

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

INVISTA NORTH AMERICA S.À.R.L., )  
and AURIGA POLYMERS INC., )

Plaintiffs, )

v. )

Civil Action No. 11-1007-SLR-CJB

M&G USA CORPORATION and )  
M&G POLYMERS USA, LLC, )

Defendants. )

**REPORT AND RECOMMENDATION**

Pending before the Court in this patent infringement action is: (1) Plaintiff INVISTA North America S.à.r.l.'s ("INVISTA" or "Plaintiff") motion for issuance of an order requiring Defendants M&G Corporation and M&G Polymers USA, LLC (collectively, "M&G" or "Defendants") to show cause as to why they should not be held in contempt for violating three of the Court's discovery orders, due to M&G's filing of a Petition for a Pure Bill of Discovery in the Circuit Court of Loudoun County, Virginia, and for sanctions pursuant to Federal Rule of Civil Procedure 37(b)(2)(A), (together, the "motion for order to show cause and for sanctions"), (D.I. 527); (2) Plaintiff's motion for modification of the Protective Order, (D.I. 534); and (3) Defendants' motion for leave to file a sur-reply letter brief in opposition to Plaintiff's motion for modification of the Protective Order (the "motion for leave to file sur-reply"), (D.I. 540).<sup>1</sup> For

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<sup>1</sup> On July 17, 2013, a six-day jury trial commenced before Judge Sue L. Robinson in this action. On April 1, 2014, Judge Robinson issued a Final Judgment Following Post Trial Motion Practice Pursuant to Fed. R. Civ. P. 54 (b), in which it was ordered that judgment was entered in favor of Plaintiffs. (D.I. 552) M&G filed a Notice of Appeal in the case on April 23, 2014. (D.I. 567) The Court retains jurisdiction to resolve motions for sanctions, including contempt sanctions (and related motions), even after the entry of Final Judgment or the filing of a notice of appeal, since the instant motions relate to matters collateral to the merits of the action. *See, e.g., A.L.A. ex rel. Liberty v. Avilla R-XIII Sch. Dist.*, No. 10-05054-CV-SW-SWH, 2012

the reasons discussed below, the Court recommends DENYING Plaintiff's motion for order to show cause, DENIES Plaintiff's motion for sanctions, GRANTS Plaintiff's motion for modification of the Protective Order, and DENIES Defendants' motion for leave to file sur-reply.<sup>2</sup>

## **I. BACKGROUND**

### **A. Related Motions (and Proceedings)**

In this contentious action, the Court has presided over multiple discovery disputes. On

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WL 1112141, at \*1 n.1 (W.D. Mo. Mar. 31, 2012) (explaining that a district court retains jurisdiction over collateral matters not involved in an appeal, and finding that defendants' motion for discovery sanctions involved collateral matters and thus could be resolved by the district court even while appeal on the merits was pending); *Hindi v. Toyota Motor Corp.*, Civil Action No. 2:05-CV-11-TJW, 2011 WL 865488, at \*5 (E.D. Tex. Mar. 10, 2011) (noting that "a district court always has jurisdiction to impose sanctions designed to enforce its own rules, even after that court no longer has jurisdiction over the substance of a case" and even if sanctions are imposed years after a final judgment) (quoting *Fleming & Assoc. v. Newby & Tittle*, 529 F.3d 631, 637 (5th Cir. 2008)); *800 Adept, Inc. v. Murex Secs., Ltd.*, No. 6:02-cv-1354-Orl-19DAB, 2007 WL 2412900, at \*1 (M.D. Fla. Aug. 21, 2007) (noting that a court retains jurisdiction to enforce its orders); cf. *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 396 (1990) ("A court may make an adjudication of contempt and impose a contempt sanction even after the action in which the contempt arose has been terminated.").

<sup>2</sup> The Court issues a Report and Recommendation as to Plaintiff's motion for order to show cause under 28 U.S.C. § 636(e)(6)(B)(iii) because the relief sought by Plaintiff exceeds the Court's contempt authority. See *Total Quality Logistics, LLC v. TW Transp. Solutions, LLC*, No. 1:11-cv-183, 2012 WL 2045948, at \*1 n.1 (S.D. Ohio June 6, 2012); see also, e.g., *Phillips v. Goodyear Tire & Rubber Co.*, No. 02 CV 1642 B(NLS), 2008 WL 755913, at \*1 (S.D. Cal. Mar. 18, 2008) (titling decision recommending denial of defendant's motion for issuance of an order to show cause as a "Report and Recommendation"). The remaining motions, however, are matters within the authority of the Court to determine under the auspices of 28 U.S.C. § 636(b)(1)(A), without the need to submit a recommendation to the District Court. See, e.g., *Trans Video Elecs., Ltd. v. Netflix, Inc.*, Civil Action No. 12-1743-LPS, 2014 WL 900929, at \*1 n.1 (D. Del. Mar. 4, 2014) (motion for leave to file sur-reply); *INVISTA N. Am. S.a.r.l. v. M&G USA Corp.*, Civil Action No. 11-1007-SLR-CJB, 2013 WL 1867345, at \*1 (D. Del. Mar. 28, 2013) (motion for modification of Protective Order); *Textron Fin. Corp. v. RV Having Fun Yet, Inc.*, No. 3:09-cv-2-J-34TEM, 2010 WL 1038503, at \*6 (M.D. Fla. Mar. 19, 2010) (motion for sanctions pursuant to Rule 37(b)(2)(A)).

September 7, 2012, in the course of document production, INVISTA inadvertently produced to M&G a written [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED] (*Id.* at 2-5) The parties have subsequently filed a number of motions that in some way relate to the [REDACTED]

### 1. Motion to Compel

The first such motion was M&G's motion to compel disclosure of [REDACTED] and for additional, related discovery ("the motion to compel"). (D.I. 179) The Protective Order entered by the Court in this case sets out, *inter alia*, a procedure to be followed in the event of inadvertent disclosure of privileged or work product-protected documents (the "claw-back provision"). (D.I. 63 at ¶ 9) Upon learning of [REDACTED] inadvertent production, on January 19, 2013, INVISTA invoked the claw-back provision and requested that M&G destroy the unintentionally-produced [REDACTED] (D.I. 201, ex. I) In response, on January 28, 2013, M&G filed the motion to compel, (D.I. 179), pursuant to the terms of the claw-back provision. It argued therein that any privilege attached to [REDACTED] was pierced by the crime-fraud exception, as [REDACTED] "provides *prima facie* evidence of ongoing and future criminal conduct." (D.I. 180 at 2) M&G alternatively argued that INVISTA waived any privilege in [REDACTED] pursuant to its inadvertent disclosure of the document. (*Id.* at 13-14) M&G's motion to compel also sought discovery relating to [REDACTED]. (D.I. 179) Specifically, M&G sought "discovery of any and all communications, [REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED] (D.I. 180 at 1)

On July 15, 2013, the Court issued a Memorandum Order with respect to the motion to compel (the "July 15, 2013 Order"). (D.I. 422) The Court denied M&G's motion in its entirety, first finding "each of M&G's arguments in support of disclosure of [REDACTED] to be without sufficient merit." (*Id.* at 25) Accordingly, the Court also denied "M&G's request for further discovery regarding [REDACTED]." (*Id.*)<sup>3</sup> M&G did not appeal this decision.

## **2. Motion to Reopen the Francois Deposition**

M&G filed the next relevant motion on June 24, 2013 (while the motion to compel was still pending). This motion sought to re-open the deposition of Robert Francois ("Francois"), President of INVISTA's Specialty Materials business (the "motion to reopen the Francois deposition"), in order to question him about [REDACTED]

[REDACTED] (D.I. 376; D.I. 388 at ¶ 1; D.I. 422 at 3 & n.2) This [REDACTED] consisted of an [REDACTED] between [REDACTED]

[REDACTED]

[REDACTED]

(D.I. 422 at 3 & n.2) In these [REDACTED]

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<sup>3</sup> M&G's motion to compel also requested that the Court require INVISTA to modify the confidentiality designation on [REDACTED] from "Attorneys' Eyes Only" to "Confidential." (D.I. 180 at 14-15) In light of its finding that [REDACTED] was privileged and properly clawed back by INVISTA, and its corresponding denial of M&G's request for further related discovery, the Court likewise denied M&G's request with respect to [REDACTED] confidentiality designation. (D.I. 422 at 25)

[REDACTED]  
[REDACTED]  
[REDACTED] (D.I. 376, ex. C)

[REDACTED]  
[REDACTED]  
[REDACTED] (D.I.  
223 at 1) [REDACTED]

[REDACTED]<sup>4</sup> (*Id.* at 2 & ex. B at ex. 1) Although the Court had not yet ruled on the motion to compel, M&G thereafter attempted to question Francois about [REDACTED] during his May 23, 2013 deposition. (D.I. 376) INVISTA objected to this line of questioning, asserting that [REDACTED] “was a fruit of [M&G’s] knowledge based on” INVISTA’s inadvertent disclosure of [REDACTED], and that M&G’s use of [REDACTED] accordingly constituted a violation of the Protective Order. (*Id.*, ex. A at 136-138) INVISTA also objected to M&G’s use of [REDACTED] on the basis of relevance. (*Id.* at 138)

Following the submission of a letter brief from each party, (D.I. 376, D.I. 385), on June 27, 2013, the Court held oral argument on M&G’s motion to reopen the Francois deposition, (D.I. 528, ex. 2). At the conclusion of that hearing, the Court issued an oral order denying the

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<sup>4</sup> The copy of [REDACTED] that INVISTA’s counsel provided to M&G at the February 27, 2013 hearing is an [REDACTED] of [REDACTED] (D.I. 223 at 2) The signature at the conclusion of [REDACTED] while the signature in the copy INVISTA provided to M&G was [REDACTED] (*Id.*) Moreover, all of the headers in [REDACTED] which reflected the name [REDACTED] were not visible in the copy provided to M&G. (*Id.*) It is undisputed that [REDACTED]. (*Id.*; D.I. 528 at 1)

motion (the “June 27, 2013 Order”). (*Id.* at 47-53) M&G did not appeal this decision.

### 3. Petition for a Pure Bill of Discovery

The next relevant filing was M&G’s December 26, 2013 filing of the Petition for a Pure Bill of Discovery (the “Petition”). (D.I. 528, ex. 1 (hereinafter, “Petition”))<sup>5</sup> The matter (hereinafter, the “Virginia Action”) is captioned *In re M&G USA Corporation, and M&G Polymers USA, LLC*, Case No. 107CL00085243-00, and the Petition lists George R. Walker, Jr., Registered Agent for [REDACTED] and [REDACTED], as the individuals to be served. (*Id.*) The Petition was filed by the same counsel that represents M&G in the instant action.

The Petition seeks entry of an Order from the Virginia state court (the “Virginia Court”) requiring: (1) depositions of [REDACTED], and (2) “production of relevant documents, to discover and preserve facts essential to M&G’s rights in future civil proceedings that Petitioners expect to assert against [REDACTED], and/or others.” (*Id.* at 1)<sup>6</sup> The Petition makes no mention of

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<sup>5</sup> M&G’s Petition explains that “[t]he bill of discovery is an independent action in equity for discovery, and is designed to obtain evidence for use in an action other than the one in which discovery is sought.” (Petition at ¶ 19 (quoting *Berger v. Cuomo*, 644 A.2d 333, 337 (Conn. 1994))) The Petition further asserts that although such actions are now uncommon, having been supplanted by modern discovery practices, they are still permitted by a majority of jurisdictions, including Virginia. (*Id.* at ¶¶ 19-20)

<sup>6</sup> Later in the Petition, M&G more specifically outlines the information that it seeks in discovery in the Virginia Action:

- (1) [W]hat further means of obtaining information from M&G were employed by [REDACTED];
- (2) the exact steps taken by [REDACTED] in obtaining information from M&G;
- (3) the complete results of their efforts and what confidential or proprietary information, if any, was obtained;
- (4) the names of any third parties with whom [REDACTED] worked in the course of contacting M&G; and
- (5) the final disposition of the information obtained by [REDACTED].

the instant case or [REDACTED]; instead, it purports to base M&G's request for discovery on the [REDACTED]. (*Id.* at ¶¶ 4-6) The Petition also

describes and attaches as an exhibit [REDACTED]

[REDACTED] (*Id.* at ¶ 7) The [REDACTED] *d.*)<sup>7</sup>

In the Petition, M&G states that [REDACTED]

[REDACTED] *d.* at ¶ 8) The Petition further asserts that [REDACTED]

[REDACTED] (*Id.* at ¶ 11) It explains that the requested discovery is necessary to allow it to "ascertain the appropriate cause(s) of action available to" it, as M&G "currently contemplate[s] that [REDACTED] behavior may form the basis for" various causes of action. (*Id.* at ¶ 12)

The Virginia Court originally scheduled argument on M&G's Petition for April 1, 2014. (D.I. 534 at 1) However, on February 26, 2014, M&G moved to stay the proceedings in the Virginia Action pending the Court's ruling on the instant motions. (D.I. 537, ex. A) The

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(Petition at ¶ 18)

<sup>7</sup> M&G's counsel provided [REDACTED] with a copy of [REDACTED] that counsel received at the February 2013 hearing on the motion to compel. (D.I. 223, ex. B at ¶ 7) This prompted [REDACTED] to retrieve both [REDACTED], which she subsequently provided to M&G's counsel. (*Id.* at ¶¶ 6-7)

Virginia Courts Information System indicates that the April 1, 2014 hearing was thereafter withdrawn. *In re M&G USA Corp. & M&G Polymers USA, LLC*, Case No. 107CL00085243-00, <http://wasdmz2.courts.state.va.us/CJISWeb/CaseDetail.do> (enter case number at main screen) (last visited April 22, 2014). It also appears that on April 11, 2014, INVISTA filed a motion to seal the record, and a motion to intervene, in the Virginia Action. *Id.* (enter case number at main screen; then select “Pleadings/Orders” hyperlink).

### **B. Filing of the Instant Motions**

On January 15, 2014, INVISTA filed the motion for order to show cause and for sanctions. (D.I. 527) Following letter briefing, (D.I. 528; D.I. 529), the Court heard oral argument on the motion on January 31, 2014, (D.I. 551 (hereinafter, Tr.”)). On February 3, 2014 and February 5, 2014, respectively, the parties filed supplemental letter briefs. (D.I. 530; D.I. 532)

On February 26, 2014, INVISTA filed the motion for modification of the Protective Order, requesting that it be permitted to submit certain sealed documents from this case (covered by the Protective Order) to the Virginia Court. (D.I. 534) Pursuant to a stipulation, M&G filed its responsive letter brief on March 4, 2014, (D.I. 537), and INVISTA filed its reply letter brief on March 7, 2014, (D.I. 539). On March 10, 2014, M&G filed its motion to file a sur-reply brief. (D.I. 540) This last motion was fully briefed as of April 7, 2014. (D.I. 556)

## **II. DISCUSSION**

### **A. INVISTA’s Motion for Order to Show Cause and for Sanctions**

INVISTA argues that in filing the Petition, M&G “has willfully violated three orders” of the Court: (1) the July 15, 2013 Order; (2) the June 27, 2013 Order; and (3) the Protective Order



(collectively, “the subject orders”). (D.I. 528; D.I. 530) Accordingly, INVISTA requests, *inter alia*, that the Court issue a recommendation finding that: (1) the filing of the Petition violated the subject orders; (2) continued prosecution of the Petition will constitute continuing violation of the orders; and (3) M&G and its counsel should be ordered to appear before the District Court to show cause why they should not be adjudged in contempt of court regarding such conduct.

(D.I. 530 at 4)

### **1. Legal Standard**

Civil contempt is a sanction to enforce compliance with a court order or to compensate for losses or damages sustained by noncompliance. *McComb v. Jacksonville Paper Co.*, 336 U.S. 187, 191 (1949); *see also In re Linerboard Antitrust Litig.*, 361 F. App’x 392, 398-99 (3d Cir. 2010). Except where a United States Magistrate Judge exercises consent jurisdiction in civil cases under 28 U.S.C. § 636(c) or misdemeanor jurisdiction under 18 U.S.C. § 3401, the Magistrate Judge may not enter an order of civil contempt. Instead, the Court must proceed under 28 U.S.C. § 636(e)(6)(B)(iii), which provides:

[T]he magistrate judge shall forthwith certify the facts to a district judge and may serve or cause to be served, upon any person whose behavior is brought into question under this paragraph, an order requiring such person to appear before a district judge upon a day certain to show cause why that person should not be adjudged in contempt by reasons of the facts so certified.

28 U.S.C. § 636(e)(6)(B)(iii).

Contempt is a “severe remedy,” *Cal. Artificial Stone Paving Co. v. Molitor*, 113 U.S. 609, 618 (1885), and the movant bears a heavy burden to show that the charged party is guilty of civil contempt, *Robin Woods Inc. v. Woods*, 28 F.3d 396, 399 (3d Cir. 1994) (internal quotation

marks and citations omitted). To meet that burden, the proponent must show that (1) a valid court order existed; (2) the opposing party had knowledge of the order; and (3) the opposing party disobeyed the order. *F.T.C. v. Lane Labs-USA, Inc.*, 624 F.3d 575, 582 (3d Cir. 2010); *GE Harris Ry. Elecs., LLC v. Westinghouse Air Brake Co.*, No. Civ.A.99-070-GMS, 2004 WL 1854198, at \*7 (D. Del. Aug. 18, 2004). “These elements ‘must be proven by clear and convincing evidence, and ambiguities must be resolved in favor of the party charged with contempt.’” *Lane Labs-USA, Inc.*, 624 F.3d at 582 (quoting *John T. v. Del. Cnty. Intermediate Unit*, 318 F.3d 545, 552 (3d Cir. 2003)). The United States Court of Appeals for the Third Circuit has instructed that “courts should hesitate to adjudge a defendant in contempt when there is ground to doubt the wrongfulness of the conduct.” *Id.* (internal quotation marks and citations omitted).

**2. INVISTA Has Not Demonstrated, By Clear and Convincing Evidence, that in Filing the Petition in the Virginia Action, M&G Knowingly Disobeyed a Valid Order of this Court**

For each of the subject orders, INVISTA easily satisfies the first two elements of the civil contempt test. First, all three orders are valid court orders. (D.I. 63; D.I. 422; D.I. 528, ex. 2 at 47-53) And second, M&G does not contend that it lacked knowledge of the subject orders. The only disputed issue, then, is the third element: that is, whether M&G violated the subject orders pursuant to its filing of the Petition. The Court will consider each of the subject orders in the order they were addressed by the parties.

**a. July 15, 2013 Order**

As discussed above, the Court’s July 15, 2013 Order denied three of M&G’s requests: (1) its motion to compel disclosure of [REDACTED]; (2) its request for related further discovery

██ and (3) its request to modify  
██████████ confidentiality designation, pursuant to the terms of the Protective Order. (D.I. 422)

The denial of the first two of these requests are most relevant to the instant motion.

INVISTA now argues that M&G's filing of the Petition constitutes a violation of the July 15, 2013 Order because the Petition "seeks the same discovery from the same party, █████ [that] this Court denied." (D.I. 530 at 1; *see also* D.I. 528 at 1) According to INVISTA, "M&G has no explanation for how" it can seek such discovery "simply by going to Virginia[.]" (D.I. 530 at 1; *see also* Tr. at 5) .

M&G, however, does have an answer. It points out that the July 15, 2013 Order, while denying M&G's request to take further discovery regarding ████████████████████ in the instant action, "did not prohibit M&G from ever seeking discovery of the facts referenced in or underlying ██████████ (D.I. 529 at 1; *see also* D.I. 532 at 1)

M&G's statement as to the scope of the July 15, 2013 Order is accurate. The Court issued the Order in response to M&G's motion to compel, and in the context of "*this* patent infringement action[.]" (D.I. 422 at 1 (emphasis added)) The Court has authority to hear and decide discovery disputes that arise in this case. (*See* D.I. 45) Accordingly, the effect of the Order was to deny M&G's request for discovery in this case, and this case only.

Indeed, that the July 15, 2013 Order had only the limited scope referenced above is underscored by the basis upon which the Court denied the request for discovery. That request had clearly been tied to, and was directly premised upon, the Court's first having granted M&G's request for disclosure of ██████████ itself. (*See, e.g.*, D.I. 180 at 1; D.I. 205 at 1) Put another way, if the discovery M&G was seeking was at all relevant to the claims and defenses at issue

here and was at all obtainable in this case,<sup>8</sup> then according to M&G, it was only so if the Court first determined that [REDACTED] should be produced. (D.I. 532 at 1-2 (M&G noting that its “request for discovery [in the instant action] was predicated on the Court providing [REDACTED] to M&G”)) When the Court concluded that [REDACTED] should *not* be produced, the proffered basis for the requested discovery fell away, and that compelled the denial of the discovery request. That denial, however, did not and could not purport to address the merits of a discovery request regarding related topic areas that M&G might make: (1) in the future; (2) in a different court; (3) premised on a different argument as to the relevance and/or legal permissibility of such a request.

Accordingly, INVISTA has not demonstrated by clear and convincing evidence that M&G’s filing of a Petition in a separate action (the Virginia Action) seeking discovery into [REDACTED] constitutes a violation of the July 15, 2013 Order.

**b. June 27, 2013 Order**

The Court’s June 27, 2013 Order denied M&G’s motion to reopen the Francois deposition, in order to further question Francois about [REDACTED]. (D.I. 528, ex. 2 at 47-53) The core of INVISTA’s motion is its assertion that M&G violated this Order.

The Court’s decision as to this June 27, 2013 Order hinged primarily on Federal Rule of Civil Procedure 26(b)(5)(B), which states in pertinent part:

If information produced in discovery is subject to a claim of privilege . . . the party making the claim may notify any party that received the information of the claim and the basis for it. After being notified, a party must promptly return, sequester, or destroy

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<sup>8</sup> The Court expressed serious doubts as to the relevance of such discovery at oral argument on M&G’s motion to compel. (D.I. 240 at 11-12) In response, M&G’s counsel could not, based on information available at the time, clearly articulate how the requested discovery would in fact be relevant to the legal issues in the instant case. (*Id.*)

the specified information and any copies it has [and] *must not use or disclose the information until the claim is resolved*[.]

Fed. R. Civ. P. 26(b)(5)(B) (emphasis added). The Court prefaced its decision by acknowledging that “what does and does not constitute improper use of [information] under [the meaning of] Rule 26(b)(5)(B) may not always be clear.” (D.I. 528, ex. 2 at 50)

The Court ultimately concluded that “as to the circumstances before me . . . M&G should not be permitted to reopen [] Francois’ deposition to ask questions about [REDACTED] [REDACTED]” (*Id.*) The Court provided the following inter-related reasons for its decision: (1) “the subject matter of those [REDACTED] is directly related to the subject matter of [REDACTED] (2) [REDACTED] was produced to M&G after it was used as an exhibit in the” February 27, 2013 hearing on M&G’s motion to compel disclosure of [REDACTED]; (3) “[REDACTED] [REDACTED] [is] being used in the very same litigation in which the [m]otion to [c]ompel [REDACTED] disclosure] is pending”; (4) a significant portion of the content of [REDACTED] in [REDACTED] [REDACTED], and [REDACTED] [REDACTED]; and (5) [REDACTED] at issue did not come to light until after M&G’s motion to compel was filed. (*Id.* at 50-52) Thus, putting all of those factors together, the Court held that “with respect to the particular motion before [it], there’s a close enough connection between the content of [REDACTED] and the content of [REDACTED] that’s in dispute . . . [that] questioning [Francois] about [REDACTED] and the subject matter regarding them constituted impermissible use of the information referenced in Rule 26(b)(5)(B).” (*Id.* at 52)

With this as background, the Court now turns to INVISTA’s argument. INVISTA begins by noting that “[t]he Petition seeks discovery from [REDACTED]

(D.I. 528 at 1) It notes that “M&G’s attorneys first learned of [REDACTED] existence because of the clawback litigation over [REDACTED]” and so “[t]he Petition could never have been filed without the knowledge and insights M&G gained from the inadvertent production of the [REDACTED] and the resulting litigation.” (*Id.* at 1, 2 (emphasis omitted)) INVISTA then asserts that M&G’s reliance on [REDACTED] as the catalyst for the Petition constitutes a violation of [REDACTED] Court’s June 27, 2013 Order because: “[t]here is simply no good faith distinction between using [REDACTED] to interrogate [REDACTED] Francois about [REDACTED] activities, and using it to attempt to persuade a Virginia court to allow discovery into those activities.” (*Id.* at 2; *see also* D.I. 530 at 2) Its argument, then, is essentially that the reach of the June 27, 2013 Order naturally extends to a prohibition of M&G’s use of [REDACTED] in any way, including as an exhibit to, and as the basis for, the Virginia Action.<sup>9</sup>

INVISTA bears a heavy burden in showing that M&G is guilty of civil contempt, and must demonstrate that M&G’s conduct unambiguously violated the express terms of the June 27, 2013 Order. *See, e.g., Quinter v. Volkswagen of Am.*, 676 F.2d 969, 974 (3d Cir. 1982) (reversing district court’s finding of clear and convincing proof that expert’s use of a document violated the Protective Order where although the issue was close, there was “reason to doubt” whether the expert’s conduct amounted to a clear violation of the order); *Levy v. Kosher Overseers Ass’n of Am., Inc.*, No. 92 CIV. 8377(DLC), 2000 WL 1727708, at \*2 (S.D.N.Y. Nov. 20, 2000) (denying plaintiff’s motion for order of contempt where defendant “did not clearly

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<sup>9</sup> (*See also* D.I. 530 at 2 (INVISTA arguing that the June 27, 2013 Order is “not narrowly limited to the reopening of Francois’ deposition[,]” for “[t]he Court’s privilege findings with respect to use of [REDACTED] apply equally to its use as a basis for the Petition”))

violate any bright-line requirement of the [order in question]” and therefore defendant’s actions “f[e]ll short of the degree of unambiguous lawlessness required to support an order of contempt”). The Court finds that INVISTA has not met that burden here, for the following reasons.

The express language of the June 27, 2013 Order makes clear that it was particular to the “the circumstance[s] before [the Court]” and that it was issued “with respect to the particular motion before [the Court].” (D.I. 528, ex. 2 at 50, 52) Indeed, important to the Court’s decision reflected in the Order—that the use of [REDACTED] amounted to an inappropriate “use” of the “information” in [REDACTED], pursuant to the meaning of Rule 26(b)(5)(B)—was the case- and context-specific nature of the decision. That context was that, at the time, M&G was prohibited from using the content of [REDACTED] itself in the litigation, or to question Francois about [REDACTED] contents, because a motion to compel was pending as to whether INVISTA could properly claw back that very [REDACTED]. Yet M&G, in the deposition, was nevertheless attempting to question Francois: (1) during the pendency of that motion; (2) “in the very same litigation” in which it had moved to compel disclosure of [REDACTED] (3) about what amounted to a not insubstantial portion of the content of [REDACTED] [REDACTED] (*Id.* at 51) To the Court, that kind of questioning, under those *particular and specific circumstances*, appeared too much like an attempt at an end run around what Rule 26(b)(5)(B) was meant to protect against. That is, *under those circumstances*, the use of [REDACTED] [REDACTED] was too difficult to distinguish from an attempt to question INVISTA about the content in certain [REDACTED] of [REDACTED]; thus, the Court’s finding that it amounted to M&G’s “use” of “information” in [REDACTED], in violation of the Rule.

But although the Court therefore denied M&G's motion to reopen the Francois deposition because "there's a close enough connection between the content of [REDACTED] and the content of" [REDACTED], (*id.* at 52), the wording of its Order did not expressly prohibit (and was not intended to expressly prohibit) M&G from ever using [REDACTED] for any purpose or in any circumstance. The Order also did not state that [REDACTED] itself—consisting of [REDACTED]—was a privileged document. (*See* D.I. 532 at 2 (M&G pointing out that the Order "does not hold that [REDACTED] are privileged or that M&G is prohibited from conducting third-party discovery on them")) Nor did the Order set out broad guidelines about whether M&G could ever make use of a non-privileged document [REDACTED] whose existence was revealed to it due to the inadvertent production of a privileged document [REDACTED]. And so, then, the use of that [REDACTED] in the filing of the Petition did not constitute a violation (clear and convincing, or otherwise) of the June 27, 2013 Order.

One of INVISTA's arguments here is that Rule 26(b)(5)(B) should prohibit M&G's future use of [REDACTED] in any context, because this amounts to the "[u]se of [p]rivileged [i]nformation [d]erived [f]rom [REDACTED]" (D.I. 528 at 1, 3; *see also* D.I. 530 at 3 (noting that M&G is "us[ing] privileged information to pursue the Virginia Petition"); D.I. 385 at 2). As M&G notes, such a position (i.e., that one cannot ever later inquire into otherwise non-privileged facts that were learned via the inadvertent disclosure of a privileged document) would be in conflict with the decision in *DOCA Co. v. Westinghouse Elec. Co.*, Civil No. 04-1951, 2011 WL 2182439 (W.D. Pa. June 3, 2011), which examined a similar situation. (Tr. at 38-39; D.I. 529 at 3-4) In *DOCA*, the United States District Court for the Western District of Pennsylvania held



that a party who learned about a non-privileged fact—solely as the result of the opposing party’s inadvertent production of a privileged document—could nevertheless seek discovery concerning additional underlying non-privileged factual information. *DOCA*, 2011 WL 2182439, at \*5.<sup>10</sup>

For the reasons set out above, M&G has not violated the Court’s June 27, 2013 Order by filing the Petition.

**c. Protective Order**

Lastly, INVISTA argues that “M&G’s use of information derived from [REDACTED] in its publicly filed Petition is a violation of Section 4” of the Protective Order. (D.I. 530 at 2) INVISTA contends that [REDACTED] is a confidential document, and pursuant to the Protective Order, no information gleaned from that document is to be used outside of the instant action. (Tr. at 12-14)

Section 4(a) of the Protective Order states that:

Designated Material and the information derived from such Designated Material (excluding information which is derived lawfully from an independent source) shall be kept confidential and shall not be given, shown, made available, discussed, or otherwise communicated in any manner, either directly or indirectly, to any person not authorized to receive the information under the terms of this Order.

(D.I. 63 at ¶ 4(a)) Section 4(b) states that: “All CONFIDENTIAL INFORMATION and HIGHLY CONFIDENTIAL—ATTORNEYS’ EYES ONLY INFORMATION shall be disclosed, disseminated and used by the Receiving Party only for purposes of this litigation.”

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<sup>10</sup> *Cf. Cars R Us Sales & Rentals, Inc. v. Ford Motor Co.*, No. 08 C 50270, 2009 WL 1703123, at \*1, \*3-4 (N.D. Ill. June 18, 2009) (ordering defendant to return inadvertently produced, work product-protected document to the plaintiff, but agreeing with defendant that it may take discovery regarding underlying facts contained in the document).

(*Id.* at ¶ 4(b)) Also relevant to this matter, however, is Section 10 of the Protective Order, which states:

The restrictions set forth in this Order shall not apply to information which is in the possession of or otherwise known to the Receiving Party or the public before the date of its transmission to the Receiving Party, or which lawfully comes into the possession of or becomes known to the Receiving Party or lawfully comes into the possession of or otherwise becomes known to the public after the date of its transmission to the Receiving Party, provided that such information does not become publicly known by any act or omission of the Receiving Party which would be in violation of this Order.

(*Id.* at ¶ 10) The Court did not address the Protective Order's terms in adjudicating the motion to compel or the motion to reopen the Francois deposition.<sup>11</sup>

Here again, the Court finds that INVISTA has not met its heavy burden of proving, clearly and convincingly, that M&G disobeyed the Protective Order by using [REDACTED] [REDACTED] in the filing of the Petition. The Court agrees with M&G, (Tr. at 34-36; D.I. 529 at 2; D.I. 532 at 2), that the contents of Section 10 of the Protective Order counsel otherwise.

Section 10 makes clear that the Protective Order's restrictions do not apply to information "in the possession of . . . the Receiving Party . . . before the date of [the information's] transmission to the Receiving Party." Technically, the exact version of [REDACTED] [REDACTED] at issue here (and attached as an exhibit to the Petition) was never "transmi[tte]d" by INVISTA to M&G in this litigation—instead an [REDACTED] [REDACTED]

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<sup>11</sup> INVISTA did object to M&G's use of [REDACTED] during Francois' deposition on the grounds that it violated the Protective Order, (D.I. 376, ex. A at 136-138), but the Court's June 27, 2013 Order denying the motion to reopen the Francois deposition did not do so in reliance on the Protective Order, (D.I. 528, ex. 2 at 47-53; Tr. at 16-17).

[REDACTED]. But even if that exchange is considered the relevant “transmission” of [REDACTED] for purposes of Section 10, here, it is otherwise undisputed that M&G was already in “possession of” [REDACTED] at that time (i.e., that [REDACTED] [REDACTED].<sup>12</sup>

INVISTA retorts that M&G’s reliance on Section 10 is a “red herring” because of Section 10’s final provision, which states that it does not cover information that “become[s] publicly known by any act or omission of the Receiving Party which would be in violation of this Order.” (D.I. 530 at 2 (citing D.I. 63 at ¶ 10)) Asserting that because [REDACTED] would not be known *to M&G* but for the fact that INVISTA had inadvertently produced the privileged [REDACTED] to M&G (the “use” of which would be a violation of Section 4), INVISTA argues that the other provisions of Section 10 are inapplicable to [REDACTED] (*Id.*)

The final provision of Section 10, however, very clearly states that the Section does not apply as to that information that becomes *publicly known* by any act or omission of the Receiving Party that would be in violation of the Order. This caveat would presumably apply if M&G obtained a confidential document from INVISTA in the litigation, made that document public, and then thereafter cited to the public availability of that same document as the sole reason why the document should not thereafter be treated as a confidential pursuant to the terms of the

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<sup>12</sup> M&G’s counsel provided a related example to shed light on the type of situation that this portion of Section 10 is meant to cover. If [REDACTED] had contained as an exhibit a copy of a document that was otherwise in M&G’s possession and that had been generated by M&G—such as a document authored by an M&G employee—then M&G’s subsequent use of that document in litigation would not be precluded simply because it was reproduced in [REDACTED] (Tr. at 34) Indeed, [REDACTED] (D.I. 180, ex. A at 43-45), and the Court cannot imagine a persuasive argument that M&G’s subsequent use in another litigation of those same promotional materials would constitute a violation of the Protective Order, simply because they were reproduced in [REDACTED].

Protective Order. That is not the situation here with M&G's use of [REDACTED]

In sum, INVISTA has not demonstrated by clear and convincing evidence (or otherwise) that M&G's use of [REDACTED] in the Virginia Action constitutes a violation of the Protective Order.

### **3. Conclusion**

For the reasons expressed above, the Court concludes that INVISTA has not met its burden and has failed to demonstrate that M&G violated any of the subject orders. Therefore, the Court recommends that Plaintiff's motion for order to show cause be DENIED.<sup>13</sup>

#### **B. INVISTA's Motion for Modification of Protective Order**

##### **1. Legal Standard**

Modification of the terms of a protective order is appropriate if the moving party demonstrates "good cause" for the modification. *Pansy v. Borough of Stroudsburg*, 23 F.3d 772,

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<sup>13</sup> In addition to its motion for order to show cause, INVISTA also requests that the Court impose sanctions on M&G, pursuant to Federal Rule of Civil Procedure 37(b)(2)(A). (D.I. 530 at 4) That Rule permits the imposition of sanctions upon a party who disobeys a discovery order of the Court: "If a party . . . fails to obey an order to provide or permit discovery . . . the court where the action is pending may issue further just orders." Fed. R. Civ. P. 37(b)(2)(A). The Rule also provides a non-exhaustive list of available sanctions. Fed. R. Civ. P. 37(b)(2)(A)(i)-(vii). Because the Court has found above that M&G did not, in fact, violate any of the subject orders at issue by filing the Petition, the imposition of sanctions would be inappropriate here. Therefore, the Court DENIES INVISTA's motion for sanctions. In light of these conclusions, it is unnecessary for the Court to consider another issue briefed by the parties—whether it would be appropriate for the Court (if a contempt finding were recommended), to recommend issuance of an injunction to stay the Virginia Action. (D.I. 529 at 3-4; D.I. 530 at 3-4; D.I. 532 at 3-4)

Further, in M&G's opposition to INVISTA's motion for order to show cause and for sanctions, M&G urges the Court to consider sanctions against *INVISTA* (in the form of an award of M&G's fees and costs incurred in defending the motion) for INVISTA's purported "litigation misconduct[.]" (D.I. 529 at 4; *see also* D.I. 532 at 4) The Court easily rejects this request. Although the Court has hereby denied INVISTA's motion, the motion was not clearly frivolous.

790 (3d Cir. 1994).<sup>14</sup> Courts have discretionary authority to modify a stipulated protective order. *Apeldyn Corp. v. AU Optronics Corp.*, Civ. No. 08-568-SLR, 2012 WL 2366537, at \*1 (D. Del. June 20, 2012).

## **2. INVISTA's Request to Provide Five Types of Documents to the Virginia State Court and to its Virginia Counsel**

INVISTA explained in its briefing that it intended to file a motion to intervene and a motion to seal the proceedings in the Virginia Action “because M&G’s unsealed Petition and the exhibits thereto, including [REDACTED] reference information derived from the privileged [REDACTED],” (D.I. 534 at 1), and on April 11, 2014, it apparently did so. In support of those motions, INVISTA wishes to be able to fully explain to the Virginia Court “what the [REDACTED] is, how [REDACTED] was produced, why INVISTA clawed back [REDACTED], and why [REDACTED] and information derived from [REDACTED], including [REDACTED] are privileged, as well as this Court’s prior rulings on those issues.” (*Id.*) INVISTA would like to provide the Virginia Court with unredacted copies of relevant documents in order to sufficiently accomplish this. (*Id.*) It therefore requests that the Court modify the Protective Order for the limited purpose of permitting it to provide the following partially or completely sealed documents to the Virginia Court: (1) the July 15, 2013 Order (D.I. 422); (2) the February 27, 2013 hearing transcript (D.I.

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<sup>14</sup> The *Pansy* Court outlined a series of non-mandatory, non-exhaustive factors that may be considered in evaluating whether “good cause” exists, including: (1) whether disclosure will violate any privacy interests; (2) whether the information is being sought for a legitimate purpose; (3) whether disclosure will cause embarrassment to a party; (4) whether the information to be disclosed is important to public health and safety; (5) whether sharing the information among litigants will promote fairness and efficiency; (6) whether the party benefitting from the order is a public entity or official; (7) whether the case involves issues important to the public and (8) the parties’ reliance on the order. 23 F.3d at 787–91; *see also Inventio AG v. ThyssenKrupp Elevator Ams. Corp.*, C.A. No. 1:08-cv-00874-RGA, 2013 WL 4476477, at \*4 (D. Del. Jan. 22, 2013).

240); (3) the June 27, 2013 hearing transcript; (4) the January 31, 2014 hearing transcript (D.I. 551); and (5) the parties' letter briefs regarding the propriety of the Petition (D.I. 528-530, 532). (D.I. 534 at 2) INVISTA also relatedly seeks permission to provide the documents to its Virginia counsel. (*Id.* at n.5)

INVISTA's request does provide "good cause" to support the requested modification of the Protective Order, for at least the following reason. The Court can understand how INVISTA and its counsel would want to be able to inform the Virginia Court of certain facts—including certain of the Court's decisions regarding [REDACTED], and certain argument relating thereto—in order to (1) fully explain to the Virginia Court "why INVISTA seeks to intervene" in the Virginia Action; and (2) why the discovery sought in the proceeding might arguably implicate INVISTA's own attorney-client privileged communications or its own attorney work product relating to [REDACTED]

[REDACTED] (D.I. 539 at 3) The limited number of documents that INVISTA wishes to provide to the Virginia Court contain this type of information. INVISTA's desire to inform the Virginia Court of a full set of facts that may well be relevant to the issues before that Court is certainly a "legitimate purpose" that would promote "fairness and efficiency." *Pansy*, 23 F.3d at 787. And the Court does not see how (nor has M&G demonstrated) doing so would, for example, unduly infringe on M&G's privacy interests or cause M&G embarrassment. *Id.*

M&G's main argument as to why the motion for modification of the Protective Order should be denied is that the provision of these documents to the Virginia Court would "needlessly burden" or "confuse [that] Court" with collateral issues. (D.I. 537 at 2) But if anything might promote confusion, it would be an order shielding the Virginia Court from viewing a limited number of documents that shed light on (1) the very reason why [REDACTED]

[REDACTED]

and (2) this Court's decisions that relate in some way to that [REDACTED]<sup>15</sup>

Therefore, the Court finds that INVISTA has demonstrated good cause for the requested modification and GRANTS its motion.<sup>16</sup> *Cf. In re Jenoptik AG*, 109 F.3d 721, 722, 724 (Fed. Cir. 1997) (denying defendant's petition for writ of mandamus and thus upholding district court's grant of motion to modify protective order, allowing plaintiff to provide foreign court with certain confidential portions of deposition testimony on the ground that "protective order[s]

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<sup>15</sup> The Court also notes that, were INVISTA's motion denied, the Virginia Court might also be confused due to certain of M&G's statements in the Petition, such as when M&G states it is [REDACTED] (Petition at ¶ 11) In reality, as M&G's counsel noted at oral argument before this Court, M&G "[o]f course" has "some information" (gained during the events of the instant litigation) regarding certain of the [REDACTED] underlying [REDACTED] (Tr. at 42) That is, M&G knows at least that the communication came about because [REDACTED] The Virginia Court would not be aware of all of this from M&G's Petition.

<sup>16</sup> The Court also DENIES M&G's motion for leave to file sur-reply brief regarding the Protective Order dispute. (D.I. 540) After receiving an initial letter from INVISTA (D.I. 534) regarding this issue, the Court set a further briefing schedule—with M&G to file a letter brief in response, and INVISTA to file a subsequent letter brief in reply. (D.I. 536) M&G's motion here is premised on the assertion that it now needs to file an *additional* brief to address whether INVISTA has demonstrated "good cause" for the proposed modification of the Protective Order. (D.I. 540 at 1) As its basis for the motion, M&G claims that INVISTA's discussion of the good cause standard in INVISTA's reply brief is a "new argument[]" and one that was not fairly raised in INVISTA's opening letter. (*Id.*); *see also St. Clair Intellectual Prop. Consultants, Inc. v. Samsung Elecs. Co. Ltd.*, 291 F.R.D. 75, 80 (D. Del. 2013) ("A Court may grant leave to file a sur-reply if it responds to new evidence, facts, or arguments."). But INVISTA: (1) did cite to case law setting out the "good cause" standard (albeit in a footnote) in its short 1 ½-page opening letter; (2) that citation was the only case cited in the letter; and (3) it regards *the applicable legal standard* as to the issue before the Court. Under those circumstances, M&G cannot credibly claim that INVISTA's references to the good cause standard in its reply brief amounted to a "new argument" that M&G could not fairly have been expected to address in its responsive letter brief.

should not be a means to keep relevant information from *courts*”) (internal quotation marks omitted).

### III. CONCLUSION

For the reasons outlined above, the Court recommends DENYING Plaintiff’s motion for order to show cause, and hereby DENIES Plaintiff’s motion for sanctions, GRANTS Plaintiff’s motion for modification of the Protective Order, and DENIES Defendants’ motion for leave to file sur-reply.

This Report and Recommendation is filed pursuant to 28 U.S.C. § 636(b)(1)(B), Fed. R. Civ. P. 72(b)(1), and D. Del. LR 72.1. The parties may serve and file specific written objections within fourteen (14) days after being served with a copy of this Report and Recommendation. Fed. R. Civ. P. 72(b)(2). The failure of a party to object to legal conclusions may result in the loss of the right to *de novo* review in the district court. *See Henderson v. Carlson*, 812 F.2d 874, 878–79 (3d Cir. 1987); *Sincavage v. Barnhart*, 171 F. App’x 924, 925 n.1 (3d Cir. 2006).

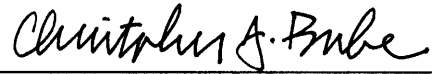
The parties are directed to the Court’s Standing Order for Objections Filed Under Fed. R. Civ. P. 72, dated October 9, 2013, a copy of which is available on the District Court’s website, located at <http://www.ded.uscourts.gov>.

Because this Report and Recommendation may contain confidential information, it has been released under seal, pending review by the parties to allow them to submit a single, jointly proposed, redacted version (if necessary) of the Report and Recommendation. Any such redacted version shall be submitted no later than **May 2, 2014** for review by the Court, along with a submission demonstrating why there is good cause for the redactions and why disclosure of the redacted material would “work a clearly defined and serious injury to the party seeking”



redaction. *Pansy*, 23 F.3d at 786 (internal quotation marks and citation omitted). The Court will subsequently issue a publicly-available version of its Report and Recommendation.

Dated: April 25, 2014

A handwritten signature in cursive script, reading "Christopher J. Burke".

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Christopher J. Burke  
UNITED STATES MAGISTRATE JUDGE