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

MEDTRONIC SOFAMOR DANEK, INC.,	)	
	)	
Plaintiff/	)	
Counterclaim Defendant,	)	
	)	
vs.	)	No. 01-2373-MlV
	)	
GARY KARLIN MICHELSON, M.D.	)	
and KARLIN TECHNOLOGY, INC.,	)	
	)	
Defendants/	)	
Counterclaimants,	)	
	)	
and	)	
	)	
GARY K. MICHELSON, M.D.,	)	
	)	
Third-Party Plaintiff,	)	
	)	
vs.	)	
	)	
SOFAMOR DANEK HOLDINGS, INC.,	)	
Third-Party Defendant.	)	

ORDER DENYING DEFENDANT'S MOTION FOR SANCTIONS AND DIRECTING THE PLAINTIFF TO FURTHER SUPPLEMENT IN PART ITS RESPONSE TO INTERROGATORY NO. 17

Before the court is the motion of the defendant Gary Karlin Michelson filed August 27, 2003, pursuant to Rule 37 of the Federal Rules of Civil Procedure, seeking sanctions against the plaintiff, Medtronic Sofamor Danek, Inc. ("Medtronic"), for allegedly failing to comply with the court's order directing Medtronic to file a detailed narrative response to Interrogatory No. 17. Michelson

complains that Medtronic's response and its supplementations failed to distinguish its "best efforts" under the Purchase Agreement from its "best efforts" under the License Agreement, and further that Medtronic failed to answer in a narrative format and instead, continued to answer by referring to numerous documents. As sanctions, Michelson seeks an order precluding Medtronic from making any "best efforts" contentions and prohibiting Medtronic from introducing evidence to support its defense that it used "best efforts" to obtain regulatory approval for and actively promote the sale of non-threaded spinal implants, instruments, or methods covered by the Purchase Agreement. The motion was referred to the United States Magistrate Judge for determination. For the following reasons, the motion is denied.

Interrogatory No. 17 of Michelson's Second Set of Interrogatories propounded over a year ago on June 6, 2002, requested Medtronic to:

> **[d]escribe all actions that you contend constitute your use of best efforts to obtain regulatory approval and to actively promote the sale of the Medical Device (as defined in the Purchase Agreement).**

As stated in earlier orders, this case involves a dispute over agreements governing Medtronic's rights to intellectual property in the field of spinal fusion technology purportedly invented by Michelson. One of the agreements at issue in this lawsuit, the

1994 Purchase Agreement between Medtronic and Michelson, provides, *inter alia*, that Medtronic would use its "best efforts" to "obtain regulatory approval" for various medical devices, defined in the Purchase Agreement, and "actively promote" their sale. (Declaration of Heiko Shultz, Ex. 2, ¶4.5 at 14.) The Purchase Agreement defines "medical device" as "non-threaded implants for use in spinal surgical or stabilization procedures, and instruments and methods" which utilize Michelson's technology and are Michelson's invention. (*Id.*, ¶1.1 at 2.) Another agreement at issue in this case, the 1993 License Agreement between Medtronic and Karlin Technology, Inc., covers "threaded" items.

Medtronic's initial response to Interrogatory No. 17, after the court had overruled Medtronic's numerosity objections, consisted of a four-paragraph narrative accompanied by a list of Bates-numbered, but otherwise unidentified, documents that continued for approximately two pages. Nowhere in its response did Medtronic identify specific medical devices or technologies, employee names, places, dates, promotional campaigns or materials, marketing studies, or other concrete information related to the actions it identified.

On March 14, 2003, Medtronic supplemented its initial response. The first supplemental response further identified, in narrative form, Medtronic's "regulatory approval" actions and

included a nineteen-page listing of Bates-numbered documents. This time, the Bates numbers were grouped into seven categories based on the type of action taken by Medtronic, such as "Technology Development, Regulatory," "Finance - Planning and Analysis," "Technology Development - Emerging Technologies." (*Id.* at 12-31.)

In response to a motion to compel filed by Michelson, the court, on June 4, 2003, found Medtronic's first supplemental response to be deficient and instructed Medtronic to provide a detailed narrative response, within ten days of entry of the order, "setting forth with specificity the evidence upon which it intends to rely in contending that it used its best efforts to obtain regulatory approval and to actively promote the sale of the medical device or devices at issue in this lawsuit." Order Granting Defendant Michelson's Motion to Compel a Narrative Response to Interrogatory No. 17, *Medtronic Sofamor Danek, Inc. v. Michelson*, Civil Case No. 01-2373 (W.D. Tenn. June 4, 2002). By using the phrase "medical device or devices at issue in this lawsuit" in its ruling, the court, in essence and unknowinglY, required more information than Interrogatory No 17 actually sought. Interrogatory No. 17 sought information only as to medical devices covered by the Purchase Agreement, which equates to non-threaded devices. At issue in this lawsuit are both threaded and non-threaded devices. The court intended its ruling to be limited only

to medical devices as that term is defined in the Purchase Agreement, that is "non-threaded devices." The court did not intend to broaden the scope of Interrogatory No. 17, and hereby limits the June 4, 2003 ruling and this ruling to non-threaded devices.

Medtronic did not appeal the court's order. Instead, in an effort to comply with the court's order, Medtronic supplemented its response to Interrogatory No. 17 a second time. The second supplemental response consists of a three-part narrative describing, in general terms, Medtronic's actions in regard to the categories of product development, regulatory approval and promotional activities as they relate to the "devices at issue in the case." Each narrative segment is followed by a list of documents grouped by product lines instead of by activity type as they were previously. Each document is identified by a Bates number, along with a short parenthetical phrase which purports to describe in general the contents of the document. The narrative portion of the response consists of: (1) a half-page paragraph on page seven of Medtronic's second supplemental response to Interrogatory No. 17 describing in general terms ten actions taken;[1] (2) a half-page paragraph on page twenty-five again

[1] The narrative portion on page seven provides in full as follows:

describing in general terms nine actions taken by Medtronic;[2] and

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In its development of the products contained within the product lines listed in Table One, and the associated instruments and methods, Danek invested considerable time, resources and energy in (1) reviewing and critiquing the basic concepts provided to Danek by Dr. Michelson and other sources, (2) selecting and improving those designs and contributing its own technology and clinical knowledge to the designs, (3) planning for the development of the products, (4) reviewing and assessing alternative technologies and products, and the market-driven needs for the products, (5) designing and constructing prototypes and their improvements, (6) testing and improving the prototype designs, (7) selecting, developing, and testing the materials and processes required for the products, (8) developing a manufacturing plan and the appropriate processes and procedures, and implementing same, (9) performing pre-clinical and clinical testing of the products, and (10) monitoring product performance and customer feedback and responding thereto, all of which are demonstrated by the evidence identified below.

(Shultz Declaration, Ex. 5 at 7.)

[2] **This paragraph states in full:**

Danek also invested considerable time, resources and energy in (1) researching and evaluating the requirements of various regulatory authorities, (2) selecting the appropriate path to market, (3) assembling scientific data and planning for the filing of applications and the like with regulatory authorities, (4) preparing, drafting, and filing applications and the like directed at obtaining government sanction for the marketing, sale, and distribution of the products, (5) responding to and preparing responses to inquiries from governmental authorities, (6) preparing for and facilitating the inspection of Danek's facilities, (7) analyzing, preparing and filing supplemental and amendments to applications and the like already filed with governmental authorities, (8) reviewing and conforming with the requirements of local Institutional Review Board and related authorities, 9) reviewing and conforming with applicable reimbursement requirements, all of which are demonstrated by the evidence identified below. Where required, Danek also applied for and/or obtained regulatory approval in the United States by means of the applications listed in Table Two.

(3) a third paragraph at page fifty-four describing in general terms eleven activities of Medtronic.[3] The remainder of Medtronic's 85-page response consists of objections, lists of products and documents with parenthetical descriptive information, three sentences identifying possible witnesses as to these matters, and an explanation or justification as to why certain proposed products were not developed.

Michelson complained that the second supplemental response did

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(Shultz Declaration, Ex. 5 at 25.)

[3] **The third paragraph provides in full:**

> **Danek also invested considerable time, resources and energy in (1) researching market needs and preferences and the marketing activities of competitors, (2) selecting an appropriate format and content for Danek's promotional activities for the products, (3) planning for and executing the promotion of the products, (4) drafting, printing, and/or distribution of promotional materials, advertising, labeling, scientific literature, and web sites relating to the products, (5) preparing and organizing seminars, conferences, and training sessions for Danek's sales staff and for consumer physicians concerning the products and associated surgical methods and techniques, (6) assisting customer physicians with the development and management of their practices and web sites with the technical information relating to the products, including the "MedtronicSofamorDanek", "eSurgeon", and "MySpineTools" web sites, (7) preparing and executing trade shows and exhibits promoting the products, (8) preparing and obtaining the appropriate reimbursement codes for the products, (9) preparing, researching, and analyzing market and customer surveys for the products, (10) investigating, monitoring, and responding to customer inquiries concerning the products, and (11) facilitating customer orders and the response to those orders, all of which are demonstrated by the evidence identified below.**

(Schultz Declaration, Ex. 5 at 54.)

not adequately differentiate between Medtronic's "best efforts" related to non-threaded products covered by the Purchase Agreement and "best efforts" related to threaded products covered by the License Agreement. Michelson also complained that the narrative was not sufficiently detailed and demanded a more detailed narrative. The parties met and conferred in an effort to resolve their disagreements over Medtronic's second supplemental response. Medtronic agreed to the extent possible to identify which products fell under each of the two agreements, to remove its objections, and to provide a more detailed narrative response.

After Michelson filed the present motion to compel, Medtronic supplemented its response to Interrogatory No. 17 a third time on August 1, 2003. The third supplemental response consists of 140 pages of extensive, detailed narratives and identification of the documentary evidence supporting Medtronic's actions. The third supplemental response identifies names of people and the dates of Medtronic's actions and contains parenthetical expressions linking the documents to Medtronic's actions. It also distinguishes between threaded and non-threaded implants. It identifies nine potential witnesses who would have information responsive to this interrogatory: Michael Demane, Lawrence Boyd, Brad Estes, Eddie Ray, Thomas McGahan, Richard Treharne, Liz Ebbers, Jenny McCain, and Bill Martin.

Michelson insists that the third supplemental response still fails to comply with the court's June 4, 2003 order and that sanctions are still mandated. Michelson now complains that Medtronic's third supplemental response continues to blur threaded and non-threaded devices and improperly identifies some products as covered by both agreements. Michelson insists that it is virtually impossible for one product line to be covered by both agreements because the Purchase Agreement covers non-threaded items and the License Agreement covers threaded items, and a product cannot physically be both threaded and non-threaded at the same time. Michelson also complains that the third response fails to include a summary of the anticipated testimony of the witnesses identified and also fails to include a narrative response for the category of "proposed products." Michelson further complains about the objections interposed by Medtronic and Medtronic's use of qualifying language. Medtronic counters that it cannot fully separate its contentions by Agreements because a number of its devices incorporated technology covered under both agreements. Further, in response, Medtronic points out that it has withdrawn its objections and that Michelson can elicit testimony from the named witnesses through depositions.

After careful consideration of the briefs, the reply and the sur-reply, the court concludes that Medtronic has acted in good

faith and has substantially complied with the court's order and that sanctions are not warranted at this time. In its third supplemental response, Medtronic adequately addressed Michelson's concerns and provided additional information to Michelson's questions. It appears to the court that Medtronic had agreed to provide the additional information prior to the time Michelson filed his motion to compel even though the third supplemental response was not filed until after the motion to compel was filed.

If Medtronic had not filed a third supplemental response, the court was prepared to grant Michelson's motion for the sanction of preclusion. The second supplemental response was clearly insufficient in that it consisted of only three narrative passages despite the court's instruction to provide a detailed, narrative response. Over the course of this litigation, Medtronic and its attorneys have amply demonstrated through their briefs and memoranda to the court their ability to write long, narrative prose passages when necessary. The mere fact that the response required by the court would necessitate a lengthy narrative on Medtronic's part is no excuse for not providing an appropriate response earlier. As it is, Medtronic's dilatory behavior in providing an appropriate response has required the court to expend precisous time addressing the same issue on several occasions. Nevertheless, in light of the third supplemental response, the court declines to

impose the sanction of preclusion at this time.

As to the proposed products, however, Medtronic's description of its efforts and reasons for not developing those product lines is still insufficient. Despite the fact these products were not developed by Medtronic, Medtronic must still explain in detail the actions it took, if any, to develop and promote each proposed product covered by the Purchase Agreement. If Medtronic took no action as to a particular proposed product covered by the Purchase Agreement, then it should so state.

Medtronic's use of qualifying language such as "among other things," is likewise inappropriate and is ordered stricken. Medtronic can, however, seasonably supplement its response in accordance with the Federal Rules of Civil Procedure, if it learns of additional activities related to a specific product line which it omitted or failed to include in its response.

In its Amended Memorandum in Opposition to Defendant's Motion for Sanctions, Medtronic agreed to withdraw all its objections to Interrogatory No. 17 set forth in its second and third supplemental responses except attorney-client privilege and work product objections. Accordingly, Michelson's complaints about Medtronic's objections are moot.

As to anticipated witness testimony, the court agrees with Medtronic that Michelson can procure this information through

depositions and that Michelson has sufficient time and number of depositions in which to depose the persons identified by Medtronic.

Accordingly, Michelson's request for sanctions is denied. Medtronic is ordered to supplement its response as to proposed products covered by the Purchase Agreement within ten days of the date of service of this order. Medtronic's qualifying language in its third supplemental response, such as "among other things," is ordered stricken.

IT IS SO ORDERED this 23rd day of September, 2003.

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DIANE K. VESCOVO
U.S. MAGISTRATE JUDGE