

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

AVERY DENNISON CORP.	:	
	:	
Plaintiff,	:	
	:	
v.	:	C.A. No. 01-125-JJF
	:	
MINNESOTA MINING & MANUFACTURING	:	
CO.,	:	
	:	
Defendants.	:	
	:	
	:	

Robert W. Whetzel, Esquire of RICHARDS, LAYTON & FINGER,
Wilmington, Delaware.
Attorney for Plaintiff.

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Attorney for Defendants.

MEMORANDUM OPINION

October 26, 2001
Wilmington, Delaware

FARNAN, District Judge.

Presently before the Court is the Joint Request To Resolve An Issue Relating To A Stipulated Form Of Protective Order (D.I. 58) filed by Plaintiff Avery Dennison Corp. (hereinafter "Avery") and Defendant Minnesota Mining & Manufacturing Corp. (hereinafter "3M"). Specifically, Avery seeks to create a third "top" tier of confidential information from which the parties' in-house counsel teams are denied access. For the reasons set forth below, Avery's request will be denied.

I. BACKGROUND

This is a patent infringement action brought by Avery against 3M. Because of the nature of discovery in this matter, the parties wish to enter into a stipulated protective order to safeguard their confidential information. The parties have come to an agreement on all aspects of the protective order with the exception of one issue, which relates to the extent of access that in-house counsel may have to certain categories of confidential information.

Both parties agree that the protective order should categorize access to information by level of confidentiality, and that there should be at least two levels of confidential information. Specifically, the parties agree as

to the type of confidential information that should be included in the lower level and that identified in-house counsel and two identified non-attorney employees of either party should be permitted access to lower level information. Additionally, the parties agree that there should be a higher level of confidentiality for the most competitively sensitive information and that such information should not be disclosed to non-attorney employees of the parties. The parties, however, disagree as to the precise way to implement the higher level of confidentiality.

3M proposes that both parties should identify an in-house counsel team and that the members of these teams should be permitted access to higher level information. Although Avery agrees with 3M's proposal insofar as certain documents are concerned, Avery contends that an even higher level of confidentiality should be maintained for four types of information: 1) pending patent applications; 2) documents disclosing research and development activities; 3) financial documents from which one party could derive information that would assist in competitive bid submissions; and 4) evidence of current manufacturing methods and tools, including videotapes and pictures taken during plant inspections. Avery proposes that access to this "top" level information should be

granted only to outside counsel and a single in-house representative of each party. Avery further proposes that each party's in-house representative should only be permitted to inspect "top" level documents, without copying or taking notes, at the offices of that party's outside counsel.

In opposition to Avery's proposal, 3M contends that excluding its designated in-house counsel team from "top" level information will deprive 3M of effective and efficient representation. 3M contends that its designated in-house counsel team must be privy to all types of "confidential" information in order to effectively manage and make strategic decisions throughout this litigation. 3M also contends that its designated in-house counsel team must have the same access to "confidential" information as its outside counsel in order to promote efficiency and early resolution of this matter. 3M further contends that in the event that "top" level information becomes relevant and is disclosed, Avery's proposal could result in precluding designated in-house counsel from reading such materials as expert reports and motions.

In support of creating a more confidential "top" tier of information, Avery contends that the risk is too high that "top" level information could be used by in-house counsel in a

context other than the supervision of the pending litigation. Specifically, Avery contends that both Avery's and 3M's intellectual property lawyers constantly supervise developing patent portfolios for the purpose of excluding competitors and cannot help but take into account information contained in each other's secret patent applications and ongoing research. Avery contends that by establishing a "top" tier, its proposal permits in-house counsel to have access to "confidential" information, but reasonably assures a limit to the direct or indirect use of "confidential" information by competitors.

II. LEGAL STANDARD

Federal Rule of Civil Procedure 26(c) provides various means for the federal courts to protect parties and witnesses during the discovery process. The rule requires parties to confer in good faith to resolve any dispute; and if not successful, any party may apply to the court for relief concerning the present dispute. In pertinent part, Rule 26 (c) provides:

[F]or good cause shown, . . . the court . . . may make any order which justice requires to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense, including one or more of the following . . .

(7) that a trade secret or other confidential research, development, or commercial information not be revealed or be

revealed only in a designated way . . .

Fed. R. Civ. P. 26(c).

III. DISCUSSION

After considering the parties arguments in the circumstances of this case, the Court concludes that the creation of a "top" tier of information from which the parties' in-house counsel teams are denied access is not necessary to effectively safeguard the parties' interests. This Court has previously determined that in-house counsel should not be denied access to confidential information produced under the terms of an appropriate protective order. See Eaton Corp. v. Rockwell Int'l. Corp., C.A., (JJF)(D.Del. Mar. 13, 1998)(Tr. 14, 15, 21)(permitting access to highly sensitive information by multiple in-house counsel, including patent attorneys that were key witnesses); Boehringer Ingelheim Pharmaceuticals, Inc. v. Hercon Labs. Corp., 18 U.S.P.Q.2d 1166 (D.Del 1990)(allowing in-house counsel access to highly confidential information). Like outside counsel, in-house counsel is bound by professional and ethical responsibilities and their conduct is subject to sanctions. Boehringer at 1168. Accordingly, the Court believes that sufficient safeguards can be implemented under Federal Rule of Civil Procedure 26(c) to protect against the abuse of confidential information. Because the Court recognizes that

sensitive issues are involved, the Court will allow the parties to craft a protective order that places adequate safeguards on the use and mode of reviewing all sensitive information, but that does not deny designated in-house counsel access to that information.

A Order will be entered consistent with this Memorandum Opinion.

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 :

O R D E R

At Wilmington this 26 day of October, 2001, for the reasons set forth in the Memorandum Opinion issued this date;

IT IS HEREBY ORDERED that:

1. Avery's request to create a third "top" tier of confidential information from which the parties' in-house counsel teams are denied access(D.I. 58) is **DENIED**.
2. The parties shall submit a revised proposed stipulated protective order no later than November 2, 2001.

JOSEPH J. FARNAN, JR.
UNITED STATES DISTRICT JUDGE