

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

Chambers of
Joseph A. Dickson
United States Magistrate Judge

Martin Luther King, Jr. Federal Bldg.
& U.S. Courthouse
50 Walnut Street
Newark, New Jersey 07102
(973-645-2580)

LETTER ORDER

January 22, 2016

To all counsel of record via ECF

Re: Jazz Pharmaceuticals, Inc. v. Amneal Pharmaceuticals LLC, et al.
Civil Action No.: 13-391(ES) (JAD)

Dear Counsel:

This will address Plaintiff Jazz Pharmaceuticals, Inc.'s ("Jazz") informal application seeking sanctions against Defendants Amneal Pharmaceuticals LLC ("Amneal"), Par Pharmaceutical, Inc. ("Par"), and Wockhardt Bio AG ("Wockhardt") in connection with those parties' alleged violation of the Discovery Confidentiality Order ("DCO") that the Court signed in the above-referenced, consolidated matter on June 30, 2014 (entered on the docket on July 1, 2014). (ECF No. 73). The Court has carefully considered the parties' written submissions, (ECF Nos. 198, 202, 204-208), as well as the arguments that counsel made during the conference on January 13, 2016.

The portion of the DCO at issue in Jazz's application is Paragraph 8, which provides:

All Confidential Information and Highly Confidential Information disclosed pursuant to this Order shall be used by a recipient thereof solely for the purposes of this litigation and not for any business or competitive purposes. It shall be the duty of each party and each individual having notice of this [DCO] to comply with this Order from the time of such notice.

(ECF No. 73 at 11). In resolving a prior dispute regarding a different provision of the DCO, this Court interpreted Paragraph 8 as requiring any person who receives information designated as

“Confidential” or “Highly Confidential” pursuant to the DCO to “be circumspect in not using that information, in any form, during [related covered business method review or inter partes review (“IPR”) proceedings].” (April 22, 2015 Letter Order at 8, ECF No. 126). Jazz contends that Amneal, Par, and Wockhardt each violated Paragraph 8 by using confidential information that Jazz produced under the DCO in connection with discovery requests issued in related IPR proceedings in August 2015 and December 2015. (See generally ECF No. 198).

As an initial matter, it appears that none of Jazz’s cases with Wockhardt were consolidated into Civil Action No. 13-391 until January 14, 2016. (Jan. 14, 2016 Order, ECF No. 200) (consolidating Jazz Pharmaceuticals, Inc., et al. v. Wockhardt Bio AG, et al., Civil Action No. 15-5619, as well as other cases, into the above-referenced matter). Wockhardt could not, therefore, generally be bound under the terms of the DCO before that date. Moreover, Wockhardt represents that it has not yet received any information that Jazz marked as either “Confidential” or “Highly Confidential” under the DCO. (Wockhardt Letter at 2, ECF No. 204). Jazz does not suggest otherwise. Therefore, while Paragraph 8 of the DCO would impose restrictions upon a non-party that received confidential information and had notice of the DCO, the record does not provide a basis for imposing such restrictions on Wockhardt. The Court finds that there is currently no legal basis for finding that Wockhardt violated the DCO via the August 2015 and December 2015 contacts Jazz has identified. The Court will, therefore, deny Jazz’s request for sanctions against that party in its entirety, but without prejudice. The Court will focus the remainder of its analysis on Amneal and Par.

The record reflects that, by letter dated August 20, 2015, counsel for Amneal wrote to Jazz to point out that documents Jazz produced in the above-referenced matter were “inconsistent with the position [on a particular issue] advanced by Jazz during the IPR proceedings. In particular,

Jazz has produced documents in the District Court litigation which demonstrate that Jazz had [certain knowledge].” (Jazz Letter, Ex. A, ECF No. 198 at 7-8). Amneal then demanded that Jazz “immediately produce in each of the IPR proceedings all documents from the District Court litigation which are inconsistent with the position advanced by Jazz [on the issue in question]”, and provided Jazz with a list of bates-numbers, thereby specifically identifying documents that Jazz produced in this case. (Id. at 8). While the record is unclear as to whether counsel initially wrote the August 20, 2015 letter on behalf of both Amneal and Par,¹ the issue is academic, as counsel for Par expressly adopted the contents of that letter in an e-mail that he sent mere hours later. (Id. at Ex. B, ECF No. 198 at 11) (“This letter applies to [various IPR proceedings] as well.”). The Court finds that, in utilizing information gleaned from confidential documents that Jazz produced pursuant to the terms of the DCO (e.g., using those documents as evidence of an alleged inconsistency in a position that Jazz took in the IPR proceedings, and confirming the origin of that position by referring to specific bates-numbered documents), both Amneal and Par unequivocally violated the terms of that Order.

Jazz contends that Amneal and Par also violated the DCO in connection with a December 2015 discovery dispute. Specifically, the record reflects that, by e-mail dated December 14, 2015, and in reference to certain document requests attached thereto (specifically explaining counsel’s position on why the requested discovery satisfied the “Garmin factors”), counsel for Par wrote, in pertinent part, that the requests “seek a limited set of documents that can be culled from documents and material that Jazz has already collected and produced in connection with the associated District

¹ Jazz argues that “Defendants” sent the August 20, 2015 letter, thereby suggesting (in light of how Jazz defined that term in its January 12, 2016 letter), that the letter came from Amneal, Par and Wockhardt. (ECF No. 198 at 1, 3). While the author of that letter used the word “we” when referring to the demanding parties, he did not specifically state that he was writing on behalf of any particular parties.

Court litigations.” (Jazz Letter, Ex. D, ECF No. 198 at 17). While counsel for Par did not expressly state he was writing on Amneal’s behalf (or Par’s, for that matter), he copied Amneal’s counsel on that correspondence, and the rhetoric used in the e-mail suggested he was writing on behalf of multiple parties. (Id.) (“Please let us know . . .”). Amneal’s January 19, 2016 letter in this matter confirms that Par’s counsel was also acting on Amneal’s behalf when sending the December 14, 2015 e-mail. (ECF No 202) (noting that Amneal participated in a meet and confer regarding the documents in question and ultimately “withdrew its request” for those documents).

The Court finds that, by referring to the fact that Jazz had already produced documents responsive to the IPR requests in connection with this litigation (i.e., inherently relying on the contents of those confidential documents as the basis for its point), and using that fact as part of its argument as to why Jazz should have to provide additional discovery in the IPR proceedings, Par and Amneal again violated the DCO.

Par essentially argues that it should not be subject to sanctions because the December 2015 discovery requests themselves, as opposed to letters or e-mails concerning Jazz’s discovery obligations, were prepared using publicly available information. (See generally ECF No. 205). That may very well be true. The DCO, however, does not limit the bar on use of confidential information to the preparation of discovery requests. It currently prohibits the use of such information, in any form, and in any way, outside of this action. (See ECF No. 73 at 11). The Court, therefore, rejects Par’s argument on this point. The Court notes that Amneal did withdraw its document request, post-violation, following a meet and confer with Jazz. (Amneal Letter at 1, ECF No. 202). The Court also notes that Amneal now states that it did not do so as a means of rectifying its violations of the DCO, but because it “concluded that the documents simply were not worth the hassle and expense of moving to modify the protective order.” (Id.).

The Court finds these violations especially troublesome in light of the position that Par and Amneal took less than one year ago when they sought to use the DCO to bar Jazz's counsel from participating in related CBM and IPR proceedings. (See ECF No. 98). The immediate question before the Court, however, is the appropriate sanction to level against Amneal and Par for those parties' violations of the DCO. The Court's authority to issue sanctions in these circumstances is not in question. Federal Rule of Civil Procedure 37(b)(2)(A) provides, in pertinent part, that the Court may issue sanctions against a party that "fails to obey an order to provide or permit discovery." "Discovery orders that can be enforced through Rule 37(b) include protective orders issued under Federal Rule of Civil Procedure 26(c)." Schiller v. City of New York, No. 04-7922 (KMK), 2007 U.S. Dist. LEXIS 40253, *9-10 (S.D.N.Y. June 5, 2007) (quoting Poliquin v. Garden Way, Inc., 154 F.R.D. 29, 31 (N.D. Me. 1994)).² The Court is mindful that "the policies supporting the imposition of a Rule 37 sanction are to '(1) penalize the culpable party or attorney; (2) deter others from engaging in similar conduct; (3) compensate the court and other parties for the expensive caused by the abusive conduct; and (4) compel discovery and disclosure.'" Jumpp v. Jerkins, No. 08-6268 (RBK), 2011 U.S. Dist. LEXIS 127180, *8-9 (D.N.J. Nov. 3, 2011) (quoting Wachtel v. Health Net, Inc., 239 F.R.D. 81, 99 (D.N.J.,2006)).

Jazz suggests that a prosecution bar would be an appropriate sanction for Par's violation of the DCO. (Jazz Letter at 5, ECF No. 198).³ The Court concludes, however, that a prosecution bar would fail to properly address any harm that Amneal and Par's violations actually caused. Specifically, Jazz alleges that those parties used the confidential information in question during

² Likewise, pursuant to Federal Rule of Civil Procedure 16(f)(1)(C), the Court may "issue any just orders . . . if a party or its attorney . . . fails to obey a scheduling or other pretrial order." (emphasis added).

³ In a letter dated January 20, 2016, Jazz withdrew its request to impose a prosecution bar against counsel for Amneal. (ECF No. 208).

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