment") to the Galileo International Global Airline Distribution Agreement (the "GIGADA") is set to expire on September 1, 2011, and the Worldspan Content Agreement (the "PCA Amendment"), which amended the Worldspan Participating Carrier Agreement (the "Worldspan PCA"), is set to expire on August 1, 2011. Although the parties have been attempting to negotiate new terms for these amendments, given the lack of progress to date and, in particular, Travelport's continued insistence on terms that we believe are anticompetitive, we fear that those negotiations will not be successful by the date the foregoing amendments expire. Moreover, as you also know, American has commenced an antitrust lawsuit against Travelport in Texas, and has made clear that we intend to prosecute that case without delay. In particular, we may need to seek to expedite discovery in the litigation because American will suffer irreparable harm in the event that Travelport takes any one of a number of punitive actions against American when the amendments expire.

In that regard, by this letter, American requests that Travelport provide assurance that, upon the expiration of the amendments, neither Worldspan nor Galileo: (1) will introduce any biasing to American's flights in their GDS displays; (2) will send notices to terminate the underlying GIGADA and Worldspan PCA agreements; (3) will increase American's booking fees; or (4) otherwise change any other current practice or course of doing business. In light of the punitive actions that Travelport, its GDSs, and other GDSs have taken against American in the past, without clear assurance that Travelport

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TP APX
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Walker Friedman, Esq.
Michael L. Weiner, Esq.
Michael G. Cowie, Esq.
Craig Gerald Falls, Esq.
May 13, 2011
Page 2

Weil, Gotshal & Manges LLP

will not take any such punitive actions, American can only assume that Travelport will do so, resulting in incalculable harm to American.

Assuming that Travelport provides American with the clear assurance it needs, we should be able to proceed with the litigation without an immediate motion for expedited discovery. To the extent, however, that Travelport is unwilling to provide the requested assurance, we will have no alternative but to request that Judge Means order that discovery in American's antitrust case be expedited so that a complete and adequate record can be developed by August that will enable the Court to rule upon a motion for a preliminary injunction that we would anticipate making in connection with the expiration of the amendments.

Sincerely,



Richard A. Rothman

cc: R. Paul Yetter, Esq.
M.J. Moltenbrey, Esq.
Michelle Hartmann, Esq.
Bill F. Bogle, Esq.

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June 10, 2011

VIA E-MAIL

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Re: *American Airlines, Inc. v. Travelport Ltd., et al.*, Case 4:11-cv-00244-Y (N.D. Tex.)

Gentlemen:

We noted that in Travelport Limited and Travelport, L.P. (“Travelport”)’s opposition to American Airlines, Inc.’s (“American”) request for a prompt Rule 16 conference, Travelport argued that the list of document categories provided to Travelport on April 27, 2011 was too vague.

In order to move this case along and to ensure that the Defendants have the information they say is needed to do so, the following are the categories of documents that American is prepared to accept on an expedited basis in connection with the preliminary injunction motion that American may be forced to file on or before the expiration of the amendments to the relevant distribution contracts with American:

- Documents produced in the state court cases (i.e., Texas and Illinois);
- Documents requested in the DOJ’s CIDs;¹
- Documents relating to the Defendants’ internal and external communications concerning any actions that it or those with whom it has communicated are planning to take, or have

¹ American would accept these documents on a rolling basis if the GDS Defendants will not be complying in full with CIDs on their original due dates.

Walker Friedman, Esq.
Michael L. Weiner, Esq.
Michael G. Cowie, Esq.
Craig Gerald Falls, Esq.
Chris Lind, Esq.
June 10, 2011
Page 2

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contemplated taking, upon expiration of the amendments to the distribution contracts with American;

- Documents relating to the Defendants' internal and external communications within the past twelve months concerning: i) their negotiations with American; and ii) American's Direct Connect initiative;
- Documents relating to the Defendants' increase of American's booking fees and/or display bias of American routes within the past eight months;
- For the 2009-11 time period: i) strategic, business and marketing plans; ii) documents sufficient to show each of the Defendants' top 50 travel agent subscribers by bookings; iii) marketing presentations and materials by each of the Defendants to its top 50 travel agent subscribers by bookings; and iv) analyses, studies, and presentations by each of the Defendants concerning each of its top 50 travel agent subscribers;
- Contracts between each of the Defendants and each of its top 50 travel agent subscribers by bookings and any non-privileged summary or description of their terms (e.g., length of contract, exclusivity, rebate/incentive/loyalty payments or other financial assistance, penalty or shortfall provisions, and provisions concerning AA Direct Connect and/or content aggregation);
- For the past twelve months, the Defendants' internal documents and external communications concerning: i) Farelogix, a technology company that works with AA Direct Connect; and/or ii) content aggregation or interconnection between the Defendants' GDSs and other GDSs;
- For Travelport, its internal documents, and external communications with Orbitz, concerning Orbitz's use of Travelport to book flights on American instead of through AA Direct Connect.

We would, of course, be happy to discuss the foregoing categories with you if you believe that any clarification would be helpful. Moreover, should Travelport provide American with the assurance it requested in my letter dated May 13, 2011, and Sabre provide similar assurance to American as requested in Paul Yetter's letter dated May 6, 2011, then we should be able to proceed without the need for this expedited discovery.

Walker Friedman, Esq.
Michael L. Weiner, Esq.
Michael G. Cowie, Esq.
Craig Gerald Falls, Esq.
Chris Lind, Esq.
June 10, 2011
Page 3

Weil, Gotshal & Manges LLP

Sincerely,

A handwritten signature in black ink, appearing to read "Richard A. Rothman". The signature is stylized with a large, sweeping initial "R" and "A".

Richard A. Rothman

cc: R. Paul Yetter, Esq.
M.J. Moltenbrey, Esq.
Michelle Hartmann, Esq.
Bill F. Bogle, Esq.
Robert S. Berezin, Esq.
Ralph H. Duggins, Esq.
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Galileo International and American Airlines Sign New Five-Year, Full Content Distribution Agreements

Parsippany, NJ, 05.07.2006

Galileo International, a leading global distribution system (GDS), and subsidiary of Travelport Inc., formerly Cendant Travel Distribution Services, today announced a five-year, full content agreement with American Airlines. Through the agreement, all of American's published fares and inventory will be available to all users of the Galileo GDS system including Galileo-connected travel agencies, corporate customers and Travelport online agencies booking through Galileo. The agreement establishes Galileo as a competitive distribution channel for American Airlines ticket sales. Galileo previously this year announced long-term full content deals with US Airways, United, Delta and Continental.

"Ensuring continued access to full airline content is critical to our Galileo travel agency customers and this long-term enterprise agreement with American Airlines is an important milestone in achieving that objective," said Kurt Ekert, senior vice president, Supplier Services for Travelport. "Our travel agents, corporate travelers and consumers can be assured of continuing to get the fares, convenience and service they are used to receiving."

"Establishing a competitive distribution agreement with Galileo helps us meet key business objectives to broaden the distribution of American Airlines' fares at lower costs," said David Cush, senior vice president, Global Sales for American Airlines. "With its broad travel agency subscriber base both offline and online, Galileo offers competitive channels to providing a cost-effective and comprehensive distribution platform over the long-term."

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**RONALD CARTER and REVOLUTIONARY CONCEPTS, INC., Plaintiff, vs.
EMMANUEL OZOENEH and JOHN DOES NOS. 1 THROUGH 7, Defendants.**

CIVIL CASE NO. 3:08cv614

**UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF
NORTH CAROLINA, CHARLOTTE DIVISION**

2009 U.S. Dist. LEXIS 45679

May 14, 2009, Decided

May 14, 2009, Filed

SUBSEQUENT HISTORY: Motion denied by, Magistrate's recommendation at Carter v. Ozoeneh, 2009 U.S. Dist. LEXIS 84441 (W.D.N.C., Sept. 15, 2009) Summary judgment proceeding at, in part Ronald Carter & Revolutionary Concepts, Inc. v. Ozoeneh, 2010 U.S. Dist. LEXIS 46953 (W.D.N.C., May 12, 2010) Motion denied by Carter v. Ozoeneh, 2010 U.S. Dist. LEXIS 75111 (W.D.N.C., July 21, 2010)

COUNSEL: [*1] For Ronald Carter, Revolutionary Concepts, Inc., Plaintiffs: Glen Andrew Cipriani, Russell Bates Niemyer, LEAD ATTORNEYS, The Harrington Practice, Charlotte, NC; James M. Harrington, LEAD ATTORNEY, The Harrington Practice PLLC, Charlotte, NC.

Emmanuel Ozoeneh, Defendant, Pro se, Huntersville, NC.

JUDGES: Martin Reidinger, United States District Judge.

OPINION BY: Martin Reidinger

OPINION

ORDER

THIS MATTER is before the Court on the

Plaintiffs' Motion Under Fed. R. Civ. P. 26(d) for Expedited Discovery [Doc. 9], filed May 12, 2009.

I. PROCEDURAL HISTORY

On December 30, 2008, the Plaintiffs Ronald Carter ("Carter") and Revolutionary Concepts, Inc. ("RCI") filed this action against the Defendants Emmanuel Ozoeneh ("Ozoeneh") and John Does Nos. 1 through 7 ("John Doe Defendants"), seeking declaratory, compensatory, and injunctive relief with respect to the inventorship and ownership of United States Patent No. 7,193,644 ("the '644 Patent"). [Doc. 1]. Specifically, the Plaintiffs Carter and RCI seek a declaratory judgment to the effect that Carter's former partner, Ozoeneh, is not an inventor or owner of the technology that is the subject of the '644 Patent. The Plaintiffs also assert a breach of contract claim against Ozoeneh, [*2] alleging that Ozoeneh's claims of inventorship and ownership of the said Invention are in violation of the contract of mutual release by which Carter and Ozoeneh dissolved their business partnership. The Plaintiffs further allege that the seven John Doe Defendants, who are identified only as "attorneys who are licensed to practice in the State of North Carolina or to practice before the United States Patent and Trademark Office, and who reside and/or regularly conduct business in Mecklenburg County, North Carolina," intentionally induced Ozoeneh to breach the contract of mutual release. [Doc. 1].

Ozoeneh was served with a Summons and a copy of the Complaint on April 15, 2009. On April 17, 2009, Ozoeneh filed a Motion *pro se*, seeking a ninety (90) day extension of time to file an Answer to the Complaint on the ground that he needed additional time to secure representation. [Doc. 7]. The Court entered an Order granting Ozoeneh's Motion in part on April 20, 2009. [Doc. 8]. While finding that Ozoeneh had stated adequate grounds for an extension, the Court found the length of time requested to be excessive, and therefore allowed Ozoeneh an extension of only thirty (30) days, making his Answer [*3] to the Complaint due on June 4, 2009. [Id.].

The Plaintiffs now seek an Order authorizing them to begin limited discovery in this matter on an expedited basis from Ozoeneh regarding two principal topics: (1) the identities of the John Doe Defendants and the specific acts they undertook to encourage Ozoeneh to make his claims in violation of the contract of mutual release and (2) Ozoeneh's specific contentions with regard to his claim of inventorship of the technology that is the subject of the '644 Patent. The Plaintiffs seek authority to propound up to five (5) interrogatories, five (5) requests for admission, and five (5) requests for the production of documents and things to Ozoeneh on each of the topics above; to issue subpoenas duces tecum to non-parties directed solely to the production of documents and things related to these topics; and to conduct a deposition of Ozoeneh. [Doc. 9].

II. FACTUAL ALLEGATIONS

The allegations of the Plaintiffs' Complaint may be summarized as follows. Carter is the inventor of technology that is known as the "EYETALK Communicator" or the "Automated Audio Video Messaging and Answering System," which is the subject of the '644 Patent ("the Invention"). [*4] [Doc. 1 at P9]. Carter formed RCI in order to commercialize the Invention. [Id. at P10]. In 2002, Carter formed a partnership with Ozoeneh for the purpose of finding investors to fund the development of a commercial embodiment of the Invention. [Id. at PP11-13]. At the same time, Carter retained a patent law firm, Dougherty, Clements & Hofer ("the Law Firm") to assist him in securing patent rights for the Invention. [Id. at P14]. The Law Firm filed a provisional application for the Invention, mistakenly listing both Carter and Ozoeneh as co-inventors. [Id. at PP15-17]. Later, the Law Firm

produced an opinion that the subject matter of the provisional application would not be patentable in its current form. [Id. at P 18]. Thereafter, Carter and Ozoeneh dissolved their partnership. [Id. at P 20]. After parting ways with Ozoeneh, Carter continued to develop new features for the Invention. [Id. at P21].

In October 2003, the Law Firm filed a non-provisional application, claiming the benefit of the earlier provisional application, but naming only Carter as the sole inventor. The non-provisional application was directed to devices incorporating the new features developed by Carter alone. [Id. at P22]. [*5] After the non-provisional application was filed, Carter and RCI retained a different law firm, Tillman Wright PLLC ("Tillman Wright"), to take over the patent prosecution. [Id. at P23]. Tillman Wright's prosecution efforts were ultimately successful, and the '644 Patent was issued on March 20, 2007. [Id. at P24].

Thereafter, Carter and RCI filed suit against the Law Firm, alleging malpractice in destroying Carter's and RCI's foreign patent rights through negligently failing to file timely foreign patent applications. This action is currently pending in the North Carolina Business Court of Mecklenburg County. [Id. at P26]. Following contact between counsel for the Law Firm and Ozoeneh in connection with the Business Court litigation, Ozoeneh began making public statements asserting that he is a co-inventor or the sole inventor of the Invention. [Id. at P27]. Additionally, Ozoeneh retained counsel, who informed Plaintiffs' counsel "of Ozoeneh's intention to sue Carter and RCI on the basis of Ozoeneh's claim of inventorship, threatening disruption of Carter and RCI's litigation against the Law Firm if a tolling agreement is not signed." [Id. at P28].

The Plaintiffs allege that Ozoeneh's [*6] threats of litigation have the potential of adversely affecting ongoing negotiations between RCI and two Fortune 500 companies to license the patented technology. [Id. at PP29, 30]. They further allege that these threats are simply "part of a legal strategy by the defendants in the malpractice litigation to inflict collateral damage upon Carter and RCI." [Id. at P31]. The Plaintiffs allege that if the Defendants are not enjoined from making claims that call into question Carter's sole inventorship or RCI's ownership of the '644 Patent, the Plaintiffs will be irreparably damaged. [Id. at P36].

III. ANALYSIS

Rule 26(d)(1) of the Federal Rules of Civil Procedure provides that "[a] party may not seek discovery from any source before the parties have conferred as required by Rule 26(f), except . . . when authorized by these rules, by stipulation, or by court order." Fed. R. Civ. P. 26(d)(1). Generally speaking, the Court may authorize expedited discovery upon a showing of good cause. See *Dimension Data N. Am., Inc. v. NetStar-1, Inc.*, 226 F.R.D. 528, 531-32 (E.D.N.C. 2005) (denying motion for expedited discovery where plaintiff failed to demonstrate good cause); Fed. R. Civ. P. 26(b)(1) ("For [*7] good cause, the court may order discovery of any matter relevant to the subject matter involved in the action.").

In the present case, the Plaintiffs argue that expedited discovery is necessary in order to ascertain the identities of the individuals who they claim interfered with the contract between Ozoeneh and Carter, and they contend that if the requested expedited discovery is not had, full joinder of the issues in this case will be unreasonably delayed. [Doc. 9 at 2]. The Court does not agree that any delay incurred in the joinder of issues will be unreasonable. The Court allowed Ozoeneh a brief extension of time of thirty days to answer the Complaint so that he may secure representation in this matter.¹ Once Ozoeneh's Answer is filed, the parties can conduct their Rule 26(f) conference and immediately commence with discovery to ascertain the identities of the John Doe Defendants. Delaying discovery until Ozoeneh has retained counsel and has filed an answer in this case will not result in an unreasonable delay in the joinder of issues in this case.

¹ Although the Plaintiffs allege that Ozoeneh already has counsel (thus implying that this extension of time is not necessary), there [*8] is no evidence before the Court to suggest that this is the case.

The Plaintiffs further contend that in the absence of expedited discovery, they "run a serious risk of losing customers and investors" due to the uncertainty created by Ozoeneh's public claims of ownership and inventorship. [Id. at 3]. The Plaintiffs have not made an adequate showing, however, that they will be irreparably harmed absent the requested expedited discovery. Indeed, the Plaintiffs have not even filed a motion seeking preliminary injunctive relief. See *Dimension Data*, 226 F.R.D. at 531-32 (finding plaintiff's motion for expedited discovery to be premature where plaintiff had not yet sought a temporary restraining order or filed a motion for preliminary injunction). Further, the Plaintiffs have not shown that their alleged damages cannot be adequately remedied by a monetary judgment. See *Crown Crafts, Inc. v. Aldrich*, 148 F.R.D. 151, 152 (E.D.N.C. 1993) (denying motion for expedited discovery where only injury alleged could be adequately remedied by money damages).

IV. CONCLUSION

For the foregoing reasons, **IT IS, THEREFORE, ORDERED** that the Plaintiffs' Motion Under Fed. R. Civ. P. 26(d) for Expedited Discovery [*9] [Doc. 9] is **DENIED**. Discovery in this case shall proceed as prescribed by the Federal Rules of Civil Procedure.

IT IS SO ORDERED.

Signed: May 14, 2009

/s/ Martin Reidinger

Martin Reidinger

United States District Judge

Not Reported in F.Supp.2d, 2009 WL 1455358 (N.D.Ill.)
 (Cite as: 2009 WL 1455358 (N.D.Ill.))

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Only the Westlaw citation is currently available.

United States District Court,
 N.D. Illinois,
 Western Division.
 Katie COSS, Plaintiff,
 v.
 PLAYTEX PRODUCTS, LLC, Defendant.

 No. 08 C 50222.
 May 21, 2009.

Paul M. Weiss, George K. Lang, Freed & Weiss,
 LLC, Chicago, IL, for Plaintiff.

John Higgins Kane, Robinson & Cole, LLP, Stamford, CT, Vincent J. Vigil, Gonzalez, Saggio and Harlan, L.L.C., Chicago, IL, Wystan M. Ackerman, Robinson & Cole, LLP, Hartford, CT, for Defendant.

MEMORANDUM OPINION AND ORDER

P. MICHAEL MAHONEY, United States Magistrate Judge.

*1 Plaintiff filed her amended complaint on January 26, 2009 on behalf of herself and a class of similarly situated individuals. According to Plaintiff's amended complaint, consumers bought baby bottles sold by Defendant that had venting mechanisms on the bottles' bottoms. The mechanism was supposed to prevent air pressure from building up in the bottles (known as the "vacuum effect"). (Amended Compl. ¶ 2.) Plaintiff alleges that the mechanisms did not prevent the vacuum effect, and even caused the bottles to leak. (*Id.*) Because of the alleged defect, Plaintiff filed claims against Defendant for unjust enrichment, violations of state consumer fraud acts,^{FN1} and breach of an implied warranty of merchantability. (*Id.* ¶ 3.)

FN1. Specifically, Plaintiff alleges a violation of the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 Ill.

Comp. Stat. 505/1 et seq. On behalf of potential class members, Plaintiff alleges violations of other substantially similar acts in California, Florida, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New Mexico, Ohio, Oregon, and Washington. (Amended Compl. fn.2.) In addition to these eleven states, Plaintiff also purports to represent similarly situated individuals in New York. (Amended Compl. ¶ 29.)

On February 23, 2009, Defendant filed a motion to dismiss for failure to state a claim. That motion is fully briefed and under advisement before the district court. On March 16, 2009, Defendant filed a motion to stay discovery pending the district court's decision on the motion to dismiss. That motion is presently before the magistrate judge.

Trial judges have extremely broad discretion when overseeing discovery. *Crawford-El v. Britton*, 523 U.S. 574, 599, 118 S.Ct. 1584, 140 L.Ed.2d 759 (1998). The court may limit the frequency or extent of discovery otherwise allowed if it determines that "the burden or expense of the proposed discovery outweighs its likely benefit, considering the needs of the case, the amount in controversy, the parties' resources, the importance of the issues at stake in the action, and the importance of the discovery in resolving the issues." *Fed.R.Civ.P.* 26(b)(2)(C)(iii). Upon motion, the court may also "limit the time, place, and manner of discovery, or even bar discovery altogether on certain subjects, as required to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense." *Crawford-El*, 523 U.S. at 599 (internal quotes omitted); *Fed.R.Civ.P.* 26(c)(1).

The court may grant a motion to stay discovery for a number of reasons, including the filing of a motion to dismiss. *Crawford-El*, 523 U.S. at 598; *DSM Desotech, Inc. v. 3D Systems Corp. et al.*,

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2008 U.S. Dist. LEXIS 87473, at *4-5, 2008 WL 4812440 (N.D.Ill. Oct. 28, 2008) (Lefkow, J.). “Stays are often deemed appropriate where the motion to dismiss can resolve a threshold issue such as qualified immunity[,] or where ... discovery may be especially burdensome and costly to the parties.” *DSM Desotech*, 2008 U.S. Dist. LEXIS 87473, at *5, 2008 WL 4812440. Although stays on discovery are sometimes appropriate, this court disfavors them because they bring resolution of the dispute to a standstill.

Antitrust cases are typical of the types of cases where discovery is so burdensome and costly to parties that a stay pending decision on a motion to dismiss may be appropriate. *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 127 S.Ct. 1955, 1966-97, 167 L.Ed.2d 929 (2007). In *Bell Atlantic*, a case arising under section 1 of the Sherman Act, the Supreme Court retired the *Conley* interpretation of Rule 8 notice pleading. *Id.* at 1968. *Conley* had held that “a complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief.” *Id.* (quoting *Conley v. Gibson*, 355 U.S. 41, 45-46, 78 S.Ct. 99, 2 L.Ed.2d 80 (1957)). The *Bell Atlantic* Court took issue with the “no set of facts” standard, and held that plaintiffs must plead factual allegations such that a right to relief rises “above the speculative level[.]” *Id.* at 1965.

*2 The Court premised its holding in *Bell Atlantic* on the policy against a “plaintiff with a largely groundless claim be[ing] allowed to take up the time of a number of other people, with the right to do so representing an *in terrorem* increment of the settlement value.” *Id.* (quoting *Blue Chip Stamps v. Manor Drug Stores*, 421 U.S. 723, 741, 95 S.Ct. 1917, 44 L.Ed.2d 539 (1975)) (internal quotes omitted). The Court explained that “when the allegations in a complaint, however true, [can] not raise a claim of entitlement to relief, ‘this basic deficiency should ... be exposed at the point of minimum expenditure of time and money by the parties

and the court.’ ” *Id.* (quoting 5 *C. Wright & Miller* § 1216, pp 233-34 (3d ed.2004)). The Court indicated that a district court was justified in insisting on some specificity in the pleading in an antitrust case before proceeding with potentially massive and expensive discovery. *Id.* at 1967.

Very recently, the Supreme Court clarified its holding in *Bell Atlantic* in *Ashcroft v. Iqbal*, No. 07-1015, 2009 U.S. LEXIS 3472, 2009 WL 1361536 (March 18, 2009). The plaintiffs in *Iqbal* alleged that the defendant government officials discriminated against them based on their race, religion, or national origin. *Id.* at *9. Defendants filed a motion to dismiss asserting qualified immunity. *Id.* The Court held that *Bell Atlantic*'s interpretation of Rule 8 applied to complaints in *all* civil actions. *Id.* at *39. The Court stated that all complaints “must contain sufficient factual matter, accepted as true, to state a claim of relief that is plausible on its face.” *Id.* at *29 (internal quotes omitted). The Court further stated, “A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Id.* The Court described the plausibility standard as something less than the “probability standard,” but stated that there must be “more than a sheer possibility that a defendant has acted unlawfully.” *Id.*

In so finding, the Court reiterated its policy against burdensome discovery in certain types of cases, stating, “[Federal Rule of Civil Procedure] 8 marks a notable and generous departure from the hyper-technical, code-pleading regime of a prior era, but it does not unlock the doors of discovery for a plaintiff armed with nothing more than conclusions.” *Id.* (holding that courts need not accept as true legal conclusions in a complaint when deciding a motion to dismiss). Indeed, the Court commended the lower courts for staying discovery once the defendants raised the defense of qualified immunity. *Id.* at *40 (rejecting the “careful-casemanagement” approach to discovery

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in “suits where Government-officials defendants are entitled to assert the defense of qualified immunity); see also *Crawford-El*, 523 U.S. at *598.

After *Bell Atlantic*, the Seventh Circuit recognized the need to limit overly burdensome discovery in complex cases beyond the antitrust arena in which a motion to dismiss for failure to state a claim had been filed. See *Limestone Dev. Corp. v. Village of Lemont, Illinois et al.*, 520 F.3d 797, 803 (7th Cir.2008). In *Limestone*, cases brought under the Racketeer Influenced and Corrupt Organizations Act (RICO), like those brought under antitrust laws, require discovery that is “likely to be more than usually costly.” *Limestone*, 526 F.3d at 803. Consequently, Judge Posner indicated that burdensome discovery in RICO cases during the pendency of a motion to dismiss is inappropriate. *Id.* at 802-04.

*3 More recently, Judge Posner found that discovery in cases brought under section 14(a) of the Securities Exchange Act can be so burdensome as to justify a stay during the pendency of a motion to dismiss. *Beck v. Dobrowski et al.*, 559 F.3d 680 (7th Cir. March 20, 2009). Section 14(a), codified at 15 U.S.C. § 78n(a), and Rule 14a-9, codified at 17 C.F.R. § 240.14a-9, forbid material misrepresentations or omissions when soliciting a shareholder's proxy vote. The plaintiff in *Beck* brought suit on behalf of other shareholders directly, and on behalf of Equity Office Property Trust (“EO”) derivatively, against the board members of EO after the conclusion of a bidding war for EO between two other companies. *Id.* at 681. In upholding the district court's dismissal for failure to state a claim, Judge Posner relied on *Bell Atlantic*. *Id.* at 682. He stated that “a defendant should not be burdened with the heavy costs of pretrial discovery that are likely to be incurred in a complex case unless the complaint indicates that the plaintiff's case is a substantial one.” *Id.* at 682.

Post *Iqbal*, the policy against burdensome discovery in complex cases during the pendency of a motion to dismiss holds fast. *Bell Atlantic*, *Lime-*

stone, and *Beck* still require district courts to carefully consider the potential discovery needed in complex cases. If the complex case is one susceptible to the burdensome and costly discovery contemplated by *Bell Atlantic* and *Iqbal*, the district court should limit discovery once a motion to dismiss for failure to state a claim has been filed. See *DSM Desotech*, 2008 U.S. Dist. LEXIS 87473, at *3, 2008 WL 4812440 (holding that the principles underlying *Bell Atlantic* required a stay on discovery during the pendency of a motion to dismiss for failure to state a claim brought under antitrust laws); see also *In re Sulfuric Acid Antitrust Litig.*, 231 F.R.D. 331 (N.D.Ill.2005) (Cole, M..J.) (noting that stays on discovery are often appropriate when a motion to dismiss has been filed).

District courts have granted stays of discovery in a variety of complex cases. In *Hill v. Chase Bank, NA et al.*, 2007 U.S. Dist. LEXIS 87369, *13, 2007 WL 4224073 (N.D.Ind. Nov. 26, 2007), the court stayed discovery for the class claims arising under the Truth in Lending Act. *Hill v. Chase Bank, NA et al.*, 2007 U.S. Dist. LEXIS 87369, *13, 2007 WL 4224073 (N.D.Ind. Nov. 26, 2007). Also, in *Welch et al. v. Eli Lilly & Co.*, 2009 U.S. Dist. LEXIS 21417, *23-24, 2009 WL 700199 (S.D.Ind. Mar. 16, 2009), the court denied discovery regarding all of the employees in a defendant company while a motion to dismiss disparate impact claims was pending. The court considered “the company-wide discovery sought by Plaintiffs to be precisely the type of discovery that the Supreme Court contemplated [in *Bell Atlantic*] as both costly and time consuming.” *Id.*

In *Lantz et al. v. Am. Honda Motor Co., Inc.*, 2007 U.S. Dist. LEXIS 3948, at *3, 2007 WL 1424614 (N.D.Ill. May 14, 2007), Magistrate Judge Nolan noted that a stay on discovery had been granted during the pendency of a motion to dismiss for failure to state a claim. In that case, the plaintiffs alleged that Honda manufactured a defective motorcycle. *Id.* In doing so, the plaintiffs raised claims similar to those raised in this case, alleging that the

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defendant had “violated California’s unfair competition laws; utilized untrue and misleading advertising; violated the California Consumers Legal Remedies Act; breached express and implied warranties; and unjustly benefitted from its unlawful conduct at Plaintiffs’ expense.” *Id.*

*4 In this case, Plaintiff purports to represent a class with members located in 13 states. She states three counts in her amended complaint arising under 15 statutes.^{FN2} The claims allege violations dating back to October 1, 2003. (Amended Compl. ¶ 29.) Her factual allegations involve patent applications. (Amended Compl. ¶¶ 10-15.) Common questions of law or fact to the class relate to whether Defendant had knowledge regarding the alleged defects in the bottles, whether Defendant acted or refused to act on grounds generally applicable to the class, whether Defendant was unjustly enriched, whether Defendant’s conduct constitutes consumer fraud, whether Defendant breached implied warranties, and whether Plaintiff or class members suffered damages. (Amended Compl. ¶ 31 .) Plaintiff estimates the damages to exceed \$5 million. (*Id.* ¶ 6.) There is no doubt that this case is complex and will entail burdensome and costly discovery on a scale similar to that contemplated by *Bell Atlantic, Iqbal, Limestone, and Beck*.

FN2. As stated in footnote 1, *supra*, Plaintiff alleges violations of consumer fraud acts in eleven states other than Illinois. (Amended Compl. fn.2.) Thus, 14 of the statutes apply to class members outside Illinois.

Because this court heavily disfavors discovery stays, though, the magistrate judge asked Plaintiff to suggest targeted discovery which the court could allow without subjecting Defendant to undue burden or cost. Plaintiff suggested the following two interrogatories and one request for production:

Interrogatory # 1: Please identify the number of bottles at issue that have been sold in each of the class states during the class period.

Alternative interrogatory # 1: If you are unable to determine the breakdown by each state, please provide the total number of bottles at issue sold nationally during the class period, and identify whether any class state has a disproportionate (either high or low) purchase rate of your products.

Interrogatory # 2: Please identify whether all of the bottles sold in Interrogatory No. 1 were manufactured with a circular diaphragm vent cap.

Request to produce # 1: Any internal memorandum, studies, analyses, reports, white papers, summaries, projections, board minutes or board presentations prepared by you or on your behalf, or provided to you, reflecting or referring to performance problems of the bottles at issue arising from circular diaphragm vent caps.

(Pl.’s Resp. 4.)

Defendant conceded that it could answer the two interrogatories “without much difficulty.” (Def.’s Reply 3.) The responses to these interrogatories would help Plaintiff proceed with her class claims without imposing undue burden or cost on Defendant. This discovery is acceptable, and the court orders Defendants to respond to these two interrogatories within 30 days.

Defendant argues that the request to produce, though, is overly broad and would cause it undue burden. (Def.’s Reply 3.) This court agrees. The request to produce seeks an immense volume of documentation without specifying a relevant time period. Locating and producing responsive documents would force Defendant to endure undue burden and cost. This request to produce is typical of the discovery that the court will not allow in a complex case pending decision on the motion to dismiss.

*5 According to the above analysis, the court grants Defendant’s motion to stay discovery in part. Expensive and burdensome discovery will not be compelled by the court prior to the district court

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ruling on the motion to dismiss. But, in the interest of moving the case forward, some limited discovery may be appropriate. The initial pretrial conference is set for May 29, 2009. Parties should submit a proposed limited case management order in conformity with this opinion by May 28, 2009.

N.D.Ill.,2009.

Coss v. Playtex Products, LLC

Not Reported in F.Supp.2d, 2009 WL 1455358
(N.D.Ill.)

END OF DOCUMENT



**DOWDY & DOWDY PARTNERSHIP, d/b/a WZKX (FM) RADIO STATION,
PLAINTIFF VERSUS ARBITRON INC., ADELA WARE CORPORATION;
CLEAR CHANNEL COMMUNICATIONS, INC., A FOREIGN CORPORATION;
CC LICENSE, LLC, AND CHASE RADIO PROPERTIES, INC.; ALOHA
STATION TRUST, LLC, EACH A FOREIGN LIMITED LIABILITY COMPANY
AND CAPSTAR TX LIMITED PARTNERSHIP, A FOREIGN PARTNERSHIP,
DEFENDANTS**

CIVIL ACTION NO. 2:09cv253 KS-MTP

**UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF
MISSISSIPPI, HATTIESBURG DIVISION**

2010 U.S. Dist. LEXIS 108798

**September 30, 2010, Decided
September 30, 2010, Filed**

SUBSEQUENT HISTORY: Motion granted by, Complaint dismissed at Dowdy & Dowdy P'ship v. Arbitron, Inc., 2010 U.S. Dist. LEXIS 107123 (S.D. Miss., Oct. 6, 2010)

COUNSEL: [*1] For Dowdy & Dowdy Partnership, doing business as WZKX (FM) Radio Station, Plaintiff: Wayne Dowdy, LEAD ATTORNEY, Dunbar D. Watt, DOWDY & COCKERHAM, Magnolia, MS.

For Arbitron, Inc., A Delaware Corporation, Defendant: Neville H. Boschert, LEAD ATTORNEY, Laura Limerick Gibbes, WATKINS LUDLAM WINTER & STENNIS, P.A., Jackson, MS; Lawrence C. Drucker - PHV, PRO HAC VICE, Peter Lambrianakos - PHV, DICKSTEIN SHAPIRO, LLP, New York, NY.

For Clear Channel Communications, Inc., A Foreign Corporation, Capstar TX Limited Partnership, A Foreign Partnership, Aloha Station Trust, LLC, A Foreign Limited Liability Company, Defendants: Robert L. Gibbs, Shunda P. Baldwin, BRUNINI, GRANTHAM, GROWER & HEWES, Jackson, MS.

JUDGES: Keith Starrett, UNITED STATES DISTRICT

JUDGE.

OPINION BY: Keith Starrett

OPINION

ORDER

This matter is before the court on Motions to Stay [#35] and [#37], filed on behalf of the defendants Arbitron, Inc., Clear Channel Communications, Inc., Capstar TX Limited Partnership, LLC, and Aloha Station Trust, LLC. The court having reviewed the motions and being advised that no response has been filed and being otherwise fully advised in the premises finds that the motions are well taken and should be granted. The court [*2] specifically finds as follows:

Plaintiff Dowdy & Dowdy Partnership, d/b/a WZKX (FM) Radio Station ("Plaintiff"), filed this action in the Circuit Court of Jones County, Mississippi, Second Judicial District, on November 12, 2009, against Arbitron, Clear Channel Communications, Inc. ("Clear Channel") and four other defendants alleged to be

wholly-owned subsidiaries of Clear Channel (together with Clear Channel, the "Clear Channel Defendants"). The Complaint alleges that the defendants have conspired with the intent to destroy competition in the radio broadcast industry: (1) by selling or offering Arbitron's services to the Clear Channel Defendants at a price lower than that charged to Plaintiff; (2) through Arbitron's enforcement of its license agreements against Plaintiff while waiving escalation clauses in the Clear Channel Defendants' contracts and performing "other acts" for the benefit of the Clear Channel Defendants; and (3) by otherwise conspiring for the purpose of injuring Plaintiffs business. Arbitron removed this action to this federal court and answered the Complaint on December 11, 2009.

On July 23, 2010, Arbitron filed a 12(c) Motion for Judgment on the Pleadings, asking [*3] this court to grant a judgment in Arbitron's favor alleging the plaintiff's Complaint does not allege any facts supporting its conclusory allegations that the defendants acted jointly and pursuant to an understanding, agreement or conspiracy to restrain trade, among other grounds. On September 10, 2010, defendants Clear Channel Communications, Inc., Capstar TX Limited Partnership, LLC, and Aloha Station Trust, LLC filed a Motion for Judgment on the Pleadings as well.

The United States Court of Appeals for the Fifth Circuit has recognized that a stay of discovery is appropriate where a preliminary motion asking for dismissal of the case is pending because: (1) such motions are decided based on the content of the complaint only, without regard to facts obtained during discovery; and (2) the motion, if granted, would dispose of the case, thus avoiding the effort and expense of discovery. *Landry v. Air Line Pilots Ass'n Int'l AFL-CIO*, 901 F.2d 404, 435-36 (5th Cir. 1990), *cert. denied*, 111 S. Ct. 244 (1990); *see also Nankivil v. Lockheed Martin Corp.*, 216 F.R.D. 689 (M.D. Fla. 2003), *aff'd*, 87 Fed. Appx. 713 (11th Cir. 2003) (good cause to stay discovery exists where "resolution of preliminary [*4] motion may dispose of entire action.").

This court has discretion to grant this type of stay based on Federal Rule of Civil Procedure 26(c). Rule 26(c) provides that the court, "may, for good cause shown, issue an order to protect a party or person from . . . undue burden or expense." Fed. R. Civ. P. 26(c). "Good cause may be shown where a party has filed a dispositive

motion, the stay is for a short period of time, and the opposing party will not be prejudiced." *Spencer Trask Software and In'l Servs., LLC v. Rpost Int'l Lim.*, 206 F.R.D. 367, 368 (S.D.N.Y. 2002).

The court finds that good cause to grant a stay of discovery exists here. The defendants have filed dispositive motions seeking the dismissal of the Complaint with prejudice for failure to satisfy the pleading requirements under *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555, 127 S. Ct. 1955, 1965, 167 L. Ed. 2d 929 (2007). The defendants assert that the plaintiff's sole antitrust claim does not meet *Twombly's* plausibility standard because it lacks basic factual support for its conclusory allegations of a conspiracy among Arbitron and the Clear Channel defendants to restrain trade or harm the plaintiff's business through discriminatory pricing. [*5] The plausibility standard is intended to avoid the expense of far-reaching discovery in cases where the complaint is insufficient to support "a reasonably founded hope that the discovery process will reveal relevant evidence." *Twombly*, 550 U.S. at 559, 127 S. Ct. at 1967 (citations omitted). Proving an antitrust conspiracy of unspecified timing and scope is precisely the type of "sprawling, costly, and hugely time consuming undertaking" that should not be commenced on the strength of a complaint consisting entirely of conclusory allegations and vague generalities. *See id.* at n.6.

The equities and potential harm to the defendants also weigh heavily in favor of granting a stay of discovery. Regardless of the defendants' contention that the vacuity of the plaintiff's Complaint makes it difficult to discern the scope of relevant discovery in this matter, it is possible that the plaintiff's discovery requests would require the defendants to image, search, and collect large amounts of electronic and paper documents. In light of the requirements regarding discovery of electronically stored information and depending on the scope of discovery the plaintiff intends to serve, the defendants' search [*6] for and production of documents could potentially be very expensive.

In comparison, an entity such as the plaintiff which is far smaller will likely only incur a fraction of the defendants' discovery costs. Since *Twombly* contemplates that unnecessary discovery costs should be averted where a complaint is insufficient, discovery in this case should be stayed until the court determines whether the pleading

standard under *Twombly* has been met. Moreover, the requested stay should be granted because it will be effective for only a short period of time, while the court considers the pending 12(c) Motions for Judgment on the Pleadings.

IT IS THEREFORE ORDERED AND ADJUDGED that the Motions to Stay [#35] and [#37], filed on behalf of the defendants Arbitron, Inc., Clear Channel Communications, Inc., Capstar TX Limited Partnership,

LLC, and Aloha Station Trust, LLC are granted and all discovery in this matter is stayed pending disposition of the pending motions to dismiss.

SO ORDERED AND ADJUDGED this the 30th day of September, 2010.

/s/ Keith Starrett

UNITED STATES DISTRICT JUDGE



DSM DESOTECH INC., Plaintiff, v. 3D SYSTEMS CORPORATION, 3D SYSTEMS, INC., Defendants.

No. 08 CV 1531

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

2008 U.S. Dist. LEXIS 87473; 2008-2 Trade Cas. (CCH) P76,423

October 28, 2008, Decided

October 28, 2008, Filed

SUBSEQUENT HISTORY: Motion granted by, in part, Motion denied by, in part, Claim dismissed by DSM Desotech Inc. v. 3D Sys. Corp., 2009 U.S. Dist. LEXIS 5980 (N.D. Ill., Jan. 26, 2009)

COUNSEL: [*1] For DSM Desotech Inc., Plaintiff: Jeffrey Brandon Burgan, LEAD ATTORNEY, Bruce Michael Gagala, Lawrence Scott Beall, Leydig, Voit & Mayer, Ltd., Chicago , IL; Andrew Stanley Marovitz, Britt Marie Miller, Thomas Vangel Panoff, Mayer Brown LLP, Chicago , IL.

For 3D Systems Corporation, Defendant, Counter Claimant: Michael Sennett, LEAD ATTORNEY, Niloy Ray, Paula W. Render, Jones Day (CH), Chicago , IL; Jonathan A. David, Lerner David Littenberg Krumholz & Mentlik LLP, Westfield , NJ; Sidney David, Lerner, David, Littenberg, Krumholz and Mentlik, Westfield , NJ.

For 3D Systems, Inc., Defendant, Counter Claimant: Niloy Ray, Jones Day (CH), Chicago , IL.

For DSM Desotech Inc., Counter Defendant: Jeffrey Brandon Burgan, LEAD ATTORNEY, Bruce Michael Gagala, Leydig, Voit & Mayer, Ltd., Chicago , IL; Andrew Stanley Marovitz, Britt Marie Miller, Thomas Vangel Panoff, Mayer Brown LLP, Chicago , IL.

JUDGES: JOAN HUMPHREY LEFKOW, United

States District Judge.

OPINION BY: JOAN HUMPHREY LEFKOW

OPINION

MEMORANDUM OPINION AND ORDER

This case arises out of an eight-count complaint filed by plaintiff DSM Desotech, Inc. ("Desotech") against its competitors 3D Systems Corporation and 3D Systems, Inc. (collectively, "3DS" or "defendants") [*2] for violations of federal antitrust law, state antitrust law, state tort law, and federal patent law. Before the court are two motions brought by 3DS. First, 3DS moves to stay discovery on all antitrust and state law claims pending the outcome of its motion to dismiss such claims. Second, 3DS moves to bifurcate the patent liability and patent damages issues of the willful infringement claim filed against it and, additionally, to stay discovery of patent damages until liability has been determined. For the reasons set forth below, defendants' motion to stay discovery on the antitrust claims [# 46] will be granted, and defendants' motion to bifurcate trial and stay discovery on the patent claims [# 48] will be denied.

BACKGROUND

3DS is a manufacturer of large-frame

stereolithography ("SL") machines. SL is a process by which a physical object, such as a model, is created layer by layer from liquid resin that is solidified into shape with a laser. Desotech is a leader in the SL resin market and the holder of two equipment patents allegedly covering the resin recoating technology used in eight of the SL machines produced and sold by 3DS. In addition to their claim of willful patent infringement [*3] (Count VIII), Desotech has alleged anticompetitive behavior on the part of 3DS in violation of sections 1 and 2 of the Sherman Act, section 3 of the Clayton Act, the Illinois Antitrust Act, and the Illinois Uniform Deceptive Trade Practices Act (Counts I-VII). Desotech further alleges that 3DS has tortiously interfered with its prospective economic advantages in violation of Illinois law (Count VII).

3DS has denied liability, raising several affirmative defenses to the patent infringement alleged in Count VIII. Also, in a separate motion, 3DS has moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss all antitrust and state law claims filed against it in Counts I-VII.

In the present two motions, 3DS seeks to alter the ordinary course of discovery on all eight counts by asking the court (1) to stay discovery on the antitrust and state law claims pending the outcome of its motion to dismiss, and (2) to bifurcate the patent claim, yielding separate trials on patent liability and patent damages and, additionally, to stay discovery of patent damages until such time as liability has been determined.

DISCUSSION

I. Motion to Stay Discovery of Antitrust and State Law Claims

District courts [*4] enjoy extremely broad discretion in controlling discovery. *Crawford-El v. Britton*, 523 U.S. 574, 598, 118 S. Ct. 1584, 140 L. Ed. 2d 759 (1998); *Patterson v. Avery Dennison Corp.*, 281 F.3d 676, 681 (7th Cir. 2002). In accordance with Federal Rule of Civil Procedure 26(c), a court may limit the scope of discovery or control its sequence in order to "protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense." Fed. R. Civ. P. 26(c)(1); *Britton*, 523 U.S. at 598. Such a motion will only be granted, however, "for good cause" and after the moving party has certified to the court that it "has in good faith conferred or attempted to confer with the other affected parties in an effort to resolve the dispute." Fed. R. Civ. P.

26(c)(1); N.D. Ill. L.R. 37.2.

Accordingly, the mere filing of the motion does not automatically stay discovery. *SK Hand Tool Corp. v. Dresser Industries, Inc.*, 852 F.2d 936, 945 (7th Cir. 1988). Nor does it mean that a court will automatically grant a stay pursuant to Rule 26(c) simply because a defendant asks for one. *In re Sulfuric Acid Antitrust Litigation*, 231 F.R.D. 331, 336 (N.D. Ill. 2005). Nevertheless, stays are granted with [*5] some frequency. *Id.* Courts may limit discovery in myriad situations, including when a defendant files a motion to dismiss pursuant to Rule 12(b)(6), but in a majority of cases the existence of a dispositive motion is not the sole reason for granting the stay. *Syngenta Seeds, Inc. v. BTA Branded, Inc.*, No. 05 C 6673, 2007 U.S. Dist. LEXIS 81767, 2007 WL 3256848, at *1 (N.D. Ill. Nov. 1, 2007). Stays are often deemed appropriate where the motion to dismiss can resolve a threshold issue such as jurisdiction, standing, or qualified immunity or where, in cases such as this one, discovery may be especially burdensome and costly to the parties. *See* 2007 U.S. Dist. LEXIS 81767, [WL] at *1-2; *In re Graphics Processing Units Antitrust Litigation*, MDL No. 1826, 2007 U.S. Dist. LEXIS 57982, 2007 WL 2127577, at *4 (N.D. Cal. July 24, 2007).

3DS has certified that it was unable to resolve this dispute with Desotech, which has submitted a motion to compel discovery on antitrust issues since the present motion to stay was first filed. The only issue remaining, therefore, is whether 3DS has shown good cause for the stay.¹ In its complaint, Desotech has alleged three separate theories of liability on which it might proceed with its federal antitrust claims: illegal tying under section 1 of the Sherman Act [*6] and section 3 of the Clayton Act, restraint of trade under section 1 of the Sherman Act, and attempted monopolization under section 2 of the Sherman Act. Desotech has also alleged two state law antitrust claims that may or may not ultimately overlap with the federal antitrust claims.

¹ As Desotech points out, 3DS did not couch its motion in the language of "good cause." The motion does argue, however, that a stay should be granted because of the lopsided discovery burdens imposed by the antitrust portion of this case--in other words, good cause. To deny defendants' motion because it failed to invoke the "good cause" label in its opening motion would elevate

form over substance, a position this court declines to take.

As the Supreme Court, the Seventh Circuit, and this court have all recognized, discovery in *any* antitrust case can quickly become enormously expensive and burdensome to defendants. *See Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 127 S. Ct. 1955, 1967, 167 L. Ed. 2d 929 (2007) ("[I]t is [*7] one thing to be cautious before dismissing an antitrust complaint in advance of discovery, but quite another to forget that proceeding to antitrust discovery can be expensive.") (citations omitted); *Lupia v. Stella D'Oro Biscuit Co.*, 586 F.2d 1163, 1167 (7th Cir. 1978) (acknowledging that "antitrust trials often encompass a great deal of expensive and time consuming discovery"); *Asahi Glass Co. v. Pentech Pharms., Inc.*, 289 F. Supp. 2d 986, 995 (N.D. Ill. 2003) (Posner, J., sitting by designation) (requiring that "some threshold of plausibility . . . be crossed at the outset before a patent antitrust case should be permitted to go into its inevitably costly and protracted discovery phase"). Where, as here, not one, but multiple independent theories of antitrust liability have been presented, the potential burden on defendants will likely be even higher, as the scope of discovery must be further broadened to encompass each type of anticompetitive action alleged.

Recognition by the courts of the hefty costs associated with antitrust discovery is not, as Desotech correctly points out, tantamount to an automatic prohibition on discovery in every antitrust case where defendants challenge [*8] the sufficiency of a complaint. Such recognition does, however, suggest that the court should be particularly mindful of the course of discovery it will authorize in antitrust cases.

Here, 3DS is facing potential liability on six separate antitrust claims. The business records 3DS has been asked to produce span a period of at least eight years of activity. *See* Defs.' Memo in Support of Mot. to Bifurcate (Dkt. No. 50), Ex. A, at 11. ² More importantly, the information 3DS has been asked to disclose includes "every 3D Systems sales contract for four different 3D Systems stereolithography machines; every sales and marketing document for all 3D Systems stereolithography machines; large categories of third-party contracts; technical designs, manufacturing drawings and test results; complex financial records and reports; vast amounts of customer data, including every piece of

communication with customers and potential customers," as well as other internal communications--information that, in addition to being extensive, voluminous, and expensive to produce, is also highly sensitive subject matter to turn over to one's competitor. ³ Defs.' Memo. in Support of Mot. to Stay Certain Discovery [*9] (Dkt No. 47), at 5.

2 Although the interrogatories given to the court in the cited exhibit were offered in support of 3DS's motion to bifurcate trial on the patent claims, Desotech admits in its memorandum opposing that motion that many of its discovery requests go to both the antitrust counts and the patent counts. Pl.'s Memo Opp. to Mot. to Bifurcate (Dkt. No. 53), at 2.

3 Of course, these burdens on 3DS will not bar such discovery if Desotech's complaint survives, in whole or in part, the motion to dismiss that is currently pending. In that case, discovery would continue and the parties would generally have to rely on protective orders and other discovery tools to safeguard confidential information.

Absent circumstances presenting a compelling need for prompt discovery--as there might be if, for example, provisional relief were being sought or if testimony needed to be preserved due to the ill health of a witness--the court finds that the principles underlying *Twombly* counsel in favor of granting defendants' motion to stay. *See, e.g., In re Graphics Processing Units Antitrust Litigation*, 2007 U.S. Dist. LEXIS 57982, 2007 WL 2127577, at *4-5 ("To be sure, to allow antitrust discovery prior to sustaining a complaint [*10] would defeat one of the rationales of *Twombly*, at least when the discovery would be burdensome."). Defendants' motion to temporarily stay certain discovery pending the outcome of their motion to dismiss is therefore granted. ⁴

4 The court is mindful that 3DS has thus far taken it upon itself, without court approval, to withhold discovery on these claims and cautions 3DS to ensure that it complies with Desotech's legitimate discovery requests moving forward. The court also recognizes, however, that the purpose of the present motion almost certainly would have been frustrated had 3DS fully complied with all of Desotech's discovery requests up to this point.

II. Motion to Bifurcate Patent Claim and to Stay

Discovery of Patent Damages

Rule 42(b) of the Federal Rules of Civil Procedure states that a court may order a separate trial of any claim or issue "[f]or convenience, to avoid prejudice, or to expedite and economize." Fed. R. Civ. P. 42(b). The decision to bifurcate pursuant to Rule 42(b) is made on a case-by-case basis and is committed to the discretion of the district court. *Real v. Bunn-O-Matic Corp.*, 195 F.R.D. 618, 619 (N.D. Ill. 2000); *see also McLaughlin v. State Farm Mut. Auto. Ins. Co.*, 30 F.3d 861, 870 (7th Cir. 1994). [*11] The court, however, must be mindful of the factfinder's traditional role, which ordinarily is to make a determination on the basis of the case presented in its entirety. *Real*, 195 F.R.D. at 620. Consequently, bifurcation in patent cases, as in others, is the exception, not the rule. *Id.*; *Trading Techs. Int'l v. eSpeed, Inc.*, 431 F. Supp. 2d 834, 836, 840 (N.D. Ill. 2006). Separate trials should not be ordered "unless such a disposition is clearly necessary." *Real*, 195 F.R.D. at 619 (internal quotation marks and citations omitted).

In those cases in which motions to bifurcate have been granted, the facts and circumstances were such that bifurcation lent itself to judicial economy while not unduly prejudicing any party. *William Reber, LLC v. Sony Ericsson Mobile*, No. 03 CV 4174, 2004 U.S. Dist. LEXIS 19291, 2004 WL 2535074, at *2 (N.D. Ill. Sept. 27, 2004) (hereinafter "*Reber I*"). Such circumstances include but are not limited to "a) a need for voluminous documents to resolve damage issues; b) complex infringement issues; c) multiple patents, infringing products, claims, counterclaims or parties; or d) the probability that the defendant would prevail on the infringement issue, thereby eliminating the need to address [*12] the issue of damages." *Id.*; *Real*, 195 F.R.D. at 621. The party seeking bifurcation bears the burden of demonstrating that judicial economy would be served and that no party would be prejudiced by separate trials. *William Reber, LLC v. Samsung Elecs. Am., Inc.*, 220 F.R.D. 533, 536 (N.D. Ill. 2004) (hereinafter "*Reber I*") (citing *Novopharm Ltd. v. Torpharm, Inc.*, 181 F.R.D. 308, 310 (E.D.N.C. 1998)).

Desotech has asserted willful patent infringement of two of its U.S. Patents, Numbers 6,340,297 ("the '297 Patent") and 6,733,267 ("the '267 Patent"). Both patents are directed to a component of the SL machine called the "recoater," which adds and shapes a new layer of liquid resin to the object being created. Patent '297 has 12 patent

claims and Patent '267 has 29 patent claims. According to 3DS, eight of its machines are implicated by the technology documented in these patents, and each might be at issue in the current litigation. As a result of the large number of potential claims involved, 3DS argues that this case will require hundreds of gigabytes of documents to prove financial damages and will involve many complicated questions of technology to be decided by the jury.

3DS has filed [*13] the current motion in an attempt to simplify the complicated nature of this case. First, 3DS asks the court to bifurcate the patent claim into two portions: (1) liability and (2) willfulness of infringement and damages. 3DS argues that bifurcation is required because of (a) the need for voluminous documents to resolve the damages issues; (b) the complexity of the infringement issues, (c) the need to avoid the risk of prejudice to the defendants due to the inadvertent disclosure of sensitive financial information, and (d) bifurcation will promote judicial economy. Second, 3DS asks the court to stay discovery of the damages portion until such time as liability has been assessed--or, in other words, only upon Desotech's success at the first trial. 3DS asserts that there is little overlap between patent liability and damages in this case--particularly if, as it urges, the issue of willfulness is tried with the damages portion of the bifurcation. Consequently, 3DS contends, proceeding in this fashion will assure substantial savings of judicial time and litigant resources. For the reasons discussed below, the court does not find 3DS's arguments to be persuasive.

A. Voluminous Documentation

3DS [*14] claims that the documents it has been asked to produce and the interrogatories it has been asked to answer in response to Desotech's discovery of patent damages will require sifting through hundreds of gigabytes of emails and documents. Desotech, on the other hand, has stated that it seeks to use a "reasonable royalty" calculation for the measure of its patent damages and that the most "basic financial information" will suffice in this regard. Pl.'s Memo in Opp. to Bifurcation at 1.

The gap between the parties' positions on this issue appears to stem from the seven antitrust and tort claims that are also pending in this case. Desotech acknowledges that it has sought information pertaining to 3DS's financial forecasts, market share information, and

customer/supply agreements--requests that will undoubtedly require a large quantity of data to adequately answer. Desotech asserts, however, that such requests are meant to prove both patent damages *and* antitrust liability. Such evidence is, of course, often central to antitrust litigation. The likelihood of some degree of overlap in evidence regarding, on the one hand, antitrust liability (should those claims survive the pending motion to [*15] dismiss) and, on the other hand, patent damages, thus discourages the court from bifurcating the patent damages portion of this case.

Furthermore, other than requests for financial information, which may be considered ancillary to the issue, the court finds little indication that the damages aspects of plaintiff's patent claims will require any greater volume of documents than in a typical patent case that can be resolved in a single trial. *See Real*, 195 F.R.D. at 622-23 (holding bifurcation inappropriate despite the plaintiff's seeking to prove both reasonable royalties and lost profits as measures of damages).

B. Complexity and Multiplicity

As for the complexity of the case, it too appears to be no more intricate than a typical patent case. In *Reber II*, the court vacated a bifurcation order it had previously granted because the case had become significantly less complex than it had once been. 2004 U.S. Dist. LEXIS 19291, 2004 WL 2535074, at *2. The original motion to bifurcate was granted when the claim was against six co-competitor defendants, discovery involved thousands of documents written in various languages other than English, witnesses spoke languages other than English, and many of the documents and witnesses [*16] needed to determine damages were located outside of the United States. *Reber I*, 220 F.R.D. at 535. Due to these extraordinary circumstances, bifurcation of damages served the interests of judicial economy, efficiency, and simplicity without unduly prejudicing the plaintiff's right to a jury trial. *See id.* As discovery progressed on the liability portion of the patent claim, however, the plaintiff settled with all but one defendant. *Reber II*, 2004 U.S. Dist. LEXIS 19291, 2004 WL 2535074, at *1. Despite the fact that two patents, six claims, and fifteen of the defendant's products remained at issue, the court held that the extenuating circumstances justifying the original bifurcation no longer existed. 2004 U.S. Dist. LEXIS 19291, [WL] at *3.

Clearly, the circumstances presented by this case do

not amount to the global, multi-party litigation presented by *Reber I*. While there may be more potential claims at issue in the present case than there were in the streamlined *Reber II*, the mechanical engineering technology at issue here--involving the "recoater"--appears to be more digestible to the lay juror than does computer or electrical technology. Moreover, although eight of 3DS's products may be implicated by patents '297 and '267, there is little [*17] indication that differences between recoating components in each of the particular product will introduce significantly more complexity to the case. Rather, once the initial technology has been explained and understood by the jury, the damages allegedly suffered by Desotech from each newer model should be only marginally more difficult to prove or understand than the first.

C. Avoiding Prejudice

In *Reber I*, before granting the bifurcation order, the court "strongly considered" the potential "detrimental effects" that inadvertent disclosure of sensitive financial information could have on the defendants. *Reber II*, 2004 U.S. Dist. LEXIS 19291, 2004 WL 2535074, at *3. Because each of the six defendants was in direct competition with one another, the potential detrimental effects of such disclosure outweighed any prejudice to the plaintiff. *Id.* In the present case, however, the two defendants are parent and subsidiary, and can hardly be said to be in direct competition with each other. While Desotech and 3DS do compete in the SL resin market, Desotech does not manufacture SL machines that compete with the machines at issue in this litigation. Moreover, patent issues often arise between two direct competitors; such a [*18] situation is generally handled by two-tiered protective orders of the type already being negotiated by the parties in this case. Although some sensitive information may inevitably be conveyed during trial, that is the nature of patent litigation.

D. Expedition and Economy

The final argument offered by 3DS in support of its motion is that it will save resources for both the court and the litigants, because the issues of patent liability and patent damages do not overlap. As an empirical matter, the court has regularly rejected this type of claim. It is precisely because the issues of willfulness, liability and damages generally overlap that bifurcation remains the exception in patent cases, rather than the rule. *See Trading Techs.*, 431 F. Supp. 2d at 841 (noting that

"courts in this district have repeatedly held that bifurcation . . . was inappropriate because issues of liability and willfulness/damages do overlap"). The issue of willfulness in particular has been identified as a factor arguing against bifurcation because it is assessed according to the totality of the circumstances. *See id.* (recognizing that "where issues to be presented in the two trials sufficiently overlap, bifurcation [*19] should be denied" and noting that "evidence of liability and willfulness will likely overlap"); *Real*, 195 F.R.D. at 625-26.

Because bifurcating this trial would prejudice Desotech by requiring it to duplicate its efforts and because 3DS has failed to show that such prejudice would be outweighed by other considerations, the court concludes that bifurcation is inappropriate in this case. Defendants' motion to bifurcate the patent infringement trial and to stay the discovery related thereto [# 48] is therefore denied.

CONCLUSION AND ORDER

Defendants' motion to stay discovery regarding the antitrust and state law claims pending the court's ruling on the motion to dismiss [# 46] is granted, and defendants' motion to bifurcate and stay certain discovery relating to the patent claims [# 48] is denied. In order to avoid unnecessary discovery disputes relating to sensitive financial and customer data, however, the court does hereby enter a temporary stay on the discovery of information relating to patent damages pending the outcome of 3DS's motion to dismiss the antitrust and state law claims. Once the antitrust claims in this case are determined, the appropriate scope of discovery on all claims [*20] should be better defined, thus lessening the likelihood of subsequent discovery disputes.

Dated: October 28, 2008

/s/ Joan Humphrey Lefkow

JOAN HUMPHREY LEFKOW

United States District Judge



2 of 2 DOCUMENTS

FORD MOTOR COMPANY, ET AL., Plaintiffs, vs. UNITED STATES AUTO CLUB, MOTORING DIVISION, INC., Defendant.

NO. 3-07-CV-2182-L

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS, DALLAS DIVISION

2008 U.S. Dist. LEXIS 34240

**April 24, 2008, Decided
April 24, 2008, Filed**

SUBSEQUENT HISTORY: Motion denied by Ford Motor Co. v. United States Auto Club, Motoring Div., Inc., 2008 U.S. Dist. LEXIS 74198 (N.D. Tex., Sept. 26, 2008)

COUNSEL: [*1] For Ford Motor Company, Land Rover North America Inc, Plaintiffs: Stephen S Maris, LEAD ATTORNEY, Joseph C Edwards, Hunton & Williams LLP, Dallas, TX; Carl J Chiappa, Dennis H Tracey, III, Jenny Rubin Robertson, Sabrina Cochet, Hogan & Hartson LLP, New York, NY.

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JUDGES: JEFF KAPLAN, UNITED STATES MAGISTRATE JUDGE.

OPINION BY: JEFF KAPLAN

OPINION

MEMORANDUM ORDER

Defendant has filed a motion for protective order and to stay discovery in this civil action pending a ruling on its *Rule 12(b)(6)* motion to dismiss. In support of its request for a stay, defendant argues that a favorable ruling on the motion to dismiss "could entirely eliminate the need for a considerable amount of the discovery sought." (*See* Def. Mot. at 2). Defendant further argues that a stay will obviate the necessity of having to determine the propriety of interrogatories and document requests served by plaintiffs, many of which defendant [*2] believes are overly broad and unduly burdensome. Because the motion to dismiss has been fully briefed and is ripe for determination, defendant contends that a stay of all discovery is warranted.

A federal district court has discretion to stay discovery "for good cause shown." *Von Drake v. NBC*, No. 3-04-CV-0652-R, 2004 U.S. Dist. LEXIS 25090, 2004 WL 1144142 at *1 (N.D. Tex. May 20, 2004) (Kaplan, J.), citing *Fed. R. Civ. P. 26(c)*. While discovery may be stayed pending the outcome of a motion to dismiss, "the issuance of [a] stay is by no means automatic." *Id.*, quoting *Spencer Trask Software and Information Services, LLC v. RPost International Limited*, 206 F.R.D. 367, 368 (S.D.N.Y. 2002). In fact, such a stay is the exception rather than the rule. *i2 Techs. US, Inc. v. Lanell*, No. 3-02-CV-0134-G, 2002 U.S. Dist. LEXIS 12067, or. at 1 (N.D. Tex. May 6, 2002) (Kaplan, J.). As one court observed, "[h]ad the Federal Rules

contemplated that a motion to dismiss under *Fed. R. Civ. P. 12(b)(6)* would stay discovery, the Rules would contain a provision to that effect." *Gray v. First Winthrop Corp.*, 133 F.R.D. 39, 40 (N.D. Cal. 1990).

The court declines to stay discovery merely because defendant believes it will prevail on its [*3] motion to dismiss. Although the magistrate judge cannot predict the outcome of the motion, it is significant to note that defendant does not seek dismissal of the entire case. Rather, the motion to dismiss is directed only to plaintiffs' claims for injunctive and declaratory relief related to toll-free numbers used by defendant to provide roadside assistance to customers of Ford Motor Company and Land Rover North America. The motion to dismiss does not address the other claims asserted by plaintiffs, including their claim for refunds allegedly owed by defendant upon the termination of the roadside assistance agreement. Nor is the court persuaded that discovery should be stayed because defendant objects to certain interrogatories and document requests. If plaintiffs wish to challenge the objections asserted by defendant, they may file an appropriate motion with the court after the parties comply with the Standing Order on Discovery Motions filed today.

For these reasons, defendant's motion for protective order and to stay discovery [Doc. # 23] is denied.¹

1 The Civil Justice Expense and Delay Reduction Plan adopted by this court provides that "[e]ach judge will continue to give priority [*4] to the monitoring and resolution of pending motions." Plan at § XI(2), *reprinted in* Texas Rules of Court--Federal at 284 (West Pamph. Supp. 2007). To eliminate undue delay and unnecessary expense to the parties in this and other civil actions, and because defendant has failed to establish "good cause" for staying discovery, the court decides the motion without a written response.

SO ORDERED.

DATE: April 24, 2008.

/s/ Jeff Kaplan

JEFF KAPLAN

UNITED STATES MAGISTRATE JUDGE



**IN RE GRAPHICS PROCESSING UNITS ANTITRUST LITIGATION; This Order
Relates To: ALL ACTIONS**

No. C 06-07417 WHA, MDL No. 1826

**UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA**

2007 U.S. Dist. LEXIS 57982

July 24, 2007, Decided

July 24, 2007, Filed

SUBSEQUENT HISTORY: Motion granted by, Complaint dismissed at, Motion to strike granted by, Motion granted by, in part, Motion denied by, in part, Motion denied by *In re Graphics Processing Units Antitrust Litig.*, 2007 U.S. Dist. LEXIS 76601 (N.D. Cal., Sept. 27, 2007)

Stay lifted by, Motion granted by, in part, Motion denied by, in part, Motion granted by, Request denied by *In re Graphics Processing Units Antitrust Litig.*, 2007 U.S. Dist. LEXIS 85533 (N.D. Cal., Nov. 7, 2007)

COUNSEL: [*1] For Henry Truong, on behalf of himself and all others similarly situated, Trong Nguyen, on behalf of himself and all others similarly situated, Judd Eliasoph, on behalf of himself and all others similarly situated, Stephanie Truong, on behalf of herself and all others similarly situated, Plaintiffs: Christopher Lee Lebsock, LEAD ATTORNEY, Henry A. Cirillo, LEAD ATTORNEY, Jon T. King, LEAD ATTORNEY, Thomas Patrick Dove, LEAD ATTORNEY, The Furth Firm LLP, San Francisco, CA; Michael Paul Lehmann, LEAD ATTORNEY, Cohen Milstein Hausfeld & Toll, PLLC, San Francisco, CA.

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For U.S. DOJ, Antitrust Division, Department of Justice, Interested Party: Alexandra Jill Shepard, U.S. Department of Justice, San Francisco, CA.

JUDGES: WILLIAM ALSUP, UNITED STATES DISTRICT JUDGE.

OPINION BY: WILLIAM ALSUP

OPINION

PRETRIAL ORDER No. 4

ORDER GRANTING DEFENDANTS' MOTION TO STAY DISCOVERY AND DISCLOSURES

INTRODUCTION

In this antitrust multi-district litigation, defendants move to stay discovery and disclosures pending the

resolution of their motions to dismiss. Plaintiffs have asked that defendants be required to turn over all documents already produced to the Antitrust Division of the [*13] Department of Justice pursuant to its pending and unindicted criminal investigation. Contrary to defendants, *Federal Rule of Criminal Procedure 6(e)* does not forbid the production of such documents. Also contrary to defendants, the recent *Twombly* decision does not compel a blanket stay of all discovery in antitrust cases pending resolution of motions to dismiss. Defendants have, however, shown that the facts surrounding this case warrant a temporary stay of discovery until the current round of motions to dismiss is resolved. Accordingly, a stay of all discovery and all disclosures is entered. This is without prejudice to revisiting the issue of focused, limited discovery in the event the motions to dismiss are granted.

STATEMENT

Defendants Nvidia Corporation and ATI Technologies, Inc., manufacture, market, sell, and distribute graphics processing units. ATI merged with defendant Advanced Micro Devices, Inc., in October 2006. GPUs are dedicated graphics rendering devices used for displaying computer graphics in computers, game consoles, and mobile devices. Allegedly, there are only two major players in the GPU market -- AMD and Nvidia.

On November 30, 2006, AMD and Nvidia separately [*14] announced that they had received subpoenas asking for documents regarding pricing and customer agreements from the Antitrust Division of the United States Department of Justice. AMD later confirmed in SEC filings that the investigation was criminal in nature. Thus far the investigation has not resulted in any indictments.

The first of these civil antitrust actions was filed on December 4, 2006. Many others quickly followed. A majority of the complaints were filed by indirect purchasers of GPUs; the remainder of them were filed by direct purchasers. By order of the Judicial Panel on Multidistrict Litigation, a number of these actions were consolidated for pretrial purposes on April 18, 2007, pursuant to 28 U.S.C. 1407. Other tag-along actions have been transferred and consolidated into this multi-district litigation proceeding.

An initial case management conference was held on

May 24, 2007, in which parties first discussed the issue of discovery and its relationship to defendants' anticipated motions to dismiss. A briefing schedule for both the motion to stay and the motions to dismiss was set at the conference. After the conference, an order dated May 30, 2007, appointed interim class [*15] counsel for the indirect and direct purchaser plaintiffs. The motion for a stay of discovery was filed on June 7, 2007, and complaints for both the direct and indirect purchasers were filed on June 14, 2007. The complaints allege that AMD and Nvidia entered into price-fixing agreements in violation of *Section 1* of the Sherman Act and various other state-law claims. The motions to dismiss will be heard on September 20, 2007.

A lengthy hearing on the motion to stay discovery was held on July 10, 2007. Attorney Alexandra Shepard appeared specially on behalf of the Antitrust Division of the Department of Justice. She addressed some of the Court's questions regarding the status of the government investigation and stated that the government neither favored nor opposed a stay. Also, parties were invited to submit supplemental briefing on the issue of prejudice to plaintiffs and the effect of the statute of limitations if a blanket stay of discovery were granted.

ANALYSIS

Under *Rule 26(c)*, the Court may, on a showing of good cause, enter an order to stay discovery in order to "protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense." District courts have [*16] broad discretion to stay discovery pending the resolution of dispositive motions, including motions to dismiss under *Rule 12(b)(6)*. *Jarvis v. Regan*, 833 F.2d 149, 155 (9th Cir. 1987).

1. FEDERAL RULE OF CRIMINAL PROCEDURE 6(e).

Defendants contend that rules governing secrecy during a grand jury proceeding support a stay of all discovery. Grand jury secrecy is governed by *Federal Rule of Criminal Procedure 6(e)*. Under *Rule 6(e)(2)(A)*, "[n]o obligation of secrecy may be imposed on any person except in accordance with *Rule 6(e)(2)(B)*." In turn, *Rule 6(e)(2)(B)* states that unless provided otherwise, grand jurors, interpreters, court reporters, operators of recording devices, persons transcribing recorded testimony, and attorneys for the government must not disclose matters occurring before the grand jury.

Simply put, defendants are *not* in the *Rule 6(e)* list. They are free to reveal the subpoena itself as well as all documents produced in response to it. Indeed, a witness appearing before a grand jury is thereafter free to hold a press conference and reveal everything that was asked of him or her and what his or her answers were. The fact of any subpoena and its requests may likewise be published [*17] by the recipient. Since defendants are free to volunteer the information, a court may compel a disclosure. Nothing in *Rule 6(e)* is otherwise.

Defendants next argue that allowing discovery at this time could disrupt the Antitrust Division's ongoing investigation. As stated, however, Attorney Shepard appeared for the government at the hearing and voiced no such objection. She explained that a grand jury had been empaneled on this matter. She also stated that the Antitrust Division had not discussed the pending motion to stay with the parties. The government took no position on the pending motion and presently has no plans to intervene in this action. Since the Antitrust Division appears to believe discovery in this action can coexist with its grand jury investigation, defendants' argument that discovery here would somehow derail the Antitrust Division's efforts fails.

Defendants next argue that *Rule 6(e)*, as interpreted in case law, supports a general policy of not requiring defendants to disclose documents produced in a grand jury investigation. Requiring disclosure, the argument goes, would open up defendants to scandal merely on account of a grand jury investigation that may go nowhere. [*18] This argument is overblown. The records will show only what the records will show. If they show antitrust scandal, then they would reveal nothing more than the facts.

Rule 6(e) has not been interpreted as a complete bar on producing documents given to the grand jury. "[I]f a document is sought for its own sake rather than to learn what took place before the grand jury, and if its disclosure will not compromise the integrity of the grand jury process, *Rule 6(e)* does not prohibit its release." *United States v. Dynavac*, 6 F.3d 1407, 1411-12 (9th Cir. 1993). The Ninth Circuit later explained that "the only exception to *Dynavac* is if the material reveals a secret aspect of the grand jury's workings." *Kersting v. United States*, 206 F.3d 817, 821 (9th Cir. 2000). Defendants' policy argument fails because Ninth Circuit decisions reflect a concern in protecting the grand jury proceedings

themselves, not the reputations of targets of investigations. Here, plaintiffs do not ask for documents related to any actual proceedings before a grand jury.

Defendants cite *In re Sealed Case*, 255 U.S. App. D.C. 340, 801 F.2d 1379, 1381-82 (D.C. Cir. 1986), in support of their view. *First*, this decision is not binding here as it is [*19] out-of-circuit authority. *Second*, in that decision, the documents sought by the SEC were wide-ranging, and affidavits in connection with the requests failed to establish a need for any specific document. *Id.* at 1382. The D.C. Circuit held that such broad requests were inappropriate. Had the SEC shown particularized need for specific, identifiable documents, the SEC could have possibly received them.

Finally, defendants contend that the decision *In re Sulfuric Acid Antitrust Litigation*, 2004 U.S. Dist. LEXIS 6194, 2004 WL 769376 (N.D. Ill. 2004), forbids turning over the documents produced earlier to the Department of Justice. That decision acknowledged that *Rule 6(e)* does not explicitly allow defendants to resist document production in a civil case, recognizing that civil defendants are not named in the rule. There, a grand jury was in session concurrently with a parallel civil antitrust action. A motion to compel production of *any and all* documents produced to or received from *any* federal or state government entity was denied. 2004 U.S. Dist. LEXIS 6194, [WL] at *1. Perhaps this was a sound outcome but nothing in *Rule 6(e)* requires the result.

In short, contrary to defendants, *Rule 6(e)* simply does not authorize a blanket prohibition on civil [*20] production of documents already given to a grand jury. Nor does it bar compliance with a request to make a duplicate set of all documents given to a grand jury.

2. THE TWOMBLY DECISION.

Defendants next argue that a recent Supreme Court decision, *Bell Atlantic Corp. v. Twombly*, U.S. , 127 S.Ct. 1955, 167 L. Ed. 2d 929 (May 21, 2006), holds by implication that no discovery may proceed in an antitrust action before the complaint is held viable.

The Supreme Court's decision in *Twombly* addressed pleading standards for antitrust complaints alleging conspiracy under the Sherman Act. It noted that "[w]hile a complaint attacked by a *Rule 12(b)(6)* motion to dismiss does not need detailed factual allegations, a plaintiff's obligation to provide the 'grounds' of his

'entitlement to relief' requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do." The decision criticized a common interpretation of the hoary "no set of facts" language from *Conley v. Gibson*, 355 U.S. 41, 45-46, 78 S. Ct. 99, 2 L. Ed. 2d 80 (1957). *Twombly* noted that "[o]n such a focused and literal reading of Conley's 'no set of facts,' a wholly conclusory statement of claim would survive a motion to dismiss whenever [*21] the pleadings left open the possibility that a plaintiff might later establish some 'set of [undisclosed] facts' to support recovery." *Id. at 1968*.

Specific to antitrust actions, the Supreme Court held that merely pleading parallel conduct or interdependence of behavior, even when consistent with antitrust conspiracy, was not sufficient to state a claim for conspiracy. *Id. at 1964*. Stating a claim under *Section 1* of the Sherman Act "requires a complaint with enough factual matter (taken as true) to suggest that an agreement was made. Asking for plausible grounds to infer an agreement does not impose a probability requirement at the pleading stage; it simply calls for enough facts to raise a reasonable expectation that discovery will reveal evidence of illegal agreement." *Id. at 1965*. On the facts in *Twombly*, the defendant telecom companies' behavior could have been conceivably construed as consistent with illegal activity, however, their behavior also supported a conclusion that the telecom companies were merely acting rationally in accordance with past behavior. *Id. at 1971-73*. The plaintiffs had "not nudged their claims across the line from conceivable to plausible," so the complaint [*22] was dismissed. *Id. at 1974*.

Twombly also discussed discovery in antitrust actions. The decision noted that "it is one thing to be cautious before dismissing an antitrust complaint in advance of discovery, but quite another to forget that proceeding to antitrust discovery can be expensive." *Id. at 1967* (internal citations omitted). The action involved "a putative class of at least 90 percent of all subscribers to local telephone or high-speed Internet service in the continental United States, in an action against America's largest telecommunications firms (with many thousands of employees generating reams and gigabytes of business records) for unspecified (if any) instances of antitrust violations that allegedly occurred over a period of seven years." *Ibid*. The Court concluded that "it is only by taking care to require allegations that reach the level suggesting conspiracy that we can hope to avoid the

potentially enormous expense of discovery in cases with no reasonably founded hope that the [discovery] process will reveal relevant evidence." *Id. at 1967*.

Defendants' statement that "*Twombly* stands for the proposition that antitrust plaintiffs cannot subject defendants to *any* discovery [*23] until the Court determines that the plaintiffs have articulated a 'plausible entitlement to relief' on the face of the complaint" is incorrect (Reply Br. at 2) (emphasis in original). This order does not read *Twombly* to erect an automatic, blanket prohibition on any and all discovery before an antitrust plaintiff's complaint survives a motion to dismiss. Defendants' argument upends the Supreme Court's holding; the decision used concerns about the breadth and expense of antitrust discovery to identify pleading standards for complaints, it did not use pleading standards to find a reason to foreclose all discovery.

To be sure, to allow antitrust discovery prior to sustaining a complaint would defeat one of the rationales of *Twombly*, at least when the discovery would be burdensome. When, however, the discovery would not be so burdensome, a closer question is presented, a question calling for the exercise of discretion and the balancing of competing factors.

3. CALIBRATING DISCOVERY IN TANDEM WITH THE DISMISSAL MOTIONS.

Having rejected the arguments for an automatic, blanket stay of all antitrust discovery pending identification of a viable claim, the issue remains whether discovery should, [*24] on the instant record, be postponed pending the resolution of the motions to dismiss. This order concludes that first resolving the motions to dismiss is the better course. After full ventilation of the viability *vel non* of the complaint, we will all be in a much better position to evaluate how much, if any, discovery to allow. If, among other possible outcomes, the complaint proves to be solid save for perhaps a single soft element for which evidence would normally be outside the reach of plaintiffs' counsel without discovery, then it may be that a narrowly-directed and less burdensome discovery plan should be allowed with leave to amend to follow. If, however, the complaint proves to be so weak that any discovery at all would be a mere fishing expedition, then discovery likely will be denied. Of course, if the complaint is sustained, then discovery will proceed apace. The immediate point is that adjudicating the

motions to dismiss will shed light on the best course for discovery.

Our immediate circumstances omit any compelling need for prompt discovery, such as might be the case if provisional relief were being sought or if testimony needed to be preserved due to ill health of a witness. [*25] It is true that the Court has indicated that it will try to manage this case so that it will end at least by the end of 2008. The leisurely briefing schedule on the motions to dismiss was recommended by both sides -- neither side should now try to capitalize on that schedule to advance or to delay discovery. In sum, we have no urgent need for immediate discovery. We have time enough to critique the complaint and to then consider the best course for discovery.

Nor is this a case where it is almost certain that the complaint is viable, such as is often true where guilty pleas have already been entered in a parallel criminal case. Of course, in such conditions, at least some discovery should ordinarily proceed despite any pending motion to dismiss (unless civil discovery would interfere with a criminal case). Here, there has been no indictment, much less any guilty plea by any defendant. This factor seems to distinguish the circumstances in the unreported decision of Judge Claudia Wilken in the SRAM case where she ordered the records given to the Antitrust Division to be produced to plaintiffs' counsel.

It is true that the discovery sought at this time is the same discovery already gathered, [*26] assembled, and produced to the government. Therefore, the incremental cost to produce a duplicate set to plaintiffs' counsel would be minor in the overall picture. Still, there would be the

issue of various objections (based, for example, on employee privacy) that might be assertable against plaintiffs that were unasserted against the government. Defendants would be entitled to interpose possibly valid objections that would take time to evaluate. And, regardless of the foregoing, the compelled act of turning records over to the government pursuant to the subpoena does not mean that everyone else has an equal right to rummage through the same records. Defendants have a legitimate interest in maintaining the confidentiality of their records. Without question, this interest may eventually have to yield to civil discovery interests but, for the reason stated, whether and the extent to which this should occur will be best decided after ruling on the *Rule 12* motions. All other considerations raised by the parties, including issues of prejudice and burden, may be re-asserted at that time, the foregoing being persuasive and dispositive at this juncture.

CONCLUSION

For all of the above-stated [*27] reasons, defendants' motion to stay all discovery and disclosures pending the resolution of the motions to dismiss is **GRANTED** subject to a new evaluation after the motions to dismiss are decided.

IT IS SO ORDERED.

Dated: July 24, 2007.

WILLIAM ALSUP

UNITED STATES DISTRICT JUDGE



**MIEKO McLAFFERTY, Individually and on Behalf of All Other Persons Similarly
Situating v. DEUTSCHE LUFTHANSA A.G., et al.**

CIVIL ACTION NO. 08-1706

**UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
PENNSYLVANIA**

2008 U.S. Dist. LEXIS 81627; 2008-2 Trade Cas. (CCH) P76,354

October 14, 2008, Decided

October 14, 2008, Filed

SUBSEQUENT HISTORY: Dismissed without prejudice by *McLafferty v. Deutsche Lufthansa A.G.*, 2009 U.S. Dist. LEXIS 97039 (E.D. Pa., Oct. 16, 2009)

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JUDGES: M. FAITH ANGELL, UNITED STATES MAGISTRATE JUDGE.

OPINION BY: M. FAITH ANGELL

OPINION

MEMORANDUM AND ORDER

M. FAITH ANGELL

UNITED STATES MAGISTRATE JUDGE

This case was referred to me by the Honorable Louis

H. Pollak for resolution of all non-dispositive pretrial matters by Order dated April 10, 2008. *See* Docket Entry No. 2. Presently before me is Defendants' request to stay discovery in the above-captioned action and Plaintiffs' opposition thereto. On October 2, 2008, a Hearing was held to address this request.

I. FACTUAL AND PROCEDURAL BACKGROUND

Plaintiff has instituted this action against Deutsche Lufthansa A.G., Societe Air France, Koninklijke Luchtvaart Maatschappij N. V., and Alitalia Linee Aeree Italiane S.P. A. claiming that Defendants violated Section 1 of the Sherman Act, 15 U.S.C. §1. He alleges that Defendants and their co-conspirators engaged in a continuing agreement, understanding and conspiracy in restraint of trade to artificially raise, fix, maintain or stabilize prices of European-Japanese Passenger Air Transportation in the United States. *See* Complaint P25.

Defendants have filed a Motion to Dismiss, [*3] which is now fully briefed and pending before Judge Pollak. *See* Docket Entries Nos. 40, 41, and 50. In addition, at the Rule 16 Preliminary Pretrial Conference I held, it was brought to my attention that there is an ongoing investigation by the European Commission in regard to potential violations of Article 81 in connection with international airline passenger services.

Plaintiff has requested discovery of documents seized by the European Commission during its investigation of these alleged violations. Defendants maintain that all discovery in this matter should be stayed at least until Judge Pollak rules on the pending Motion to Dismiss. They also ask that, if the motion is denied, the stay not be lifted until the parties have the opportunity to revisit the status of the Commission's investigation.

II. DISCUSSION

It is well settled that the Court has the inherent authority to control the disposition of cases on its own docket. *See In Re Plastics Additives Antitrust Litigation*, 2004 U.S. Dist. LEXIS 23989, 2004 WL 2743591 *5 (E.D.Pa. November 29, 2004).

[T]he Supreme Court said "the power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket [*4] with economy of time and effort for

itself, for counsel, and for litigants. How this can best be done calls for the exercise of judgment, which must weigh competing interests and maintain an even balance." The Court emphasized the need to adapt judicial processes to varying conditions, and said that in cases of exceptional public interest, individual litigants might be required to "submit to delay not immoderate in extent and not oppressive in its consequences."

Cheyney State College Faculty, et al. v. Hufstедler, et al., 703 F.2d 732, 737-738 (3d Cir. 1983) (quoting *Landis v. North American Company*, 299 U.S. 248, 254-255, 57 S. Ct. 163, 165-166, 81 L. Ed. 153 (1936)). "[T]he decision whether to grant a stay must be made on a case-by-case basis". *In Re Plastics Additives Antitrust Litigation*, 2004 U.S. Dist. LEXIS 23989, 2004 WL 2743591 at *5. In determining whether a stay is appropriate, the Court looks at five competing interests:

(1) interest of the plaintiffs in proceeding expeditiously with this litigation or any particular aspect of it, and the potential prejudice to plaintiffs of a delay;

(2) burden which any particular aspect of the proceedings may impose on defendants;

(3) convenience of the court in the management [*5] of its cases, and the efficient use of judicial resources;

(4) interests of persons not parties to the civil litigation; and

(5) interest of the public in the pending civil and criminal litigation.

Id.

Defendants argue in their motion to dismiss that "under Rule 8(a)(2) and [*Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 127 S.Ct. 1955, 167 L. Ed. 2d 929 (2007)]¹, Plaintiff's cursory allegations do not plead facts sufficient to state a claim". Memorandum of Law in Support of Defendants' Motion to Dismiss at 5. Whether their argument holds true, or not, is for Judge Pollak to decide. It will be his decision which will decide if this

matter will go forward or stop in its tracks. In any event, it is within my discretion to stay discovery pending his decision, and I will do so.

1 As the Supreme Court of the United States explains:

This case presents the antecedent question of what a plaintiff must plead in order to state a claim Federal Rule of Civil procedure 8(a)(1) requires only "a short and plain statement of the claim showing that the pleader is entitled to relief," in order to "give the defendant fair notice of what the . . . claim is and the grounds upon which it rests." While a complaint attacked by a Rule 12(b)(6) [*6] motion to dismiss does not need detailed factual allegations, a plaintiff's obligation to provide the "grounds" of his "entitle[ment] to relief" requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do. Factual allegations must be enough to raise a right to relief above the speculative level, on the assumption that all the allegations in the complaint are true (even if doubtful in fact).

Bell Atlantic Corporation, et al. v. Twombly, et al., 550 U.S. 544, 127 S.Ct. 1955, 1964-1964, 167 L. Ed. 2d 929 (2007) (internal citations omitted).

Defendants' motion to dismiss is fully briefed before Judge Pollak at this time. The delay experienced by Plaintiffs occasioned by a stay of discovery pending its resolution will do little to prejudice Plaintiffs at this point in the proceedings, nor will it place a burden on

Defendants. Indeed, delaying discovery until the Court can determine whether or not Plaintiffs have pled the facts necessary to proceed with the claim, may help to streamline the expensive discovery process, and, thereby, minimize the burden on counsel, parties and the Court. I find the burden on non-parties due to a stay of discovery to be minimal as well, [*7] and public interest considerations would, in fact, benefit from a stay during which the Court will carefully consider the issues pled in the Complaint.

III. CONCLUSION

For the reasons stated above, Defendants' request for a stay of discovery pending the resolution of their motion to dismiss will be granted. ²

2 Upon the resolution of Defendants' Motion to Dismiss, the issue of the European Commission's pending investigation may be revisited.

ORDER

AND NOW, this 14th day of October, 2008, after conducting a Hearing with counsel in the above-captioned action, it is hereby **ORDERED**, that:

1. Discovery is STAYED pending the disposition of Defendants' Motion to Dismiss.

2. A **Telephone Status Conference** is scheduled for **December 16, 2008, at 10:30 a.m.** to discuss the status of the matter and how best to proceed towards its resolution. Plaintiff's counsel shall initiate this conference call to (215) 597-6079.

BY THE COURT:

/s/ M. Faith Angell

M. FAITH ANGELL

UNITED STATES MAGISTRATE JUDGE



**MOMENTA PHARMACEUTICALS, INC. and SANDOZ INC., Plaintiffs, v. TEVA
PHARMACEUTICALS INDUSTRIES LTD and TEVA PHARMACEUTICALS
USA, INC., Defendants.**

Civil Action No.10-12079-NMG

**UNITED STATES DISTRICT COURT FOR THE DISTRICT OF
MASSACHUSETTS**

2011 U.S. Dist. LEXIS 18562

February 18, 2011, Decided

COUNSEL: [*1] For Momenta Pharmaceuticals, Inc., Plaintiff, Counter Defendant: Robert S. Frank, Jr., LEAD ATTORNEY, Eric J. Marandett, Choate, Hall & Stewart, Boston, MA; Michael E. Murawski, Choate, Hall & Stewart LLP, Boston, MA.

For Sandoz Inc., Plaintiff, Counter Defendant: Sarah Chapin Columbia, LEAD ATTORNEY, Melissa Nott Davis, McDermott, Will & Emery LLP, Boston, MA; Michael E. Murawski, Choate, Hall & Stewart LLP, Boston, MA; Thomas P. Steindler, PRO HAC VICE, McDermott Will & Emery LLP, Washington, DC.

For Teva Pharmaceuticals Industries Ltd., Defendant: Adam R. Wichman, Elaine Herrmann Blais, James Rehnquist, Robert Frederickson, III Goodwin Procter, LLP, Boston, MA; David M. Hashmall, PRO HAC VICE, Goodwin Procter LLP, New York, NY.

For Teva Pharmaceuticals USA, Inc., Defendant: Adam R. Wichman, Elaine Herrmann Blais, Emily L. Rapalino, James Rehnquist, Robert Frederickson, III Goodwin Procter, LLP, Boston, MA; David M. Hashmall, PRO HAC VICE, Goodwin Procter LLP, New York, NY.

For Teva Pharmaceuticals USA, Inc., Counter Claimant: Adam R. Wichman, Elaine Herrmann Blais, Emily L. Rapalino, James Rehnquist, Robert Frederickson, III Goodwin Procter, LLP, Boston, MA; David M. Hashmall, Goodwin [*2] Procter LLP, New York, NY.

JUDGES: Nathaniel M. Gorton, United States District Judge.

OPINION BY: Nathaniel M. Gorton

OPINION

MEMORANDUM & ORDER

GORTON, J.

Plaintiffs Momenta Pharmaceuticals, Inc. and Sandoz Inc. (collectively, "Momenta") bring suit against Teva Pharmaceuticals Industries Ltd. and Teva Pharmaceuticals USA, Inc. (collectively, "Teva") for patent infringement.

I. Factual Background

Momenta is the assignee and owner of two patents related to the manufacture of the generic versions of pharmaceuticals made from enoxaparin sodium. The United States Patent and Trademark Office issued the patents in August, 2009 and September, 2010, respectively. In July, 2010, Momenta began marketing the first generic enoxaparin sodium product.

Meanwhile, in February, 2010, Teva announced its intention to sell a generic enoxaparin as soon as it obtains FDA approval. Momenta alleges that Teva has infringed

on its patents by making material preparations to sell a generic enoxaparin product that has been manufactured using the methods in plaintiffs' patents. Plaintiffs seek injunctive relief and damages. Before the Court is plaintiffs' motion for expedited discovery.

II. Procedural History

Plaintiffs filed their complaint on December [*3] 2, 2010 and moved for expedited discovery on December 28, 2010. On January 19, 2011, Teva Pharmaceuticals Industries Ltd. was dismissed as a defendant. Also in January, 2011, Teva filed an answer which included a counterclaim. Momenta has answered that counterclaim. A scheduling conference has been set for March 15, 2011.

III. Analysis

Plaintiffs seek disclosure of three discrete sets of documents that will assist them in determining whether to move for a preliminary injunction. They also ask that the Court shorten to 15 days the time within which Teva must produce the specified documents. Plaintiffs assert that the requested discovery should be granted because it 1) is limited in scope, 2) will allow the Court to address essential issues earlier and 3) imposes a minimal burden on the defendants.

Teva opposes the motion, arguing that 1) the motion is filed for an improper purpose, 2) plaintiffs have not shown that they will suffer irreparable harm, 3) plaintiffs have not demonstrated a likelihood of success on the merits and 4) the discovery sought is over-broad and burdensome.

A. Legal Standard

Federal Rule of Civil Procedure 26(d) states that

[e]xcept . . . when authorized under these rules [*4] or by order or agreement of the parties, a party may not seek discovery from any source before the parties have conferred as required by Rule 26(f).

In order for a party to obtain expedited discovery before the Rule 26(f) Conference, it must show good cause. Fed. R. Civ. P. 26(b)(1) ("For good cause, the court may order discovery of any matter relevant to the subject matter

involved in the action.").

Courts have applied essentially two standards for determining whether good cause exists for expedited discovery. In *Notaro v. Koch*, the Southern District of New York articulated a four-part inquiry. 95 F.R.D. 403, 405 (S.D.N.Y. 1982). Other federal courts, including another session of this Court, have rejected that test and instead analyzed the "reasonableness of the request in light of all of the surrounding circumstances[.]" *Entm't Tech. Corp. v. Walt Disney Imagineering*, No. 03-3546, 2003 U.S. Dist. LEXIS 19832, 2003 WL 22519440, at *3 (E.D. Pa. 2003) (quoting *Merrill Lynch, Pierce, Fenner & Smith, Inc. v. O'Connor*, 194 F.R.D. 618, 624 (N.D. Ill. 2000)); see also *McMann v. Doe*, 460 F. Supp. 2d 259, 265 (D. Mass. 2006). Those courts looked at various factors, including:

the purpose for the discovery, the ability of [*5] the discovery to preclude demonstrated irreparable harm, the plaintiff's likelihood of success on the merits, the burden of discovery on the defendant, and the degree of prematurity.

McMann, 460 F. Supp. 2d at 265 (allowing expedited discovery to determine the defendant's identity because the suit could not proceed until it was discovered and plaintiff was suffering irreparable reputational harm in the meantime).

The Court's decision as to which test to utilize here is straightforward: the parties both apply the reasonableness analysis in their memoranda.

B. Application

In assessing good cause, the Court looks at whether the proposed discovery is necessary to ward off irreparable injury. Momenta argues that it needs the requested discovery in order to decide whether to move for a preliminary injunction enjoining Teva from selling their generic enoxaparin. Momenta's assertion that the expedited discovery is necessary before filing a motion for a preliminary injunction is, however, unconvincing. Momenta has had the opportunity to obtain at least some information since filing its motion. In a letter to plaintiffs' counsel, Teva stated that it did not oppose expedited discovery provided that [*6] it was mutual and limited. Momenta declined that proposal. The fact that Momenta had that opportunity undermines its claim that

Court-ordered expedited discovery is necessary.

Momenta claims that infringement of its patent is imminent because Teva is likely to obtain FDA approval and release its product. Nevertheless, any economic damages that Momenta may suffer as a result of Teva introducing its product on the market are readily calculable. When that is the case, there is no risk of irreparable harm. See *Eli Lilly & Co. v. Am. Cyanamid Co.*, 82 F.3d 1568, 1578 (Fed. Cir. 1996). Unlike cases in which irreparable harm has been found, Momenta has provided no evidence that entry of a competitor into the market will cause irreparable loss of market share and revenue. See *Abbott Labs. v. Sandoz, Inc.*, 544 F.3d 1341, 1361-62 (Fed. Cir. 2008). Without a risk of irreparable harm, expedited discovery is unwarranted.

In terms of timing, the case law varies on whether a preliminary injunction motion must be pending before plaintiff may move for expedited discovery. Compare *OMG Fidelity, Inc. v. Sirius Techs., Inc.*, 239 F.R.D. 300, 305 (N.D.N.Y. 2006) (allowing motion for expedited discovery where [*7] plaintiff anticipated filing a motion for a preliminary injunction), with *Dimension Data N. Am., Inc. v. NetStar-1, Inc.*, 226 F.R.D. 528, 531-32 (E.D.N.C. 2005) (holding that a motion for expedited discovery was premature because no motion for a preliminary injunction had been filed). The majority of courts have held, however, that the fact that there was no

pending preliminary injunction motion weighed against allowing plaintiff's motion for expedited discovery. See, e.g., *El Pollo Loco, S.A. de C.V. v. El Pollo Loco, Inc.*, 344 F. Supp. 2d 986, 991 (S.D. Tex. 2004); *Entm't Tech. Corp.*, 2003 U.S. Dist. LEXIS 19832, 2003 WL 22519440, at *3.

In sum, Momenta has failed to demonstrate an urgent and compelling need for the requested discovery and the Court finds no reason to deviate from the normal course of discovery established by the Federal Rules of Civil Procedure. Furthermore, a Rule 26(f) conference has been scheduled in the near future, after which normal discovery will commence.

ORDER

In accordance with the foregoing, plaintiffs' motion for expedited discovery (Docket No. 20) is **DENIED**.

So ordered.

/s/ Nathaniel M. Gorton

Nathaniel M. Gorton

United States District Judge

Dated February 18, 2011



**MARGARET SUE NOWELL, Plaintiff, v. COASTAL BEND SURGERY CENTER,
Defendant.**

CIVIL ACTION NO. C-10-205

**UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF
TEXAS, CORPUS CHRISTI DIVISION**

2011 U.S. Dist. LEXIS 10005

**February 2, 2011, Decided
February 2, 2011, Filed**

COUNSEL: [*1] For Margaret Sue Nowell, Plaintiff: Robert J Heil, III, LEAD ATTORNEY, Heil Law Firm, Corpus Christi, TX.

For Coastal Bend Surgery Center, Defendant: Laura E O'Donnell, LEAD ATTORNEY, Lawrence Morales II, Haynes Boone LLP, San Antonio, TX.

JUDGES: JOHN D. RAINEY, SENIOR U.S. DISTRICT JUDGE.

OPINION BY: JOHN D. RAINEY

OPINION

MEMORANDUM OPINION & ORDER

Pending before the Court are a variety of motions. The specific motions and the Court's rulings are set out below.

I. Procedural Background

Plaintiff Margaret Sue Nowell ("Plaintiff") filed suit in the County Court at Law No. 2 in Corpus Christi, Texas on May 30, 2010, and shortly thereafter Defendant Coastal Bend Surgery Center ("Defendant") removed the case to this Court. (Dkt. No. 1.) Plaintiff's First Amended Complaint brings causes of action against Defendant for:

(1) gender discrimination under Title VII of the 1964 Civil Rights Act ("Title VII"); (2) age discrimination under the Age Discrimination in Employment Act (ADEA) of 1967; and (3) retaliation. (Dkt. No. 9 ¶¶ 22-25.)

Defendant filed a Motion to Dismiss, or Alternatively, Motion for Summary Judgment on July 28, 2010. (Dkt. No. 8.) In response, Plaintiff filed her First Amended Complaint, which re-plead at least [*2] some of the claims underlying Defendant's original motion to dismiss but made no reference to nor adopted any portion of Plaintiff's Original Petition. (Dkt. No. 9.) Because an amended complaint supersedes a prior complaint and renders it of no legal effect unless the amended complaint specifically refers to or adopts the earlier pleading, *see King v. Dogan*, 31 F.3d 344, 346 (5th Cir. 1994) (citing *Boelens v. Redman Homes, Inc.*, 759 F.2d 504, 508 (5th Cir. 1985)), Defendant's Motion to Dismiss, or Alternatively, Motion for Summary Judgment was rendered moot when Plaintiff filed her First Amended Original Complaint.

As a result, Defendant filed its First Amended Motion to Dismiss or, Alternatively, Motion for Summary Judgment, to which a number of exhibits were attached. (Dkt. No. 14.) Plaintiff responded, asking the Court to disregard Defendant's exhibits and to deny Defendant's motion to dismiss. (Dkt. No. 15.) On October 16, 2010, the Court ordered that, in the interest of

efficiency, the entire motion would be treated as a motion for summary judgment.¹ (Dkt. No. 20.) The Court also granted Plaintiff an additional 21 days to prepare a response to Defendant's Motion for Summary Judgment. [*3] (*Id.*) Roughly two months later, Plaintiff filed her Second Amended Original Complaint and her Response to Defendant's Motion for Summary Judgment, which included a section entitled "Revised Motion for Continuance in Compliance with *FRCP 56(f)*." (Dkt. Nos. 21 & 22.) Defendant replied to Plaintiff's motion for a continuance and also moved to strike Plaintiff's Second Amended Original Complaint. (Dkt. Nos. 23 & 24.) The Court will consider the Parties' various motions below.

¹ See *Underwood v. Hunter*, 604 F.2d 367, 369 (5th Cir. 1979) (When a "trial court consider[s] matters outside the pleadings, [a] motion to dismiss must be considered as a motion for summary judgment . . ."); *Stewart v. Murphy*, 174 F.3d 530 (5th Cir. 1999) (affirming summary judgment where, "in the interest of efficiency, the magistrate judge considered the evidence developed through discovery and treated the [*Rule 12(b)(6)*] motion as one of summary judgment, rather than striking the complaint and requiring the Appellants to refile").

II. Factual Background

Defendant hired Plaintiff as its Director of Nursing in 2004. In February 2009, Plaintiff took a leave of absence under the Family and Medical Leave Act (FMLA) to [*4] care for her husband, who was undergoing chemotherapy treatments for cancer. (Dkt. No. 14, Ex. 1.) On April 21, 2009, Defendant's Director of Human Resources, Nicole Morales, sent Plaintiff a letter informing Plaintiff that her FMLA leave would expire on Friday, May 8, 2009 and that she was expected to return to work on Monday, May 11, 2009. (*Id.*, Ex. 2.) The letter explained that if Plaintiff was unable to return to work on May 11, then Defendant would have no choice but to terminate Plaintiff's employment. (*Id.*) However, Ms. Morales invited Plaintiff to raise any "additional circumstances that may be relevant or that [Plaintiff] may wish to bring to [Defendant's] attention." (*Id.*) On April 30, 2009, Ms. Morales informed Plaintiff by e-mail that if she returned to work on May 11, she would be reinstated to her previous position as Director of Nursing. (Dkt. No. 14, Ex. 3.) Ms. Morales further wrote, "In the event you can not return to work on May

11[,] 2009 then just let us know when you can return to work and we will sit down and figure out what positions are available." (*Id.*) Rather than returning to work or discussing her options with Ms. Morales, Plaintiff emailed Ms. Morales [*5] her notice of resignation on May 8, 2009, effective immediately. (Dkt. No. 14, Ex. 4.)

Roughly two months later, on July 1, 2009, Plaintiff filed a Charge of Discrimination with the Equal Employment Opportunity Commission ("EEOC Charge") (Dkt. No. 14, Ex. 5). In her EEOC Charge, Plaintiff alleged that Defendant forced her to take leave under the FMLA and then discharged her from employment. (*Id.* at 1.) Plaintiff further alleged that Defendant discriminated against her on the basis of her gender (female) and age (over 40), and that she was replaced by a younger male. Finally, Plaintiff claimed that Defendant retaliated against her because she took time off work to care for her husband. (*Id.* at 2.)

III. Defendant's Motion to Strike Plaintiff's Second Amended Original Complaint

A. Legal Standard

Under *Federal Rule of Civil Procedure 15(a)*, if more than 21 days have passed since service of the complaint or a responsive pleading thereto, "a party may amend its pleading only with the opposing party's written consent or the court's leave." *FED. R. CIV. P. 15(a)(2)*. The Rules set forth a liberal policy in favor of permitting amendment of pleadings, and district courts are not to deny such amendments [*6] absent "a substantial reason" to do so. *Dussouy v. Gulf Coast Inv. Corp.*, 660 F.2d 594, 598 (5th Cir. 1981); *Potter v. Bexar County Hosp. Dist.*, 195 Fed. App'x. 205, 208-09 (5th Cir. 2006) (unpublished). Accordingly, while leave to amend "is by no means automatic," *Wimm v. Jack Eckerd Corp.*, 3 F.3d 137, 139 (5th Cir. 1993) (quotation omitted), courts "should freely give leave when justice so requires." *FED. R. CIV. P. 15(a)*.

When determining whether to grant a motion for leave to amend, courts in this circuit may consider several factors, including undue delay, bad faith or dilatory motive, repeated failures to cure deficiencies by amendments previously allowed, undue prejudice to the opposing party, and futility of the amendment. *Jones v. Robinson Prop. Group, L.P.*, 427 F.3d 987, 994 (5th Cir. 2005); *Avatar Exploration, Inc. v. Chevron, U.S.A., Inc.*, 933 F.2d 314, 321 (5th Cir. 1991). The definition of

futility adopted by the Fifth Circuit includes circumstances in which a proposed amendment to assert a claim would fail to state a claim upon which relief could be granted under *Rule 12(b)(6)*. *Stripling v. Jordan Prod. Co., LLC*, 234 F.3d 863, 872-73 (5th Cir. 2000).

B. Analysis

In its [*7] Motion to Strike, Defendant states that it did not give Plaintiff consent to file her Second Amended Original Complaint. Plaintiff also did not seek leave to amend, but simply filed yet another complaint without the Court's permission, in violation of *Rule 15(a)(2)*. Even if Plaintiff had sought leave to amend, however, the Court finds that the factors set forth by the Fifth Circuit favor denying amendment. *See Jones*, 427 F.3d at 994; *Avatar Exploration*, 933 F.2d at 321.

First, Plaintiff has repeatedly failed to cure deficiencies in her complaint--for example, she has repeatedly failed to allege that she engaged in a protected activity as an element of her retaliation claim. *See infra*, Part IV.B.2. Furthermore, because the Court has determined that Defendant should be granted summary judgment on all of Plaintiff's claims, and Plaintiff has not alleged any new causes of action or cured deficiencies in her amended complaint, the Court finds that amendment would be futile. Finally, and most importantly, allowing Plaintiff to amend her complaint at this stage would unduly prejudice Defendant, which was already forced to file its First Amended Motion to Dismiss or, Alternatively, Motion for [*8] Summary Judgment after Plaintiff filed her First Amended Original Complaint in July 2010 (also without Defendant's consent or the Court's permission). Because Defendant's presently pending motion for summary judgment addresses the claims in Plaintiff's First Amended Original Complaint, if the Court were to allow Plaintiff to file yet another complaint, the Court would then be required to deny Defendant's amended motion as moot, thus forcing Defendant to move for summary judgment a third time. *See supra* at 2. To the extent Plaintiff is attempting to use amendment as a stall tactic to allow more time to conduct the discovery sought in her Rule 56(f) motion, such dilatory motive further weighs against amendment.

Accordingly, the Court is of the opinion that Plaintiff's Second Amended Original Complaint should be stricken.

IV. Plaintiff's Revised Motion for Continuance in

Compliance with FRCP 56(f)

A. Legal Standard

Federal Rule of Civil Procedure 56(f) provides that if a party opposing summary judgment "shows by affidavit that, for specified reasons, it cannot present facts essential to justify its opposition, the court may . . . order a continuance to enable affidavits to be obtained . . . [*9] . . . or other discovery to be undertaken." *FED. R. CIV. P. 56(f)*. *Rule 56(f)* discovery motions are "'broadly favored and should be liberally granted' because the rule is designed to 'safeguard non-moving parties from summary judgment motions that they cannot adequately oppose.'" *Raby v. Livingston*, 600 F.3d 552, 561 (5th Cir. 2010) (quoting *Culwell v. City of Fort Worth*, 468 F.3d 868, 871 (5th Cir. 2006)). However, the party seeking a continuance "'may not simply rely on vague assertions that additional discovery will produce needed, but unspecified, facts.'" *Id.* (quoting *SEC v. Spence & Green Chem. Co.*, 612 F.2d 896, 901 (5th Cir. 1980)). Rather, the party "must 'set forth a plausible basis for believing that specified facts, susceptible of collection within a reasonable time frame, probably exist and indicate how the emergent facts, if adduced, will influence the outcome of the pending summary judgment motion.'" *Id.* (quoting *C.B. Trucking, Inc. v. Waste Management Inc.*, 137 F.3d 41, 44 (1st Cir. 1998)).

The party seeking a continuance under *Rule 56(f)* must explain why the party is currently unable to present evidence creating a genuine issue of material fact and how a continuance would [*10] enable the party to present such evidence. *Solo Serve Corp. v. Westowne Associates*, 929 F.2d 160, 167 n.25 (5th Cir. 1991) (citing *Washington v. Allstate Ins. Co.*, 901 F.2d 1281, 1285 (5th Cir. 1990)). Specifically, the party should "present his affidavit showing that the knowledge or control of the facts is exclusively or largely with the moving party and describe his attempts to obtain those facts." *Paul Kadair, Inc. v. Sony Corp. of America*, 694 F.2d 1017, 1031 (5th Cir. 1983) (quoting 6 J. MOORE, *FEDERAL PRACTICE* § 56.24 at 2876 (2d ed. 1974)). The affidavit should also set forth "what steps have been taken to obtain the desired information pursuant to the discovery procedures under the Rules; and that he is desirous of taking advantage of these discovery procedures." *Paul Kadair*, 694 F.2d at 1031.

"A lack of diligence in obtaining the needed information to oppose a motion for summary judgment

should not supply the basis for delay simply by relying on *Rule 56(f)*," and a court may deny a request for a continuance if discovery was dilatorily sought. *Id.* What is "dilatory" depends upon the facts of a particular case. *Id.* Factors deemed relevant under Fifth Circuit precedent include:

1) [*11] the length of the pendency of the case prior to the *Rule 56(f)* request; 2) whether and when plaintiff could have anticipated its need for the requested discovery; 3) the previous efforts, if any, made by plaintiff to obtain the needed information either through Rule discovery or otherwise; 4) the degree and nature of discovery already undertaken; 5) any limitations placed upon discovery previously by the trial court; 6) any prior solicitations of or provisions for discovery by the trial court; 7) any warning which plaintiff might have had that, absent a speedier request, discovery might be denied and his claim be dismissed; and 8) whether the requested information was inaccessible to plaintiff, *e.g.* as when within defendant's exclusive control, or whether alternative, accessible sources existed but were foregone.

Id.

B. Analysis

In an affidavit executed by Plaintiff's attorney and attached to Plaintiff's motion, counsel for Plaintiff sets forth the following reasons a continuance is necessary:

Plaintiff requires documents, interoffice memoranda, corroborating evidence form [*sic*] witnesses and the testimony of Gene Hybner to further demonstrate and substantiate [Plaintiff's] contention [*12] that she was constructively terminated, retaliated against and subjected to hostile work environment in violation of Title VII of the Civil Rights and the ADEA.

Plaintiff needs additional time to investigate and obtain employer discovery regarding demotion, reduction in job

responsibilities, reassignment of work responsibilities to lesser work, badgering, harassment and humiliation by the employer and written offers of early retirement to further substantial [*sic*] [Plaintiff's] claim of constructive termination.

Plaintiff would also like to prepare a substantive affidavit of [Plaintiff] after she can review documents provided by defendant. The above described discovery is necessar [*sic*] to prepare an adequate response to the pending motion for summary judgment. . . . Plaintiff cannot present facts necessary to adequately justify it's [*sic*] position without further discovery.

(Heil Aff., Dkt. No. 22, Ex. 1 at 1-2.)

The Court finds that Plaintiff has not "set forth a plausible basis for believing that specified facts . . . probably exist and indicate[d] how the emergent facts, if adduced, will influence the outcome of the pending summary judgment motion," as required under existing Fifth [*13] Circuit law. *See Raby, 600 F.3d at 561.* Plaintiff has not alleged that the requested information is inaccessible to her or is within Defendant's exclusive control. *See Paul Kadair, 694 F.2d at 1031.* Plaintiff has also failed to set forth a "reasonable time frame" for collecting such facts. *See Raby, 600 F.3d at 561.* Plaintiff "requests 100 days from January 1st, 2011 to obtain and object to discovery and to then facilitate the necessary depositions in this case" (Dkt. No. 22 at 2.) Such a request would set the discovery cutoff at April 11, 2011, almost one month beyond the discovery deadline set by the Court's Scheduling Order (Dkt. No. 19).

An analysis of the factors set forth in *Paul Kadair* further supports denial of Plaintiff's motion because discovery was dilatory sought. This case had been pending for more than six months before Plaintiff filed the present *Rule 56(f)* motion, even though Plaintiff could have anticipated her need for the requested discovery as early as July 2010, when Defendant first moved for summary judgment. Plaintiff has presented no evidence or argument that she has made any efforts thus far to depose Mr. Hybner or obtain the needed "employer discovery," [*14] either through Rule discovery or

otherwise. In fact, Plaintiff has presented no evidence that she has undertaken *any* discovery in this case. Finally, even though the Court granted Plaintiff an additional 21 days to respond to Defendant's motion for summary judgment, Plaintiff ignored the deadline for nearly two months before finally moving for a continuance. It appears that "the only barrier to discovery was [Plaintiff's] lack of diligence." See *Transamerica Ins. Co. v. Avenell*, 66 F.3d 715, 721 (5th Cir. 1995) (affirming denial of Rule 56(f) continuance where summary judgment was rendered nine months after suit was filed and two months after motion was filed; "yet, during this entire time the [plaintiffs] made no attempt to conduct discovery."); *Aviation Specialties, Inc. v. United Technologies Corp.*, 568 F.2d 1186, 1189 (5th Cir. 1978) (affirming denial of continuance where nonmovant failed to initiate discovery even though action had been on file for six months).

Finally, and most importantly, Plaintiff has not explained why she is currently unable to present evidence creating a genuine issue of material fact or how a continuance would enable her to present such evidence. See *Solo Serve Corp.*, 929 F.2d at 167; [*15] *Washington*, 901 F.2d at 1285. Specifically, Plaintiff has not offered any explanation for her failure to proffer her own affidavit at this time, except to state that she "would also like to prepare a substantive affidavit of [Plaintiff] after she can review documents provided by defendant." (Dkt. No. 22, ex. 1 at 2.) Rule 56(e) requires that "[s]upporting and opposing affidavits shall be made on personal knowledge," and the Court is at a loss as to why Plaintiff is unable to give her version of the facts without first reviewing any outside materials.

Accordingly, the Court is of the opinion that Plaintiff's Revised Motion for Continuance in Compliance with FRCP 56(f) should be denied.

V. Defendant's Motion for Summary Judgment

A. Legal Standard

Summary judgment is proper "if the pleadings, the discovery and disclosure materials on file, and any affidavits show that there is no genuine issue as to any material fact and that the movant is entitled to judgment as a matter of law." *FED. R. CIV. P. 56(c)*; see also *Christopher Village, LP v. Retsinas*, 190 F.3d 310, 314 (5th Cir. 1999). "For any matter on which the non-movant would bear the burden of proof at trial . . . ,

the movant may merely [*16] point to the absence of evidence and thereby shift to the non-movant the burden of demonstrating by competent summary judgment proof that there is an issue of material fact warranting trial." *Transamerica Ins. Co. v. Avenell*, 66 F.3d 715, 718-19 (5th Cir. 1995); see also *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-25, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986). To prevent summary judgment, the non-movant must "respond by setting forth specific facts" that indicate a genuine issue of material fact. *Rushing v. Kansas City S. Ry. Co.*, 185 F.3d 496, 505 (5th Cir. 1999).

When considering a motion for summary judgment, the Court must view the evidence in the light most favorable to the non-movant and draw all reasonable inferences in favor of the non-movant. See *Samuel v. Holmes*, 138 F.3d 173, 176 (5th Cir. 1998); *Texas v. Thompson*, 70 F.3d 390, 392 (5th Cir. 1995). "The court may not undertake to evaluate the credibility of the witnesses, weigh the evidence, or resolve factual disputes; so long as the evidence in the record is such that a reasonable jury drawing all inferences in favor of the nonmoving party could arrive at a verdict in that party's favor, the court must deny the motion." *Int'l Shortstop, Inc. v. Rally's, Inc.*, 939 F.2d 1257, 1263 (5th Cir. 1991). [*17] However, the non-movant cannot avoid summary judgment by presenting only "conclusory allegations" or "unsubstantiated assertions," such as the bare allegations of a complaint, but must present sufficient evidence, such as sworn testimony in a deposition or affidavit, to create a genuine issue of material fact as to the claim asserted. *Little v. Liquid Air Corp.*, 37 F.3d 1069, 1075 (5th Cir. 1994) (en banc). "Even if the standards of Rule 56 are met, a court has discretion to deny a motion for summary judgment if it believes that 'the better course would be to proceed to a full trial.'" *Freeman v. U.S.*, 2005 U.S. Dist. LEXIS 31786, 2005 WL 3132185, *2 (S.D. Tex. Nov. 22, 2005) (quoting *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986)).

B. Analysis

1. Gender and Age Discrimination

Title VII prohibits adverse employment action "because of such individual's race, color, religion, sex, or national origin" 42 U.S.C. § 2000e-2(a)(1). The ADEA prohibits similar discriminatory treatment on the basis of age. 29 U.S.C. § 623(a)(1). The determination of whether certain facts amount to "adverse employment actions" depends on whether not those facts constitute

"ultimate employment decisions." *Pryor v. Wolfe*, 196 Fed. Appx. 260, 262-63 (5th Cir. 2006) [*18] (per curiam); *Dollis v. Rubin*, 77 F.3d 777 (5th Cir. 1995) (per curiam). Ultimate employment decisions involve actions such as hiring, firing, granting leave, discharging, promoting, and compensating. *Pryor*, 196 Fed. Appx. at 262; *Willis v. Coca Cola Enters. Inc.*, 445 F.3d 413, 420 (5th Cir. 2006).

The burden-shifting test announced by the Supreme Court in *McDonnell Douglas Corp. v. Green*, 411 U.S. 792, 93 S. Ct. 1817, 36 L. Ed. 2d 668 (1973), applies to Plaintiff's discrimination claims under both Title VII and the ADEA. Under the *McDonnell Douglas* approach, the allocation of the burden of production and the order for presentation of proof is as follows: (1) the plaintiff must first establish a *prima facie* case of discrimination; (2) if the plaintiff meets her burden, then the burden of production shifts to the defendant to produce evidence of a legitimate nondiscriminatory reason for its actions; and (3) if the defendant produces a legitimate reason, then the presumption of discrimination vanishes, and the plaintiff must demonstrate a genuine issue of material fact that the legitimate reasons offered by the defendant were not its true reasons, but were a pretext for discrimination. *Reeves v. Sanderson Plumbing Prods. Inc.*, 530 U.S. 133, 142-43, 120 S. Ct. 2097, 147 L. Ed. 2d 105 (2000). [*19] The Fifth Circuit has held that a *prima facie* case is established when evidence of the following is presented: (1) the plaintiff is a member of a protected class; (2) the plaintiff was qualified for her position; (3) the plaintiff was subjected to an adverse employment action; and (4) the plaintiff was replaced by someone outside of the protected class, or, in the case of disparate treatment, shows that others similarly situated were treated more favorably. *Okoye v. Univ. of Tex. Houston Health Science Ctr.*, 245 F.3d 507, 512-13 (5th Cir. 2001) (citations omitted).

Plaintiff's Complaint alleges that Defendant's ongoing pattern of gender and age discrimination "led Plaintiff to be limited on pay and advancement, and ultimately led to her being constructively terminated" by Defendant. (Dkt. No. 9 ¶¶ 15-16.) Plaintiff further "contends her termination was violative [sic] of the ADEA [and] Title VII." (*Id.* ¶ 19.) Defendant does not dispute that Plaintiff is a member of a protected class; however, Defendant contends that Plaintiff's claims for gender and age discrimination must fail as a matter of law because Plaintiff has presented no competent summary

judgment evidence² that she suffered [*20] adverse employment action under any of her three theories--actual termination, constructive termination, or failure to advance.

2 Plaintiff attached copies of her EEOC Charge, EEOC Intake Questionnaire, and a document entitled "Supporting Chronology of Facts and/or Documents" to her Response to Defendant's Motion for Summary Judgment (Dkt. No. 22). Because none of these documents were authenticated, this evidence is therefore inadmissible and will not be considered by the Court. Plaintiff also repeatedly cites her Second and Third Amended Complaints as evidence. Plaintiff has never filed a Third Amended Complaint in this case, and her Second Amended Complaint has been ordered stricken. Furthermore, even if these pleadings were before the Court, "where one party advances a properly supported motion for summary judgment, *FED. R. CIV. P. 56(e)* expressly prohibits the resisting party from resting merely on the allegations and denials of his pleading." *Securities and Exchange Comm'n v. Spence & Green Chemical Co.*, 612 F.2d 896, 900-01 (5th Cir. 1980).

a. Actual Termination

Contrary to Plaintiff's claims that she was "discharged from her position as Director of Nursing" (Dkt. No. 14, Ex. 5 at [*21] 1) and "was terminated on May 11th, 2009" (Dkt. No. 9 ¶ 19), the uncontroverted summary judgment evidence shows that Defendant did not terminate Plaintiff's employment. Instead, Defendant provided Plaintiff with numerous alternative employment opportunities in the event that she was unable to return to her position as Director of Nursing due to her husband's illness, and that rather than pursue or explore these alternatives, Plaintiff voluntarily resigned. (Dkt. No. 14, Exs. 2, 3 & 4.) When Ms. Morales notified Plaintiff that she would be expected to return from FMLA leave on May 11, 2009, Ms. Morales invited Plaintiff to raise any "additional circumstances that may be relevant" (*Id.*, Ex. 2), but Plaintiff did not raise any concerns. When Ms. Morales later told Plaintiff that if she was unable to return to work when her leave expired, "just let us know when you can return to work and we will sit down and figure out what positions are available" (*Id.*, Ex. 3), Plaintiff did not accept Ms. Morales' invitation, but instead responded

with her letter of resignation. (*Id.*, Ex. 4.)

In response to Defendant's motion, Plaintiff alleges for the first time that she was "coerced into signing any [*22] separation papers." (Dkt. No. 15 at 3.) Plaintiff has presented no competent evidence--not even her own affidavit--raising an issue of fact as to whether anyone coerced or forced her into resigning, and, as Defendant points out, Plaintiff did not sign "separation papers," but instead sent her resignation to Ms. Morales via email. Furthermore, even if Plaintiff had not voluntarily resigned, Defendant would have been within its rights to terminate Plaintiff's employment on May 11, 2009, as Plaintiff lost the right to be reinstated to her position as Director of Nursing when she was unable to return to work following the expiration of her 12 weeks of FMLA leave. *See 29 C.F.R. § 825.216(c)* ("If the employee is unable to perform an essential function of the position because of a physical or mental condition, including the continuation of a serious health condition . . . , the employee has no right to restoration to another position under the FMLA."); *see also Oatman v. Fuji Photo Film USA, Inc.*, 54 Fed. Appx. 413, *2 (5th Cir. 2002) (unpublished); *cert. denied*, 538 U.S. 978, 123 S. Ct. 1788, 155 L. Ed. 2d 667 (2003).

b. Constructive Termination

A constructive discharge occurs when an employer "makes working conditions so intolerable [*23] that a reasonable employee would feel compelled to resign." *Hunt v. Rapides Healthcare System, LLC*, 277 F.3d 757, 771 (5th Cir. 2001); *see also Faruki v. Parsons*, 123 F.3d 315, 319 (5th Cir. 1997); *Ward v. Bechtel Corp.*, 102 F.3d 199, 202 (5th Cir. 1997). The Fifth Circuit has "identified six factors to aid our constructive discharge inquiry: (1) demotion; (2) reduction in salary; (3) reduction in job responsibilities; (4) reassignment to menial or degrading work; (5) badgering, harassment, or humiliation by the employer calculated to encourage the employee's resignation; or (6) offers of early retirement that would make the employee worse off whether the offer were accepted or not." *Aryain v. Wal-Mart Stores Texas LP*, 534 F.3d 473, 480-81 (5th Cir. 2008) (quoting *Hunt*, 277 F.3d at 771-72).

Although Plaintiff's EEOC Charge and Complaint are unclear as to *why* she felt compelled to resign, the Court has identified two potential scenarios: (1) Defendant's CEO, Gene Hybner, allegedly made "derogatory remarks to [Plaintiff] regarding her age,"

"harassed [Plaintiff] and created a hostile working environment by making false accusations against her and yelling at her in front of other staff" [*24] (Dkt. No. 9 ¶¶ 13 & 16), and "provided cell phone benefits to all administrative personnell [*sic*] with the exception of Mrs. Nowell" (Dkt. No. 22 at 3); and (2) Defendant allegedly forced Plaintiff to unnecessarily take FMLA leave (Dkt. No. 14, Ex. 5 at 1).

To the extent Plaintiff claims that she was constructively terminated based on treatment by Mr. Hybner, Plaintiff has failed to present any competent evidence--not even her own affidavit--raising an issue of fact as to whether Mr. Hybner made any inappropriate remarks regarding Plaintiff's age or otherwise engaged in any "badgering, harassment, or humiliation . . . calculated to encourage [Plaintiff's] resignation" during the entire course of her employment with Defendant. *See Aryain*, 534 F.3d at 480-81. The Court further finds that Plaintiff's allegations regarding Mr. Hybner's refusal to provide her with cell phone benefits, even if true, do not rise to the level of "intolerable working conditions" that would compel a reasonable person to resign. *See Hunt*, 277 F.3d at 771. Thus, any claim for constructive discharge stemming from Mr. Hybner's alleged conduct must fail.

To the extent Plaintiff claims that she was constructively terminated [*25] by being forced to take FMLA leave, the uncontroverted summary judgment evidence shows that Plaintiff voluntarily submitted a request for Family/Medical Leave of Absence on February 19, 2009. (Dkt. No. 14, Ex. 1.) The request is signed by Plaintiff, and Plaintiff has presented no competent evidence--not even her own affidavit--to raise an issue of fact as to whether she completed this form against her will. Besides, even if Defendant had required Plaintiff to take leave under the FMLA when she took time off work to care for her ailing husband, the law is clear that an employer may place an employee on FMLA leave, even involuntarily, if the reason for leave meets the FMLA's definition of "serious health conditions." *See Willis*, 445 F.3d at 417 ("As a threshold matter, it is not contrary to the FMLA for an employee to be placed on 'involuntary FMLA leave.'")

c. Failure to Advance or Promote

As noted *supra*, Plaintiff's EEOC Charge alleged that she was *terminated* on the basis of her gender and age. (Dkt. No. 9, Ex. 5.) For the first time, Plaintiff alleges in

her First Amended Complaint that because of her gender and age, she was also "limited on pay" and "not given a reasonable opportunity [*26] for advancement." (Dkt. No. 9, ¶¶ 11 & 15.)

"[B]efore a plaintiff can commence a civil action under Title VII in federal court, she must file a timely charge with the EEOC, or with a state or local agency with authority to grant or seek relief from the alleged unlawful employment practice." *Dao v. Auchan Hypermarket*, 96 F.3d 787, 789 (5th Cir. 1996) (citing 42 U.S.C. § 2000e-5(e)(1)). Likewise, Plaintiff must also have exhausted her ADEA claim administratively before the EEOC. *Kretchmer v. Eveden, Inc.*, 374 Fed. Appx. 493, 495 (5th Cir. 2010). The scope of Plaintiff's discrimination claims in this lawsuit is therefore limited to the allegations made in the EEOC charge and the scope of the investigation that could reasonably be expected to grow out of the EEOC charge. *Fine v. GAF Chem. Corp.*, 995 F.2d 576, 577-78 (5th Cir. 1993) (stating that the charge of discrimination defines the scope of the claims the plaintiff may pursue in court, and a plaintiff is barred from pursuing any discrimination claim which was not raised in the EEOC charge); see also *Terrell v. U.S. Pipe & Foundry Co.*, 644 F.2d 1112, 1123 (5th Cir. 1981) ("[A] rule of reason . . . permits the scope of a Title VII suit [*27] to extend as far as, but no further than, the scope of the EEOC investigation which could reasonably grow out of the administrative charge.").

The Court finds that Plaintiff's new-founded allegations that she was limited in pay and advancement do not "grow out of" her claim that she was terminated. Consequently, Plaintiff must independently exhaust her administrative remedies on her advancement claim before pursuing it in this Court. See *Fine*, 995 F.2d at 578; *Randel v. United States Dep't of Navy*, 157 F.3d 392, 395 (5th Cir. 1998).

Because Plaintiff has failed to offer any competent summary judgment evidence that she suffered adverse employment action by Defendant, she cannot establish her *prima facie* case of discrimination, either based on gender or age. Defendant is therefore entitled to summary judgment as a matter of law on Plaintiff's claims for gender discrimination under Title VII and age discrimination under the ADEA.

2. Retaliation

Title VII makes it "an unlawful employment practice

for an employer to discriminate against any of his employees . . . because [the employee] has opposed any practice made an unlawful employment practice by this subchapter" 42 U.S.C. § 2000e-3(a). [*28] To establish her *prima facie* case of retaliation under Title VII, Plaintiff must show that: (1) she engaged in protected activity; (2) she suffered an adverse employment action; and (3) that a causal link existed between the protected activity and the adverse employment action. *Aryain*, 534 F.3d at 484; *Roberson v. Alltel Information Services*, 373 F.3d 647, 655 (5th Cir. 2004); *Long v. Eastfield College*, 88 F.3d 300, 304 (5th Cir. 1996). "If the plaintiff makes a *prima facie* showing, the burden then shifts to the employer to articulate a legitimate . . . non-retaliatory reason for its employment action." *McCoy v. City of Shreveport*, 492 F.3d 551, 557 (5th Cir. 2007). If Defendant meets this burden of production, Plaintiff then bears the burden of proving that Defendant's reason is a pretext for the actual retaliatory reason. See *Aryain*, 534 F.3d at 484.

A plaintiff may be also entitled to recovery if her employer retaliates against her for exercising her FMLA rights. 29 U.S.C. §§ 2615, 2617. Discrimination claims brought pursuant to the FMLA are not significantly different from similar claims brought pursuant to Title VII or other anti-discrimination laws. *Chaffin v. John H. Carter Co.*, 179 F.3d 316, 319 (5th Cir. 1999). [*29] Therefore, in the absence of direct evidence, courts analyze FMLA retaliation claims, like Title VII claims, under the *McDonnell Douglas* approach described at length in Part III.A *supra*. See *Richardson v. Monitronics Int'l, Inc.*, 434 F.3d 327, 333 (5th Cir. 2005); *Rachid v. Jack In The Box, Inc.*, 376 F.3d 305, 312 (5th Cir. 2004).

Plaintiff's Complaint does not identify *how* Defendant allegedly retaliated against her, nor does Plaintiff identify any protected activity in which she purportedly engaged. Instead, her Complaint merely states that: (1) "Defendant participated in retaliation to Plaintiff" (Dkt. No. 9 ¶ 16); (2) Plaintiff was "retaliated against by her employers" (*Id.* ¶ 19); (3) "[t]he unlawful retaliation was the cause of substantial damage to Plaintiff" (*Id.* ¶ 20); and (4) Defendant's conduct "constitutes a violation of the Equal Employment Opportunity Act's prohibitions . . . on retaliation for engaging in protected activity" (*Id.* ¶ 22). Plaintiff's EEOC Charge, however, alleges, "I believe I was retaliated against because I took time off from work to care for my husband during chemotherapy treatments. Also, because I

challenged my employer regarding limiting the time I could [*30] work." (Dkt. No. 9, Ex. 5 at 2.)

To the extent Plaintiff alleges that Defendant retaliated against her for willingly exercising her rights under the FMLA, such a claim directly contradicts Plaintiff's allegation in her EEOC Charge that "the CEO forced [her] to take FMLA leave" (Dkt. No. 14, Ex. 5 at 1). Moreover, as explained in detail in Part IV.B.1.a *supra*, the uncontroverted summary judgment evidence shows that Defendant kept Plaintiff's job open during the entire period of time Plaintiff was entitled to leave under the FMLA and made every effort to facilitate her return to work, but Plaintiff instead chose to resign.

The Court finds that Plaintiff has failed to establish a *prima facie* case of retaliation under either Title VII or the FMLA. Defendant is therefore entitled to summary judgment as a matter of law on Plaintiff's retaliation claim.

VI. Conclusion

For the reasons set forth above, the Court hereby **ORDERS** as follows:

1. Defendant's Motion to Dismiss, or Alternatively, Motion for Summary

Judgment (Dkt. No. 8) is **DENIED** as moot;

2. Defendant's Motion to Strike Plaintiff's Second Amended Original Complaint (Dkt. No. 24) is **GRANTED**;

3. Plaintiff's Second Amended Original Complaint [*31] (Dkt. No. 21) is **STRICKEN**;

4. Plaintiff's Revised Motion for Continuance in Compliance with *FRCP 56(f)* (Dkt. No. 22) is **DENIED**; and

5. Defendant's Motion for Summary Judgment (Dkt. No. 14) is **GRANTED**.

It is so **ORDERED**.

SIGNED this 2nd day of February, 2011.

/s/ John D. Rainey

JOHN D. RAINEY

SENIOR U.S. DISTRICT JUDGE



Philadelphia Newspapers, Inc., Plaintiff, v. Gannett Satellite Information Network, Inc., d/b/a the Courier-Post, Defendant.

CIVIL ACTION NO. 98-CV-2782

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

1998 U.S. Dist. LEXIS 10511

**July 15, 1998, Decided
July 15, 1998, Filed**

DISPOSITION: [*1] Philadelphia Newspapers, Inc.'s motion for expedited discovery DENIED.

COUNSEL: For PHILADELPHIA NEWSPAPERS, INC., PLAINTIFF: MARTIN J. BLACK, DECHERT, PRICE & RHOADS, PHILA, PA USA.

For GANNETT SATELLITE INFORMATION NETWORK, INC. d/b/a THE COURIER-POST, DEFENDANT: DAVID E. MILLS, KEVIN J. KUZAS, JAY P. WALTERS, DOW, LOHNES & ALBERTSON, WASHINGTON, DC USA.

For GANNETT SATELLITE INFORMATION NETWORK, INC. d/b/a THE COURIER-POST, DEFENDANT: MARK J. SEVER, JR., ARCHER & GREINER, PHILA, PA USA.

JUDGES: JOSEPH L. McGLYNN, JR., J.

OPINION BY: JOSEPH L. McGLYNN, JR.

OPINION

MEMORANDUM OF DECISION

McGlynn, J.

July 15, 1998

Before the court in this trademark infringement action is plaintiff Philadelphia Newspapers, Inc.'s ("PNI") motion for expedited discovery. Defendant Gannett Satellite Information Network, d/b/a the Courier-Post ("Gannett") opposes the motion. For the following reasons, PNI's motion for expedited discovery is denied.

I. BACKGROUND

Plaintiff PNI is the publisher of two Philadelphia newspapers, The Philadelphia Inquirer and Philadelphia Daily News, and also publishes information and advertising on its website, "phillynews.com." On April 12, 1998, PNI introduced a new advertising product called the "TriClassifieds," which publishes a customer's classified listing in the Inquirer, the Daily News and on "phillynews.com" for a single price. In the past two months, PNI claims to have placed television, radio and print advertisements worth over \$ 2 million to promote the "TriClassifieds." It contends these promotions made the "TriClassifieds" mark widely known and associated in the public [*2] eye with PNI's "TriClassifieds" product.

Defendant Gannett publishes newspapers across the country, including the Courier-Post, which is primarily distributed in three counties of southern New Jersey and also reaches certain portions of the Philadelphia metropolitan area. On or about May 7, 1998 -- 25 days after the introduction of the "TriClassifieds" -- the

Courier-Post began marketing its classified section under the name, "Tri-County Classified." PNI contends the style, logo and layout of the Courier-Post's "Tri-County Classified" product deliberately copies PNI's "TriClassifieds" mark. PNI also claims certain advertisements run by the Courier-Post to promote its "Tri-County Classified" section copy similar advertisements by PNI for the "TriClassifieds."

PNI's amended complaint contains seven counts: (1) trademark infringement and unfair competition under § 43 of the Lanham Act, 15 U.S.C. § 1125(a); (2) common law unfair competition; (3) violation of N.J. Stat. Ann. § 56:4-1, which provides injunctive relief in dilution cases; (4) dilution under § 43(c) of the Lanham Act, 15 U.S.C. § 1125(c); (5) dilution under Pennsylvania's anti-dilution statute, 54 Pa. Con. Stat. Ann. [*3] § 1124; (6) dilution under New Jersey's anti-dilution statute, N.J. Stat. Ann. § 56:3-13.20; and (7) copyright infringement under the Copyright Act, 17 U.S.C. § 101 et seq. The thrust of PNI's prayer for relief is to enjoin Gannett from using "Tri-County Classified" or any related term for its classified advertising, and obtain damages, disgorgement of profits, costs and attorney's fees. A hearing on PNI's motion for a preliminary injunction is scheduled for July 30, 1998.

In anticipation of the hearing, PNI now seeks expedited discovery "to probe matters such as Gannett's intent in adopting the 'Tri-County Classified' mark and any evidence of actual confusion among Gannett's customers and potential customers." PNI Mem. of Law at 2.

II. DISCUSSION

Federal Rule of Civil Procedure 26 "provides very broad discovery and gives the trial court wide discretion to manage the process." *New York v. U.S. Metals Refining Co.*, 771 F.2d 796, 805 (3d Cir. 1985). PNI brings its motion under Rule 26(d) and Local Rule of Civil Procedure 16.1(a). Rule 26(d) provides, "unless the court upon motion, for the convenience of parties and witnesses and in the interests of justice, [*4] orders otherwise, methods of discovery may be used in any sequence." Fed. R. Civ. P. 26(d). Local Rule 16.1(a) allows the court to order "variations from the pretrial procedures . . . to fit the circumstances of a particular case." E.D. Pa. R. Civ. P. 16.1(a).

There is scant authority on the standards governing

the availability of expedited discovery in connection with an impending preliminary injunction hearing.¹ The district court in *Ellsworth Associates, Inc. v. United States* commented that "expedited discovery is particularly appropriate when a plaintiff seeks injunctive relief because of the expedited nature of injunctive proceedings." 917 F. Supp. 841, 844 (D.D.C. 1996) (citing *Optic-Electronic Corp. v. United States*, 683 F. Supp. 269, 271 (D.D.C. 1987); *Onan Corp. v. United States*, 476 F. Supp. 428, 434 (D. Minn. 1979)). Expedited discovery has been ordered where it would "better enable the court to judge the parties' interests and respective chances for success on the merits" at a preliminary injunction hearing. *Edudata Corp. v. Scientific Computers, Inc.*, 599 F. Supp. 1084, 1088 (D. Minn. 1984), *aff'd in part, rev'd in part on other grounds*, 746 [*5] F.2d 429 (8th Cir 1985); see also *Ellsworth Assocs.*, 917 F. Supp. at 844 (ordering expedited discovery where it would "expedite resolution of [plaintiffs'] claims for injunctive relief").

1 An often-cited case on the subject of expedited discovery is *Notaro v. Koch*, 95 F.R.D. 403 (S.D.N.Y. 1982). There, the district court enumerated four factors for determining the propriety of expedited discovery:

(1) irreparable injury, (2) some probability of success on the merits, (3) some connection between expedited discovery and the avoidance of the irreparable injury, and (4) some evidence that the injury that will result without expedited discovery looms greater than the injury that the defendant will suffer if the expedited relief is granted.

Id. at 405.

The court in *Notaro* "borrowed the test for granting a preliminary injunction and applied it to requests for expedited discovery." *Crown Crafts, Inc. v. Aldrich*, 148 F.R.D. 151, 152 (E.D.N.C. 1993). Because PNI's purpose in seeking expedited discovery is to gather evidence for the upcoming preliminary injunction hearing (see PNI Reply Mem. at 3), the *Notaro* factors are inappropriate here.

[*6] However, courts generally deny motions for expedited discovery when the movant's discovery requests are overly broad. See *Irish Lesbian & Gay Org. v. Giuliani*, 918 F. Supp. 728, 730-31 (S.D.N.Y. 1996) (denying expedited discovery which was a "broadside not reasonably tailored to the time constraints under which both parties must proceed or the specific issues that will be determined at the preliminary injunction hearing"); *Scattergood v. Perelman*, 1990 U.S. Dist. LEXIS 6482, CIV. A. No. 90-3451, 1990 WL 72801, at *7 (E.D. Pa. May 29, 1990) (citing *Advent Sys. Ltd. v. Unisys Corp.*, 1988 U.S. Dist. LEXIS 4032, No. 88-3100 (E.D. Pa. May 11, 1988)); cf. *Ellsworth Assocs.*, 917 F. Supp. at 844 (granting plaintiff's "narrowly-tailored" request for expedited discovery).

The above-mentioned criteria weigh against allowing expedited discovery in this case. PNI seeks discovery on: "(1) Gannett's intent to copy and deceive, (2) actual and likely confusion among classified advertising consumers, and (3) the strength of PNI's "TriClassifieds" mark." PNI Reply Memo. at 2. These subjects are indeed probative of the issues to be addressed at the preliminary injunction hearing. The problem with PNI's discovery requests is that they are [*7] wholly overbroad in scope.

In its proposed order, PNI suggests that "the parties shall be able to take depositions on five business days notice or at such other time as is mutually convenient" and "the parties shall respond to written discovery within five business days of service." PNI Proposed Order. Gannett objects that this is "a blank check to take unspecified, unlimited discovery." Gannett Mem. of Law at 1. In response, PNI has submitted a "Set of Interrogatories" and a "Request for Production of Documents" which it intends to serve upon Gannett if its motion is granted. While PNI contends the requests in these documents are narrowly tailored, close examination reveals otherwise.

The interrogatories include questions meant to identify all Courier-Post personnel connected with originating or administering the "Tri-County Classified" product² as well as any potential witnesses Gannett intends to call at trial and pretrial hearings, presumably so that PNI can depose these individuals before the July 30th hearing. PNI Reply Mem. Ex. A, Plaintiff's First Set of Interrogatories. The number of depositions this information might spawn is daunting, and inappropriate with the preliminary [*8] injunction hearing a mere 15

days away.

2 For example, PNI asks for a description of "the organization structure of the *Courier-Post* department responsible for classified advertising, including the identity, title, and responsibility of each person who works in the department." PNI Reply Mem. Ex. A. at 6. PNI further asks Gannett to identify anyone: (1) "who has knowledge of the facts alleged in the Amended Complaint and describe the subjects about which they have knowledge" (id. at 5); (2) "who participated in any way in the decision making process that led Gannett to publish the advertisement" (id. at 9); and (3) "who has taken orders for classified advertisements in the *Courier-Post* since April 1, 1998." Id. at 7.

Further, PNI's document request is potentially quite sizable. It essentially asks for all documents having any connection to the Courier-Post's "Tri-County Classified" product and PNI's "TriClassifieds," documents establishing the Courier-Post's sales volume and geographic distribution [*9] from January, 1997 (well before PNI's "TriClassified" product was unveiled) to the present, and all documents implicated in PNI's first set of interrogatories. See PNI Reply Mem. Ex. B, Plaintiff's First Set of Requests for Production of Documents. As with PNI's interrogatories, the court will not burden Gannett with potentially voluminous document production so shortly before the July 30th hearing.

Notably absent from PNI's motion and supporting briefs are definitive limitations on the scope of the sought-after discovery. Without reasonable boundaries, the court will not order time-consuming discovery before the period prescribed in Rule 26(d).

III. CONCLUSION

For the foregoing reasons, PNI's motion to expedite discovery is denied.

ORDER

AND NOW, this 15th day of July, 1998, upon consideration of Philadelphia Newspapers, Inc.'s motion for expedited discovery, and Gannett Satellite Information Network, Inc.'s reply thereto, it is hereby

ORDERED that the motion is **DENIED**.

BY THE COURT:

JOSEPH L. McGLYNN, JR., J.



RIO GRANDE ROYALTY COMPANY, INC., on behalf of itself and all others similarly situated, Plaintiff, ENERGY TRANSFER PARTNERS, L.P., ENERGY TRANSFER COMPANY, ETC MARKETING, LTD., and HOUSTON PIPELINE COMPANY, Defendants.

No. H-08-cv-0857

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS, HOUSTON DIVISION

2008 U.S. Dist. LEXIS 112721

August 11, 2008, Decided

August 11, 2008, Filed

SUBSEQUENT HISTORY: Motion granted by, in part, Motion denied by, in part *Rio Grande Royalty Co., 2009 U.S. Dist. LEXIS 126696 (S.D. Tex., Mar. 25, 2009)*

COUNSEL: [*1] For Rio Grande Royalty Company Inc, on behalf of itself and all others similarly situated, Plaintiff: Bernard Persky, Gregory Ascioffa, William Vincent Reiss, LEAD ATTORNEYS, Labaton Sucharow LLP, New York, NY; Robert A Chaffin, LEAD ATTORNEY, Chaffin Stiles, Houston, TX.

For Energy Transfer Partners LP, Energy Transfer Company, ETC Marketing LTD., Houston Pipeline Company, Defendants: Charles W Schwartz, LEAD ATTORNEY, Skadden Arps et al, Houston, TX; Jerome Hirsch, LEAD ATTORNEY, Skadden Arps et al, New York, NY; Steven Sunshine, LEAD ATTORNEY, Skadden, Arps, Slate, Meagher & Flom LLP, Washington, DC.

JUDGES: KEITH P. ELLISON, UNITED STATES DISTRICT JUDGE.

OPINION BY: KEITH P. ELLISON

OPINION

MEMORANDUM AND ORDER

On this day the Court considered Defendants' Motion for Protective Order Staying Discovery. Defendants have asked the Court to stay discovery in this case pursuant to *Federal Rule of Civil Procedure 26(b)* and *(c)*. After considering the briefing and the arguments presented by parties at the July 22, 2008 hearing, the Court has concluded that Defendants' Motion for Protective Order Staying Discovery, Docket No. 19, should be **GRANTED**.

Plaintiff has asked Defendants to produce all documents and electronically [*2] stored information submitted to the Commodity Futures Trading Commission (CFTC), the Federal Energy Regulatory Commission (FERC), or any other government agency or investigatory body in connection with federal investigations into Defendants' natural gas trading activities. Defendants explain that the request would require them to review millions of pages of documents that were produced to the CFTC and FERC for privilege, and would be unduly burdensome, resulting in hundreds of thousands of dollars in costs. Defendants also argue that Plaintiff's request is overly broad, because, *inter alia*, the documents produced to the CFTC and FERC relate to time periods and locations that are not within the scope of Plaintiff's complaint.

The Federal Rules of Civil Procedure presume that discovery may proceed despite the filing of a Motion to Dismiss, and this case is not governed by a statute such as the Private Securities Litigation Reform Act (PSLRA) that requires discovery to be stayed until the Court has ruled on a Motion to Dismiss. The Court does have discretion to stay discovery pending a ruling on a Motion to Dismiss, however. *See, e.g., Landry v. Air Line Pilots Ass'n Intern. AFL-CIO*, 901 F.2d 404, 435-36 (5th Cir. 1990); [*3] *Petrus v. Bowen*, 833 F.2d 581, 583 (5th Cir. 1987) ("A trial court has broad discretion and inherent power to stay discovery until preliminary questions that may dispose of the case are determined."). Some courts have recognized that "staying discovery may be particularly appropriate in antitrust cases, where discovery tends to be broad, time-consuming and expensive." *Netflix Antitrust Litig.*, 506 F. Supp. 2d 308, 321 (N.D. Cal. 2007) (allowing narrowly-tailored discovery to go forward) (citing *Bell Atlantic v. Twombly*, 550 U.S. 544, 127 S. Ct. 1955, 1964-65, 167 L. Ed. 2d 929 (2007)); *see also In re Graphics Processing Units Antitrust Litig.*, No. C 06-07417, 2007 U.S. Dist. LEXIS 57982, 2007 WL 2127577, at *4 (N.D. Cal. July 24, 2007) (recognizing that *Twombly* did not "erect an automatic, blanket prohibition on any and all discovery before an antitrust plaintiff's complaint survives a motion to dismiss," but noting that "to allow antitrust discovery prior to sustaining a complaint would defeat one of the rationales of *Twombly*, at least when the discovery would be burdensome.").

The Court finds that the discovery requested by Plaintiff would constitute an undue burden for Defendants. Although the documents have already been assembled and produced [*4] to government agencies, thus reducing the burden to Defendants somewhat, Defendants' need to review such a large volume of

documents prior to producing them would be a significant burden. Furthermore, Plaintiff concedes that it does not need this discovery to respond to the pending Motion to Dismiss. *See Petrus v. Bowen*, 833 F.2d 581, 582 (5th Cir. 1987) (upholding a discovery stay where Plaintiff would not have learned anything that could affect the resolution of the dispositive motion). Although some courts have also considered the strength of the dispositive motion when determining whether to stay discovery, *see, e.g., Von Drake v. Nat'l Broad. Co.*, No. 04-cv-0652, 2004 U.S. Dist. LEXIS 25090, 2004 WL 1144142, at *1 (N.D. Tex. May 20, 2004), briefing on the Motion is not complete, and the Court does not wish to make a premature pronouncement on its merits.¹ The Court believes that discovery should be stayed given the burden to Defendant of reviewing the documents and because Plaintiff has not demonstrated any need for the documents prior to this Court's ruling on the pending Motion.

1 This Order should not be understood as any indication of how the Court will ultimately rule on Defendants' Motion to Dismiss.

Defendant's [*5] Motion is, therefore, **GRANTED**. All discovery in this case, including *Rule 26* disclosures, is stayed pending the Court's ruling on Defendants' Motion to Dismiss, filed May 19, 2008.

IT IS SO ORDERED.

SIGNED this 11th day of August, 2008.

/s/ Keith P. Ellison

KEITH P. ELLISON

UNITED STATES DISTRICT JUDGE



ERIC VON DRAKE, Plaintiff, VS. NATIONAL BROADCASTING COMPANY, INC., ET AL., Defendants.

NO. 3-04-CV-0652-R

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS, DALLAS DIVISION

2004 U.S. Dist. LEXIS 25090

**May 20, 2004, Decided
May 20, 2004, Filed**

DISPOSITION: Defendants National Broadcasting Company, Inc. and Tom Touchet's motion for temporary stay of discovery pending ruling on motion to dismiss granted.

COUNSEL: [*1] For Eric Von Drake, Plaintiff: Pro se, Richardson, TX.

For National Broadcasting Company Inc, Defendant: Robert P Latham, Jackson Walker, Dallas, TX; Alisha LaRochelle Danchak, Jackson Walker, Dallas, TX.

For Tom Touchet, Defendant: Robert P Latham, Jackson Walker, Dallas, TX; Alisha LaRochelle Danchak, Jackson Walker, Dallas, TX.

JUDGES: JEFF KAPLAN, UNITED STATES MAGISTRATE JUDGE.

OPINION BY: JEFF KAPLAN

OPINION

MEMORANDUM ORDER

Defendants National Broadcasting Company, Inc. and Tom Touchet have filed a motion for a temporary stay of discovery pending a ruling on their motion to

dismiss. For the reasons stated herein, the motion is granted.

I.

This is a *pro se* race and age discrimination case brought under the Texas Commission on Human Rights Act ("TCHRA"), Tex. Lab. Code Ann. § 21.001, *et seq.*, with a related claim for intentional infliction of emotional distress. Plaintiff Eric Von Drake, a 49-year old African-American male, accuses the defendants of discrimination for failing to select him as a finalist for a singing competition produced by the *Today Show*. On February 27, 2004, plaintiff filed suit in Texas state district court. Defendants [*2] were served by certified mail on March 3, 2004. Along with the complaint, plaintiff served defendants with multiple interrogatories and document requests seeking, *inter alia*, detailed information about the 6,000 people who applied for the singing competition, federal tax returns for the past five years, and copies of felony arrest records regarding Tom Touchet, Robert Wright, and Anthony Lock. Defendants timely removed the case to federal court on March 29, 2004. ¹ Shortly thereafter, defendants filed a motion to dismiss plaintiff's complaint for failure to state a claim upon which relief can be granted. That motion is currently pending before the district judge. Defendants now seek a temporary stay of discovery pending a ruling on their motion to dismiss. Plaintiff has filed a response in opposition to a stay of discovery and the motion is ripe

for determination.

1 Although plaintiff alleges only state statutory and common law causes of action, he seeks "liquidated damages pursuant to the Fair Labor Standards Act." (See Plf. Compl. at 9, P 29). Defendants therefore removed this action on the basis of federal question jurisdiction. See 28 U.S.C. § 1331. Alternatively, defendants maintain that federal diversity jurisdiction is proper because the parties are citizens of different states and the amount in controversy exceeds \$ 75,000, exclusive of interest and costs. See 28 U.S.C. § 1332(a)(1).

[*3] II.

A federal district court has discretion to stay discovery "for good cause shown." Fed. R. Civ. P. 26(c). While discovery may be stayed pending the outcome of a motion to dismiss, "the issuance of stay is by no means automatic." *Spencer Trask Software and Information Services, LLC v. RPost International Limited*, 206 F.R.D. 367, 368 (S.D.N.Y. 2002), quoting *In re WRT Energy Securities Litigation*, 1996 U.S. Dist. LEXIS 14899, 1996 WL 580930 at *1 (S.D.N.Y. Oct. 9, 1996). Among the factors that inform the court's discretion are: (1) the breadth of discovery sought; (2) the burden of responding to such discovery; and (3) the strength of the dispositive motion filed by the party seeking a stay. *id.*, citing *Anti-Monopoly, Inc. v. Hasbro, Inc.*, 1996 U.S. Dist. LEXIS 2684, 1996 WL 101277 at *3 (S.D.N.Y. Mar. 7, 1996) and *Gandler v. Nazarov*, 1994 U.S. Dist. LEXIS 17885, 1994 WL 702004 at *4 (S.D.N.Y. Dec. 14, 1994). A stay of discovery may be appropriate where the disposition of a motion to dismiss "might preclude the need for the discovery altogether thus saving time and expense." *Landry v. Air Line Pilots Ass'n International AFL-CIO*, 901 F.2d 404, 436 (5th Cir.), [*4] *cert. denied*, 111 S. Ct. 244 (1990). See also *Nankivil v. Lockheed Martin Corporation*, 216 F.R.D. 689 (M.D.

Fla. 2003), *aff'd*, 87 Fed.Appx. 713, 2003 WL 22669331 (11th Cir. Oct. 23, 2003), *cert. denied*, 541 U.S. 1049, 158 L. Ed. 2d 743, 124 S. Ct. 2174, 2004 WL 540542 (U.S. May 17, 2004) (citing cases) (good cause to stay discovery exists where "resolution of preliminary motion may dispose of entire action").

Although the magistrate judge cannot predict the outcome of defendants' motion to dismiss, a cursory review of the motion reveals that defendants have substantial arguments for dismissal of many, if not all, of plaintiff's claims. Moreover, many of the interrogatories and document requests served on defendants are overly broad and harassing. Plaintiff has not shown that a temporary stay of discovery will substantially or unduly delay the litigation should his claims survive summary dismissal. Under these unique circumstances, a stay is warranted.²

2 The court takes judicial notice that plaintiff is no stranger to the civil justice system, having filed more than 26 lawsuits in the past five years. (See Def. Mot., Exh. 1 at 29-33). At a recent hearing before another judge in this district, plaintiff was chastised for "attempting to make a mockery of the federal system." (*Id.*, Exh. 1 at 19).

[*5] CONCLUSION

Defendants' motion for a temporary stay of discovery is granted. All discovery in this case is stayed pending a ruling on defendants' motion to dismiss.

SO ORDERED.

DATED: May 20, 2004.

JEFF KAPLAN

UNITED STATES MAGISTRATE JUDGE