

A Protective Order Primer

By

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A. PROCEDURE

FRCP 26 governs protective orders. Under 26(b)(2), the court has discretion to limit discovery if

- 1) the discovery sought is unreasonably cumulative or duplicative, or is attainable from some other source that is more convenient, less burdensome, or less expensive;
- 2) the party seeking discovery has had ample opportunity by discovery in the action to obtain the information sought; or
- 3) the burden or expense of the proposed discovery outweighs its likely benefit.

Under FRCP 26(c), the court may issue protective orders if the court finds that justice requires such an order to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense. Additional grounds for protective orders may be found in FRCP 45(c)(3)(a), which gives the court the power to quash or modify subpoenas if the subpoena would require the disclosure of privileged or protected matters or subjects a person to undue burden.

B. PRACTICE

1. Types of Protective Orders

It is important to understand the differences between the various subsections of FRCP 26.

Under 26(c), there are at least eight different types of protective orders¹:

¹Much of the information contained herein comes from the Federal Civil Rules Handbook, 2001 Baiker-McKee Janssen & Corr, West Publishing. For anyone who does federal court work, this is an excellent resource and provides a great deal of practical information concerning the rules, along with the appropriate annotations for particular jurisdictions.

A. An order that disclosure or discovery not be had. Under Rule 26(c)(1) a Court may order that the automatic disclosure or discovery request not occur. These types of orders are generally entered with respect to written discovery, although 26(c)(1) may be used if a party asks for an unwarranted deposition of opposing counsel. Simmons Food, Inc. v. Willis, 191 F.R.D. 625, 630 (D. Ks 2000). If the party is claiming that answering discovery is particularly burdensome, better practice may require the party to submit affidavits explaining the basis for the contention. White v. Wirtz, (1968, 10th Cir. Okla), 402 F.2d 145.

B. Specified terms or conditions. Under 26(c)(2), the court may designate the time and location of a deposition or the time to respond to Interrogatories, document requests or requests for admissions. Chris-Craft Industrial Products, Inc. v. Kuraray Co., Ltd., 184 F.R.D. 605 (N.D.Ill 1999). The court may also set deadlines for the completion of the various phases of discovery. Builders Assoc. of Greater Chicago v. City of Chicago, 170 F.R.D. 435, 437 (N.D.Ill 1996).

C. Method of discovery. Under Rule 26(c)(3), the court may restrict discovery to a particular method, although the general principal is that the parties are free to use whatever discovery devices they wish. Martin v. Reynolds Metal Corp., 297 F.2d 49 (9th Cir. 1961); National Life Insurance Co. v. Hartford Accidental and Indemnity Co., 615 F.2d 595 (3rd Cir. 1980).

D. Limited scope. The court has discretion to stay discovery either while a dispositive motion is pending or until a critical issue has been resolved. GTE Wireless v. Qualcomm, Inc., 192 F.R.D. 284, 285-286 (S.D.Ca 2000); Vivid Technologies, Inc. v. American Science of Engineering, Inc., 200 F.3d 795, 804 (the Court stayed discovery on all other issues until critical issue was resolved.) The court may also issue protective orders requiring the opposing party to pay an expert's reasonable fees for responding to discovery.

E. Persons present. Upon proper motion under FRCP 26(c)(5), the court may exclude the public or any other non-parties from a deposition. Jones v. Circle K Stores, Inc., 185 F.R.D. 223 (N.D.N.C. 1999).

F. Sealed transcripts. Under FRCP 26(c)(6), the court may order a deposition transcript sealed and, thus, not part of the public record. The same order may be entered for written discovery as well, although not expressly authorized by 26(c)(6). Morgan v. United States Dept. of Justice, 923 F.2d 195 (D.C. Cir. 1991).

G. Confidential information. The court has extensive discretion as to how to deal with claims of confidentiality, including a submission for *in-camera* examination. Klein v. Henry S. Miller Residential Services, Inc., 29 F.R.S.2d 398 (N.D.Tx 1978).

H. Simultaneous exchange. The court may order the parties to simultaneously file certain matters.

2. Standard of Review

In Seattle Times Co. v. Rhinehard, 467 U.S. 20, the United States Supreme Court recognized that District Courts have substantial discretion to issue protective orders. Rule 26(c) confers broad discretion of the trial court to decide when a protective order is appropriate and what degree of protection is required. The trial court is in the best position to weigh fairly the competing needs and interest of parties affected by discovery. The unique character of the discovery process requires that the trial court have substantial latitude to fashion protective orders. See, Availability of Protective Orders - A Federal Law and 50 State Survey at www.lrn.com/lrn2/1922/sample-m-03.html.

3. Requirement of Consultation

Under FRCP 26, a party moving for a protective order must certify that he/she has, in good faith, conferred or attempted to confer with the other party in an effort to resolve the dispute without court action.

4. Application to Non-Parties

Even in the case of a non-party witness, FRCP 26(c) may be used to protect a witness from annoyance or oppression. United States v. The L.B. #134, (1953, D.C. N.Y.), 14 F.R.D. 261. Rule 26(c) does not allow post-discovery motions for protective orders if there was an opportunity to move for a protective order before the discovery took place. Phillips Petroleum Co. v. Pickens, (1985, N.D. Tx), 105 F.R.D. 545.

5. Modification of Protective Orders

Once a court has entered a protective order it may be modified upon a showing of good cause. Alexander v. FBI, (1998, D.C. Dist. Colo.), 186 F.R.D. 99. The decision to modify a protective order, just as the initial decision to grant a protective order, is subject to an abuse of discretion standard. In Re: Visa Check/MasterMoney Anti-Trust Litigation, (2000, E.D. N.Y.), 190 F.R.D. 309.

C. GROUNDS FOR PROTECTIVE ORDERS UNDER FRCP 26

1. National Security: Alliance on Repression v. Rochford, (1976, N.D.Ill), 75 F.R.D. 431.

2. Trade Secret Status: Dynamic Microprocessor Associates v. EKD Computer Sales, (1996, E.D. N.Y.), 919 F.Supp. 101.

There is no absolute privilege against disclosure of trade secrets and similar confidential information; the district court must balance the need for trade secrets against the claim of injury

resulting from disclosure. DDS Inc. v. Lucas Aeronautical Power Transmission Corp., (1998, N.D.NY), 182 F.R.D. 1. Because protective orders are available to limit the extent to which disclosure of a trade secret is made, the relevant inquiry to be weighed in the balances is not the injury that would be caused by public disclosure, but the injury that would result from disclosure under an appropriate protective order; in this regard, it is presumed that disclosure to a party who is not in competition with the holder of the trade secret would be less harmful than a disclosure to a competitor. Coca-Cola Bottling Co. v. Coca-Cola Co., (1985, D.C. Del.) 107 F.R.D. 288.

A party resisting discovery of a trade secret must first demonstrate by competent evidence that the information sought through discovery is a trade secret and the disclosure of the secret might be harmful; if this showing is made the burden then shifts to the party seeking discovery to establish the disclosure of a trade secret is relevant and necessary to the action. Coca-Cola Bottling Co. v. Coca-Cola Co., (1985, D.C. Del.) 107 F.R.D. 288. The court has discretion to appoint a master to determine whether particular documents amount to trade secrets. City Service Oil Co. v. Celanese Corp. of America, (1950, D.C. Del.) 10 F.R.D. 458.

Counsel should be careful to clearly define the basis for the alleged confidential nature of the documents. The current trend in the case law appears to be one which strongly encourages the trial court to assess the necessity of a protective order, notwithstanding the parties agreement to deem certain matters confidential. In Citizens First National Bank v. Cincinnati Insurance Co., 178 F.3d 943, Chief Judge Posner of the Seventh Circuit stated:

“It is true that pre-trial discovery, unlike the trial itself, is usually conducted in private. But in the first place, the protective order that was entered in this case is not limited to the pre-trial stage of the litigation, and in the second place, the public at large pays for the courts and therefore, has an interest in what goes on at all stages of a

judicial proceeding. That interest does not always trump the property and privacy interest of the litigants, but it can be overridden only if the latter interest predominates in the particular case, that is, only if there is good cause for sealing a part or the whole of the record in that case. . .” The Judge is the primary representative of the public interest in the judicial process and is duty bound therefore to review any request to seal the record (or part of it). He may not rubber-stamp a stipulation to seal the record. (Citations omitted, *Id.* at 945.)

Judge Posner observed that the First and Third Circuits, which in the past had endorsed broad umbrella orders, have moved away from that position. *Id.* at 946. In reversing and remanding the case back to the district court, Judge Posner required the trial court to determine what parts of the appendix contained material that ought, upon a neutral balancing of the relevant interests, be kept out of the public record. *Id.* at 946.

A good discussion of protective orders is found at www.bscr-law.com/seminars/protectiveorders/protectiveorders.html. The author, John W. Cowden, discusses ten commandments for the use of protective orders. Although the article is primarily focused on First Amendment issues associated with protective orders, he notes that: 1) the language of 26(c) provides for protection of business information beyond information which qualifies as a trade secret; *Zenith Radio Corp. v. Matsushita Electric Industrial Co.*, 529 F.Supp. 866 (E.D. Pa 1981); *Smith v. BIC Corp.*, 869 F.2d 194, 200 (3rd Cir. 1989); 2) also under 26(c), information need not amount to a trade secret to qualify for protection, if there is a significant question of annoyance or embarrassment. *Id.* at 6-7, citing *Seattle Times Co. v. Rhinehart*, 467 U.S. 20.

3. Protective Orders Regarding Locations of Depositions:

Chris-Craft Industrial Products, Inc. v. Kuraray Co. (1999, N.D. Ill), 184 F.R.D. 605. (Pursuant to FRCP 26(c)(2), court has broad discretion to alter place of noticed deposition);

Isbrandsten v. Moller, (1947, D.C. N.Y.), 7 F.R.D. 188. If warranted by sufficient showing of good cause or hardship, involving such factors as residence or business site of party to be examined, distance to be traveled and travel expense, etc., court may issue protective order changing place of examination or discovery. The court may properly consider the Plaintiff's choice of forum in determining where the Plaintiff can be deposed. Seuthe v. Renwal Products, Inc., (1965, S.D. N.Y.), 38 F.R.D. 323; Detweiler Brothers, Inc. v. John Graham & Co., (1976, E.D. Wash.) 412 F.Supp. 416, (Plaintiff which brought action in Washington denied reimbursement for travel and living expenses related to production of Nevada employee; normal rule that the Plaintiff would be required to make themselves available for examination in district in which he has brought suit would apply to Plaintiff's agents and employees. Court may also agree to a change in the deposition location in exchange for the party seeking the change paying expenses of the other party or other party's counsel.) Irwin Company v. Todd Publishing Co., (1952, D.C. N.Y.), 13 F.R.D. 18; Moore v. George A. Hormel & Co., (1942, D.C. N.Y.), 4 F.R.D. 15.

4. Stay of Federal Court Proceedings While Other Proceedings Pending. Several cases have held that where a parallel state action is pending, the court has the discretion to grant a protective order precluding the use of discovery in the federal court action if the discovery is intended primarily for the benefit of the state action. Bachrach v. General Inventory Corp., (1940, D.C. N.Y.), 31 F.Supp. 84; Beard v. New York C.R. Co., (1957, D.C. Ohio), 20 F.R.D. 607; Finkelstein v. Boylan, (1940, D.C. N.Y.), 33 F.Supp. 657.

5. Stay of Proceedings Pending Resolution of Dispositive Motions. Where both parties have filed motions for summary judgment, the court denied a request for additional depositions pending the outcome of the Motions for Summary Judgment. Klein v. Lionel Corp., (1955, D.C.

Del.) 18 F.R.D. 184; Brennan v. Int'l Brotherhood of Teamsters, (1974, 494 F.2d 1092); Dashiell v. Montgomery County, (1989, D.C. Md), 131 F.R.D. 102; Moldea v. New York Times Co., (1990, D.C. Dist Col), 137 F.R.D. 1.

6. Protective Order Requiring Deposition on Written Questions Before Oral Deposition.

In a number of cases, courts have required a party to initially request information by written Interrogatories or deposition upon written questions before taking an oral deposition. Moore v. George A. Hormel & Co., (1942, D.C. N.Y.) 2 F.R.D. 340; Isbrandsten v. Moller, (1947, D.C. N.Y.) 7 F.R.D. 188. (Where defendants have their principal place of business in Denmark, examination should be conducted by written Interrogatories rather than oral depositions, but if, on return of the Interrogatories and answers they are shown to be insufficient, the Plaintiff could apply for an oral deposition.) In analyzing whether a protective order should be granted, many courts have considered the amount in controversy as well as the scope of the information requested. See, Taejon Bristle Manufacturing Co. v. Omnex Corp., (1953, D.C. N.Y.) 13 F.R.D. 448 (request to depose Korean resident in New York action, denied when the action involved less than \$9,000); Perry v. Edwards, (1954, D.C. Mo), 16 F.R.D. 131 (written interrogatories ordered in place of request for oral examination where it has been shown that it would constitute hardship for a prospective deponent to attend an oral examination, and nature of the issues involved is such that written questions would be adequate.)

As the court has discretion to require written interrogatories versus an oral deposition, the court also has discretion to require an oral deposition in lieu of written discovery. See, Fishman v. A.H. Riise Gift Shop, Inc., (1975, D.C. Vi), 68 F.R.D. 704; Bottorff v. Bethlehem Steel Corp., (1990, N.D. Ind) 130 F.R.D. 97.

7. Limiting discovery under 26(c)(4). In matters where personal jurisdiction is an issue, the court may properly limit discovery to personal jurisdiction issues. Technical Tape Corp. v. Minnesota Mining and Manufacturing Co., (1955, D.C. N.Y.) 18 F.R.D. 318; Bauer v. Servel Inc., (1958, S.D. N.Y.) 168 F.Supp. 478.

8. Persons to whom discovery is directed. If the primary purpose of a deposition is to harass or annoy, the court may properly grant a protective order. In Elvis Presley Enterprises, Inc. v. Elvisly Yours, Inc., (1991, 6th Cir. Tn) 936 F.2d 889, the Court granted a protective order denying the deposition of Elvis Presley's former wife, where the wife filed an Affidavit indicating that she had no knowledge of the underlying action. The court also has discretion to substitute one corporate representative for another where it appears that the named representative had little or no knowledge about the case. Brause v. Traveller's Fire Insurance Co., (1956, D.C. N.Y.) 19 F.R.D. 231.

9. Limitation of discovery on damages. The courts have, on occasion, limited discovery on damages until liability has been established. Most of these cases deal with bench trials, however. See, Orgel v. Clark Boardman Co., (1956, D.C. N.Y.) 20 F.R.D. 31; Polaroid Corp. v. Commerce Int'l Co., (1957, D.C. N.Y.) 20 F.R.D. 394.

10. Excluding persons from deposition. Courts are reluctant to exclude parties from depositions of other parties. In Kerschbaumer v. Bell, (1986, D.C. Dist. Col.) 112 F.R.D. 426, the Court denied the Plaintiff's request to barr non-deposed parties from attending depositions of other parties where the Plaintiff failed to show that the Defendants 1) had harassed them; 2) would learn legitimately secret information if present at the Plaintiff's depositions; 3) had falsified testimony; or 4) would be likely to falsify testimony. In one action, Jackie Onassis successfully persuaded a court to exclude the Plaintiff from her deposition because the Plaintiff had already violated the

Court's prior temporary restraining order. Galella v. Onassis, (1973, 2nd Cir.) 487 F.2d 986. Several courts have recognized that the power to exclude a party should be used rarely and only in extraordinary circumstances. Lee v. Denver Sheriff's Department, (1998, D.C. Colo.) 181 F.R.D. 651; Alexander v. FBI, (1998, D.C. Dist. Col.) 186 F.R.D. 21 (F.R.C.P. 26(c)(5) was not intended to barr parties from attending depositions).

The rule is similar with exclusion of witnesses, but different courts have reached different rulings as to whether Federal Rules of Evidence 615 applies to depositions. A party to a civil lawsuit is not entitled to a sequester of witnesses pursuant to Federal Rule of Evidence 615 as a matter of right in oral depositions; the party seeking to exclude anyone from such depositions must file a motion for protective order pursuant to 26(c)(5) before the deposition begins, must show good cause for exclusion, and must obtain a court order before exclusion can occur. BCI Communication Systems, Inc. v. Bell Atlanticom Systems, Inc., (1986, N.D. Ala) 112 F.R.D. 154. But See, Williams v. Electronic Control Systems, Inc., 68 F.R.D. 703 (E.D. Tenn 1975) (holding that Rule 615 applies to the taking of depositions.)

D. EXPENSES AND ATTORNEY FEES

The court has a discretion to require the party losing a motion for protective order to pay the expenses the opposing party incurred in connection with the motion, including reasonable attorney fees under F.R.C.P. 26(c) and Rule 37(a)(4).

E. APPEALS

Discovery orders are normally interlocutory, not final, and thus not appealable until the end of the lawsuit. Cipollone v. Liggett Group, Inc., 785 F.2d 1108, 1116. In general, non-parties cannot appeal discovery orders. If the order is granted, their only recourse is to obey and then appeal any

contempt judgment. The Federal Civil Rules Handbook 2001, Baiker-McKee Janssen & Corr, West Group.

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