

UNITED STATES DISTRICT COURT
DISTRICT OF MAINE

JEWISH HOSPITAL OF ST. LOUIS,)	
)	
<i>Plaintiff</i>)	
)	
v.)	Civil No. 95-290-P-H
)	
IDEXX LABORATORIES,)	
)	
<i>Defendant</i>)	

MEMORANDUM DECISION AND ORDER
ON PLAINTIFF’S MOTION FOR DISCOVERY SANCTIONS

The plaintiff has filed a motion for discovery sanctions based on an allegation that the defendant has wilfully failed to provide on a timely basis samples of certain laboratory-produced antibodies that are centrally involved in this suit alleging patent infringement. In support of its motion, the plaintiff invokes Fed. R. Civ. P. 37(b)(2) and requests leave to take an additional deposition and pose an additional interrogatory. More significantly, the plaintiff also seeks to recover certain costs and attorney fees associated with its effort to gain access to the antibodies, and requests that the court make a factual finding concerning the defendant’s discovery posture that would go to the substance of the matters at issue in this litigation.

I. Factual and Procedural Background

This patent infringement case centers on the defendant’s production of diagnostic kits used for the detection of heartworm disease in dogs, and certain antibodies that have been or may have been used in the kits. On November 1, 1995 the plaintiff sent the defendant a request pursuant to

Fed. R.Civ. P. 34 for production of documents and tangible things. Among the items requested were samples of five antibodies: three monoclonal antibodies known as 5Di115, 4E4 and 7Di8, and polyclonal antibodies produced in the laboratory by rabbits and chicken eggs, respectively.¹ The latter two are referred to in the record as “rabbit antibody” and “chicken antibody.”

On November 29, 1995 the court approved a stipulated protective order designed to provide for the transfer of sensitive proprietary information and tangible things between the parties and their attorneys. *See* Stipulated Protective Order re Confidential Information (Docket No. 14). As of January 13, 1996 the parties were still negotiating about such particulars as whether the requested materials should be sent to an outside consultant, the amounts of samples to be sent, and precisely which antibodies the defendant actually had available for discovery. Letter of G. Harley Blosser, Esq. to Jessica R. Wolff, Esq. dated January 13, 1996, Attachment A to Declaration of Paul A. Maddock Pursuant to 28 U.S.C. § 1746 (“Maddock Declaration”) (Docket No. 77). Through counsel, the defendant advised the plaintiff that it was “still inventorying” the biological material requested. *Id.* at 2.

This problem first came before the court on January 17, 1996, when I conducted a telephonic conference with counsel. *See* Report of Hearing and Order re: Discovery Disputes (Docket No. 24). However, I determined that the parties had not yet conferred in a good-faith effort to resolve the issues surrounding the biological samples, as required by Local Rule 18(e), and I therefore declined to address the issue as premature. *Id.* at 2. Two days later, counsel for the defendant advised counsel

¹ According to the plaintiff, monoclonal antibodies such as 5Di115, 4E4 and 7Di8 are types of antibodies that do not vary within their particular type. Polyclonal antibodies, such as the rabbit and chicken antibodies produced in the defendant’s facilities, do contain individual variations, but as a group respond alike. Transcript of Hearing in re Discovery Disputes, January 29, 1996 (“1/29 Tr.”) (Docket No. 27) at 25.

for the plaintiff that samples of the 5Di115 and 7Di8 antibodies were “not available” from the defendant inasmuch as they are proprietary to another company, known as Allelix.² Letter of Mary S. Consalvi, Esq. to Paul A. Maddock, Esq. dated January 19, 1996 (Attachment H to Maddock Declaration) at 2.

By January 29 the defendant had still not furnished the materials and pursuant to Local Rule 18(e) the parties appeared before me for a hearing convened to resolve the discovery problem. Although Rule 18(e) contemplates the informal resolution of discovery disputes via telephonic conference with a judicial officer, I convened the parties for a hearing after the defendant stated that it would cost some \$50,000 to supply the materials the plaintiff was seeking.

At the hearing, I rejected the defendant’s demand that the plaintiff post a \$5 million bond prior to the receipt of biological materials from the defendant. 1/29 Tr. at 19. The defendant indicated that it was prepared to furnish two milligrams of the 4E4 antibody immediately, because it had that amount of the substance on hand, but counsel indicated that “[t]here might be a way” to produce more. *Id.* at 68, 70. Counsel for the plaintiff contended that production records furnished by the defendant showed that the 4E4 antibody was in current production, but counsel for the defendant stressed that “Four-E-4 is no longer in production because it’s not used in any [heartworm testing] kit.” *Id.* at 34, 52. Concerning the rabbit and chicken antibodies, counsel for the defendant indicated that she had offered [the plaintiff] “all we have that’s uncommitted, all we have that’s available.” *Id.* at 71.

Based on certain *in camera* representations made by the plaintiff, I granted its request that the defendant, in general, be required to furnish ten milligrams of each antibody. The defendant

² Allelix is a Canadian concern from whom the defendant apparently licensed certain biological materials. 1/29 Tr. at 4, 26, 37-38.

indicated that the 5Di115 and 7Di8 antibodies were not then in production at its facilities, and that the defendant had on hand only frozen cell lines that could be used to produce these antibodies.³ *Id.* at 37. Accordingly, I ordered the defendant to produce only “that portion of its frozen cell lines that it has indicated it is able to share.” *Id.* at 73-74. Counsel for the defendants described these frozen cell lines as “ready to ship,” promising that they would be in the hands of the plaintiff the day after the hearing. *Id.* at 92. As to the other three antibodies, I asked counsel for the defendant to contact her client by telephone during a recess to determine how quickly and at what cost the defendant could produce ten milligrams of each substance. *Id.* at 70-72.

A recess of 58 minutes ensued. *Id.* at 88. Thereafter, counsel for the defendant advised the court that producing ten milligrams of the 4E4 antibody would take a minimum of four weeks at a cost of between \$1,250 and \$1,500. *Id.* As to the chicken and rabbit antibodies, counsel stated that production of ten milligrams apiece would require approximately two weeks and cost between \$2,800 and \$5,000 for each substance. *Id.* I revised deadlines for expert designations, expert opinions, completion of discovery and motions accordingly. *Id.* at 108. I made clear on the record that rulings made in the course of the hearing were intended to be binding on the parties. *Id.* at 119.

Convinced that the defendant’s representations as to the non-existence of the 5Di115 antibody in its facilities was not correct, the plaintiff continued to press for samples of the substance. On March 6, 1996 counsel for the defendant had this uncivil response to the ongoing request: “[Y]ou do not seem to get it: there is no 5Di115 in ascites⁴ in existence, so none can be produced.”

³ The exact statement made by counsel for the defendant is: “All we have is some frozen cell lines of 7Di8 and 5Di115, which are close to the condition Allelix gave them to [the defendant] in. And they’ve been frozen for years.” 1/29 Tr. at 37.

⁴ The word “ascite” is used throughout the record, by both parties, to denote the fluid in
(continued...)

Letter of Mary S. Consalvi, Esq. to Paul A. Maddock, Esq. dated March 6, 1996 (Attachment K to Maddock Declaration) at 2. This and other ongoing discovery disagreements prompted a second hearing before me, this one conducted on March 28, 1996. At the hearing, counsel for the plaintiff complained that the one of the defendant's employees -- Vice President Quentin Tonelli -- had testified in his deposition to the existence of at least ten milligrams of 5Di115 at the facilities of the defendant. Transcript of Hearing in re Discovery Disputes, March 28, 1996 ("3/28 Tr.") (Docket No. 32) at 6. The plaintiff's counsel also stated that the defendant had produced a lab notebook containing an entry, dated January 19, 1996, suggesting that the defendant had thawed a quantity of 5Di115 as of that date. *Id.* at 6-7. Counsel did confirm, however, that the plaintiff was in receipt of some cell lines from the defendant from which the plaintiff was in the process of growing its own 5Di115. *Id.* at 23. As to the antibody itself, counsel for the defendant stated, unambiguously, "We don't have 5Di115." *Id.*

Later in the hearing, after counsel for the plaintiff handed counsel for the defendant certain pages from the above-referenced lab notebook that had been produced by the defendant, counsel for the defendant clarified her assertion as to the existence of the 5Di115. She speculated that "wires were crossed here" and advised the court that she understood her client to have transmitted all available 5Di115 to the plaintiff. *Id.* at 25. The following colloquy ensued:

THE COURT: Why is there such mystery here? [Counsel for the defendant] wrote on March 6th, "There is no 5Di115 in ascites in existence, so none can be produced."

[MARY CONSALVI, Counsel for defendant]: Right. Other than what we had already given them.

⁴(...continued)
which the antibodies at issue in this litigation are stored. *See, e.g.,* 1/29 Tr. at 71.

[G. HARLEY BLOSSER, Counsel for plaintiff]: Your Honor, . . . we have never been given any, and this is the first I've heard that Ms. Consalvi is claiming that they've given us some of the 5Di115.

MS. CONSALVI: It's on the package transmittal that Pat [Hillman, a lab technician with the defendant] prepared and sent to you.

MR. BLOSSER: What package transmittal are you talking about?

MS. CONSALVI: She put a package slip on a piece of lab notebook . . . when the samples were sent to Dr. Phillip [the plaintiff's consultant].

[PAUL A. MADDOCK, counsel for plaintiff]: Your Honor, I can simplify this very quickly. I wrote Ms. Consalvi after I talked to Dr. Phillip and said Dr. Phillip did not receive 5Di115. Ms. Consalvi wrote me back and said, "Where did you get the idea that 5Di115 existed?" I responded, "From your letters of January 24th and January 25th and the sworn declarations of Dr. Tonelli, as well as your representations at the January 29th hearing." That's where we got the idea. Then she wrote me back with that letter that you have up there that says, "You just don't get it. It doesn't exist." . . . This is the lab notebook of Ms. Hillman. If you look on page three, it shows what was shipped, and you'll note that the 5Di115 was not shipped. . . . The 5Di115 cells were shipped, but the ascites fluid which was thawed . . . was not shipped. So I think it's pretty clear that they intentionally withheld the ascites fluid from us.

THE COURT: Well, it --

MS. CONSALVI: We did not intentionally withhold anything from you, and if you would show me [the lab notebook described by plaintiff's counsel] I will go back and see what happened.

Id. at 26-28. I advised counsel for the defendant that I would require a full written explanation by the following day. *Id.* at 30.

Counsel for the defendant responded to this order on March 29, 1996 by writing to the plaintiff's counsel with a copy to the court. The letter appears as Attachment M to the Maddock Declaration. Apparently referring to the matters raised at the January 29, 1996 discovery hearing, Ms. Consalvi stated that she "read the Court's Order over the telephone" to Ms. Hillman, who then shipped only frozen cells and not the defendant's "reference sample" of 5Di115 because the court

had ordered the defendant to produce the former but not the latter. *Id.* at 2. Counsel averred that employees of the defendant are “instructed that reference samples are archive samples, not to be used,” and therefore references to the non-existence of 5Di115 should be understood as having excluded such archival materials. *Id.*

As the plaintiff points out, it is not clear what the attorney for the defendant could have read to Hillman because my rulings on January 29, 1996 as to production of antibodies were made from the bench and the transcript of these proceedings was not completed until February 14, 1996. 1/29 Tr. at 121. At her deposition of May 1, 1996 Hillman stated that she did not “know for sure” whether her employer actually stores 5Di115 in ascites, and had no information about whether her employer maintains an inventory of 5Di115 antibodies in ascites fluid. Deposition of Patricia L. Hillman (excerpts), Attachment E to Maddock Declaration, at 36, 38.⁵ She stated that she had no recollection of defendant’s counsel ever reading a court order to her. *Id.* at 56. Concerning her discussions with defense counsel generally, Hillman testified that her memory “was that I had informed Mary Consalvi that V Di115 ascitis [sic] was available, but I don’t know whether she

⁵ Unless otherwise noted, all references to the Hillman Deposition are to Volume I thereof.

accurately understood what I said.” *Id.* at 49.⁶

According to the plaintiff, on the date of the January 29, 1996 hearing and thereafter the defendant actually had fully 720 milligrams of the 5Di115 antibody as well as 186.9 milligrams of this substance in “conjugated” (i.e., chemically combined with an enzyme “marker”) form.⁷ As evidence of this contention, the plaintiff cites the defendant’s response to its Interrogatory No. 28 (Exhibit D to Maddock Declaration). This response states that 720 milliliters of 5Di115 was “discovered” subsequent to the hearing. *Id.* at 10. The plaintiff further states that the conjugated

⁶ It bears noting that Hillman’s deposition is one of several conducted by the plaintiff in which counsel for the defendant repeatedly instructed the witness not to answer certain questions. “A party may instruct a deponent not to answer only when necessary to preserve a privilege, to enforce a limitation on evidence directed by the court, or to present a motion [to cease a deposition being conducted in bad faith or in an unreasonable manner].” Fed. R.Civ. P. 30(d)(1). I first had occasion to caution counsel for the defendant about abuse of Rule 30(d)(1) at the discovery hearing conducted on March 28, 1996. *See* 3/28 Tr. at 65-66. Similar problems at the Hillman deposition prompted the plaintiff to seek a telephonic conference with me in mid-deposition. Counsel for the defendant complained the plaintiff was conducting “discovery about discovery,” Telephone Conference Transcript, May 1, 1996 at 4, and, indeed, it is apparent that the witness was being instructed not to answer questions designed to shed light on the defendant’s possession of the requested antibodies. I learned that counsel for the defendant had instructed the witness not to answer a question about her whereabouts on a certain day; counsel cited relevance as the ground. *Id.* I also learned that counsel for the defendant had instructed the witness not to answer questions about whether she had ever spoken with the defendant’s counsel Mary Consalvi before, and, if so, whether she had told attorney Consalvi that the defendant had no 5Di115 antibody on hand. *Id.* at 9. Although these questions did not concern documents or other tangible things, the defendant cited the work-product doctrine as justifying the instruction not to answer. *Id.* at 10. I also ruled the witness must answer a question about whether she had searched for certain documents, the production of which the defendant had refused as unduly burdensome. *Id.* at 16. I warned counsel for the defendant that I perceived a pattern of instructing deposition witnesses not to answer certain questions posed by the plaintiff without regard to whether such instructions comported with the rule, and that recurrence would lead to sanctions. *Id.* at 11, 21-22. The warning was apparently not effective. At a deposition of one of the defendant’s experts conducted approximately four weeks later, the same tactic resurfaced and I imposed a \$500 sanction against the law firm whose attorneys have served as the defendant’s lead counsel.

⁷ Counsel for the plaintiff had indicated at the hearing that the conjugated form of the antibodies would be acceptable. 1/29 Tr. at 51.

5Di115 came to light in certain inventory documents furnished as part of the answer to Interrogatory No. 28, but a review of these materials does not make that fact readily apparent.⁸ According to the plaintiff, the defendant either lied at the discovery hearing about the existence of the 5Di115 or was grossly negligent in failing to ascertain its existence in its own laboratory.

In response, the defendant submitted an affidavit from Tonelli explaining that the defendant could not have produced the conjugated 5Di115 because it “expired on May 8, 1994.” Declaration of Quentin Tonelli (“Tonelli Declaration”) (Docket No. 133) at ¶ 2. Tonelli further advises the court that the plaintiff’s calculations are incorrect and that the non-conjugated 5Di115 identified by the plaintiff amounts to “no more than approximately 10-15 mg of antibody.” *Id.* In any event, Tonelli continues, “this sample expired on January 16, 1996.”⁹ *Id.*

Concerning the chicken and rabbit antibodies, counsel for the defendant stated at the January 29, 1996 hearing that the defendant had offered to supply the plaintiff with “all we have that’s uncommitted, all we have that’s available.” 1/29 Tr. at 71. She stated that two milligrams of chicken antibody were then available, with an additional two milligrams when the defendant produced its next “run” of the substance. *Id.* at 72. She stated that such a production run takes a whole week, and that removing ten milligrams of the antibody from such a run would “disrupt totally the production schedule.” *Id.* at 76. Nevertheless, as noted above, after contacting her client during

⁸ One of the inventory pages appended to the answer to Interrogatory No. 28 appears to refer to two lots of “SNAP ANTI-CHTW CONJ CONC,” one lot of 186.90 unspecified units in quantity bearing the expiration date of May 8, 1994 and another lot of 53.87 unspecified units bearing an expiration date of March 6, 1995. The following page appears to indicate 188 unspecified units of a similar substance, in two lots bearing the expiration date of January 16, 1996.

⁹ Although Tonelli states that the government requires “freshness dating,” at least in part because antibodies do not have an indefinite lifespan, Tonelli Declaration at ¶ 2, it is not clear whether the specific expiration dates noted by Tonelli were dictated by the U.S. Department of Agriculture.

a break the attorney advised the court that the defendant could produce chicken and rabbit antibodies in quantities of ten milligrams in two weeks. According to the plaintiff, the defendant did not produce these antibodies for more than six weeks, turning them over just prior to the hearing on March 28, 1996.

At her deposition, Hillman testified that the defendant had at least 10 milligrams of the chicken antibody as of January 19, 1996 and that the bottle containing this antibody was not used up between January 19 and the date of the deposition in May. Hillman Dep. at 92-93. The following day, Hillman testified that as of January 19 the defendant had at least 180 milligrams of rabbit antibody on hand that remained unused through the date of her deposition. Hillman Dep., Vol. II, at 6. Counsel for the plaintiff states that upon conducting a court-ordered inspection of the defendant's facilities he personally observed approximately 100 bottles, each containing 1,800 milligrams of chicken antibodies. Maddock Declaration at ¶ 6.

Concerning the 4E4 antibody, the plaintiff contends that Hillman's laboratory notes reveal that she aliquoted¹⁰ five vials of it on January 19, 1996 which would have yielded between 7.5 and 10 milligrams of the antibody. The notes in question appear as part of Attachment M to the Maddock Declaration. The plaintiff's position is that this quantity of 4E4 was immediately available for shipment to the plaintiff on the date of the January 29 hearing. The defendant states that the problem is the result of a "misunderstanding" between Hillman and defendant's counsel. Opposition of IDEXX to JH's Motion for Discovery Sanctions ("Defendant's Memorandum") (Docket No. 132) at 5, 6. The defendant's attorney now states that her remarks at the January 29 hearing were not

¹⁰ The parties consistently use the word "aliquot" as a verb. Strictly speaking, the word is a noun meaning "[a] portion that represents a known quantitative relationship to the whole or to other portions." *Taber's Cyclopedic Medical Dictionary* (1981 ed.) at 54.

intended to convey that 4E4 “definitively ‘was not in production.’” Declaration of Mary S. Consalvi (Docket No. 134) at ¶ 10. In any event, the defendant’s position is that the plaintiff suffered no sanctionable harm because it received two milligrams of 4E4 promptly after the hearing and the remaining eight milligrams well within the time necessary to conduct any tests necessary to meet the deadlines in the scheduling order as amended.

Finally, as to the 7Di8 antibody, the plaintiff contends that the defendant had at least 100 milliliters of this substance on hand throughout the pendency of this litigation notwithstanding its representations to the contrary. The plaintiff bases this allegation on a declaration submitted by Tonelli.¹¹ In the declaration, executed on July 19, 1996, Tonelli states that he searched the freezers of his employer for 7Di8 and discovered “[s]mall amounts of 7 Di8 antibody or ascites of unverifiable origin and character.” Declaration of Quentin Tonelli, dated July 19, 1996, at ¶ 9. Specifically, Tonelli identified a total of 106 milliliters found in ten vials. *Id.* He also reported that his search turned up “4.5 ml vials of material made in February, 1996 for purposes of the litigation from the same lot number of 7Di8 hybridoma cells as given to [the plaintiff] in January, 1996.” *Id.* In its report submitted pursuant to my order of July 12, 1996, the defendant explained that this material constitutes antibodies stored by individual technicians and scientists for “R&D” purposes, which is therefore “irrelevant for purposes of proving infringement.” Report to Magistrate Judge Cohen Pursuant to Order of July 12, 1996 at 2-3. As to the 7Di8 produced for litigation purposes, the report states that Tonelli produced this material without informing the defendant’s attorneys. *Id.*

¹¹ Tonelli submitted this declaration (as distinct from the one appearing as Docket No. 133, discussed previously) as part of a report I directed the defendant to file during a discovery dispute hearing conducted on July 12, 1996. In response to the concerns raised by the plaintiff at that hearing about the alleged existence of the 7Di8 antibody at the defendant’s facilities, I directed the defendant to conduct an inquiry and report the results to the court and to the plaintiff within the week. Transcript of Hearing in re Discovery Disputes, July 12, 1996 (Docket No. 107) at 11-12.

at 7. The defendant's present position is that it would have been "irresponsible" to produce 7Di8 of "unverifiable origin" and "uncertain quality" and that the defendant was not obligated to produce the 7Di8 subsequently grown by Tonelli because the defendant "had no reason to know that [the plaintiff] would have any difficulty" in similarly producing the antibody from the cell lines supplied by the defendant. Defendant's Memorandum at 7-8. Further, the defendant maintains that it did not violate any order of the court by failing to identify the 7Di8 of which the plaintiff now complains. The defendant's position is that it was under orders to inventory "noncommercial antibodies," which in context meant antibodies other than the five that are the subject of the instant motion. *Id.* at 8.

The plaintiff has already supplemented its motion for discovery sanctions once. *See* The Hospital's Supplementation to its Motion for Discovery Sanctions (Docket No. 121). On September 27, 1996 the plaintiff requested leave to supplement its filings on this question a second time, in part with information from the defendant's manufacturing protocols, which the plaintiff states it did not receive until earlier in the month. Although the defendant did not object to the filing of the first supplementation, it opposes the motion for leave to file the second addendum. *See* Idexx's Opposition to Motion for Leave to Supplement, etc. (Docket No. 146). Inasmuch as there was more than enough data of record prior to this latest request for me to discern the character of what has transpired here, I deny the plaintiff's motion to supplement the record yet again.

II. Factual Findings

The scenario set forth above represents an abuse of the discovery process and a significant departure from the standards this court sets for parties and attorneys appearing before it. The discovery provisions in the Federal Rules of Civil Procedure, and the Local Rules of this court,

contemplate that parties will be candid and forthcoming in the representations they make to each other, let alone the court. Here, the opposite has occurred.

As to the three monoclonal antibodies at issue, as well as the chicken polyclonal antibody, the defendant represented to the plaintiff and to the court at the January 29, 1996 hearing that it had either produced all available quantities or that the antibody was simply not in the possession of the defendant. It subsequently emerged that the defendant was, in fact, in possession of significant quantities of these antibodies and that these holdings were not disclosed to the plaintiff or to the court. The defendant has proffered explanations -- e.g., misunderstandings between one of its attorneys and a lab employee, antibodies were on hand but were expired or were of unverifiable origin. It is not necessary for me to determine whether any of these explanations are credible. It suffices to say that they were offered only after the fact, and fly in the face of unequivocal assertions made by counsel for the defendants at the January 29 hearing.

This is inconsistent with an attorney's obligation, as an officer of this court, to act with candor in dealing with the court. The Rules of Civil Procedure do not contemplate an attorney or a party making unilateral determinations about what materials, requested by an opposing party, are appropriate for disclosure given the logistical circumstances or legal issues ultimately at stake. Such issues are for the court to resolve. The defendant and its attorney have not only made such unilateral determinations here, but then obscured them by suggesting -- and even, in at least one instance, unambiguously stating -- that materials it deemed inappropriate for disclosure simply did not exist.

In its opposition to the motion, the defendant implies that pressure by the plaintiff for a speedy resolution of the discovery dispute led to any inaccurate representations made by the defendant's attorneys at the January 29 hearing. The defendant suggests that, had its attorney been

able to travel to its headquarters and speak with officials there, she would have been able to respond more fully and accurately to the question of when the defendant would be able to provide ten-milligram samples of three of the antibodies. Instead, the attorney was able to confer with her client only by telephone.

This contention is especially unpersuasive. The recess during which this phone call was placed lasted nearly an hour -- ample time for the attorney to have an extended discussion with the appropriate officers and/or employees of her corporate client. If, after this telephone conversation, the attorney was unable to frame a complete response to the question posed by the court, then she had a duty to so inform me when the hearing reconvened. Instead, she made unequivocal assertions that turned out to be untrue. I find this to be unconscionable.

The flavor of the discovery dispute is unmistakable. For whatever reason, the defendant undertook to thwart the plaintiff's gaining access to the antibodies it requested in discovery. When a party and its attorneys violate their duty of candor and abuse the discovery process in furtherance of such an objective, the court must take notice and act accordingly.¹² The only question that remains is whether the relief requested by the plaintiff is within the power of the court to grant.

II. The Court's Authority to Impose Discovery Sanctions

The plaintiff invokes Fed. R. Civ. P. 37(b)(2) in support of its motion for sanctions. This rule permits the court to impose certain enumerated sanctions when a party "fails to obey an order to

¹² As noted, *supra*, another litigation strategy employed by the defendant's attorneys has been to instruct deposition witnesses not to answer certain questions with little or no regard for whether such instructions are permitted by the Rules of Civil Procedure. The plaintiff does not cite this aspect of the defendant's conduct during discovery in support of the sanctions motion, and I do not rely on it here. I cannot help but observe, however, that such conduct during depositions is consistent with the obstructionist posture reflected in the actions of which the plaintiff *does* complain.

provide or permit discovery.” The defendant counters that the court is without authority to impose such sanctions here because the transgressions alleged by the plaintiff violate no such order.

“Rule 37(b)(2)’s plain language means exactly what it says.” *R. W. Int’l Corp. v. Welch Foods, Inc.* 937 F.2d 11, 15 (1st Cir. 1991) (citations omitted). Thus, the existence of an order to provide or permit discovery is a “condition[] precedent to engaging the gears of the rule’s sanction machinery.” *Id.* Therefore, the distinction the defendant draws between the terms of such rulings and any misrepresentations made by the defendant or its attorneys during the hearing is significant, because the court may not sanction the latter pursuant to Rule 37(b)(2) no matter how egregious the conduct.

Arguing to the contrary, the plaintiff cites *Charter House Ins. Brokers, Ltd. v. New Hampshire Ins. Co.*, 667 F.2d 600 (7th Cir. 1981), in support of its contention that the misrepresentations should be treated as the equivalent of a court order compelling discovery because the court acted in reliance on them. In *Charter House*, the Seventh Circuit upheld the trial court’s decision to dismiss a complaint because the plaintiff refused to comply with certain discovery requests. *Id.* at 601. Strictly speaking, the question in *Charter House* centered on whether dismissal was permissible pursuant to Rule 37(d), which authorizes the court to impose sanctions without an underlying order compelling discovery when a party fails to attend a deposition, serve answers to interrogatories or respond to a request for inspection. *Id.* at 604. In response to a Rule 37(d) motion for dismissal, counsel for the plaintiff promised to produce the missing material within ten days -- and then broke the promise by providing a response that was incomplete. *Id.* The plaintiff argued that the trial court was without authority to dismiss the complaint as a discovery sanction in these circumstances, to which the Seventh Circuit responded with two points: first, that “dilatatory and

partial compliance” with a discovery request would not deprive the trial court of the authority to invoke Rule 39(d) in these circumstances, and, second, that even if Rule 39(b) were applicable the trial court could have treated counsel’s promise in open court as “the equivalent of an order” that the plaintiff could then be sanctioned for violating. *Id.* (citations omitted).

Assuming that the Seventh Circuit’s construction of Rule 37(b) is not dictum, *Charter House* is nevertheless inapposite. Although the representations made by counsel for the defendant at the January 29, 1996 hearing were not accurate, they were not promises as such but statements to the court concerning the extent to which it would be possible for the defendant to comply with the plaintiff’s discovery requests. Likewise, the motion for sanctions does not complain of broken promises but of a persistent lack of candor.

Nor can the court grant the sanctions requested by the plaintiff by simply construing its motion as one seeking sanctions pursuant to Rule 37(d). That rule provides for sanctions against a party that fails to present a response to certain discovery initiatives; to use that rule to sanction a party for employing misrepresentations in the course of *responding* simply does not comport with the plain meaning of the rule. *Fleet Nat’l Bank v. Tellier*, 171 B.R. 478, 483 (D.R.I. 1994); *Petroleum Ins. Agency, Inc. v. Hartford Accident & Indem. Co.*, 106 F.R.D. 59, 66-67 (D.Mass. 1985); *but see Fautek v. Montgomery Ward & Co.*, 96 F.R.D. 141, 146 n.5 (N.D. Ill. 1982) (to opposite effect).

Nevertheless, as the trial court did in the *Petroleum Insurance* case, I conclude that the court has inherent authority to sanction misrepresentations, made both to the court and to an opposing party, concerning the extent to which a party is in possession of discoverable material. *Petroleum Insurance* involved negligence by a party and its attorneys in failing to produce certain files and in

answering interrogatories. The court criticized as “clearly negligent” and “inexcusable” the attorneys’ failure to monitor and verify the documents being furnished by his client to the opposing party. *Petroleum Ins.*, 106 F.R.D. at 63. Noting that inherent powers are those “governed not by rule or statute but by the control necessarily vested in courts to manage their own affairs,” the court exercised this authority in imposing the sanction of requiring the errant party and its attorneys to pay the costs and fees of the opposing party resulting from the lapses. *Id.* at 69 (quoting *Roadway Express, Inc. v. Piper*, 447 U.S. 752, 765 (1980)). Here, it would appear that the misconduct of the defendant and its attorneys went beyond mere carelessness and entered a realm that can only be described as a conscious effort to throw roadblocks in the way of the plaintiff’s effort to gain samples of the five antibodies for testing.

Also instructive is the case of *Penthouse Int’l, Ltd. v. Playboy Enter., Inc.*, 663 F.2d 371 (2d Cir. 1981). There, the Second Circuit affirmed the dismissal with prejudice of an action following the plaintiff’s deliberate disregard of an order to compel discovery of its financial statements. *Id.* at 387, 391. The appellate panel noted that disobedience of the order alone might not have justified such a drastic result, but concluded it would be “excessively formalistic to view the defiance of the order in isolation rather than against the background of [the plaintiff’s] prolonged and vexatious obstruction of discovery with respect to closely related and highly relevant [materials]” kept from the defendant and the court through “perjurious testimony of [the plaintiff’s] top officials and false representations to the court by its counsel.” *Id.* at 388. Accordingly, this “long history of obstruction of discovery” could be taken into account even where the opposing party had never moved pursuant to Rule 37(a) for production of documents. *Id.* at 389-90. Similarly, it is appropriate for this court to take into account events that occurred before January 29, 1996 in assessing the manner in which

the defendant furnished discovery materials to the plaintiff pursuant to the rulings made at the January 29 hearing. To do otherwise would be excessively formalistic. *See Chambers v. NASCO, Inc.*, 501 U.S. 32, 46 (1991) (court's inherent power to impose sanctions exists to "fill in the interstices" not covered by civil rules in cases of bad-faith conduct in litigation).

In sum, although the plaintiff falls wide of the mark when it invokes Rule 37(b)(2) in its request for sanctions, it quite properly brings the defendant's egregious conduct to the attention of the court. Given the court's inherent authority to regulate the conduct of those who appear before it so as to provide for the orderly and fair disposition of litigation, the plaintiff's requests to recover its costs and fees associated with gaining access to the five antibodies is a reasonable one, as are its requests to supplement discovery by adding the extra deposition and interrogatory that it expended in trying to get to the bottom of the antibody situation.

III. The Request for an Adverse Finding on the Merits

The plaintiff also requests the court to enter an order "making a factual finding of intentional misconduct by [the defendant] to delay or prevent [the plaintiff] from acquiring the discovery materials necessary to prove up its case." Plaintiff's Memorandum at 19. It would also like a determination now that such an order may be read to the jury at trial as it determines whether the defendant wilfully infringed the plaintiff's patent. The defendant does not explicitly challenge the court's authority to make such an order in the event it determines that some kind of sanction is appropriate.

In cases of patent infringement, the defendant's behavior as a party to the litigation is one of the factors relevant to the determination of whether, in the event the court finds infringement, the party's bad faith merits an increase in the damages recovered by the plaintiff pursuant to 35 U.S.C.

§ 284. *Bott v. Four Star Corp.*, 807 F.2d 1567, 1572 (Fed. Cir. 1986). The inquiry is really one involving the totality of the circumstances, *id.*, and one aspect of those circumstances is whether an infringing party adopts a litigation stance that is designed to conceal its misconduct, *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 827 (Fed. Cir. 1992); *Russell Box Co. v. Grant Paper Box Co.*, 203 F.2d 177, 183 (1st Cir.), *cert. denied*, 346 U.S. 821 (1953). In the event of an infringement, “[I]tigation misconduct and unprofessional behavior are relevant to the award of attorney fees, and may suffice to make a case exceptional,” thus justifying the recovery of attorney fees pursuant to 35 U.S.C.

§ 285. *Sensonics, Inc. v. Aerosonic Corp.*, 81 F.3d 1566, 1574 (Fed. Cir. 1996). The defendant’s conduct during the course of discovery may also be relevant to its asserted equitable defenses, although the authority cited for that proposition by the plaintiff states only that a patentee may defeat the equitable defense of laches if the infringer has engaged in “particularly egregious conduct which would change the equities significantly in plaintiff’s favor.” *A.C. Aukerman Co. v. R.I. Chaides Const. Co.*, 960 F.2d 1020, 1033 (Fed. Cir. 1992) (quoting *Bott*, 807 F.2d at 1576). As to the defense of equitable estoppel, the trial court must “take into consideration any other evidence and facts respecting the equities of the parties” in determining whether the defense should bar the suit. *Aukerman*, 960 F.2d at 1043.

As the judicial officer who has heard all but one of the numerous discovery disputes that have been brought to the court’s attention since this case was transferred here slightly more than a year ago, I find without hesitation that the defendant and its attorneys have acted with bad faith. It is apparent that through a process of selective disclosures to the plaintiff and to the court, misrepresentations to the plaintiff and to the court that were at the least grossly negligent on the part of the defendant’s attorneys, and by adopting a general posture of intransigence, the defendant has

attempted -- not without success -- to thwart and delay the plaintiff's access to laboratory materials that are central to this lawsuit. However, I make that finding only in the context of the plaintiff's motion for discovery sanctions. As to what effect this finding should have on the merits of the case, as presented at trial, such determinations are best left to the trial judge either *in limine* or at the trial itself.

IV. Conclusion

For the foregoing reasons, the plaintiff's motion for discovery sanctions is **GRANTED** in part as follows: The plaintiff is awarded its costs and attorney fees in connection with the discovery hearings conducted on January 29 and March 28, 1996, and in connection with the prosecution of the instant motion. The plaintiff may conduct one additional deposition and may pose one additional interrogatory to the defendant. The deposition shall be completed within two weeks of the entry of this order. The plaintiff shall serve its interrogatory within one week of the entry of this order, and the defendant shall respond within ten days thereafter.

Dated this 19th day of October, 1996.

David M. Cohen
United States Magistrate Judge