FARNAN LLP

March 19, 2020

VIA E-FILING
The Honorable Sherry R. Fallon
J. Caleb Boggs Federal Building
844 N. King Street
Room 3124, Unit 14
Wilmington, DE 19801-3555

Re: *University of Massachusetts, et al. v. L'Oreal USA, Inc.*, 17-868-CFC-SRF

Dear Judge Fallon:

We write in support of Plaintiffs' motion for a discovery teleconference regarding Defendant's ongoing document production deficiencies. Defendant's inadequate document production to date—in response to Paragraph 6 of the Court's scheduling order, the Court's February 18 Order directing Defendant to satisfy its discovery obligations, and Plaintiffs' Requests for Production—and Defendant's unwillingness to provide Plaintiffs with basic information about its document collection process have left Plaintiffs with serious concerns about the sufficiency of Defendant's discovery efforts. Document production was to be complete by February 7, 2020 (D.I. 46 at 9(b)), yet it is clear that Defendant has not provided complete document discovery. Plaintiffs accordingly request that the Court order Defendant to promptly remedy the outstanding production deficiencies, certify that its collection and investigation are complete, and provide a witness to testify on its document collection and production.

I. Outstanding Marketing and Product Testing Materials

On February 18, the Court ordered Defendant to remedy certain deficiencies in its production and "produce all outstanding technical information for each of the Accused Products, including officialization documents, formulation lists, product packaging, marketing materials, and product testing materials, on or before February 28, 2020."

Defendant produced some additional technical documents on February 28. Nevertheless, as Plaintiffs promptly notified Defendant, documents were still outstanding for many of the Accused Products. *See* Ex. B-2, at 1. In particular, financial information remained missing for 5 products, officialization documents or ingredient lists were missing for 6 products, product packaging was missing for 7 products, and marketing materials were missing for 42 products. *See* Ex. A-2. The parties met and conferred to discuss these deficiencies on March 3 and March 12. In accordance with the Court's observation that Plaintiffs' chart listing the missing documents was a "good start" for the process of identifying any deficiencies, *see* Feb. 18 Tr. 41-42, Plaintiffs provided Defendant with an updated list showing what they believe remains missing after Defendant's additional productions, *see* Ex. A-2. Defendant asserted that there were inaccuracies in Plaintiffs' list, and that some of the missing documents had been produced, but refused to identify the Bates numbers for these documents. Without these Bates numbers, Plaintiffs cannot meaningfully discuss with Defendant whether its production is sufficient. The same is true of the product testing Defendant produced after the Court's order. Certain tests identify a specific product, but many other testing reports use only a generic product description

or alphanumeric product identifier. If Defendant will not identify, by Bates number, the tests that correspond to specific products, Plaintiffs have no way of knowing if Defendant has complied with the Court's order. Plaintiffs have added a section to their outstanding document chart to identify products for which Defendant publicly advertises testing, but which Plaintiffs have been unable to match to any of Defendant's produced testing. *See* Ex. A.

It is further apparent that, in addition to the product-specific deficiencies, several types of marketing and testing materials are missing. The Court's February 18 Order directed Defendant to produce "***all*** outstanding . . . marketing materials, and product testing materials" for the Accused Products. *See also* RFPs No. 31, 40, 41, 42, 44, 45, 51, 66 (requesting, among other things, L'Oréal's documents related to market analyses, including competitive analyses, for the Accused Products; L'Oréal's documents regarding its market share of the markets for the Accused Products; L'Oréal's strategic business plans, and forecasts regarding customer demand for the Accused Products; consumer and clinical surveys for the Accused Products; and L'Oréal's advertisements for the Accused Products). To date, despite claiming that its investigation and production are complete, Defendant has produced only a limited number of advertisements, and internal marketing guides for only certain brands. Defendant has not produced, for example, market analyses, business plans for several brands, product development plans or product lifecycle documents, sales forecasts, or documents regarding consumer demand.

Similarly, Defendant claims on one of its brand websites that it includes adenosine in its products because "studies have shown the use of adenosine for skin can be an effective method for providing anti-aging benefits." *See* https://www.lorealparisusa.com/ingredient-library/adenosine.aspx. Defendant cites its own internal research (conducted by M.L. Abella), which is described to have included testing, to support this claim about adenosine's benefits on its website. But, despite the Court's clear order, it does not appear that Defendant has produced all such testing, or all documents regarding its testing protocols, processes, or reasons for conducting such tests; nor has Defendant produced any internal documents, such as communications or otherwise, about its decision to include adenosine in its products, or related to these representations on its website. *See also* RFPs No. 25, 27, 28, 32, 33, 34, 50.

This outstanding information, and Defendant's record of belatedly producing responsive documents after asserting that no such documents exist,[1] gives Plaintiffs significant concern about the completeness of Defendant's production—which was supposed to have been finished by February 7, 2020. Plaintiffs raised these deficiencies with Defendant in written correspondence and during two meet and confers. *See* Ex. B. Defendant represented that, with limited exceptions, its investigation and production is complete. *Id.*, at 10-11. Plaintiffs' serious concerns about Defendant's document production are further supported by Defendant's almost complete failure to produce internal communications and custodial files: Defendant has produced only seven files from two custodians, including only two internal emails. Plaintiffs asked Defendant to identify the custodians whose files were searched for potentially responsive information, but Defendant refused to provide that information. Instead, Defendant avoided the

[1] To provide just one example, after repeatedly stating that an officialization document (including the formal ingredient list) for Lancome Teint Visionnaire could not be located, and then that the document did not exist, Defendant produced it on March 13. *See* Ex. B, at 10; Ex. K.

question and identified ten custodians who *may* have discoverable information—none of whom were identified in Defendant's Initial Disclosures. *See* Ex. B, at 3; Ex. C, at 5. Yesterday, in a supplemental response to an interrogatory about Defendant's document retention policies, Defendant finally identified the custodians whose files it searched. *See* Ex. L, at 8-9. That a search of 27 custodians' files yielded only seven responsive documents is surprising, to say the least.

Because of the deficiencies in Defendants' productions, Plaintiffs served Defendant with a Notice of 30(b)(6) deposition that included topics regarding document preservation, collection, and production on February 7, and on February 21 noticed a deposition specific to those topics for March 12. *See* D.I. 86, 95. Defendant verbally told Plaintiffs on March 3 that they would not provide a witness for the deposition, but did not serve objections until March 9. The parties met and conferred on these objections, and Defendant represented that it might provide a witness after all. The following week, due to the ongoing COVID-19 outbreak, Plaintiffs followed up by email and suggested the deposition occur telephonically or by videoconference. In response, Defendant refused to go forward with scheduling any depositions. Ex. D, at 2-3. Courts around the country have made clear, however, that the global public health crisis is not a sufficient reason to stay litigation or forgo scheduling depositions. *See, e.g.*, Exs. E-H; *see also* Ex. I, ¶ 3. Plaintiffs need and are entitled to this deposition, and other depositions in this case, and are ready and willing to make the arrangements necessary to conduct this deposition (and subsequent depositions) remotely.

Given the clear deficiencies in Defendant's production, its failure to comply with the Court's prior order, its failure to comply with the deadlines set forth in the Scheduling Order, and its apparent strategy to run out the clock on the May 22, 2020 fact discovery deadline, Plaintiffs request that the Court: (1) order that Defendant comply with its obligations to produce responsive documents and this Court's prior order to produce such documents—including the categories of documents above—by no later than March 30; (2) order that by March 30 Defendant and lead counsel for Defendant certify that it has completely searched for and produced all relevant, non-privileged documents responsive to Plaintiffs' Requests for Production, the Court's February 18 Order, and Paragraph 6 of the Scheduling Order; (3) order that by April 3 Defendant produce a witness for the deposition topics noticed on February 21; and (4) set a status conference for April 5 or shortly thereafter to discuss any remaining issues with Defendant's document production.

II. Documents Defendant Refuses to Produce

There are several categories of relevant documents that Defendant has refused to produce in part or in full. Rule 26's applicable relevance standard "is liberally construed in favor of disclosure because relevance is a broader inquiry at the discovery stage than at the trial stage." *AgroFresh Inc. v. Essentiv LLC*, 2018 WL 9578196, at *2 (D. Del. 2018) (internal quotation marks omitted). Defendant has not seriously contested the relevance of the documents sought, nor has it made any showing of burden that would justify nonproduction.

A. Documents related to adenosine penetration testing

Requests for Production No. 8, 25, and 50 seek "[a]ll documents concerning any analysis, opinion, or inquiry regarding potential infringement," "[a]ll documents relating to any testing [L'Oréal has] performed regarding penetration of adenosine into the skin," and "[a]ll documents

that refer or relate to testing of any Accused Product." Adenosine penetration testing of the Accused Products is plainly responsive to these Requests, and is also responsive to the Court's February 18 Order. But Defendant has refused to produce any such testing that postdates the onset of this litigation on the basis of work-product privilege, and has refused even to inform Plaintiffs whether any such testing exists. *See* Ex. B, at 6. This refusal is in marked contrast to the position Defendant took when it was seeking Plaintiffs' own testing. There, Defendant said that Plaintiffs' agreement to produce "documents Concerning any testing or analysis of any Accused Product" in response to Defendant's Requests for Production meant that Plaintiffs could not "shield these materials from disclosure now with claims of privilege [or] work-product." D.I. 71, at 3 n. 6. Defendant also asserted that documents related to skin penetration testing "including, for example, any testing conditions and protocols, underlying data, other results, and laboratory notebooks" are "***basic, non-privileged factual information*** [that] is distinct from expert opinion analyzing or interpreting the testing," and that waiting until expert discovery to provide the testing would "sandbag" Defendant. *Id.*, at 3-4 (emphasis added). Defendant cannot now claim that its own such testing is privileged or that its production is premature, when it took the opposite position with regard to Plaintiffs' testing; responsive testing documents should be produced accordingly.

B. Damages reports produced in the *Liqwd, Inc. v. L'Oréal USA* litigation

Request for Production No. 49 seeks "expert reports and expert deposition transcripts produced in the matter *Liqwd, Inc. v. L'Oréal USA, Inc.*, No. 17-14 (JFB) (D. Del.)." As the Court is aware, the *Liqwd* case also involved Defendant's alleged patent infringement. One of the disputed issues in that matter was the appropriate rate for a reasonable royalty. In this case, Defendant has failed to produce a single comparable license agreement to Plaintiffs, claiming there are none, and accordingly Plaintiffs are left guessing as to what evidence Defendant may rely on to establish a reasonable royalty. Plaintiffs need the damages expert reports and testimony Defendant relied on in the *Liqwd* case to gain any insight whatsoever into Defendant's licensing practices and policies. In the absence of any legitimate objection, *see* Ex. B, at 10, Plaintiffs request that the Court direct production of the damages expert reports and deposition testimony (redacted, if necessary, to comply with the protective order in that case). *See, e.g.*, *Godo Kaisha IP Bridge 1 v. TCL Commc'n Techn. Holdings Ltd.*, 2018 WL 6978576, at *2 (D. Del. 2018) (ordering production of expert reports from different patent case involving same plaintiff that were "tangentially relevant to [plaintiff's] licensing and valuation practices").

C. Documents produced to the FTC or another agency about the Accused Products

Request for Production No. 65 seeks "documents produced, in any litigation or investigation, to any government entity or agency that refer or relate to the Accused Products." Plaintiffs know, from public sources, of at least one FTC investigation that involved Accused Products—specifically, Defendant's Youth Code product line. The Consent Order entered in that matter illustrates that the investigation implicated marketing and testing materials for Defendant's products, and required Defendant to maintain such materials for five years. *See* Ex. J. Any such materials that Defendant provided to the FTC regarding the Accused Products, and any representations Defendant made about the marketing or testing of the Accused Products, are highly relevant to the operation of the Accused Products and should be produced.

For the foregoing reasons, Plaintiffs respectfully request that the Court grant relief in accordance with the attached Proposed Order.

Respectfully submitted,

/s/ Brian E. Farnan

Brian E. Farnan

cc: Counsel of Record (via E-Mail)