

I. Applicable Legal Standard

Fairchild brings its Sanctions Motion pursuant to Federal Rule of Civil Procedure 37(b)(2). *See* Sanctions Motion at 1. As a threshold matter, 3D challenges that characterization, arguing that because the Sanctions Motion lodges serious allegations against one of its lawyers, Michael Shore, and his law firm, Shore Chan Bragalone LLP (“SCB”), it is in effect a motion for civil contempt, affording Shore and SCB a due process right to discovery and an evidentiary hearing if necessary. *See* Discovery Motion at 1-2 (citing, *inter alia*, *Goya Foods, Inc. v. Wallack Mgmt. Co.*, 290 F.3d 63, 77 (1st Cir. 2002) (“a party has a right to an evidentiary hearing in a civil contempt proceeding only if, and to the extent that, genuine issues of material fact exist”); *In re Grand Jury Proceedings*, 795 F.2d 226, 234 (1st Cir. 1986) (“There is general agreement that due process requires that a potential contemnor be given notice and a hearing regardless whether the contempt is civil or criminal in nature[.]”)).

I discern no reason to disturb Fairchild’s choice of Rule 37(b)(2) as the vehicle through which it seeks redress for Shore’s and SCB’s alleged violations, or to deem its motion for sanctions a *de facto* motion for civil contempt. Rule 37(b)(2) properly is invoked in aid of enforcement of a protective order. *See, e.g., Heavyhitters v. Nike Inc.*, 251 Fed. Appx. 378, 380 (9th Cir. 2007) (district court did not abuse its discretion in imposing sanctions pursuant to Rule 37(b)(2) on appellants’ counsel for knowing and willful defiance of the protective order that the appellants had agreed to and the court had issued); *Poliquin v. Garden Way, Inc.*, 154 F.R.D. 29, 31 (D. Me.), *appeal dismissed*, 40 F.3d 1235 (1st Cir. 1994) (“Federal Rule of Civil Procedure 37(b) grants federal courts wide discretion in patterning sanctions to respond to a party’s failure to comply with discovery orders. Discovery orders that can be enforced through Rule 37(b) include protective orders issued under Federal Rule of Civil Procedure 26(c).”).

While Rule 37 and its commentary do not address the question of allowing discovery incident to motions filed thereunder, *see* Fed. R. Civ. P. 37 & advisory committee’s notes thereto, and my research discloses no published case addressing the issue, I agree with Fairchild that it is instructive to look to Rule 11 for guidance, *see* Plaintiff’s Opposition to Defendant’s Motion for Limited Discovery and Request for Extension of Time To File Its Response to Plaintiff’s Motion for Sanctions (“Discovery Opposition”) (Docket No. 200) at 2; *see also, e.g., Olcott v. Delaware Flood Co.*, 76 F.3d 1538, 1554 (10th Cir. 1996) (“[T]he texts and plain meaning of Rule 16(f) and Rule 37(b) complement Rule 11. The three rules share a common purpose, which they seek to achieve by employing substantially similar operative language.”) (footnote omitted); *Anderson v. Beatrice Foods Co.*, 900 F.2d 388, 394 (1st Cir. 1990) (“Sanctions, under both Rules 11 and 37, serve dual purposes of deterrence and compensation.”).

In the context of Rule 11 motions for sanctions, discovery is permitted only in “extraordinary circumstances.” *See* Fed. R. Civ. P. 11 advisory committee’s note to 1983 amendment (“To assure that the efficiencies achieved through more effective operation of the pleading regimen will not be offset by the cost of satellite litigation over the imposition of sanctions, the court must to the extent possible limit the scope of sanction proceedings to the record. Thus, discovery should be conducted only by leave of the court, and then only in extraordinary circumstances.”); *see also, e.g., Indianapolis Colts v. Mayor & City Council of Baltimore*, 775 F.2d 177, 183 (7th Cir. 1985) (applying above-quoted advisory committee’s note); *In re Kunstler*, 914 F.2d 505, 521 (4th Cir. 1990) (same); *Unanue-Casal v. Unanue-Casal*, 898 F.2d 839, 843 (1st Cir. 1990) (same); *Hall v. Forest River, Inc.*, No. 3:04-CV-259 RM, 2007 WL 2349620, at *1 (N.D. Ind. Aug. 15, 2007) (noting that “[c]ourts . . . rarely grant discovery requests relating to motions for sanctions”).

II. Discussion

A. Discovery Requests

3D seeks discovery under four headings. I address each in turn.

1. What specific CONFIDENTIAL or HIGHLY CONFIDENTIAL information did Shore “use” in his communications with Infineon Technology Corporation (“Infineon”) and how did Shore “use” it? *See* Discovery Motion at 2. 3D seeks answers from Fairchild to two proposed interrogatories, one of which requests identification of the specific documents that Fairchild contends Shore or SCB “used” in violation of the Confidentiality Order, and the other of which requests identification by date and detailed description of any acts or statements concerning every “use” by Shore or SCB of Fairchild’s information designated CONFIDENTIAL or HIGHLY CONFIDENTIAL that Fairchild contends violated any provision of the Confidentiality Order. *See id.* at 3.

These requests are **DENIED**. As Fairchild notes, it has set forth the evidence on which it relies and the bases on which it suggests that it is entitled to sanctions in its moving papers and attachments thereto. *See* Discovery Opposition at 4-5. While it is free to narrow or explicate its arguments, as indeed it does in its Discovery Opposition, *see generally id.*, any attempt to add new grounds for relief or to adduce new evidence in support thereof would be viewed with disfavor, *see, e.g., In re One Bancorp Sec. Litig.*, 134 F.R.D. 4, 10 n.5 (D. Me. 1991) (court generally will not address an argument advanced for the first time in a reply memorandum). Accordingly, the requested discovery would serve no useful purpose.

2. What proof exists to support the allegation that Shore’s alleged “use” of Fairchild’s CONFIDENTIAL or HIGHLY CONFIDENTIAL information resulted in Infineon filing a lawsuit against Fairchild? *See* Discovery Motion at 4. Reasoning that Fairchild claims that, but for Shore’s

“use” of CONFIDENTIAL or HIGHLY CONFIDENTIAL information, third party Infineon would not have sued Fairchild, 3D requests permission to subpoena documents, correspondence, and other information from both Infineon and Fairchild related to the filing of that lawsuit. *See id.* at 4-7.

These requests are **DENIED**. Fairchild clarifies that, as concerns the Infineon suit, the violation of which it complains is Shore’s asserted use of Fairchild’s confidential information to *attempt* to incite Infineon to file suit. *See* Discovery Opposition at 3-4. Accordingly, as Fairchild notes, it is immaterial whether Infineon in fact filed suit against Fairchild as a result of Shore’s communications. *See id.* There is no need for the requested discovery.

3. What public information exists that would support an opinion that Fairchild “blatantly copied” CoolMOS when it designed SuperFET parts? *See* Discovery Motion at 7. 3D seeks to subpoena from Fairchild documents and presentation materials related to SuperFET or SupreMOS products sent to, presented by, or transmitted by Fairchild to any SuperFET customer, potential customer, supplier, or third party that mention or refers to CoolMOS or its manufacturer, Infineon. *See id.* at 8.

This request is **DENIED**. Among documents referenced in the Sanctions Motion is a copy of an e-mail that Shore wrote to Jeffrey Baxter, outside counsel for Infineon, on November 7, 2008, stating: “Let’s sue Fairchild. Their documents prove they blatantly copied CoolMos. Slam dunk. Contingency would be huge.” *See* Sanctions Motion at 10 & Exh. 1 to Declaration of Robert H. Stier in Support of Plaintiff’s Motion for Sanctions Including Enforcement and Modification of Confidentiality Order (Docket No. 197). 3D requests the third category of discovery in aid of its effort to prove that Shore referred not to CONFIDENTIAL or HIGHLY CONFIDENTIAL documents covered by the Confidentiality Order but rather to non-confidential material and other public sources. *See* Discovery Motion at 7-8 (noting Shore’s and SCB’s intention “to prove that

Fairchild's copying of CoolMOS is notorious, and easily can be established from Fairchild's non-confidential material, as well as other public sources"). As Fairchild suggests, *see* Discovery Opposition at 5, the public or non-confidential documents to which 3D refers could only be relevant to the extent that Shore had access to them prior to sending the e-mail in question. Thus, there is no need for the requested discovery.

4. Deposition Testimony. *See* Discovery Motion at 8. 3D seeks to depose:

A. A Fairchild representative on (1) allegations made in the Sanctions Motion, (2) all pre-suit meetings and discussions between Fairchild and Infineon related to the allegations by Infineon against Fairchild as reflected in Infineon's suit against Fairchild, (3) Fairchild's discussions with Infineon related to 3D, Shore, and SCB, and (4) the remedies sought in the Sanctions Motion. *See id.*

B. An Infineon representative on (1) allegations made in the Sanctions Motion as they relate to the disclosure of information to Infineon by Shore, (2) the reasons Infineon sued Fairchild and the extent, if any, to which Shore's communications with Infineon affected that decision, and (3) Fairchild's discussions with Infineon related to 3D, Shore, and SCB. *See id.*

C. Gary Dauser, counsel for Infineon, on Fairchild's allegation that Shore attempted to buy patents from Infineon to assert against Fairchild, as well as allegations made in the Sanctions Motion. *See id.*

These requests are **DENIED**. 3D demonstrates no extraordinary circumstances justifying the requested depositions.

As an initial matter, it provides no argument in support of the taking of the requested depositions in its motion, offering detailed argumentation only in its reply brief. *Compare* Discovery Motion at 8-9 *with* Third Dimension Semiconductor, Inc.'s Brief in Reply to Plaintiff's Opposition

to Third Dimension Semiconductor's Motion for Limited Discovery and Request for Extension of Time to File Its Response to Plaintiff's Motion for Sanctions ("Discovery Reply") (Docket No. 201) at 6-7.

In addition, to the extent that it seeks to depose a Fairchild representative, an Infineon representative, and Dauser on the allegations made and/or remedies sought in the Sanctions Motion, the Sanctions Motion speaks for itself. While Fairchild refined its allegations in its Discovery Opposition, it did so only by either narrowing or further explicating them, rather than adding new grounds for relief. 3D's point that it requires the requested deposition testimony because "no one can discern what Fairchild is actually accusing SCB or Shore of doing that would violate the Protective Order[.]" Discovery Reply at 6, is not well-taken.

3D likewise demonstrates no need to depose Fairchild and Infineon representatives regarding the reasons that Infineon filed suit against Fairchild or the substance of Fairchild's and Infineon's communications relating to 3D, Shore, or SCB. As noted above, Infineon's reasons for suing Fairchild are irrelevant to the Sanctions Motion.

Finally, I am unpersuaded that 3D demonstrates a need to depose Dauser regarding Fairchild's allegation that Shore tried to purchase patents from Infineon to assert against Fairchild. In conjunction with the Sanctions Motion, Fairchild filed an affidavit of Joel Pond, assistant general counsel for Fairchild, in which Pond averred that, on or about November 19, 2008, in the course of negotiations with Dauser, Dauser advised him that Shore had approached Infineon about buying approximately five patents, including patents relating to superjunction technology, to assert against Fairchild. *See* Declaration of Joel Pond in Support of Plaintiff's Motion for Sanctions Including Enforcement and Modification of Confidentiality Order (Docket No. 196) ¶ 4. 3D argues that the statements attributed to Dauser "are rank hearsay and require discovery to determine the source and

veracity of this statement.” Discovery Reply at 7. It further represents that Shore has never offered to buy any patents from Infineon and never has met Dauser, spoken to him, e-mailed him, or communicated with him in any way. *See id.* From all that appears, the Pond declaration is double hearsay: information that Dauser apparently obtained from a third party and passed along to Pond. 3D’s argument demonstrates that it can directly rebut this weak evidence by adducing an affidavit from Shore denying the truth of the report and averring that he has never met or communicated with Dauser. A need for extraordinary discovery has not been shown.

B. Request for Extension of Time

3D’s response to the Sanctions Motions is due on February 27, 2009. *See* ECF Docket, Docket No. 194. Because it has not had the benefit of the instant ruling until today, I will extend its time to respond to the Sanctions Motion by 21 days, until March 20, 2009.

C. Sealing of This Decision

I **DIRECT** the Clerk of the Court to seal this Memorandum Decision and Order when docketed. The parties shall notify me within 48 hours of the docketing whether this Decision and Order contains any confidential information that should remain sealed. If I do not hear from the parties within 48 hours, this Decision and Order will be unsealed.

SO ORDERED.

Dated this 25th day of February, 2009.

/s/ John H. Rich III
John H. Rich III
United States Magistrate Judge

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