UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ENDO PHARMACEUTICALS INC. et al.,

Plaintiffs,

-v.-

PAR PHARMACEUTICAL COMPANIES INC. et al.,

Defendants.

ORDER

12 Civ. 9261 (TPG ) (GWG)

GABRIEL W. GORENSTEIN, UNITED STATES MAGISTRATE JUDGE

Plaintiffs in this matter argue that the expert retained by defendant Par Pharmaceutical Companies, Inc. ("Par"), Professor Hamid Omidian, is a "direct competitor" and that therefore he should be disqualified as Par's expert. The basis for this assertion is that Omidian performs research in the area of abuse-deterrent dosage forms, he has pending patent applications relating to this topic area, and the university that employs him seeks to license patented technology. Plaintiffs' view is if Professor Omidian is not in fact a competitor, he should agree to a patent prosecution bar — a proposal that Par has rejected. They ask that Professor Omidian be barred from receiving any of their confidential information, thus disqualifying Professor Omidian from acting as an expert for Par.

A court may, for good cause, enter a protective order requiring "that a trade secret or other confidential research, development, or commercial information not be revealed or be revealed only in a specified way." Fed. R. Civ. P. 26(c)(1)(G). The Second Circuit has cautioned, however, that this rule "is not a blanket authorization for the court to prohibit disclosure of information whenever it deems it advisable to do so, but is rather a grant of power to impose conditions on discovery in order to prevent injury, harassment, or abuse of the court's processes." Bridge C.A.T. Scan Assoc. v. Technicare Corp., 710 F.2d 940, 944–45 (2d Cir. 1983). In cases involving trade secrets,

> courts often issue protective orders limiting access to the most sensitive information to counsel and their experts. See, e.g., Vesta Corset Co., Inc. v. Carmen Found., Inc., 1999 WL 13257, *3 (S.D.N.Y. 1999) (collecting cases); Safe Flight Instrument Corp. v. Sundstrand Data Control, Inc., 682 F. Supp. at 21–22 (collecting cases)). Those orders represent judicial efforts to strike a proper balance between "the philosophy of full disclosure of relevant information and the need for reasonable protection against harmful side effects," such as the risk that disclosure will result in competitive harm. Davis v. AT & T Corp., 1998 WL 912012 at *2 (quoting E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co.,

> 219 U.S.P.Q. 37, 38 (D. Del. 1982)). In weighing these competing interests, courts are not aided by conclusory allegations of harm "unsubstantiated by specific examples or articulated reasoning." Id. (quoting Cipollone v. Liggett Group, Inc., 785 F.2d 1108, 1121 (3d Cir. 1986)). Rather, the moving party must demonstrate that without the requested protection, the disclosure of confidential information will result in "a clearly defined and very serious injury." Id. (quoting Zenith Radio Corp. v. Matsushita Elec. Indus. Co., Ltd., 529 F. Supp. 866, 891 (E.D. Pa. 1981)).

Tailored Lighting, Inc. v. Osram Sylvania Prods., Inc., 236 F.R.D. 146, 148 (W.D.N.Y. 2006).

The Federal Circuit has noted as follows in the context of attorneys receiving confidential information:

> A determination of the risk of inadvertent disclosure or competitive use does not end the inquiry. Even if a district court is satisfied that such a risk exists, the district court must balance this risk against the potential harm to the opposing party from restrictions imposed on that party's right to have the benefit of counsel of its choice. U.S. Steel [Corp. v. United States, 730 F.2d 1465, 1468 (Fed. Cir. 1984)]; Brown Bag Software v. Symantec Corp., 960 F.2d 1465, 1470 (9th Cir.1992). In balancing these conflicting interests the district court has broad discretion to decide what degree of protection is required. Seattle Times Co. v. Rhinehart, 467 U.S. 20, 36, 104 S. Ct. 2199, 81 L.Ed.2d 17 (1984); Brown Bag Software, 960 F.2d at 1470.

In re Deutsche Bank Trust Co. Americas, 605 F.3d 1373, 1380 (Fed. Cir. 2010).

After considering the parties' submissions, the Court is not persuaded that plaintiffs have met there burden of showing a "clearly defined and very serious injury" that would result from providing their confidential information to Professor Omidian in the absence of a patent prosecution bar. Plaintiffs' submissions show only that Professor Omidian is a researcher who has patent applications in the field at issue in this lawsuit that may be commercialized one day. It is normal, however, for experts to conduct research in the fields for which their expertise is sought, and it is not surprising that breakthrough research might result in a patent application based on their work. Where an expert is barred by a court, the expert is typically either consults with or is employed by a business that is in competition with the party providing the information. Plaintiffs have provided no evidence that Professor Omidian is in the business of manufacturing or selling pharmaceuticals or that he has some consultancy or employment relationship with such a business.

Significantly, plaintiffs have not pointed to specific trade secrets or other confidential information that could be used by Professor Omidian in his research. They assert simply that their confidential information "goes beyond" what has been made public in patent applications or scientific literature and state that it includes "alternatives explored but ultimately abandoned." It is speculative, however, to assume that plaintiffs will wish to patent or otherwise make

commercial use of such material, that Professor Omidian would unconsciously consider such material in his own research, and that Professor Omidian will ultimately succeed in using it to plaintiffs' competitive disadvantage — all of which would have to occur for there to be harm to plaintiffs. Notably, there is no evidence that Professor Omidian or the university that employs him have ever obtained or even sought a licensing arrangement with any company that competes with plaintiffs.

Plaintiffs assert that it is Professor Omidian's pursuit of patent applications that distinguishes him from other experts in this case who also conduct research. But it is not clear why this fact is of great significance. Professor Omidian is a researcher at a university and plaintiffs are equally harmed under their theory if he or any other expert were to publish research that made use of their information. Such published research could be used by anyone to obtain an advantage over plaintiffs in the marketplace.

Obviously, Professor Omidian is barred from using the information he acquires from plaintiffs for any purpose other than his work on this litigation. Plaintiffs question whether he will be capable of forgetting or compartmentalizing this information so that it will not influence his future research activities. The Court understands this concern but on balance is convinced that the importance of allowing defendants to hire the expert of their choosing outweighs the risk that plaintiffs posit.

Accordingly, plaintiffs' objection to the provision of their confidential material to Professor Omidian is rejected.

SO ORDERED.

Dated: March 27, 2014
New York, New York

GABRIEL W. GORENSTEIN
United States Magistrate Judge