

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

MEDTRONIC SOFAMOR DANEK, INC.,)
)
Plaintiffs/)
Counterclaim Defendant)

vs.)

No. 01-2373 MLV

GARY K. MICHELSON, M.D.,)
and KARLIN TECHNOLOGY, INC.,)
)
Defendants/)
Counterclaimants,)

consolidated with)

MEDTRONIC SOFAMOR DANEK, INC.,)
and MEDTRONIC, INC.,)
)
Plaintiffs,)

vs.)

No. 03-2055 MLV

GARY K. MICHELSON, M.D.,)
and KARLIN TECHNOLOGY, INC.,)
)
Defendants.)

ORDER GRANTING DEFENDANTS' MOTION FOR REFERENCE OF AEO DISPUTES
TO SPECIAL MASTER

Before the court is the March 23, 2004 motion of the defendants, Gary K. Michelson, M.D., ("Michelson") and Karlin Technology, Inc. ("KTI"), seeking a court referral of certain disputes over documents designated as "CONFIDENTIAL INFORMATION -- ATTORNEYS' EYES ONLY" ("AEO") to Special Master Alan Balaran for resolution. The motion was referred to the United States

Magistrate Judge for determination. The plaintiff, Medtronic Sofamor Danek, Inc. ("Medtronic"), timely responded on March 26, 2004. For the reasons that follow, the defendants' motion is granted.

Briefly, this case involves a dispute between the parties over Medtronic's rights to intellectual property invented by Michelson in the field of spinal fusion technology. In the course of this litigation, the parties' have had numerous disputes over discovery requests and the confidential and privileged nature of countless documents. In an effort to facilitate the exchange of documents in the discovery process, the court issued a protective order on January 30, 2002, and an amended protective order on October 15, 2002, which enabled the parties to designate certain documents meeting the court's criteria¹ as "CONFIDENTIAL INFORMATION --

¹ The court's January 30, 2002 order provides that documents designated as "CONFIDENTIAL INFORMATION -- ATTORNEYS' EYES ONLY" shall refer to documents containing confidential information

that is commercial, financial or marketing in nature and that the designating party reasonably and in good faith believes is so highly sensitive that its disclosure to persons of expertise in the area would reveal significant business or financial advantages of the designating party. It includes information that the designating party reasonably and in good faith believes relates to (1) current business/strategic plans, (2) sales, cost and pricing information including future sales/financial projections, (3) non-public marketing information including future marketing plans, (4) recent detailed sales and financial data, (5) customer lists, or (6) other information of competitive, financial, or commercial significance comparable to the items listed in this paragraph. The information that Dr. Gary Michelson is entitled to under the provisions of prior agreements with Medtronic Sofamor Danek, Inc., regarding royalties,

ATTORNEYS' EYES ONLY." The protective orders also provided that the proper procedure for challenging a parties' designation of a document as AEO is for the challenging party to give the designating party "written notice that identifies the relevant designated information and states in reasonable detail the reasons why the information should not be so designated." Protective Order, *Medtronic Sofamor Danek, Inc. v. Michelson*, Civil No. 01-2373-MlV at 13 (W.D. Tenn., January 30, 2002).

After the court entered the January 30, 2002 and October 15, 2002 protective orders, Medtronic proceeded to designate hundreds of thousands of pages produced in "hard copy" form as AEO. (Defs.' Mot. for Reference of AEO Disputes to Special Master at 4.) Michelson and KTI have contested many of those AEO designations. They contend that Medtronic has overused the AEO designation and have asked Medtronic to de-designate many of its AEO documents pursuant to the procedure set forth in the protective orders. (*Id.*)

According to the defendants, Medtronic has de-designated ninety percent of its challenged documents thus far. (*Id.* at 4-5.) The de-designation procedure, however, has been very time consuming. With the trial date quickly approaching, the parties have reached an agreement that the special master should resolve the defendants challenges to the AEO designations of: (1) all

however, shall not be designated CONFIDENTIAL INFORMATION
-- ATTORNEYS' EYES ONLY.

Protective Order, *Medtronic Sofamor Danek, Inc. v. Michelson*, Civil No. 01-2373-MlV at 13 (W.D. Tenn., January 30, 2002).

documents, including documents previously withheld on privilege grounds, produced in hard copy form after October 30, 2003; (2) all documents produced prior to October 30, 2003 whose AEO designations Defendants have already challenged but which Medtronic has refused to de-designate or reclassify as "Confidential Information;" and (3) all electronic documents regardless of when produced, provided, however that the parties will use all reasonable efforts to avoid challenging electronic documents that were produced in hard copy prior to October 30, 2003. (Defendants' Mot. for Reference of AEO Disputes to Special Master at 1-2.) Medtronic, however, wants to make the parties' stipulation for referral of the enumerated AEO documents contingent upon Michelson's and KTI's agreement to forego their right to seek the referral of other AEO issues to the special master. Michelson and KTI have refused to waive their right to seek future referrals and filed the motion presently before the court.

Because the parties have already agreed to refer certain AEO designation disputes to Special Master Balaran for resolution, there is only one issue before the court regarding the terms of the referral: Whether the parties must forego their right to seek a reference of any other disputes relating to AEO designations beyond those provided for in the stipulation negotiated by the parties. In other words, Michelson and KTI seek referral of the agreed upon AEO disputes without prejudice to their ability to seek another referral of AEO disputes at a later date.

At this time, the court grants the defendants' motion to refer the stipulated categories of documents designated as AEO to the

special master without prejudice to either parties' right to move the court for reference of any other AEO disputes to the special master in the future or to move the court for de-designation of any information other than that encompassed by the current reference.

Accordingly and in keeping with the parties' proposals, Alan L. Balaran is hereby appointed to serve as special master to resolve the defendants challenges to Medtronic's AEO designations of the following documents: (1) all documents, including documents previously withheld on privilege grounds, produced in hard copy form after October 30, 2003; (2) all documents produced prior to October 30, 2003 whose AEO designations Defendants have already challenged but which Medtronic has refused to de-designate or reclassify as "Confidential Information;" and (3) all electronic documents regardless of when produced, provided, however that the parties will use all reasonable efforts to avoid challenging electronic documents that were produced in hard copy prior to October 30, 2003. The parties may appeal Special Master Balaran's rulings or orders regarding AEO designations to the court pursuant to Rule 53 of the Federal Rules of Civil Procedure. Special Master Balaran's costs and fees will be split equally between Medtronic and Michelson and KTI.

To the extent that either party wishes to contest any AEO designation, that party must provide written notice that identifies the relevant designated information and state in reasonable detail the reasons why the information should not be so designated; that party also shall provide to the designating party copies of the

documents of which the designations are contested. The designating party shall then have five business days to agree to change or remove the challenged designation(s) and shall, within three additional business days, provide to the special master for *in camera* review any documents for which it does not agree to change or remove the challenged designations. After an objection or challenge to any designation made, such information shall be treated according to the designation made by the designating party until the issue is resolved in writing by the parties or the objection or challenge is decided by the special master.

Although the defendants' motion is granted without prejudice at this time, the court will not automatically refer other AEO disputes to the special master. Any future motion seeking a referral of other AEO disputes to the special master will be carefully reviewed on its merits with strong consideration given to the timeliness of the motion.

IT IS SO ORDERED this 20th day of April, 2004.

DIANE K. VESCOVO
UNITED STATES MAGISTRATE JUDGE