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,	)	
and	)	
GARY K. MICHELSON, M.D., Third Party Plaintiff,	)	
vs.	)	
SOFAMOR DANEK HOLDINGS, INC., Third Party Defendant.	)	

ORDER DENYING DEFENDANT'S MOTION TO INSPECT MEDTRONIC'S PRODUCT PACKAGING AS COMMERCIALIZED

Before the court is the November 10, 2003 motion of the defendant Gary K. Michelson, M.D., ("Michelson") to compel the plaintiff, Medtronic Sofamor Danek, Inc. ("Medtronic"), to produce again for inspection by the defendants certain packaged products as they are commercialized and to bear the expense that the defendants will incur if they have to repeat their inspection of the products, or, alternatively, to order that the products previously inspected by the defendants in April of 2003 be deemed to have been produced

for inspection "as commercialized." The motion was referred to the United States Magistrate Judge for a determination. Medtronic timely responded on December 3, 2003. For the reasons that follow, the motion is denied.

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. As part of the defendants' counterclaim against Medtronic, Michelson and Karlin Technology, Inc. ("KTI") have averred that Medtronic breached the parties' License and Purchase Agreements by failing to affix "proper patent notices" to products incorporating Dr. Michelson's technology.[1] (Defs.' Mot. to Inspect Medtronic's Product Packaging as Commercialized at 1.) Michelson contends that one of the many reasons that he "bargained for" such patent notice provisions is because the Patent Act "precludes patentees and licensees from recovering damages for infringement until proper patent notice is given." (Mem. of P. & A. in Supp. of Defs.' Mot. to Inspect Medtronic's Product Packaging as Commercialized at 2 (citing 35 U.S.C. § 287(a)).) The motion presently before this court involves Medtronic's alleged failure to provide Michelson with the opportunity to inspect Medtronic's product packaging "as commercialized" to determine whether a breach of the parties' agreements has occurred.

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[1] Paragraph 4.5 of the License Agreement and paragraph 4.6 of the Purchase Agreement provide, in pertinent part, that "[p]roper patent notices shall be used by Danek." (Hagen Decl. in Supp. of Defs.' Mot. to Inspect Medtronic's Product Packaging as Commercialized, Ex. 1 at 11; *id.*, Ex. 2 at 14.)

Michelson claims that the defendants have propounded "over a dozen requests for production" to determine whether Medtronic has failed to provide "proper patent notice." (*Id.*) For example, Request for Production Nos. 9 and 12 of Dr. Michelson's Sixth Set of Requests ask Medtronic to produce "[o]ne complete sample . . . including all packaging lists, identifying codes or product numbers and price lists related thereto . . . of any and all Interbody Technology [and Cervical Plate Technology], including, but not limited to medical devices, implants, instruments, methods or processes, that has ever been manufactured or commercialized by [Medtronic]."[2] (Hagen Decl. in Supp. of Defs.' Mot. to Inspect Medtronic's Product Packaging as Commercialized, Ex. 5 at 3-4 [hereinafter Hagen Decl.].) Through the consultation process required under Local Rule 7.2, the parties agreed that Medtronic would make samples of products incorporating technology developed by Dr. Michelson available for inspection at Medtronic's Logistical Facility in Memphis. (Mem. of P. & A. in Supp. of Defs.' Mot. to Inspect Medtronic's Product Packaging as Commercialized at 3.) The parties disagree, however, on what status the produced samples were supposed to have.

Michelson asserts that Medtronic promised to produce the products "as they are commercialized, and in a manner or with

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[2] **The other requests for production that Michelson and KTI assert call for production of products or product packaging are Request Nos. 89, 90, 93, 94, 95, 96, 97, 98, 99, 100 and 101 of Dr. Michelson's First Set of Requests (Hagen Decl., Ex. 4 at 44-51); Request Nos. 6 and 8 of Dr. Michelson's Second Set of Requests (*id.*, Ex 6 at 2-3); and Request Nos. 58, 63, and 64 of Dr. Michelson's Fourth Set of Requests (*id.*, Ex. 7 at 36-39.)**

sample versions that will enable [Defendants] to photograph and videotape the actual products and instruments, in addition to their packaging and labels." (Hagen Decl., Ex. 9 at 2 (4/8/03 Sedor letter).) Michelson claims on April 9, 2003 he re-emphasized his desire to inspect the products and instruments as they are "packaged and commercialized, including with their packaging inserts" and expressed to Medtronic that they would need to open the packaging materials to determine whether the packaging inserts contained therein had proper patent notice. (*Id.*, Ex. 10 at 1 (4/9/03 Sedor letter).) Although Medtronic agreed to let the defendants inspect the products and packaging, it would not allow the defendants to open packaged products unless they agreed to pay for them because Medtronic would otherwise be prevented from offering the sterilized products for sale. (Pl.'s Opp'n to Defs.' Mot. to Compel the Further Inspection of Danek Products at 4.) The defendants would not agree to Medtronic's conditional offer. (*Id.*)

On April 16-18 and April 22-24, 2003, the defendants' counsel traveled to Memphis to inspect, photograph, and videotape what they thought would be products packaged "as commercialized." (Mem. of P. & A. in Supp. of Defs.' Mot. to Inspect Medtronic's Product Packaging as Commercialized at 4.) Michelson asserts that Medtronic warranted that the products produced were "ready for shipment." (*Id.*) After the defendants inspected the products, they returned them to Medtronic, who re-inspected them "to ensure that each conformed to [Medtronic's] quality standards" and returned them to inventory. (Pl.'s Opp'n to Defs.' Mot. to Compel the Further Inspection of Danek Products at 4.)

On May 13, 2003, Michelson and KTI notified Medtronic by letter that the product inspection had revealed commercial products lacking proper patent notice.[3] (Hagen Decl., Ex. 12 at 1.) They requested that Medtronic "take immediate steps to cure each breach of the proper patent notice provision in the Agreements" and provide a "full, written report of the steps [taken] to cure Medtronic's breaches, both past and present." (*Id.* at 2.)

In response to Michelson's and KTI's assertions that Medtronic was in breach of the "proper patent notice" provisions of the parties agreements, Medtronic informed the defendants by letter dated September 26, 2003 that it had reexamined each product that had been inspected to ensure that each product displayed the proper patent notice on its packaging. (Pl.'s Opp'n to Defs.' Mot. to Compel the Further Inspection of Danek Products at 5.) Medtronic also informed the defendants that "the absence of patent notices on any product reviewed by [Defendants] cannot be a breach because these products had not yet been distributed" because they had not been shipped as required for compliance with the patent marking statute. (*Id.*)

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[3] **Medtronic contends that they did not receive notice of the complaints about the inspection until September, 2003. (Pl.'s Opp'n to Defs.' Mot. to Compel the Further Inspection of Danek Products at 4-5.) The defendants, however, have submitted a letter dated May 13, 2003, written by Robert Krupka, providing such notice as Exhibit 12 to Hagen's Declaration. While the court does not know for a fact that defendants' counsel did indeed send Medtronic the letter on May 13, 2003, the court will assume that May 13, 2003 was the approximate date Medtronic received notice of the lack of proper patent notice based on Medtronic's reference to Krupka's letter in a letter written by Jack Lever on September 26, 2003. (Hagen Decl., Ex. 14 at 2.)**

Michelson and KTI have essentially taken Medtronic's argument concerning distribution and shipment to mean that the items that it produced for inspection were not "as commercialized" as requested in Michelson's and KTI's requests for production. (*See* Mem. of P. & A. in Supp. of Defs.' Mot. to Inspect Medtronic's Product Packaging as Commercialized at 5.) Michelson filed this motion in response to Medtronic's argument. He asks that the court issue one of two rulings: (1) "that Medtronic pay Defendants' costs and fees for a third attempt to inspect, photograph, and videotape Medtronic's products as they are actually commercialized," or (2) "that the products Defendants inspected in April 2003 be deemed to have [been] produced as commercialized." (*Id.* at 1.)

Medtronic opposes Michelson's motion for several reasons. An in depth analysis of Medtronic's opposition, however, is unnecessary at this time because the court finds that Medtronic has complied with the discovery requests at issue, Request Nos. 9 and 12 of Dr. Michelson's Sixth Set of Requests. As stated above, Request Nos. 9 and 12 ask for "[o]ne complete sample . . . including all packaging lists, identifying codes or product numbers and price lists related thereto . . . of any and all Interbody Technology [and Cervical Plate Technology], including, but not limited to medical devices, implants, instruments, methods or processes, that has ever been *manufactured or commercialized* by [Medtronic]." (Hagen Decl., Ex. 5 at 10-12 (emphasis added).) Both requests refer to "manufactured or commercialized" in the disjunctive. Neither of these requests ask for the production of sample products "in commerce." In fact, the plain wording of these

requests ask for samples of all products that have been "manufactured" or "commercialized," not for the production of samples of products "as commercialized." Medtronic has produced samples of all products as manufactured. As for the other requests cited by Michelson and KTI that supposedly ask for the production of samples of products "as commercialized," the court finds that these requests fail to request "samples" at all and merely request "documents" related to "commercialization."[4]

Although Medtronic may have orally represented during the parties' consultations that it would produce packaged products "as commercialized," Michelson has not demonstrated to the court that the term "commercialized" was a defined term in the discovery requests, nor have they demonstrated that the term had a special meaning in the parties' discussions. Moreover, Michelson's motion calls for the court to make a factual determination in a discovery motion that would more properly be left to the jury to decide. Otherwise, Medtronic would be precluded from proving that the products actually inspected were shipped to customers with the proper patent notices.

Accordingly, the court finds that Medtronic's production of product packaging samples produced from inventory prior to shipment was a sufficient response to Michelson's requests for samples of

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[4] For example, Request No. 99 of Dr. Michelson's First Set of Requests is representative of the remaining requests, and it asks for "[a]ll documents evidencing, reflecting, or relating to the identification of Dr. Michelson as the inventor or developer of any medical device, technology, implant, instrument, method or process commercialized by you or anyone to whom you have provided such medical device, technology, implant, instrument, method, or process." (Hagen Decl., Ex. 4 at 50.)

products that have been either manufactured or commercialized by Medtronic. Any additional inspection on the part of Michelson could only result in the production of packaged products of the same nature as the first and second inspection. If Michelson seeks products that are "in commerce" or as they are "commercialized," they should seek products already distributed to the public.

For all of the foregoing reasons, Michelson's motion to compel is denied. Each party is to bear the cost of its own attorney fees.

IT IS SO ORDERED this 18th day of December, 2003.

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DIANE K. VESCOVO
UNITED STATES MAGISTRATE JUDGE