

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHER DISTRICT OF ILLINOIS
EASTERN DIVISION

THE CHAMBERLAIN GROUP, INC.,
Plaintiff,

v.

TECHTRONIC INDUSTRIES CO.,
LTD., TECHTRONIC INDUSTRIES
NORTH AMERICA, INC., ONE
WORLD TECHNOLOGIES, INC.,
OWT INDUSTRIES, INC., ET
TECHNOLOGY (WUXI) CO. LTD.,
and RYOBI TECHNOLOGIES, INC.,
Defendants.

Case No. 16 C 6097

Judge Harry D. Leinenweber

ORDER

Before the Court is Plaintiff Chamberlain Group, Inc.'s ("Plaintiff") Motion to Compel [ECF No. 288]. The Motion is granted in part and denied in part.

STATEMENT

On February 28, 2017, Plaintiff filed a Motion to Compel seeking various forms of relief. First, Plaintiff asks for a declaration that Defendants waived privilege over certain documents used without objection during depositions, which would permit Plaintiff to continue using them in unredacted form, and for an order compelling Defendants to produce unredacted versions of documents that contain virtually identical subject matter. Second, Plaintiff seeks to compel production of the opinions of counsel that Defendants commissioned and relied on during the preliminary injunction and contempt phases of this

proceeding, along with underlying documents and communications. Finally, Plaintiff asks for an order compelling Defendants to produce e-mails and other electronically stored information, discovery that Plaintiff maintains is long overdue.

First, Plaintiff contends that Defendants waived privilege over various documents it used in joint district court-ITC depositions at which Defendants' counsel was present and failed to object. (The Court notes that Defendants have agreed to produce the document Bates-stamped TTI00003618, as it was cited and introduced during the preliminary injunction hearing in this case.) There are three principal documents at issue: TTI00003551 ("Document A"), TTI00003696 ("Document B"), and TTI00005147 ("Document C"). Plaintiff also seeks production of unredacted versions of documents containing "essentially identical" information. (See, ECF No. 288 at 1-2 & n.2; ECF No. 317 at 6.) (The parties appear to agree that the documents were privileged, at least prior to disclosure.)

The protective order in this case provides that inadvertent disclosures of material protected by the attorney-client privilege "shall be handled in accordance with Federal Rule of Evidence 502." (ECF No. 134 at 10.) Disclosure in a federal proceeding is not a waiver under that rule only if (1) the disclosure is inadvertent, (2) the privilege-holder took reasonable steps to prevent disclosure, and (3) the privilege-holder took prompt, reasonable steps to rectify the error. FRE 502(b)(1)-(3). Defendants bear the burden of showing compliance with FRE 502. See, e.g., *Excel Golf Prods., Inc. v. MacNeill Eng'g Co., Inc.*, No. 11 C 1928, 2012 WL 1570772, at *2 (N.D. Ill. May 3, 2012). Plaintiff argues that Defendants failed to take prompt reasonable steps to rectify the disclosure errors. The Court agrees.

Defendants produced an unredacted version of Document A in this action on July 22, 2016. During a January 12, 2017 ITC deposition, Defendants sought to prevent the use of the ITC version of Document A. They waited until February 2, 2017 - that is, three weeks after becoming aware of its use there - to write to Plaintiff seeking a claw back of the document in this case. Document B was used in unredacted form on December 28 and 29, 2016 in joint district court-ITC depositions without privilege objections. On January 12, 2017, during the same ITC deposition previously mentioned, Defendants sought to claw back the ITC version of Document B. Again, they waited until February 2, 2017 to seek a claw back in this case. Finally, Defendants produced an unredacted version of Document C in the parallel ITC proceeding. Document C was used in unredacted form on December 28 and 29, 2016 in joint district court-ITC depositions, again without privilege objections. On January 10, 2017, Plaintiff informed Defendants that their redactions of Document C in *this* case were therefore improper because Defendants had waived any privilege claim. On February 10, 2017, Defendants sent a letter to Plaintiff requesting that it destroy the unredacted documents produced in the ITC proceeding, including Document C.

The data points in the case law are simply too unfavorable to Defendants for the Court to find that privilege claims over these three documents were preserved. *See, e.g., Kmart Corp. v. Footstar, Inc.*, No. 09 C 3607, 2010 WL 4512337, at *5 (N.D. Ill. Nov. 2, 2010) (finding a privilege waiver where the disclosing party learned at a deposition of inadvertent disclosure, failed to object on the record, and waited twelve days before filing a motion); *Sidney I. v. Focused Realty Property I, LLC*, 274 F.R.D. 212, 217-18 (N.D. Ill. Mar. 30, 2011) (waiting one day to claw back after the first inadvertent disclosure in a deposition was

not prompt enough to prevent waiver); *Laethem Equip. Co. v. Deere and Co.*, No. 2:05 C 10113, 2008 WL 4997932, at *9 (E.D. Mich. Nov. 21, 2008) (finding no waiver where the plaintiff's counsel learned of inadvertent disclosure at a deposition two weeks post-production and "[almost immediately]" objected at the deposition to the use of the information and sent a letter to defense counsel the same day demanding return); *Harmony Gold U.S.A., Inc. v. FASA Corp.*, 169 F.R.D. 113, 117 (N.D. Ill. 1996) (finding that the plaintiff "dragged its feet in taking appropriate corrective action" when it waited two weeks after learning of disclosure before requesting return of the subject documents); *cf. Heriot v. Byrne*, 257 F.R.D. 645, 661-62 (N.D. Ill. 2009) (finding no waiver where an attorney sent a letter asserting privilege and requesting destruction of the subject documents within 24 hours of learning of their inadvertent disclosure); *Coburn Grp.*, 640 F.Supp.2d 1032, 1041 (N.D. Ill. 2009) (finding no waiver where the disclosing party "immediately objected" to the use of privileged communications at a deposition, requested the documents back the next day, and followed up with a written request); *B-Y Water Dist. v. City of Yankton*, No. 07 C 4142, 2008 WL 5188837, at *2 (D. S.D. Dec. 10, 2008) (holding that defense counsel acted promptly without waiving privilege by "immediately assert[ing] its privilege when the two privileged documents were referenced during a deposition on July 15, 2008, the first time that counsel for Yankton realized he may have accidentally produced the privileged information").

Thus, the case law makes clear that Defendants fail to carry their burden under FRE 502(b) to show prompt reasonable steps to rectify the inadvertent disclosures. Other than some international travel, the need to cross-reference separate ITC and district court document databases, and the New Years'

holiday, Defendants offer no explanation for their lack of promptness. The Court grants Plaintiff's Motion in relevant part. Plaintiff may continue using the unredacted documents at issue, and Defendants are hereby ordered to produce an unredacted version of Document C within three days of the date of this Order. As a corollary, Defendants within the same timeframe are ordered to produce unredacted versions of the thirteen (13) documents identified in footnote one of Plaintiff's Motion that contain substantially identical subject matter.

Second, Plaintiff contends that the opinions of counsel, associated work product, and related communications are subject to discovery because Defendants have relied on the opinions within the meaning of Local Patent Rule 3.6. That rule makes otherwise privileged opinions of counsel, underlying work product, and information about associated attorney communications discoverable when the opinions are relied on and "offered in defense to a *charge* of willful infringement." L.P.R. 3.6(a) (emphasis added). Defendants in October 2016 retained the law firm of Greer Burns & Crain to opine on proposed design changes to the Ryobi GDO found likely to infringe the '275 patent during the preliminary injunction phase of this proceeding. Defendants represent that the opinions of counsel adopted the Court's claim construction without engaging in any independent claim construction based on intrinsic or extrinsic evidence. (See, ECF No. 304 at 1, 4.)

Upon learning that Defendants redesigned the original Ryobi GDO, Plaintiff moved to enforce the injunction and for an order to show cause why Defendants should not be held in contempt, arguing that Defendants' redesigned Ryobi GDO infringed under the terms of the preliminary injunction order. The transcript of the contempt proceeding indicates that Defendants offered the

opinions of counsel solely to mount a defense to Plaintiff's motion and that the scope of the privilege waiver was limited to that issue. (See, e.g., Contempt Tr. 12:5-10 ("THE COURT: Well, normally relying upon the opinion of counsel, that opens up the opinion of counsel to discovery. MR ABERNATHY: I agree with that, your Honor. And again, we're happy to have that. We just want to make sure the scope of the waiver is limited to that opinion and the opinion regarding the redesign.")) Indeed, Plaintiff's counsel agreed that these opinions were not offered for any other substantive issue in the case. (See, *id.* at 12:19-24 ("MS. VIDAL: And, your Honor, in terms of the - you know, in terms of the opinion, I think that's valid only as to willfulness, as to whether *their conduct in making this product in violation of the Court's order was willful. I believe that's the only purpose for which it would be submitted.*") (emphasis added).) Based on this understanding, the Court permitted Defendants to introduce the opinions of counsel for this limited reliance purpose. (See, *id.* at 12:25-13:6 ("THE COURT: If that's the case, then fine, I'll accept it, if the purpose of the opinion is only on the issue of willfulness, not on the substantive - [.]").)

Because the Federal Circuit vacated the injunction and reversed the preliminary claim construction underlying the Court's finding of likely infringement, it is difficult to see how the opinions of counsel remain subject to Local Patent Rule 3.6. The parties effectively agreed that the "charge of willful infringement" the opinions were offered to defend against was limited to whether Defendants willfully violated the Court's preliminary injunction order in redesigning the Ryobi GDO. This is consistent with Defendants' dogged assertion that they do not intend to rely on the opinions at trial. (See, e.g., Mar. 2, 2017 Tr. 6:1-4, 13; ECF No. 304 at 3 ("TTI has

never intended to rely on the opinions in defense to a charge of willful infringement[.]").)

Plaintiff maintains that this discovery is not moot but instead remains relevant to Defendants' infringement and liability theories as well as to state of mind and factors informing a potential injunction. But the salient question is whether grounds exist under Local Patent Rule 3.6 to treat this privileged discovery as "offered in defense to a charge of willful infringement." Even if the parties had not expressly defined the "charge of willful infringement" as the now-moot contempt proceeding, the Court is not persuaded that this material would be relevant to any such defense in this case. Having now issued an extensive claim construction opinion that harmonizes with the Federal Circuit's vacatur of the injunction, the Court has rejected the claim construction framework adopted during the preliminary injunction phase and in the opinions of counsel. Moreover, the only other cognizable "charge[s] of willful infringement" are those included in Plaintiff's complaint, which "in the main must find [their] basis in prelitigation conduct." *In re Seagate Tech., LLC*, 497 F.3d 1360, 1374 (Fed. Cir. 2007) (noting that "reliance on the opinions after litigation was commenced will likely be of little significance"), *abrogated on other grounds, Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S.Ct. 1923 (2016). Not even Plaintiff claims that the opinions concern prelitigation conduct.

Therefore, the Court denies Plaintiff's Motion in relevant part. The Court will hold Defendants to their word and refuse at trial to introduce the opinions into evidence for this purpose.

Third, with respect to the order compelling overdue ESI, the Court grants Plaintiff's Motion in relevant part. Plaintiff initially requested this discovery on November 10, 2016. In

response to Plaintiff's Motion to Compel, the Court ordered the parties to meet and confer to reduce the number of emails to be produced. (Jan. 6, 2017 Hr. Tr. at 309:6-9.) Despite Plaintiff's willingness to reduce the number of responsive emails by narrowing search terms, Defendants appear not to have made similar accommodations of their own. (See, ECF No. 287 at Ex. N (refusing to de-duplicate Home Depot emails already produced in this case or confirm whether identified emails have been filtered to the most inclusive email).) The Court therefore compels production of the requested discovery for all five custodians Plaintiff has identified *within three (3) days* of the date of this Order. No further narrowing of search terms beyond Plaintiff's February 13, 2017 offer to "modify[] the signal terms" shall be required. (*Id.*)



Harry D. Leinenweber, Judge
United States District Court

Dated:4/17/2017